

## Get Ready For Lousy Health Care

In an appearance at the Economic Club on April 8, Obama's budget director, Peter Orszag discusses ObamaCare and how optimistic he is that it can help "bring the cost curve down." Orszag states, "Everyone agrees that we can ... no longer afford to just pay for quantity; that is, uh, a fee for service system where doctors and hospitals are reimbursed based on volume."

Orszag then focuses on one aspect of ObamaCare that the media has virtually ignored—or at least failed to explain properly. He says, "I think folks have not really focused on the Medicare commission, the Independent Payment Advisory Board that's created [by Obamacare]. This institution could prove to be far more important to the future of our fiscal health than, for example, the Congressional Budget Office. It has an enormous amount of potential power. ... So this Independent Payment Advisory Board, has the power... no... it has the responsibility to put forward proposals to hit a pretty aggressive set of targets over the long term, and furthermore the proposals take effect automatically unless Congress not only specifically votes them down but Congress specifically votes them down and the president signs that bill."

Note that Orszag quickly corrects himself, changing the word "power" to "responsibility"—as though he knows he has let the cat out of the bag. But he was right the first time. The new Board has incredible—and unaccountable—power over every doctor and hospital in the United States.

Orszag continues, "So, the default is now switched in a very important way on the biggest driver of our long term costs, which is, uh, the Medicare program."

A member of the audience asks, "Was that explained to members of Congress very carefully?"

Orszag answers, "Yes, it was, and that's why this was something that was very difficult to actually... this is why I think it was underappreciated that this is a very substantial change. ... Statutory power, to put forward proposals to reduce health care cost growth over time and improve quality and those proposals take effect automatically if Congress ignores them, if Congress, uh, votes them down and the president vetoes that bill... so, in other words, inertia now plays to, uh, the side of this, uh, independent board." (Breitbart.tv notes that the Board "will be composed of permanent, unelected members.")

In his presentation Orszag is amazingly enthused—and disgustingly smug (which is his usual nature)—about the new Independent Payment Advisory Board because it will have virtually uncontrolled power over all physicians and hospitals. The Board will have the power to rule that, for example, rather than a doctor receiving a fixed reimbursement for each test, x-ray, or procedure performed on a patient with a broken hip, he will receive a fixed reimbursement for "successfully treating a broken hip." ObamaCare assumes that

with such a system, doctors and hospitals will reduce the number of unnecessary tests and focus instead on a solely positive outcome of treatment.

This assumption makes two mistakes. First, it neglects to deal with the fact that many unnecessary tests and procedures are performed only because the doctors are fearful of getting sued if they “miss something” or make an honest mistake. Reimbursing them with a lower total fee rather than multiple fees for individual services does nothing to reduce the risk of being sued. When a physician is paying tens of thousands of dollars per year in malpractice insurance, paying that physician less for treating his patients will certainly *not* resolve any problems.

Second, the implicit ObamaCare assumption is that even when not engaging in defensive practices to avoid lawsuits, doctors and hospitals are incompetent and wasteful—but a federal board (of unelected members appointed by Obama and his Health and Human Services Secretary, Kathleen Sebelius) knows how best to treat patients under all circumstances.

Obamacare proponents assume that the federal government can save billions of dollars by paying doctors and hospitals less for “outcome based” treatment rather than “fee for service based” treatment. What it will in fact do is reduce the quality of care for patients, cause a substantial number of hospitals to close because of Medicare reimbursements that are no longer great enough to keep them in operation, and thousands of physicians who leave the profession because they will lose money on every Medicare patient they see.

Shamefully, Orszag appears downright gleeful in his praise of a scheme in which a federal board of unelected and unaccountable members has enormous power to tell doctors and hospitals how to run their professions and businesses—and the American people cannot do a thing about it unless they get a majority of Senators and House members to pass a new law that Obama won’t veto.

Obama can pledge to Americans all he wants that under his plan “If you like your doctor, you can keep him”—but that won’t do you a lot of good if that doctor takes down his shingle, “pulls a John Galt,” and retires early.

Orszag’s remarks are also vindication for Governor Sarah Palin’s much-criticized comment about “death panels.” The death panel to which she was referring was of course the Independent Payment Advisory Board in which Orszag places so much hope for saving money. The whole point of the Board is to save money by micromanaging doctors and hospitals and telling them how to treat particular illnesses, injuries, and diseases. When that Board starts deciding that a broken hip must be cared for in a certain federally-approved manner, it is only a matter of time before that manner will tell doctors that after a certain age a certain procedure is no longer called for. When you get too old to “repair,” you’ll be expected to accept that Board’s verdict. It won’t be a matter of you, your grandmother, your family, and your physician discussing whether grandma needs heart surgery and is healthy enough to tolerate the procedure. It will be a matter of looking up

the procedure in a federal reference manual and hoping that the patient has not yet reached the maximum age chosen by Obama's unelected Board members.

Good luck staying healthy...

Don Fredrick

April 30, 2010

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Link to the Orszag video: <http://www.breitbart.tv/obamas-budget-director-powerful-rationing-panel-not-doctors-will-control-health-care-levels/>