

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

Margaret Flinter: And I am Margaret Flinter.

Mark Masselli: Well, Margaret, Health Care Reform era is officially underway. The Patient Protection and Affordable Care Act is now the law of the land as the President has signed the original bill, and on Tuesday, he signed the Reconciliation Provisions. I don't know about you but everywhere I go, people are very interested in the details of the bill and asking how the provisions will impact their families, businesses, and the country.

Margaret Flinter: There is a lot for people to get their arms around and understand, and I have been looking at how different groups are doing it and I think the White House has it right. They basically said to the country you probably belong to one of five groups, people who have insurance now through their employer, people who are uninsured, people who buy their own insurance, people on Medicare, and small business owners. Depending on which group you are in, you have very different concerns. If you have employer-sponsored insurance, you're probably going to see the least change, but at least now you don't have to stay at a job just to keep the insurance because you can buy it in the marketplace. Small business owners, the White House site makes it clear, you are not required to provide coverage but you will get tax credits if you do provide it for your employees and you can't have your rates skyrocket because one or two employees have a bad illness. Medicare, for all the talk and the fear, they really come out pretty well. And the uninsured who of course were the focus all along, the 32 million people who will get coverage do in lots different ways, some because of expanded eligibility from Medicaid, some because they stay on parents' policies till age 26, some because they get subsidies. Insured, like politics perk, its all personal.

Mark Masselli: Margaret, even with the clarity of those questions and the clear intent of the bill, there still seems to be people in the insurance industry that were confused, particularly on one very important benefit that sets out to cover children with preexisting conditions immediately. Some lawyers from the insurance plans questioned when this coverage began. But under intense pressure from the White House, the President of the American Health Insurance Plans announced that the insurance industry will fully comply with the regulations immediately. Senior citizens will also see some immediate benefits in their coverage. They will no longer have to pay out of pocket for annual screenings and wellness visits, and the gap in the prescription drug coverage known as the donut hole will get some needed jelly. Seniors who purchase Part D Medicare will get a \$250 rebate this year to fill part of the gap.

Margaret Flinter: All welcome news for seniors, Mark. Now, you and I have been pointing out over these several months that there is an awful lot in the bill that

nobody is talking about, and even in these last weeks, still haven't heard much about it. I am talking about the investments and workforce training for health care, for doctors, for nurses, for primary care providers, and the funding of new models of care from Accountable Care Organizations to Nurse Managed Health Centers, also the investment in Public Health & Prevention. It just looks like it's going to take a while before people focus in on these more broad long-term investments in improving the country's health, don't you think?

Mark Masselli: Speaking of improvements, we are excited that the White House is floating the name of Don Berwick, Founder of the Institute for Healthcare Improvement to lead the centers for Medicare and Medicaid services. He is one of the country's leading authorities for health care quality, improvement, and safety.

Margaret Flinter: Well, I think that Dr. Berwick is an inspired choice because it really puts the focus on transforming care, preventing errors, eliminating ways, and nobody is going to argue about that being the best way to control cost. So, so far, that seems like one decision that everybody could be happy about. We are not seeing a lot of happiness though among the Republicans or in the Tea Party Movement. We are seeing lots of angry backlash to the Health Reform Plan. Republicans continue to cite the American public's opposition to the legislation, though that depends on which poll and pundit you pay attention to. And we have long ways to go until the November elections. While there is a lot of talk about repeal or repeal and reload as their appellant recently said there is also a lot of time for Americans to get to know and understand and maybe like what they see in terms of this reform. We know change is frightening to people. It's going to be really important for them to see if the things that matter most to them like keeping their own doctor stay the same.

Mark Masselli: Margaret, you are right. Well, opinions in the short run will be all over the map. The final judgment on what people think will take time to consolidate. But one positive sign was that a Gallup/USA TODAY poll, taken at the night Health Reform passed, showed a more positive reaction with 49% of Americans saying that Congress passing of the Health Care Reform Bill was a very good thing.

Margaret Flinter: Well, one interesting opinion on the passage of Health Reform came from David Frum, Conservative Speech Writer, who laid there the Republican strategy in a post titled Waterloo and he blamed the loss over health care on the Republican Party itself. He wrote conservative talkers on Fox and Talk Radio had whipped the Republican voting base into such a frenzy that deal making was rendered impossible. How do you negotiate with somebody who wants to murder your grandmother, or more exactly, with somebody whom your voters have been persuaded to believe wants to murder their grandmother? He expressed regret because negotiations could have aligned the plan more closely with conservative views and he believed Obama was willing to negotiate. He is

well received by his employer, though the American Enterprise Institute promptly terminated him.

Mark Masselli: Speaking of people with the strong view, our guest today can tell us more about how the willingness to negotiate and communicate with all sides prove to be an effective tool for President Obama's Health Care Reform package. Chip Kahn, President of the Federation of American Hospitals, is a Washington insider who has worked both sides of the aisle. He worked as a lobbyist for the Health Insurance Association of America during the Clinton Administration's effort to pass Health Reform in the early 90s. And when they were locked out of negotiation, he was the man behind the Harry and Louise ads that played a major role in killing that effort. This time around, he supported Reform under President Obama's plans and notes that the White House doors were open and they were always interested in listening if they always didn't agree.

Margaret Flinter: Well, that will be a very interesting perspective. And no matter what the story, you can hear all of our shows on our website Chcradio.com. Subscribe to iTunes to get our show regularly downloaded. Or if you would like to hang on to our every word and read a transcript of one of our shows, come visit us at Chcradio.com.

Mark Masselli: And as always, if you have feedback, email us at Chcradio.com, we would love to hear from you. Before we speak with Chip Kahn, let's check in with our producer Loren Bonner with headline news.

Loren Bonner: I am Loren Bonner with this week's headline news. President Obama has signed into law the Reconciliation Act of 2010, authorizing some necessary changes to the Senate Bill he signed into law last Tuesday. At the official ceremony at Northern Virginia Community College, the President said the package enshrines a principle that's important to all Americans.

President Barack Obama: When you get sick, you have got a society there, a community that is going to help you get back on your feet.

Loren Bonner: The House of Representatives gave final approval to the health care overhaul last week after the senate made changes to two provisions in the reconciliation package and returned the measure to their House for one final vote. Speaker of the House Nancy Pelosi said these changes make important improvements to the Health Care Bill.

Nancy Pelosi: More affordable for the middle class, more fairness to the states, more accountability for the insurance companies.

Loren Bonner: Specifically, these changes include providing more subsidies to help people buy health insurance and closing the gap in prescription drug coverage under Medicare, the so-called "donut hole". Going into effect

immediately, seniors who purchased Part D Medicare will get a \$250 rebate this year if they reach a coverage gap. Although most of the laws won't be enacted until 2014, states are beginning to grapple with how to pay for providing insurance to more people. The government will help pay for Medicaid coverage through 2016, then states have to start picking up the tab more and more. Many states are having a hard time now funding Medicaid and they worry about how they will be able to do it down the road. 13 states have been together to challenge the constitutionality of the health care overhaul. After being pressured by Ohio Republican Members of Congress and Ohio Senators, Ohio Attorney General Richard Cordray said he won't join the lawsuit.

Richard Cordray: People can have reasonable disagreements about these competing judgments. In my view, however, this lawsuit in particular does not have merit and would be a waste of taxpayer --

Loren Bonner: But some states that have already taken steps toward expanding Medicaid programs could actually come out winning. States like Massachusetts, Wisconsin, Vermont and New York are ahead of the game because they have already been covering childless adults under Medicaid. As the law's provisions begin to kick in, the federal government will actually pick up most of the burden that these states are now bearing. Secretary of Health and Human Services Kathleen Sebelius, who will direct how Health Reform is implemented at the state level, told Politico's Mike Allen that she wants to give states as much say-so as possible but, she said, the cost of the states not doing anything is a far greater risk.

Mark Masselli: This is Conversations on Health Care. Today, we are speaking with Chip Kahn, Health Care Industry Lobbyist and President of the Federation of American Hospitals. Welcome, Mr. Kahn. You are known for creating the Harry and Louise ads when you were working as a lobbyist for the Health Insurance Association of America. The TV ads were aimed at ultimately defeating those reform efforts, but you supported President Obama's Health Care Reform and at some point, you became involved in the divided, we feel, coalition which works to find bipartisan solutions for affordable quality health care and long-term financial solutions. How did you move from the opposite sides of the aisle? And walk us through your journey.

Chip Kahn: Well, let me start off by saying that when I was working at the Health Insurance Association of America back in the early 90s, the association which represented small and medium size insurers was in favor of Health Reform, actually even supported an employer mandate to achieve Health Reform and the universal coverage, but could never get the attention of the administration to negotiate. And that was why the original ads were done. Ultimately, the ads did contribute to, I guess, the overall defeat but that was not purpose of the beginning. I went to work on the Hill for a while and went back to the Association in the late 90s and began to work again on health coverage, and that's when I

started working with Ron Pollack at a consumer group Families USA. And we got together and, for years, worked on trying to get attention to this issue of the uninsured. And eventually, I came to work for the hospitals here and at the Federation of American Hospitals. And the issue came to the fore and ultimately the President succeeded and the Congress succeeded at passing it.

Mark Masselli: How early did they bring you into the discussions in the Obama Administration?

Chip Kahn: Actually, even after his election, I went in with others to meet with former Senator Daschle, who at that point was going to be HHS secretary, and we began to talk about the issue. But I guess the rubber hit the road at the March '09 summit where a few hundred other people were brought in to begin to discuss with the administration Health Reform, and I as representative one of the hospital groups, other hospital groups worked very hard all spring and ultimately came to an understanding with the administration in July and we were big supporters of the whole process and the President during most of the period of the Health Reform.

Margaret Flinter: Chip, you've worked over your career for a number of Republicans and probably as the dust settles now on the legislation, have some thoughts on the Republican strategy that in retrospect wasn't effective in stopping health care legislation. In many people's eyes, the Republican Party became the party of no negotiation, no compromise, and ultimately no win. What are your thoughts on that strategy and what's the hard lesson learned for the Republican Party?

Chip Kahn: Actually, in the spring of '08, I went to a small conference that was held out in Minnesota, and at that point, I said to all these health policy people in the room, this is going to have to be bipartisan because at the end of the day, to figure out a way to finance Health Reform as well as all the other details are just not going to be something that most Republicans can be for. I mean this was frankly a big tax bill as well as a Health Reform Bill. And so I don't think the Republicans could ever have been for something of this size. Actually, I sort of take issue with you, we don't know yet whether the Republicans' position was the right one in terms of the electorate. We will find that out in November. I think they really had no choice because the Democrats, for many reasons, were not either in a position or were unwilling in the senate to really negotiate. And so there really wasn't a middle ground. I mean the issues that President talked about, I mean if I put on my Republican ad, buying across state lines, medical liability, those are important issues. But where the rubber hits the road here is that there is a 3.8% increase in payroll taxes for Medicare for unearned income. There is a 0.9% increase. There are a number of taxes and I can support those because I think we have got a find to way to pay for Health Reform, but I don't think Republicans ever could have.

Mark Masselli: Conservative thinkers like David Frum have obviously come out with his thoughts that well he really hates the Bill. He thought that it could have been less worse if maybe people had engaged with Baucus and the like, and you just don't really buy that.

Chip Kahn: Frum represents a small minority if you want to talk about Republicans, I mean I think, as I said, Republicans really had no choice, there was nothing in this with them and they would have had to vote for compromise on very significant taxes and other kinds of policies regarding the government role that would have been totally unacceptable to them. I think there was one opportunity though for the senate to come to some kind of compromise with at least 5, 7, 10 Republicans, and that would have been if Senator Kennedy had survived. And let me describe it because in some way it's counterintuitive. First, Senator Baucus didn't have any cover on the left in the Democratic Caucus. So he had trouble finding a middle ground with Senator Grassley, the Iowa Republican, that would have been acceptable to the other democrats. Kennedy could have provided cover for Senator Baucus. And second, Senator Kennedy was very close to Senator Hatch and I think he is the one person that could have found some kind of middle ground with Hatch. And if Grassley and Hatch had had that kind of position to work with Baucus, you might have gotten some kind of at least number of Republicans in the senate to go along. Fortunately, Senator Kennedy was really not part of this whole process and the outcome was a partisan bill.

Mark Masselli: Today, we are speaking with Chip Kahn, President of the Federation of American Hospitals. Now that the Reform Bill has passed, we need to sort of understand the impact it's going to have in different sectors of the industry and you represent the Federation of American Hospitals. How do you see reform impacting your hospitals and how might it change their behaviors over the next 10-year period?

Chip Kahn: In the '14, '15, '16, we are going to see just a tremendous ramp-up of coverage across the country. And from the standpoint of hospitals, it will make a material difference. I mean it will mean that many people today who avoid health care will be able to come to the hospital if they need service. Or if they were part of those and came to the hospital and couldn't pay and received care, it removes the financial questions from that issue of coming to the hospital. Now, they can just focus on getting well and we can just focus on getting them well. I think for hospitals, it's going to really help in terms of a rebalancing because hospitals are a 10% or 15% uncompensated care, some of that's bed debt, some of that's charity care. And if most of that would be paid for, then it's going to make it a lot easier for hospitals to keep their doors open and have the right balance of revenues to provide the kind of services people expect. Unfortunately, Medicaid, the Program for the Indigent, Medicare, the Program for the Elderly and Disabled, neither pay hospital sufficiently for the services they provide. So, having that uncompensated care area covered in the sense where

now it's zero move to where it will be with coverage, we really make hospital finance more workable into the future.

Mark Masselli: So, when you look at this issue of hospital financing, you see that really their margin will increase because they've basically been subsidizing the uninsured or uncompensated maybe bad debt, do you see then the growth occurring on the for-profit side?

Chip Kahn: Let me say two things about that. One is that, it all depends on what happens with Medicare and Medicaid. I think that hopefully, if we get enough coverage, that's going to really close the uncompensated care gap. But I have great concerns about the future of Medicare/Medicaid payment. Obviously, there was Medicare payment reductions in the Health Reform and I am very worried about deficit reduction sapping more.

Mark Masselli: Is this federal level or both the state, because the states really have a huge share, proportionately of the Medicaid dollars in their budget?

Chip Kahn: Right, but what's going to end up happening is federal government is going to fund actually the lion's share first few years all of these new peoples, but they are going to be paying at the rates the states pay. So, if taxes pay that, that's what the people who are now covered by this Medicaid, but the new covered lives in taxes are going to be paid at the Medicaid rate. And if it picks up new people, that's great. Although if there is crowd out of people who are on private insurance for one of the reasons because some of these people are going to be employed, that's a bad thing because you are going to be replacing Medicaid with private insurance. I think though, from the standpoint of investor on, that all the changes and there is going to be a real push for integration and there are a number of demonstrations that are going to be funded and pushed to try to push for bundling of post acute care and physician care, I think over time that systems are going to win whether they are local, regional, or national. And so, I think that my guys will grow and that, not that many individuals, free-standing hospitals anymore, although there are many in rural America. I don't want to say they are dinosaurs, but I think they are on the way out, in that, whether it's ascension and some of the catholic systems, whether ACA or community, I think a lot of those hospitals are going to become, particularly rural hospitals are going to become part of bigger systems. I think the issue is really systems, not so much for-profit, nonprofit.

Margaret Flinter: Chip, let's take a little crystal ball gazing for a moment. Over the last few days, we heard that Dr. Don Berwick, President of Institute for Healthcare Improvement, may soon take the reins of the largest payer in the country, the Center for Medicare and Medicaid Services. Now, he is certainly somebody well known to all of us in health care as a champion of safety and quality and transforming care at the bedside, also safe to say, pretty focused on structuring systems that incentivize providers by paying them for delivering safer,

higher quality care. What are your thoughts on that appointment and how do you think America's hospitals might be changed as a result of it?

Chip Kahn: Well, I am encouraged. Don is the real leader. Actually, we had Don speak at our October meeting last year and my organization is very focused on quality for many years since I have been here and involved in the development of the Hospital Compare program where hospital's performance on measures is reported publicly by Health and Human Services. In this Bill, in Health Reform, there is a pay-for-performance provision for hospitals that goes in effect over the next few years, as well as a number of other provisions that will make a material difference in terms of the kinds of information that will be collected and be available to consumers and to clinicians and hospitals to help them improve. So I am very encouraged. Don really understands what's wrong with our health care. There are so many things that are right but what's wrong with our health care, particularly in hospitals, and he will be very focused on realistic ways to improve care.

Mark Masselli: When you look around the country and the world, what do you see that excites you in terms of innovations and who should our listeners of Conversations be keeping an eye on?

Chip Kahn: I think that this whole movement to spread the use of electronic health records is really key. That wasn't funded in Health Reform, it was funded in the Stimulus Bill, and someone over at Health and Human Services Department, David Blumenthal is in-charge of that program. And I think that's one of the most important things that's happening right now. And the big question, which is unanswered, is not just whether all the hospitals and physicians are going to have electronic records for their patients, but whether or not we can achieve what's called interoperability so those records will talk to each other no matter where you go to receive care. And I think if that is achieved, there will be so many side benefits from that.

Margaret Flinter: And we would certainly agree with you on that based on our organization's experience with electronic health records. Today, we have been speaking with Chip Kahn, Industry Lobbyist and President of the Federation of American Hospitals. Thanks so much for joining us, Chip.

Chip Kahn: My pleasure.

Mark Masselli: Each week, Conversations highlights a bright idea about how to make wellness a part of our communities into everyday lives. This week's bright idea focuses on another of the many ways that internet is helping patients lead healthier and more fulfilling lives. Although one in every 11 minutes online is spent on social networking sites, like Facebook, Twitter and personal blogs, most people use them to stay connected to friends and family. But increasingly, patients with serious chronic illnesses are using online social networking as a

lifeline to the external world. According to the Center for Disease Control and Prevention, over 100 million Americans suffer from some kind of chronic illness, anything from arthritis to cancer, frequently confined to their homes for years. This sickest portion of the chronically ill often withdraw from social contact. But with the help of the Internet, these patients have begun to reclaim the health benefits of consistent social interaction. One patient Shawn Fogarty, who has MS and is a cancer survivor, said it's literally saved my life just to be able to connect with other people. The evidence for social engagements, positive effects are bound. A recent University of Michigan study of adults over 50 found that people who reported more social relationships were likely to live longer lives. Well, many chronically ill patients do use standard social networking sites like Facebook and Twitter. Other sites designed specifically for the chronically ill are growing in popularity. The options now are bound. Sites include PatientsLikeMe, CureTogether, and HealthCentral meant for both illness-specific dialogue and general social interaction, these websites offer a variety of services where patients can talk about anything from straightforward illness treatment to funny stories about the day. With round-the-clock access, the internet provides these previously isolated patients with an unprecedented amount of freedom to connect with the world around them, and regardless of what websites they frequent, there is no question that the internet is helping the chronically ill to lead healthier, more fulfilling lives. 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.

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