(Music)

Mark Masselli: This is Conversations on Health Care. I am Mark Masselli.

Margaret Flinter: And I am Margaret Flinter.

Mark Masselli: Well Margaret, it appears a large sector of the medical community still has a long way to go in implementing technologies that will allow them to switch from paper records to electronic health records. Somewhat of a surprise, because in 2009, the Stimulus Bill, we also know it as the Hitech Act, really put a lot of wind in their sales I thought Margaret, about $30 billion to help them switch from digital records with the intent to reduce health care cost and medical errors. What's happening?

Margaret Flinter: Well, I think it's a little bit a case of is the cup half-full or the cup half-empty. (00:35 inaudible) it seems to me that practices are adopting electronic health records at a dizzying pace but I can't deny the results of the Bipartisan Policy Center that found 40% of medical practices and hospitals still haven't converted over to electronic health records. So that's disappointing. But I also have to say optimistically, maybe an awful lot of those are right at the cusp and about to implement because really, hard to believe anybody is not looking at it at this point.

Mark Masselli: But you know one of the big hurdles they have run into that so many different systems aren't able to talk to each other, it really is a virtual Tower of Babel. And so, one of the issues that the funds are headed towards is to try to create this health exchange that allows everyone to communicate with each other. Hopefully, that will move the agenda forward.

Margaret Flinter: And I can't help wonder how much the delay is still about concerns and resistance based on worries about patient privacy and security. Even though I think technically those issues have been resolved, still a concern in hearts and minds and of course, there is so much change going on, people may simply be overwhelmed.

Mark Masselli: Well, you know the Bipartisan Policy Center which is chaired by Senator Tom Daschle and Senator Bill Frist, isn't it nice to see health care and bipartisanship in the same sentence, they are focusing on better interconnectivity standards, better business incentives and engagement for health care consumers to help facilitate the transition. They know that a better job needs to be done to prove to these practices lagging in the switch that it will increase patient safety, help on the business side and accelerate their rate of payment and save the money in the long run.

Margaret Flinter: Well, a common theme I think. And our conversation this week is pace and how quickly people can change and along that same theme also a report out with cause for concern that a lot of states are lagging and making progress towards adopting their plans to cover the uninsured. Remember, that's going to be done largely through the Health Insurance Exchanges and we have only seen about 13 states that have adopted a plan to make progress with that, uncovering those who can't afford coverage in particular, and who are going to need a subsidy. And no surprise those states with no plan in place, Texas, Florida and Georgia among them, have some of the highest rates of uninsured residents in the country.

Mark Masselli: And is anyone surprised who is listening to the debate to the fact that those states are also the ones who are heading up the legal challenge to the Affordable Care Act trying to get it stopped and overturned in the Supreme Court, and we will hear about that in March as the story continues to unfold. We will keep an eye on it.

Margaret Flinter: We will. That will be our March story perhaps. And while talking about Health Care Reform, we know that one of the architects of Health Care Reform in Massachusetts and somebody who had a great deal of input to the Affordable Care Act is MIT Health Care Economist Dr. Jonathan Gruber.

Mark Masselli: He has really worked on both sides of the aisle. He supported Governor Romney in the development of Massachusetts plan and helped with the Affordable Care Act and worked with President Obama. He also understands how complex these issues are surrounding Health Care Reform. He has come up with a pretty innovative way to explain the need for health reform specifically for the Affordable Care Act.

Margaret Flinter: Dr. Gruber has written a book, our kids would call it a graphic novel, titled Health Care Reform-What it is, Why it's Necessary, How it Works. And Dr. Gruber will join us in just a moment. And remember, no matter what the story, you can find all of our shows and hear more about us by Googling CHC Radio.

Margaret Flinter: And as always, if you have feedback, e-mail us at www.chcradio.com we would love to hear from you. Coming up our conversation with Dr. John Gruber but first, here is our producer Marianne O'Hare with this week's Headline News.

Marianne O'Hare: I am Marianne O'Hare with this Headline News. One of the bitterly argued topics in the hotly contested Florida primary, a winner-take-all state for the GOP presidential contenders was the Health Care Reform passed in Massachusetts while Mitt Romney was Governor. Both Romney, and his chief rival, Newt Gingrich had argued the other was in favor of an individual mandate,

both denying their connection to such things. Health care is certain to dominate the rhetoric of the campaign moving forward.

With the Florida primary now behind, it's attention focuses back to Washington where Congress is bracing for a new Republican spending bill. It's expected Republican and House Budget Chairman Paul Ryan will be suggesting more sweeping changes to Medicare including privatizing at least part of its payment system. Under the plan, co-authored by Democrat Ron Wyden of Oregon, seniors would be given premium support to help them by private insurance. Meanwhile, Medicare's more pressing issue, the so-called doc fix needs to be addressed. The problem is the Medicare Reimbursement Formula is outdated and non-functional and needs to be revamped and the monies found to pay for it. There is some support for using Overseas Contingency Operations Fund to pay for the overhauled reimbursement formula, money that have been spent on the wars in Iraq and Afghanistan. But there is still some question as to whether the move will garner full bipartisan support. The House-Senate Conference Committee is negotiating other payment options including tapping corporations and non-earned income for more revenue. Meanwhile, the ratings agency Standard & Poor's could have an impact on the overall discussion of health care costs, warning it will downgrade the ratings of a group of 20 nations who fail to enact measures to reform rising health care spending by 2015. The U.S., European countries and Japan top the list. I am Marianne O'Hare with this Headline News.

(Music)

Mark Masselli: Today, Margaret and I are speaking with Dr. Jonathan Gruber, an economist at MIT and one of the key architects of the Massachusetts Health Care Reform Legislation. Dr. Gruber also advised the Obama Administration on the Affordable Care Act. His most recent book is Health Care Reform – What it is, Why it's Necessary and How it Works. Dr. Gruber, it's a pleasure to have you on our show.

Dr. Jonathan Gruber: Great to be here.

Mark Masselli: You know I brought your book home the other day and my kids were all over. I have four teens and pre-teens and they were asking why was I reading a Manga book? So, you wrote a graphic novel on Health Care Reform looking at your experience in Massachusetts and explaining really in great detail the value of the Affordable Care Act. So, why did you choose the graphic novel format outside of my kids thinking you are cool?

Dr. Jonathan Gruber: Well, basically partly because my kids thought it was cool. So the publisher approached me and suggested the idea. This is a great way to explain things. For example, you are on a plane and they want you to understand what to do in case of an accident, they hand you a comic, right? And

then my family, especially my 17-year-old son who is a big fan of graphic novels came to me and said look, this is a great way to do things, you should really do it. And my one concern was, for years, I had been telling him, why don't you read a real book, and now he is able to say to me why don't you write a real book.

Margaret Flinter: Well, it was a brilliant idea. And that might be a good vehicle to explain something that I am going to ask you to try and explain to our listeners and that is the model that you are well known for, the Gruber Microsimulation Model, bit of a mouthful, which you developed and which was applied in Massachusetts in the development of their health care reform and also in the modeling for the Affordable Care Act. And I know you shared some of that expertise with us in our Connecticut efforts as well. But you have said that your model allows policymakers maybe for the first time to see whether they can actually afford the health reform bills that they are proposing and what kind of impact they will have on the behavior of both employers and individuals. So go ahead Dr. Gruber. Can you explain this model to our listeners?

Dr. Jonathan Gruber: Sure. So this model has a precedent and many of your listeners who are policy-oriented will know about the Congressional Budget Office. They are the agency which is responsible for keeping the government honest and saying, if you pass a bill this is what it's going to cost and this is what it's going to do. I was in Washington in the late 1990s in the Treasury Department and when leaving I was trying to figure out how I could remain relevant to the policy debate from the comfort of my ivory tower home up here in Massachusetts and realized that there weren't really people outside the CBO providing that service, that there was a CBO and they did it for government policy makers but if other people wanted to know these facts of various health policies, there wasn't really an objective place they could turn. At the same time the Kaiser Family Foundation approached me about developing such a model to look in particular at tax breaks for health insurance. So I developed it for that and then I have sort of improved it steadily over the last 12 years to the point where now I can model things like the Affordable Care Act.

Mark Masselli: You know your book notes the great work that's happened in Massachusetts. And Governor Romney was there at the helm when the act was passed but you are now covering 98% of the population has health insurance. There are some critical analyses about the Massachusetts experience in terms of rising insurance premiums as an example of why things may not work. And you just noted that the CBO, the Congressional Budget Office asserts that Accountable Care Act ultimately will reduce the deficit. So how do we reconcile sort of both on one hand the rising premiums that have happened in Massachusetts with the lowering of the federal deficit nationally.

Dr. Jonathan Gruber: So, in Massachusetts, we have covered 98% of the population, that's true, and we are very excited about that. We still covered about two-thirds of the people who were uninsured before we passed the law.

Now in terms of premiums, in cost, you have to consider two separate metrics. So one is what do people pay for health insurance outside the employer setting. That's really the market that was broken and the market that was the target of this reform in Massachusetts. And those premiums have fallen by about 50% relative to national trends for non-employer insurances they were paying before this law. Now the other is employer premiums. Employer premiums in Massachusetts have risen and they have risen at exactly the same rate as national employer premium. So basically the law did what it was supposed to do which was to fix a broken non-group market and it didn't do what it wasn't supposed to do, which was to health care costs. That's also what the Federal Bill will do. The Federal Bill will fix broken non-group insurance costs around the nation and it won't really in the very near term have much of an effect on employer premiums, those effects hopefully will happen in the longer term.

Margaret Flinter: Well that's a very important distinction I appreciate your making it. And Mark and I noted that the Affordable Care Act ran 2200 pages, your graphic novel gets it down to about 150 pages with pictures and explains things very clearly. And I was struck by the last section, Taming The Beast of Cost Control. You said that the Affordable Care Act did the next best thing, it took the best ideas of a wide variety of experts about what might work in that area and included them so they would have a chance to be tested in the bill. Give us a summary of those and how are they developing.

Dr. Jonathan Gruber: We have our two problems in our health care system of lack of coverage and rising health care costs and the bill really addresses the first. But the second is hard for two reasons. We really don't know how to control health care costs in a way which won't put health at risk and then even if we did, the politicians wouldn't let us do it because you get people yelling at you about death panel and other things. So cost control is really hard. So what the bill does, it says look, let's start down the road towards cost control even if we don't solve our problems, but it's going to start us down the road on a path which can lead to bending the cost curve and it does so in a basic, what I like to call sort of a spaghetti approach to cost control which is throw a bunch of stuff against the wall and see what sticks. Take all the best ideas that we have about how we might control health care costs and try them out.

Mark Masselli: Today, we are speaking with Dr. Jonathan Gruber, MIT economist and author of Health Care Reform: What It Is, Why It's Necessary and How It Works. He is also a chief architect of the Massachusetts Health Care overhaul and advised the federal government on the Affordable Care Act. You have been talking about the Affordable Care Act as an American solution to our current dilemma but you think we have got it just about right in the Affordable Care Act. Talk a little bit about the sausage making that goes on and why the compromises ultimately end up in the right place in your mind.

Dr. Jonathan Gruber: It's a great question. I think what it comes down to, you have to ask yourself not what is the best possible health care reform we can have but what is the best possible health care reform we can get, and the difference being of course political barriers. First of all, the fundamental goal needs to be to fix broken insurance markets. Many of your listeners will have employer insurance or government insurance to more appreciate how awful the market is out there if you don't have access to group insurance in America. You can be highly discriminated against by your insurer, you can be dropped at any time or charged an enormous price.

So, the first goal had to be to do that. Well to do that, you have to then mandate health insurance coverage, and if you can have a mandate, you have got to make health insurance affordable for people. That's sort of the three-legged stool approach we did in Massachusetts and it was decided quickly to be the basis of the law nationally. Here, in Massachusetts, fortunately the federal government pays for a lot of our reform. Nationally, it's not like aliens were going to come and pay for a lot of our reform, we had to pay for it. And so the first issue I had to decide was will you pay for it. And President Obama was very clear from the beginning that this had to be paid for, this is not going to be deficit increasing and this comes back to your earlier question, the bill is actually paid for through both spending cuts and tax increases more than cover the cost. Having made that decision, you then need to decide how you are going to pay for it and who is going to pay for it and that involves a lot of political wrangling and compromise and that's where a lot of the political action happened.

Margaret Flinter: You know Dr. Gruber, I really appreciated your use of the four individuals kind of representing four different big groups of people in the US that are affected by health care as we all are. But one group, if I was adding a fifth, I might have made a small business owner. Because one of the groups that I frequently hear from and hear express some misgivings about the bill is small businesses and the insurance agents who work with them and not knowing what to do, thinking maybe they should do nothing in case the bill is repealed but certainly a strong theme of wanting to do right by their employees. What should a small business owner be thinking about now and preparing for?

Dr. Jonathan Gruber: Yeah. I think the effect on small businesses is they are really overblown. I am glad you brought that topic up. I mean really, the effect of this legislation was designed to help individuals getting non-employer insurance. In terms of small businesses, there are several effects. So the first effect is for the smallest and lowest wage businesses there is a new tax credit that they can take advantage of. It's currently 35% of the cost of health insurance rising to 50% in 2014. The second big advantage for small employers is they will now be able to buy insurance on competitive health insurance exchanges. Now you are fortunate in Connecticut you actually have the model that this is all based on, something called (14:28 inaudible) which is an exchange through which about 50,000 small business employees get health insurance in Connecticut and that's

where actually Connecticut is the source of the gold, silver, bronze terminology that came to Massachusetts now nationally. That provides a great model where small businesses can go on and choose from a variety of insurance and their employees are not then restricted to one insurance plan. Most small business employees only get the choice of one plan. And so I think small businesses can look forward to better choices, (14:57 inaudible) chopping but really nothing I think really foundational is going to change for small businesses, certainly nothing is going to get really bad for small businesses. That said, the biggest problems small businesses face is rising health care costs. That is what's getting bad and this bill in the near term is not going to fundamentally change that. The issue in the long term can we address that, and to do so, we need to start and that's what this bill does.

Mark Masselli: Dr. Gruber, just a moment ago you talked about the three-legged stool of health reform but what about health care itself? Where does better health care come into this and how does the Affordable Care Act attempt to influence health care for the better?

Dr. Jonathan Gruber: So the biggest place that this legislation will come and affect health care is really by covering the uninsured and by helping, you know Institute of Medicine estimates about 20,000 people a year die from lack of health insurance that will be greatly reduced under this legislation. That's the biggest single impact we will have. That said there are other effects as well that are important. One is this legislation for the first time will make it so all Americans get preventive screenings for free with no co-payments or deductibles applying to the preventing screening costs. There will also be the ability of insurers to, improve the ability of insurers to offer wellness incentives within their health insurance plans to try to get employees to take responsibility for their own health. But large or the main change will be getting people in to the doctor, go to the doctor today and really as we have seen in Massachusetts, really saving their lives.

Mark Masselli: But there are some gems of innovations in there as well, right. The government is trying to leverage out whether it's the innovation grants that they have or the comparative effective research trying to cultivate best practices.

Dr. Jonathan Gruber: I mean essentially what the legislation is trying to do is set up a new health care system where fundamentally we pay based on how healthy you get not what's done to you. And that means really fundamental change in two areas, first area is change the way we reimburse doctors so that we reimburse them in a bundled way and based on your health not what they do to you and the second is comparative effectiveness work to understand what works and what doesn't in health care and to ultimately only reimburse for what works and not for what doesn't. But that's the way it's down the road.

Margaret Flinter: Dr. Gruber, certainly one group that's been prominent in the health care debates is senior citizens and you devoted a short chapter, Justicing, it was titled, Keeping Seniors Safe and Sound in your graphic novel and you detailed some of the benefits to them under the ACA such as eliminating the donut hole and pharmacy coverage. But I couldn't help but note that one provision which you described as the new voluntary payroll deduction that would pay down the road for help of some of the basic activities of daily life that seniors often need if they were to remain in their own homes, that was known as the Class Act, was somewhat quietly withdrawn I think just in this past year.

Dr. Jonathan Gruber: Sure. So this was a provision that really was almost sort of separate from health care reform, was really put in because it was a long time mission of Ted Kennedy's and really sort of as a honor to him which was basically for people to be able to buy voluntarily insurance against their long term care costs. The problem is that when you buy insurance voluntarily, you suffer from the problem of what we call adverse selection, that the only people who will buy will be those who really know they are going to have high long term care costs. That wasn't viewed as politically feasible and so they put the Class Act in with really a structure that wasn't really going to work which was this voluntary insurance purchase. What's interesting about the Class Act going away, I mean it's not really officially stripped in legislation yet, it actually illustrates two positive things about health care reform. The first positive thing it illustrates is why we need the mandate because without a mandated insurance you end up in a system that's not financially viable which is what happened in the Class Act.

The second thing it illustrates is the seriousness of the Obama Administration about making this legislation fiscally responsible. If the Class Act turned out to be fiscally irresponsible that would have been the problem of three Presidents from now. But Obama actually is taking fiscal responsibility seriously, is actually where he sat down and said you know what, this plan can't be made fiscally sound so we are not going to do it. That to my mind is an incredible statement of the seriousness with which they take fiscal responsibility in this administration.

Mark Masselli: How about your general observations on the challenge at the Supreme Court right now; any area that you worry about as you sort of think about and read some of the briefs that are coming across from the states and various parties?

Dr. Jonathan Gruber: You know, the big issue is does the federal government have the right to regulate health insurance. It seems to me that in the Commerce Clause it's given that right as long as there is an effect on interstate commerce. I don't know how you could say the single largest sector of our economy does not have an effect on interstate commerce. So it seems pretty clear to me that this is constitutional. That said, a couple of judges have found it's not and so it opens question **on** Supreme Court. So basically, my understanding based on constitutional experts is that the Supreme Court justices rule according to their

own **presidents** so this will be a pretty straightforward decision in favor of the mandate. But no one is coming on that for sure.

Margaret Flinter: Dr. Gruber, one title or one section the Affordable Care Act really deals with the issue of workforce both training the health professionals that we need for the future and also addressing and trying to preempt any shortage issues as maybe 32 million Americans gain insurance, and some for the first time really try and access primary care. You certainly had some experience with that in the first couple of years post health reform in Massachusetts. How well is that going in Massachusetts, and when you look at the national level, how effectively do you think we are preparing to ensure that people not only have coverage but have access?

Dr. Jonathan Gruber: I think that is a big concern, and in Massachusetts, actually there it's pretty clear which is that we had a big primary care shortage beforehand, we got pretty big primary care shortage afterwards but it hasn't gotten worse. Basically, we continue to have about as bad a shortage we had before the law was passed. Nationally, I think you will see a similar thing. I mean we have a shortage in primary care. I don't think it's going to get much worse when you add, we are only adding another 10% or 12% of insured individuals to the pool. So I don't think it's going to get a whole lot worse but nonetheless that doesn't mean we don't need to address that, we need to address really the disparity I think in particular in reimbursement of specialists and primary care physicians that are driving a lot of this shortage.

Mark Masselli: Dr. Gruber, we like to ask all of our guests this final question. When you look around the country and the world, what do you see in terms of innovations and who should our listeners at Conversations be keeping an eye on?

Dr. Jonathan Gruber: So I think keeping an eye on this legislation and where it goes obviously will be critical. I think the other big innovations are really going to be about the cost control efforts and in particular about comparative effectiveness and can we really study what works and what doesn't and in particular will politicians eventually have the guts to make policy based on what works and what doesn't without being afraid of being accused of imposing death panels. To my mind that is really in some sense (21:42 inaudible) if we are going to control health care costs, really need to do so. And another of these three-legged stools, one leg needs to be consumer engagement on health care spending, the second needs to be provider reimbursement and reorganizing the way we reimburse providers, and the third needs to be government comparative effectiveness and understanding what works and what doesn't. So I think the real thing to keep an eye on this, can we get real productive research done on that and can we openly make insurance policy decisions based on that.

Margaret Flinter: Today, we have been speaking with Dr. Jonathan Gruber, economist at MIT, a key architect of health care reform and most recently the author of what I think I can safely say is the first graphic novel ever to explain a complex piece of legislation the Affordable Care Act, Health Care Reform: What It Is, Why It's Necessary and How It Works. Dr. Gruber, it's been a pleasure to have you on the show today.

Dr. Jonathan Gruber: My pleasure. Thank you so much for having me.

Mark Masselli: Each week Conversations highlights a bright idea about how to make wellness a part of our communities and everyday lives.

One of the directors of the Obama Administration's Health Care Reform Act requires pediatricians and health insurers to begin screening kids for obesity, a condition afflicting one in three American children, the problem, what to do with those children who are identified as being overweight or obese. It's tough enough for adults to lose weight even with multiple programs at their disposal. There are relatively few programs available to overweight children and their families that aren't expensive or hospital based. UnitedHealthcare is teamed up with the YMCA to create a program for community-based weight loss sessions for kids and teams launching the pilot program in Providence, Rhode Island. The kids accompanied by a parent join in a group session that are fun but also informative. Kids are educated about the calorie counts of food, learn about body mass index and the importance of exercise on a daily basis. At the end of the 16 week program, the overweight kids lost an average of 3.5% of their body fat, and the bonus, the parents and the rest of the family often lost weight too. The pilot program is inexpensive, kid-directed and life changing. And with follow up as part of the program, these kids know they will still be challenged to keep up with healthy lifestyle changes. Helping kids tackle obesity cheaply and in a community setting that works for kids and their families, now that's a bright idea.

Margaret Flinter: This is Conversations on Health Care. I am Margaret Flinter.

Mark Masselli: And I am Mark Masselli, peace and health.

Conversations on Health Care, broadcast from the campus of Wesleyan University at WESU, streaming live at www.wesufm.org and brought to you by the Community Health Center.