

AMERICAN
HEALTH CARE
1-2-3-4

A 4-Napkin
Explanation.

Dan Roam with
Tony Jones, MD

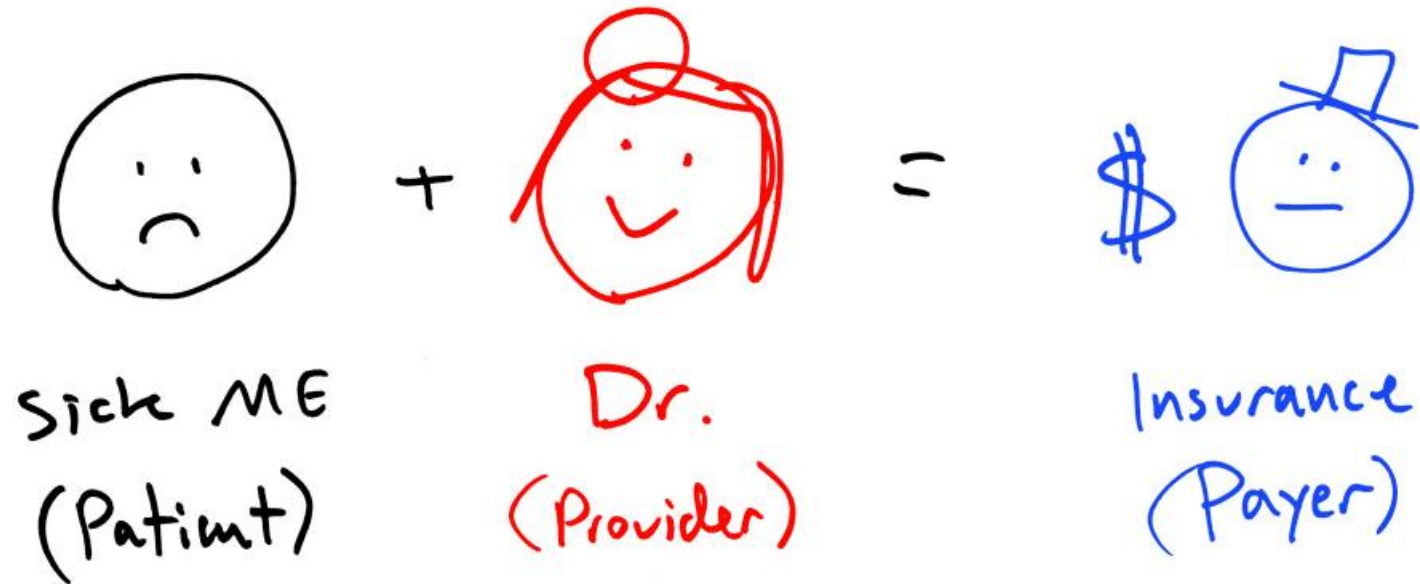
ALWAYS
REMEMBER:



Health Care
in America
is a business!!

Napkin #1

Health care in America is a business governed by a simple equation:

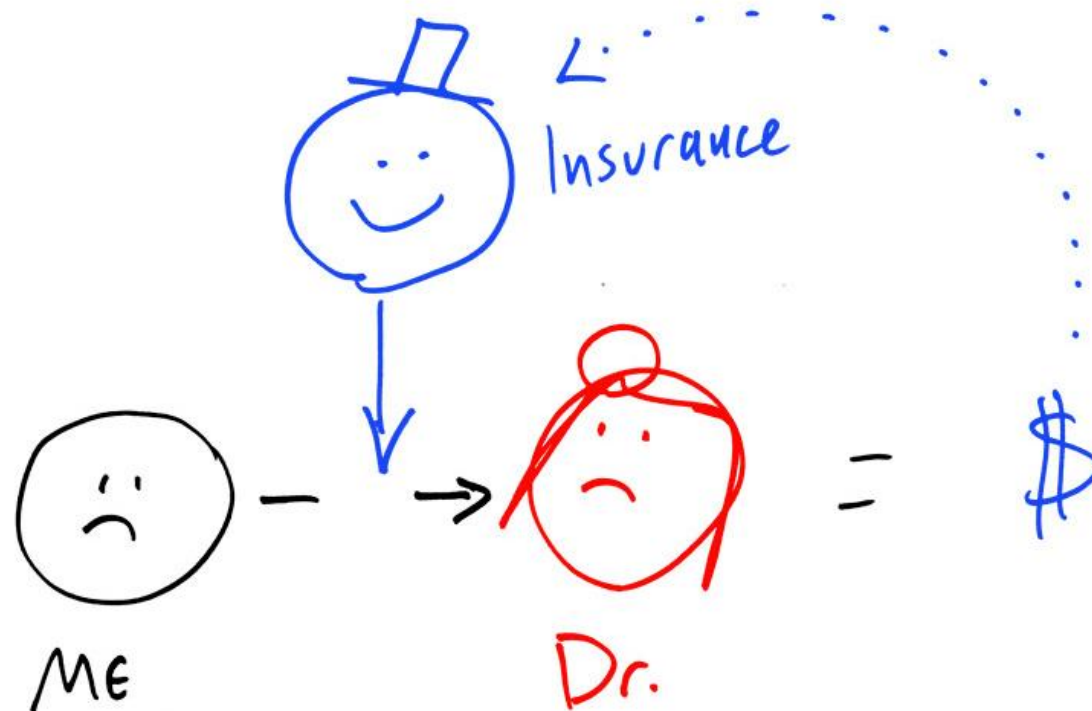


I get sick.

My Doc fixes me.

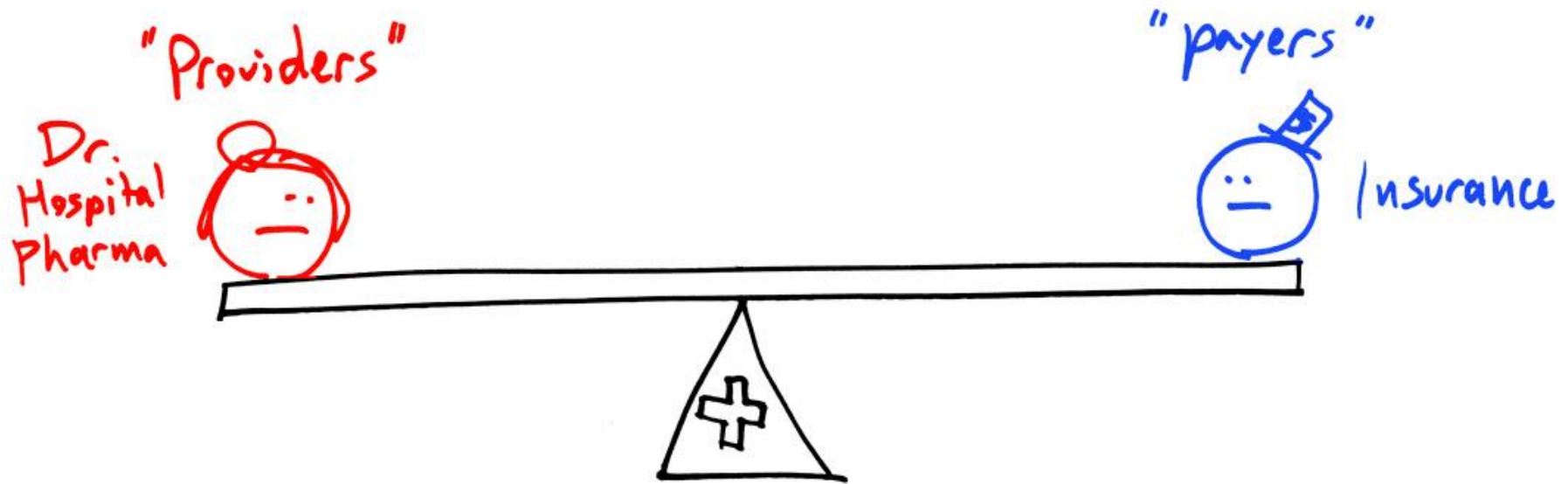
My Doc gets paid.

In the last several years there's been a shift in the equation:



*Insurance jumped in between me and my doctor.
Insurance now rations my treatment and health costs.*

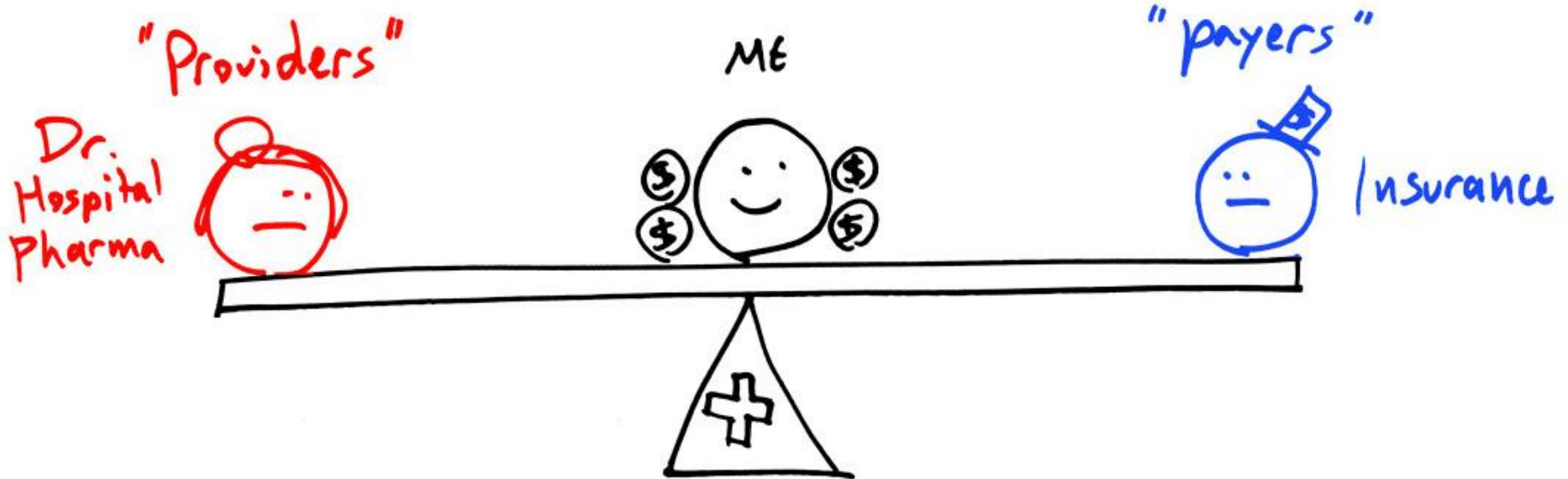
That happened because health care is really two different businesses:



*There's the business
of providing health...*

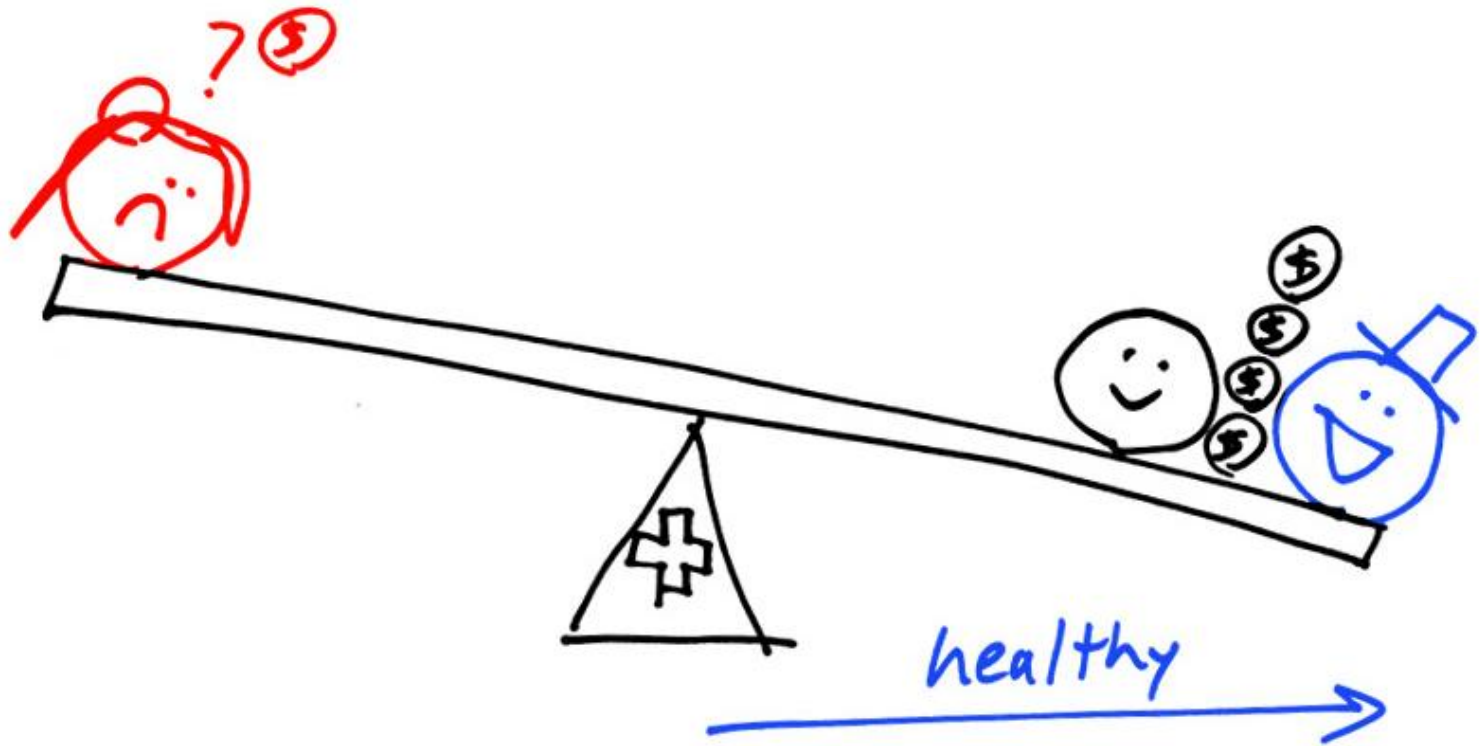
*... and then there's
the business of
providing payment.*

I'm in the middle.



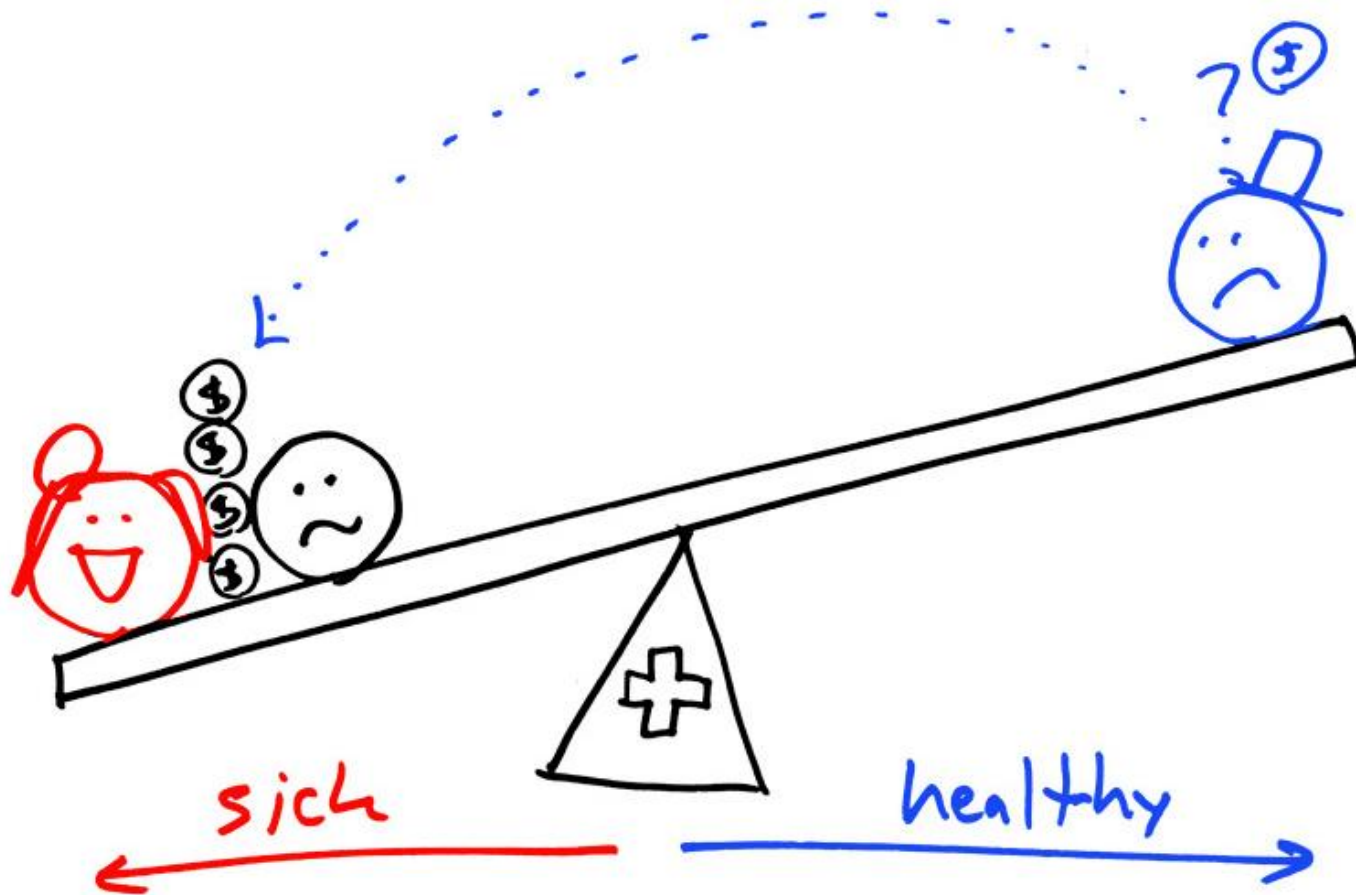
*Me, my health, and my money
sit in between these two businesses.*

When I'm healthy, insurance loves me:



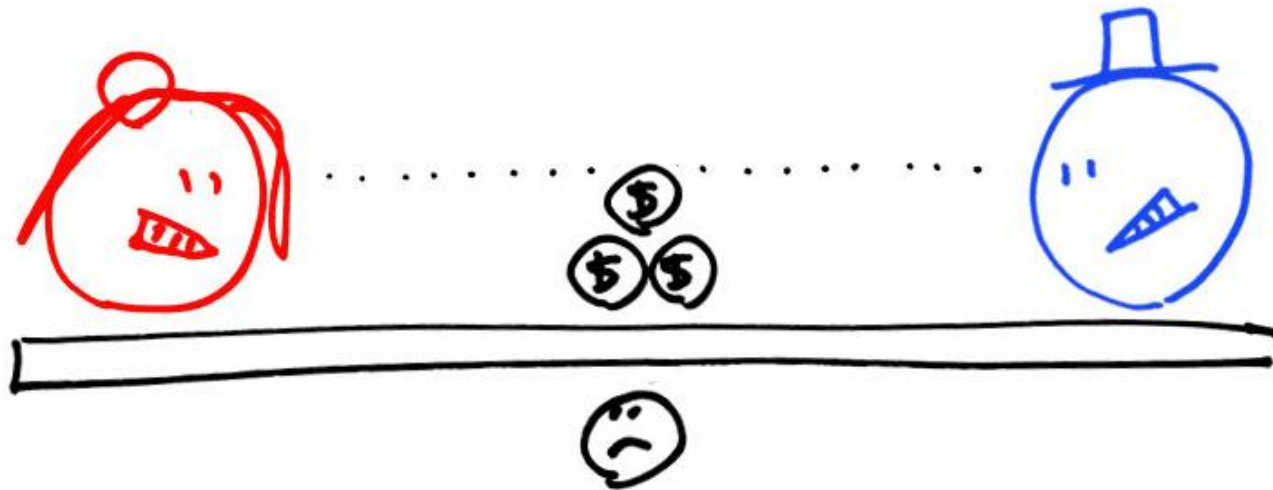
I pay premiums that insurance collects, and they don't have to pay anything back.

When I'm sick, providers love me:



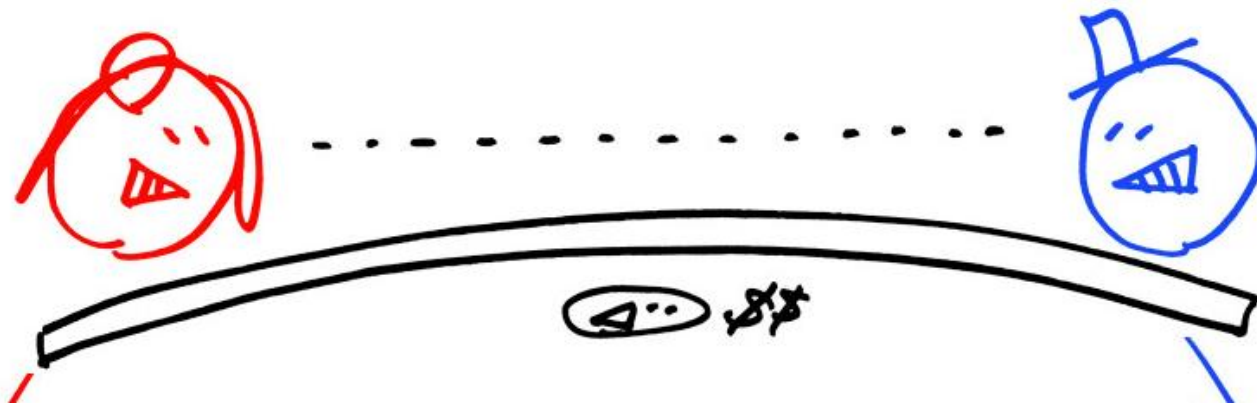
*Through my insurance, I pay Doctors, hospitals,
and pharma for their products and services.*

These two businesses hate each other.



(Ultimately, I'm the only source of money for both.)

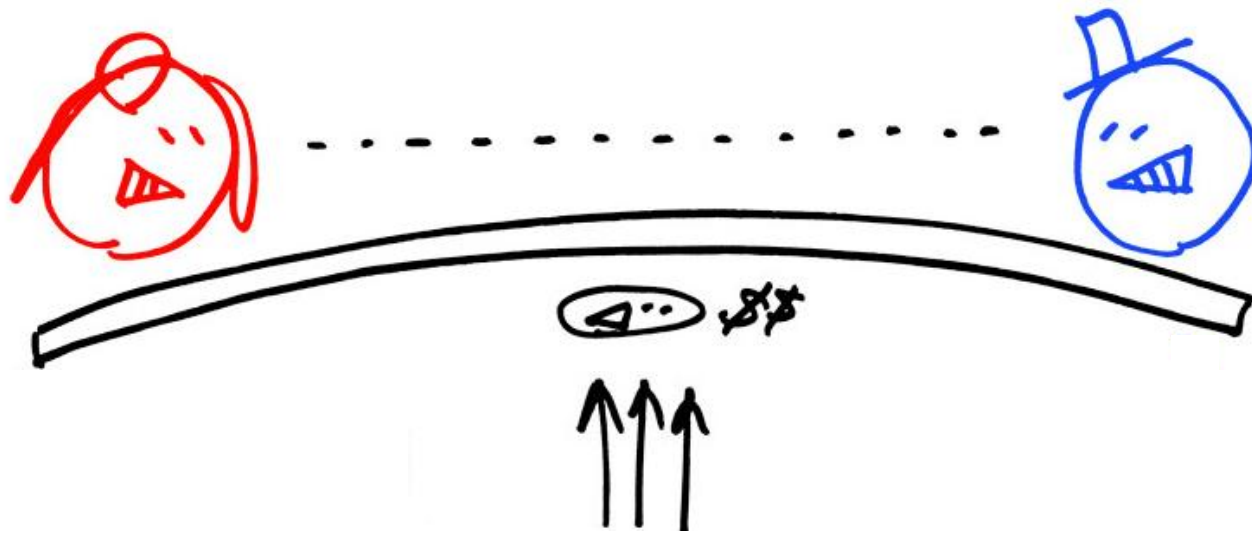
They have conflicting interests and fight over my money. (It's a zero-sum game.)



Providers like to prescribe new and expensive treatments to keep money flowing in.

Insurers charge more (and allow less) to keep money flowing in.

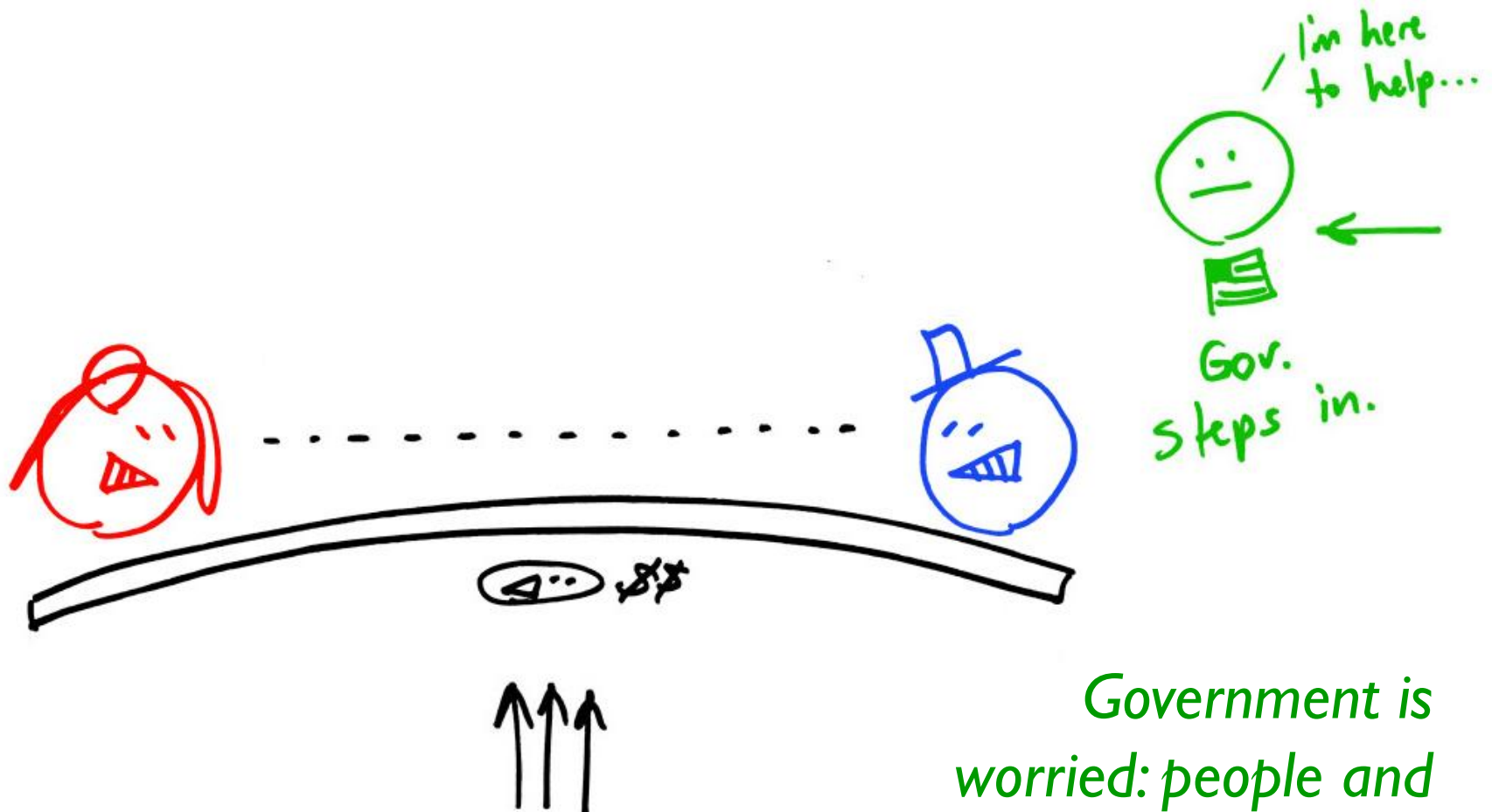
As the providers and insurers fight, my costs keep going up. (Bankrupting me and my employer.*)



*I'm the only one adding money **INTO** the equation, so I get squeezed.*

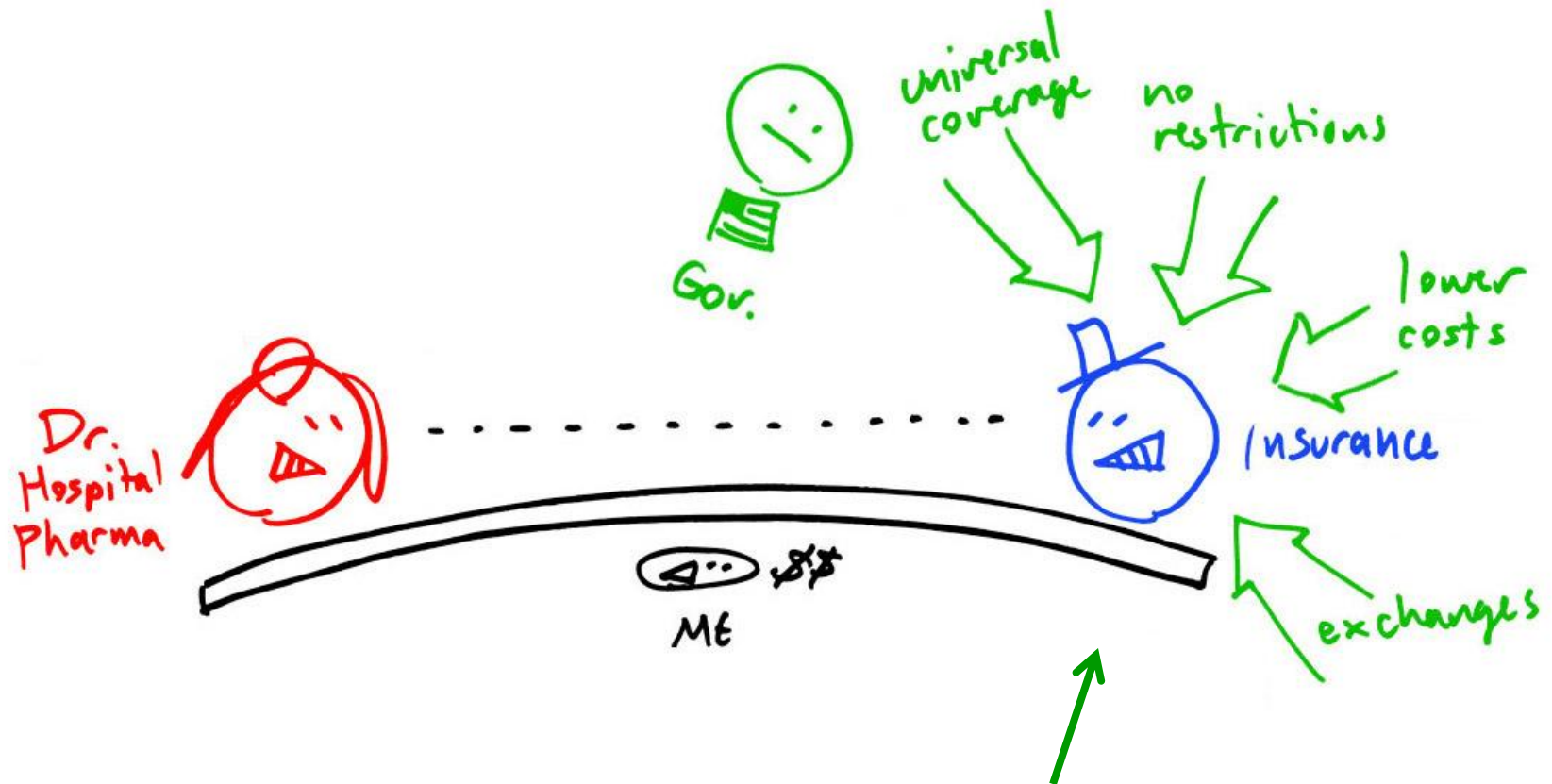
**more on this later.*

Now government steps into the picture:



*Government is
worried: people and
businesses are both
too squeezed.*

Government thinks most of the changes are on the insurance side:



Almost all legislation being debated impacts the insurance side of the equation.

Next napkin:

*What health care
reform is really about.*

(It isn't health care.)

AMERICAN
HEALTH
CARE

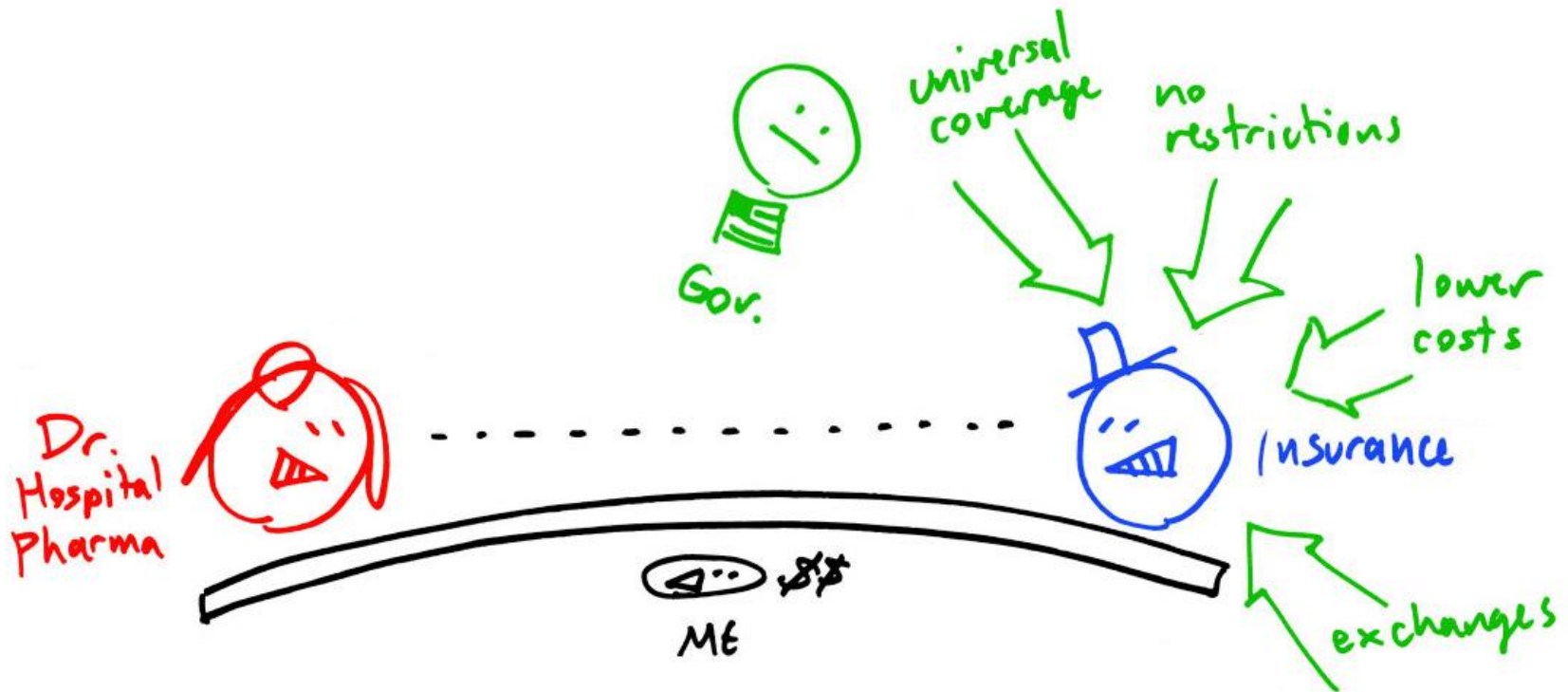
#2

Dan Roam
w/ Tony Jones, MD

It's not
health care reform -
it's INSURANCE
reform!

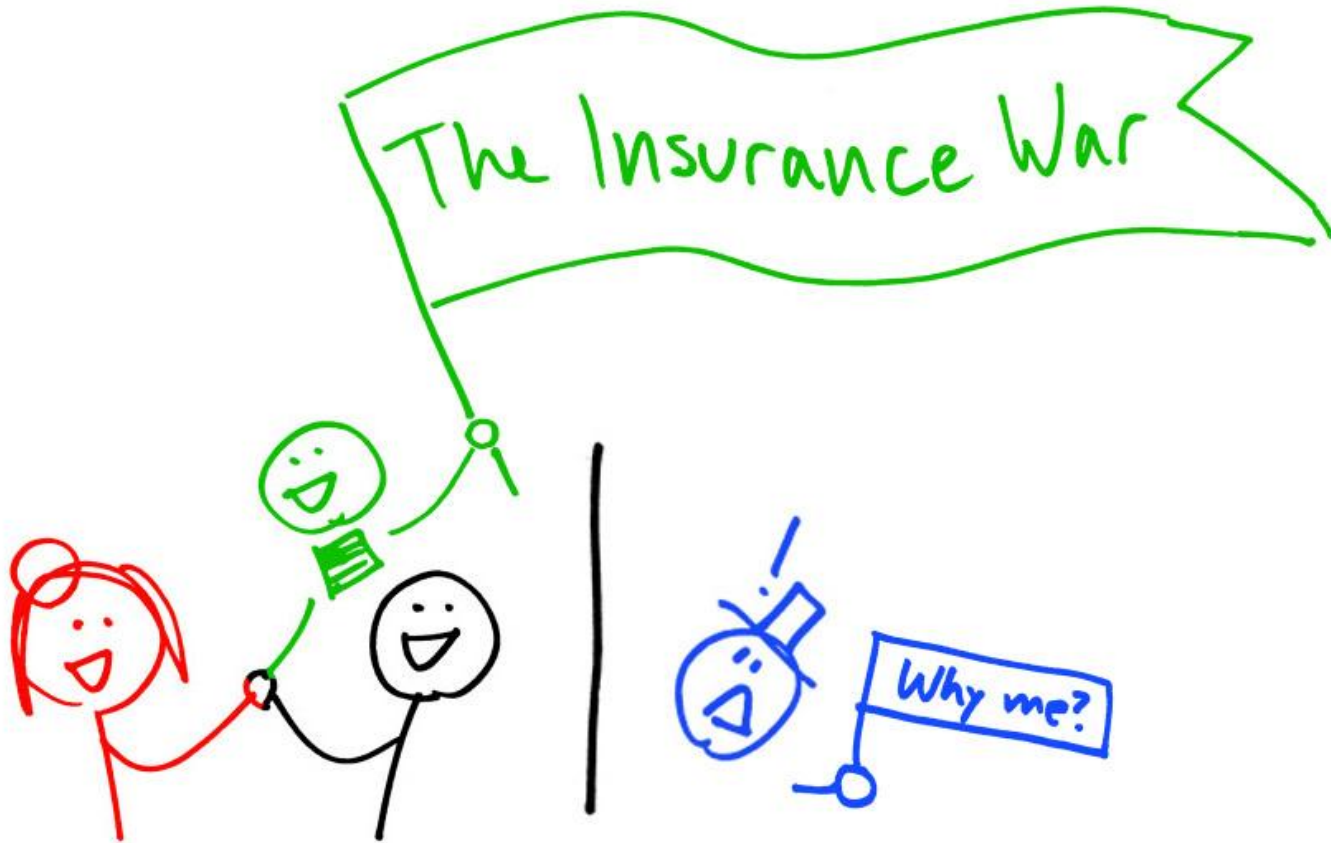


Remember how all the reforms are focused on the insurance side?



All the big changes the White House is demanding are directed towards the private insurance companies.

The White House should call it what it is:



*If the White House wins, it will be the **private insurance companies** sitting on the outside looking in.*

Is that fair?



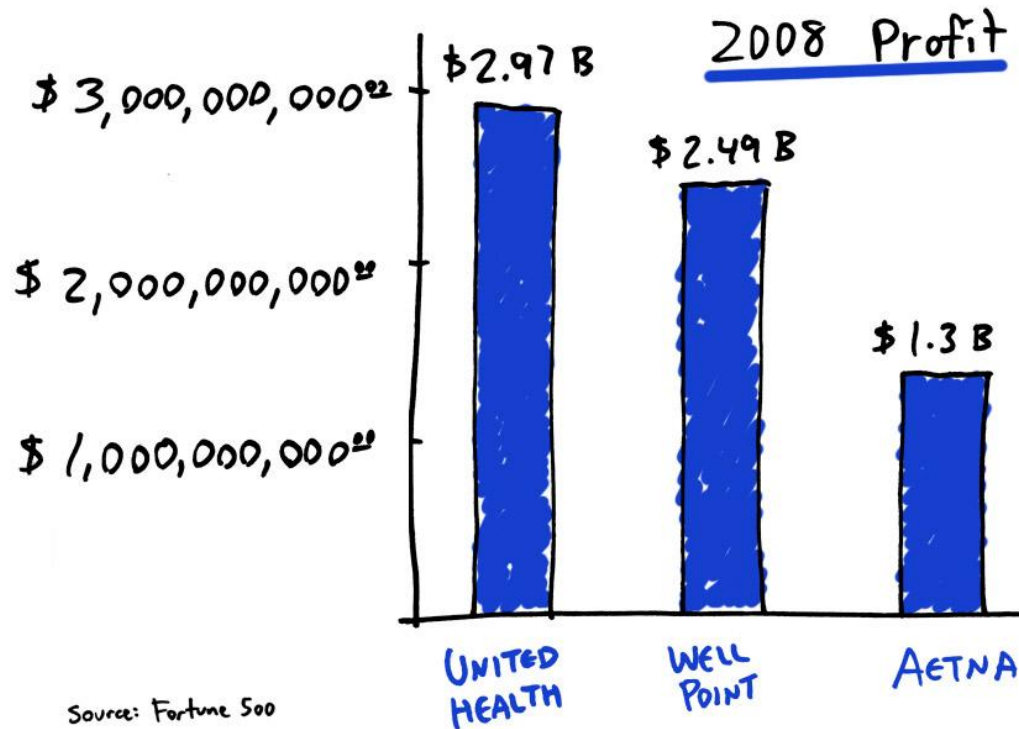
*The only value private insurers bring to the equation is to **keep costs down** for members.
(And pay shareholders. Remember: this is a business.)*

Is that fair? YES. Without a doubt.



*Private insurers have failed miserably at keeping costs down.
If they can't manage member costs, why do they exist?*

Private insurers had a remarkably profitable 2008. (Yes, in the recession.)



2008: Detroit dies. Wall Street tanks. 9.5% unemployed.
Private insurance does just fine.

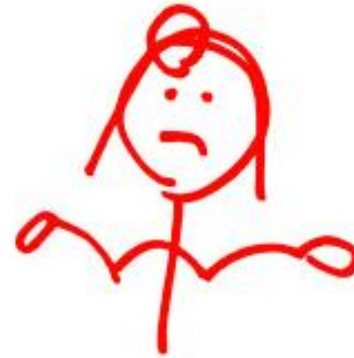
Is anybody else being asked to reform?

Yes, but not so much:



Me:

- ✓ *Take better care of myself.*
- ✓ *Try not to get sick.*
- ✓ *Don't get fired. (Ha!)*



Providers:

- ✓ *Be more efficient.*
- ✓ *Order fewer procedures.*
- ✓ *Revamp malpractice. (how?)*
- ✓ *(Pharma is being asked to pay an \$80 billion gift.)*

In the end, who will pay for any reform?



Me.

*Assuming I'm presently employed and covered,
I'm the only player putting money into the system.*

And where will the money I pay go? (There are 3 possibilities.)



*1. Increase
profits for
Private Insurers.*



*2. Fund new
non-profit
insurance
exchanges.*



*3. Fund a new
government
insurance plan (no
profit allowed).*

Yes, it is that simple.

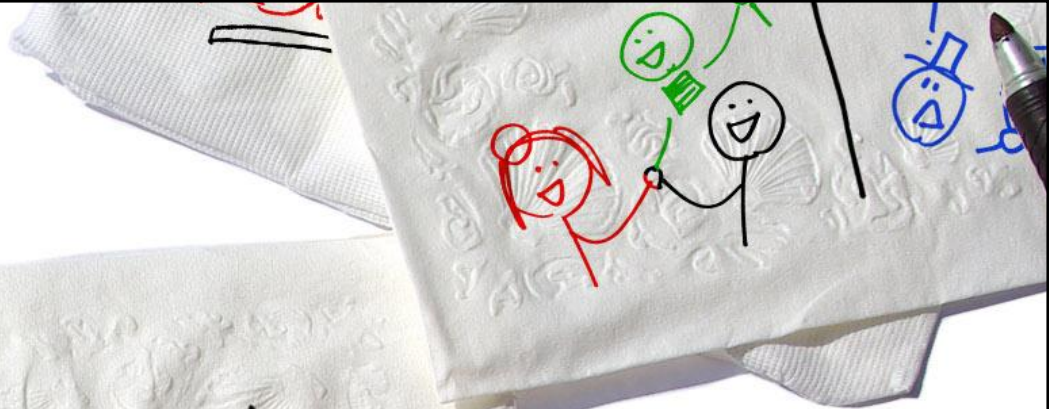
Next napkin:

*What plans are really
on the table?*

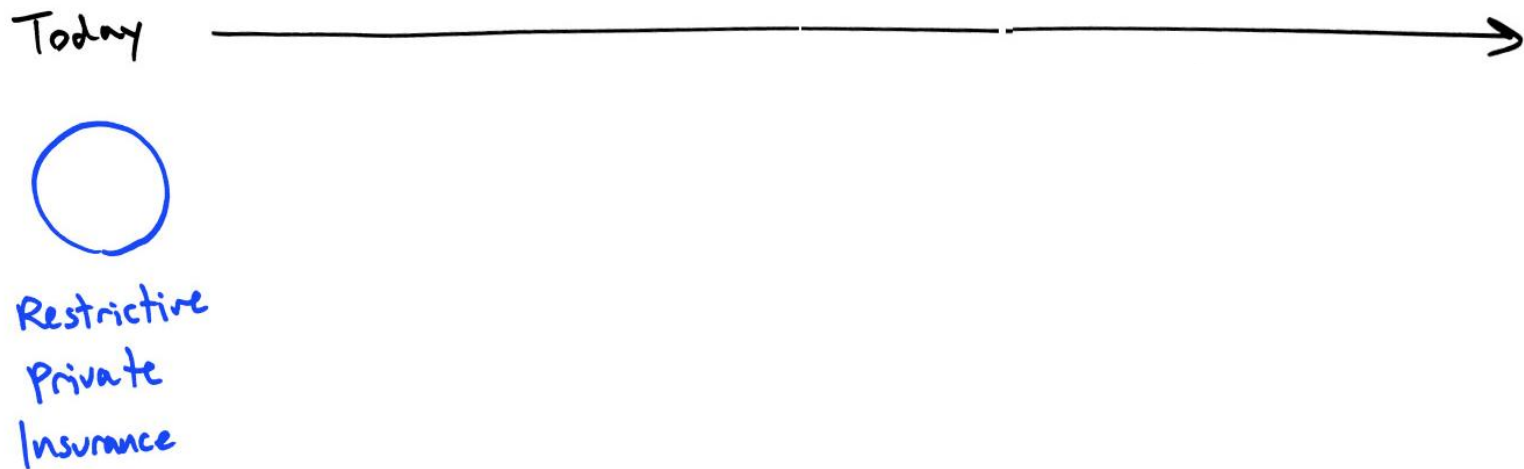
(And what is just hype?)



What proposals
are actually
on the
table?

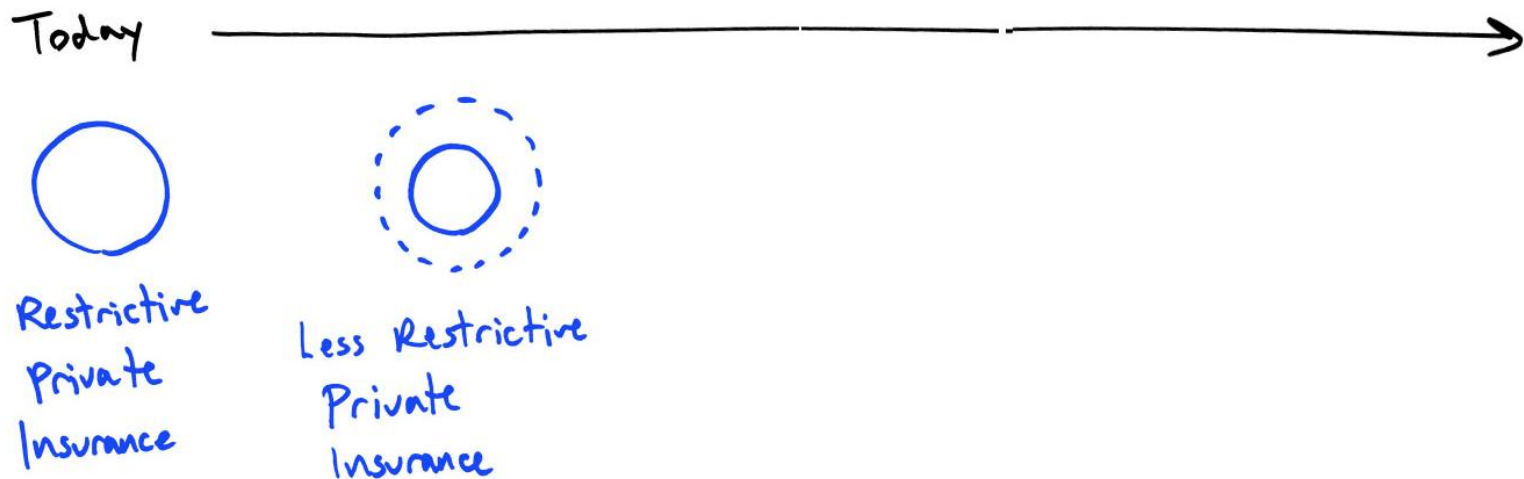


Today, we have a purely business-driven insurance model.



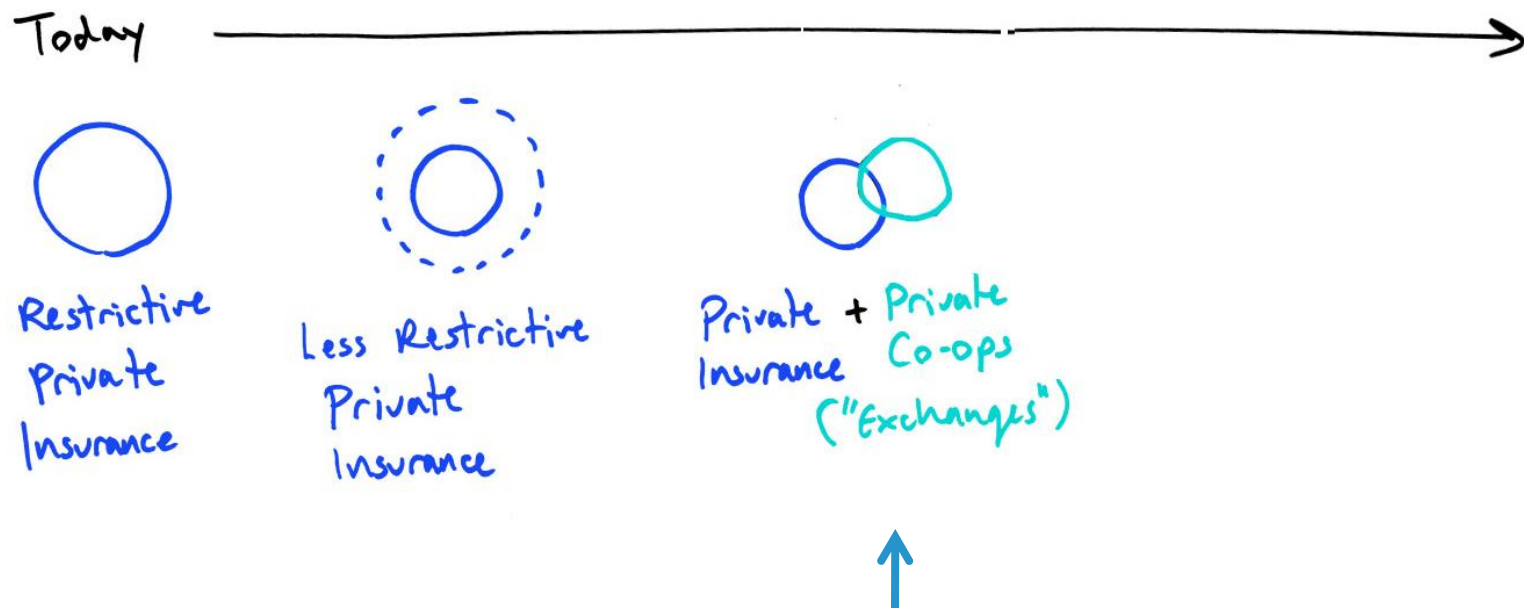
Today, health care in America is a profit-oriented business where costs are mainly controlled by restrictive private insurers.

There are 3 options on the table:
#1 is a less restrictive private model.



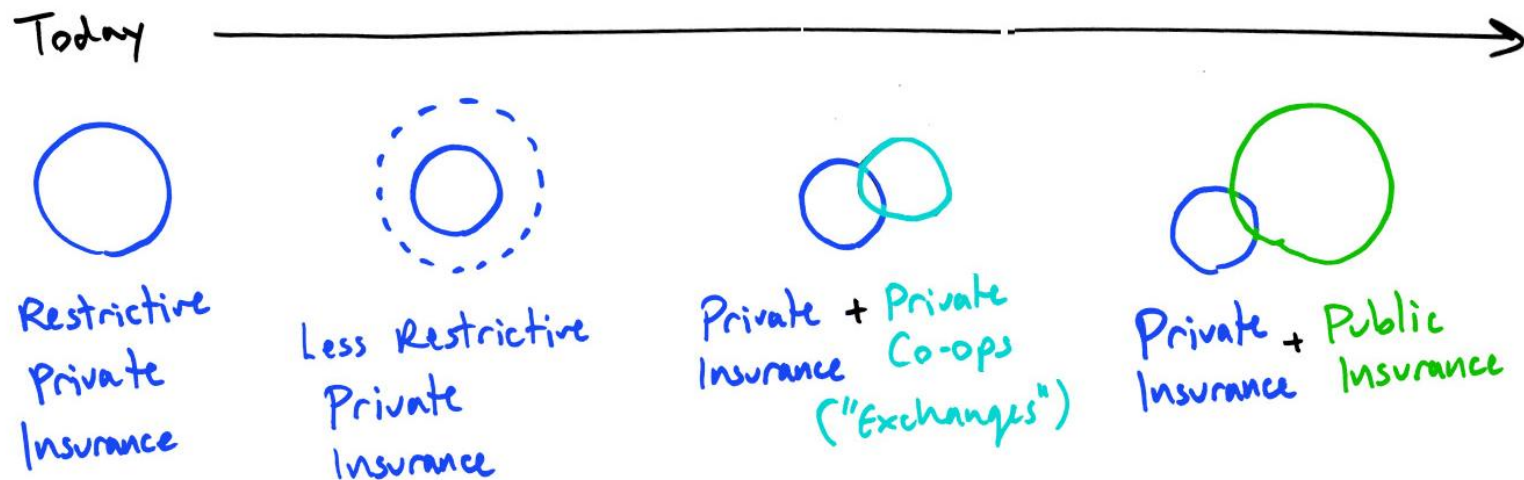
*The first option is less restrictive private insurance.
Everyone must be covered by a private plan, and no one
may be excluded because of pre-existing conditions.*

#2 is **private insurance** (like today) in competition with “**co-ops**”.



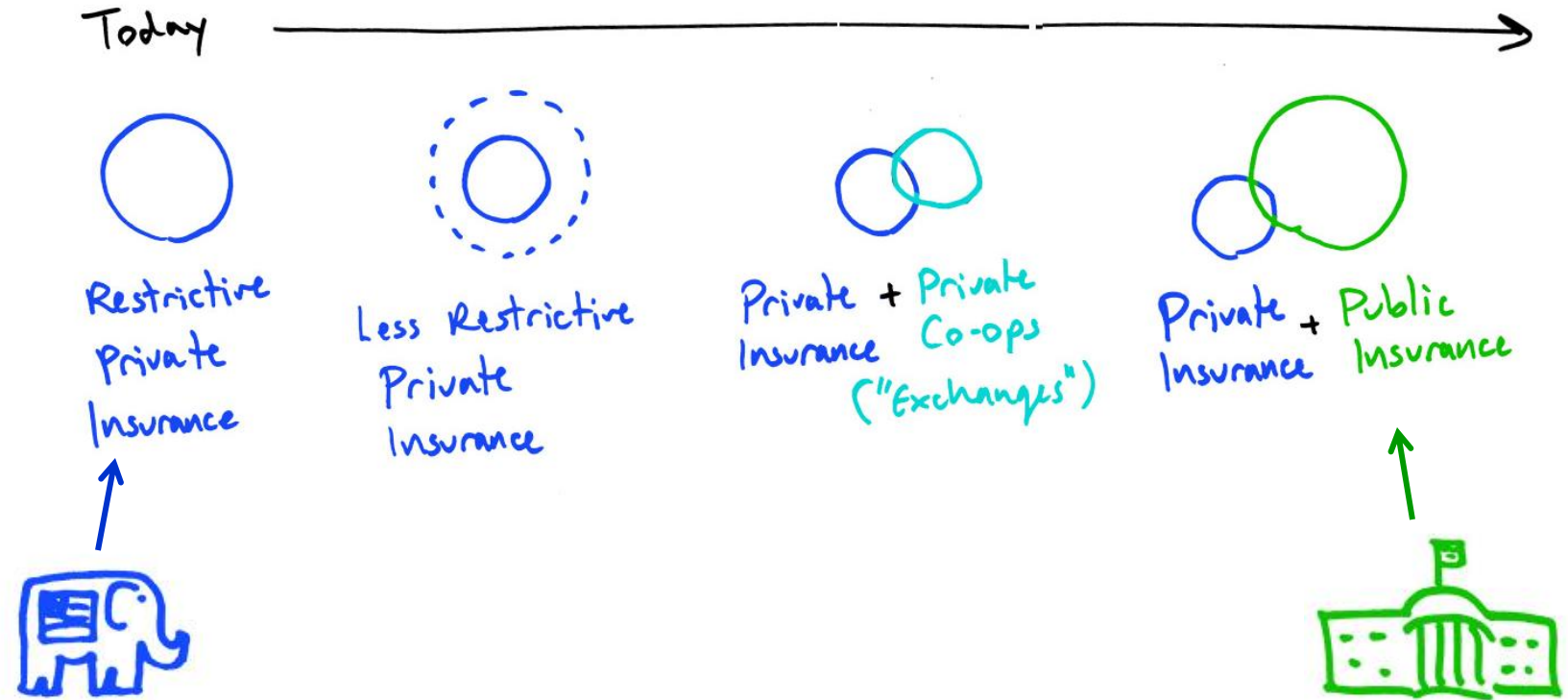
Restrictive private insurance remains for those who want it. Others must buy insurance through private, non-profit co-ops (or ‘exchanges’).

#3 is private insurance competing with government-managed insurance.



Restrictive private insurance remains for those who want it. Others must buy insurance through a government managed program. (Like a really big Medicare.)

Who is behind each?



The conservatives didn't want any change, but they know change is coming.

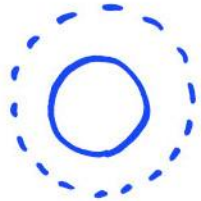
The White House wanted this, but now knows it won't get it.

Which bills promote which?

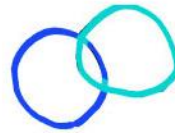
Today



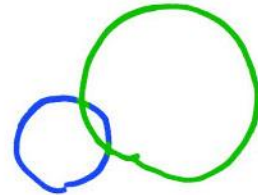
Restrictive
Private
Insurance



Less Restrictive
Private
Insurance



Private + Private
Insurance Co-ops
("Exchanges")



Private + Public
Insurance Insurance

↑ Blunt
Plan

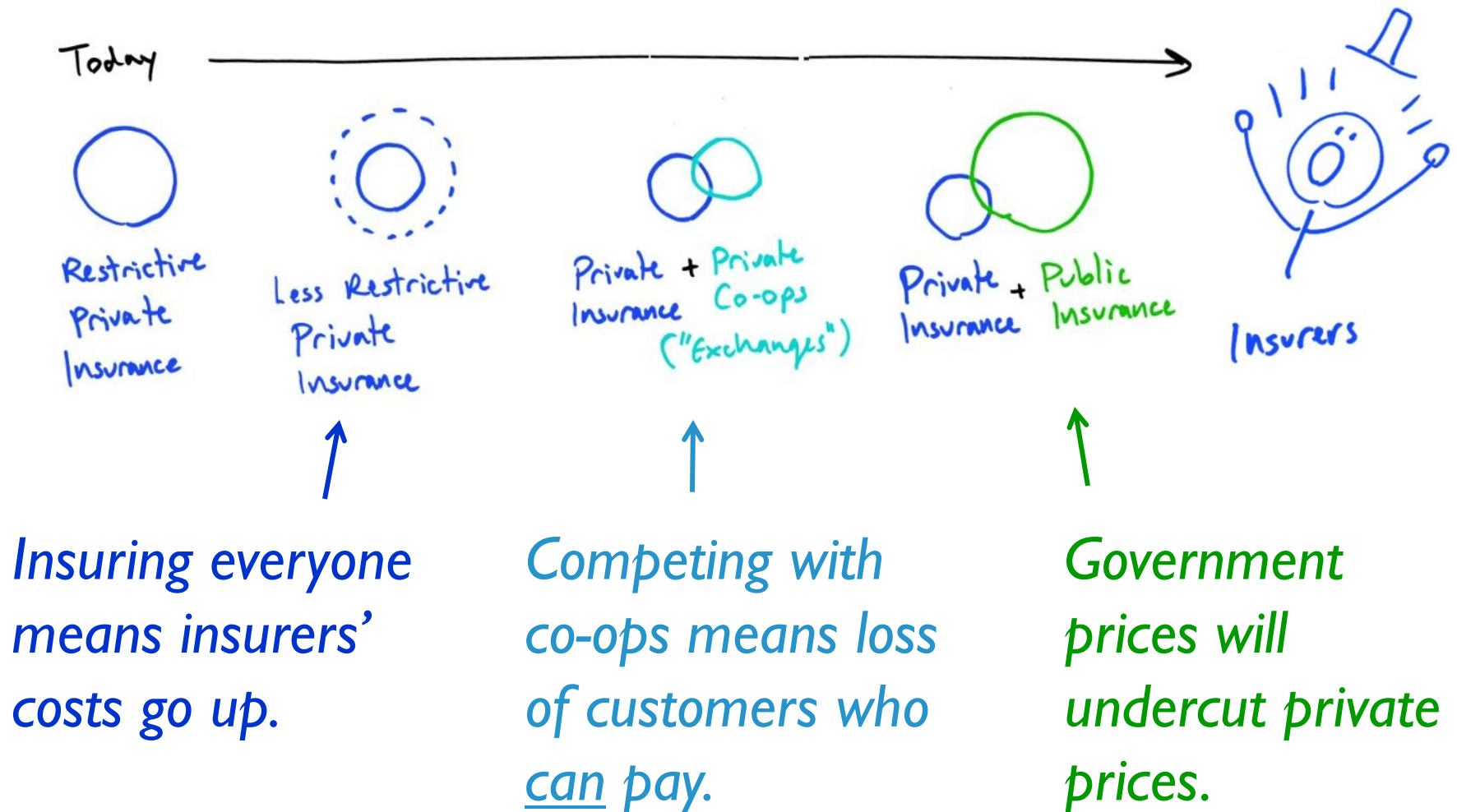
↑ Coburn
Plan
(GOP)

Wyden
Plan
(Dem)

↑ Kennedy
Plan
(Dem)

↑ Dingell
plan
(Dem)

The private insurance industry doesn't like any of these options (for good reason).



Insurance sees the first option as the least bad*, so they've poured money into sinking the others.

Today 



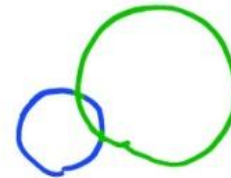
Restrictive
Private
Insurance



Less Restrictive
Private
Insurance



Private + Private
Insurance Co-ops
("Exchanges")



Private + Public
Insurance Insurance



Vote Yes!
(You'll pay,
suckers!)



Vote No!
(End of
America!)



Vote Nononono!!
(End of the
world!!)

*Then again, if they play this right, they could make \$trillions!

Coming on the 4th napkin:

Business and politics aside,
what do the options mean to

me?



AMERICAN
HEALTH CARE



Dan Roam
by Tony Jones, MD

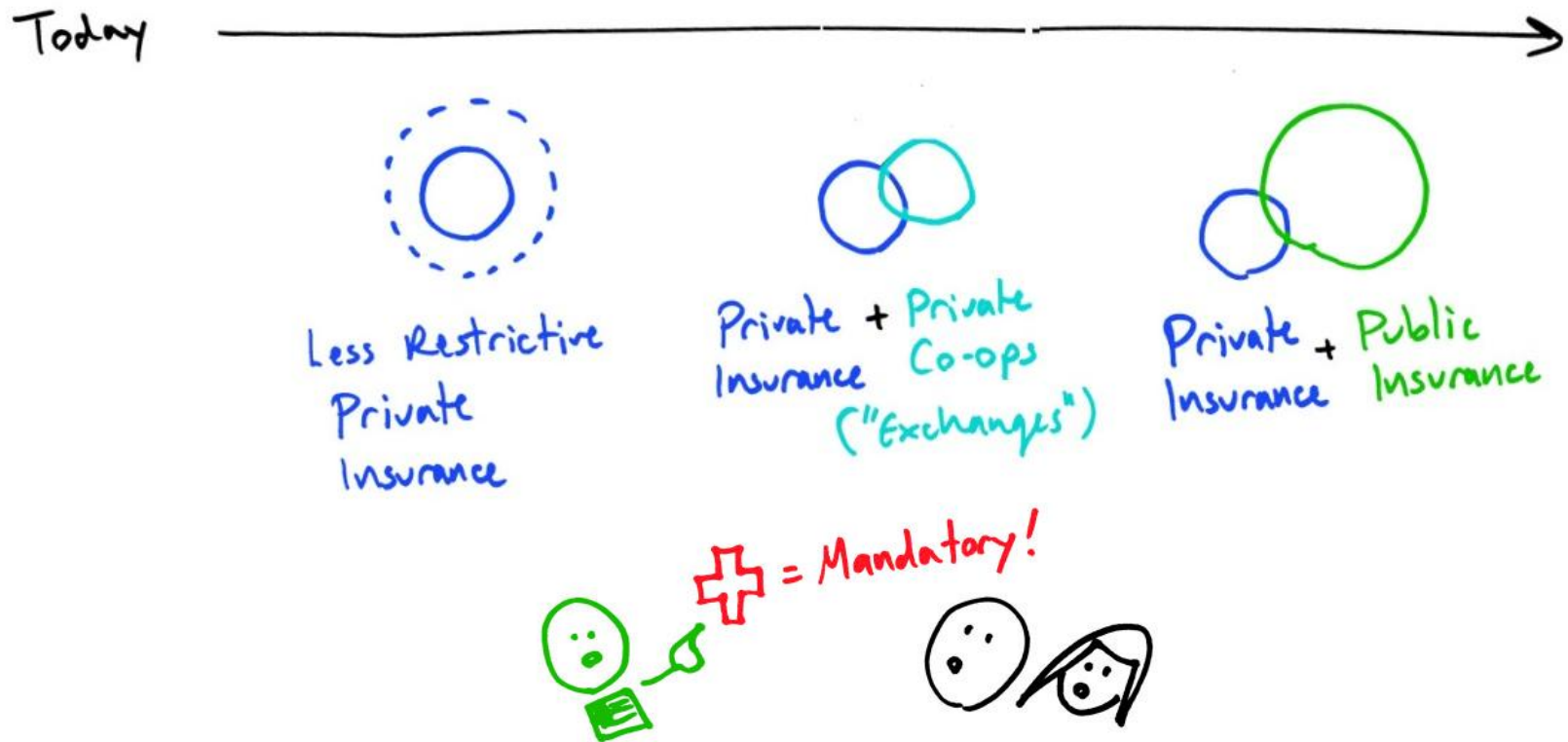
Politics aside,
What
do the options
mean to

ME?

(and concluding thoughts)



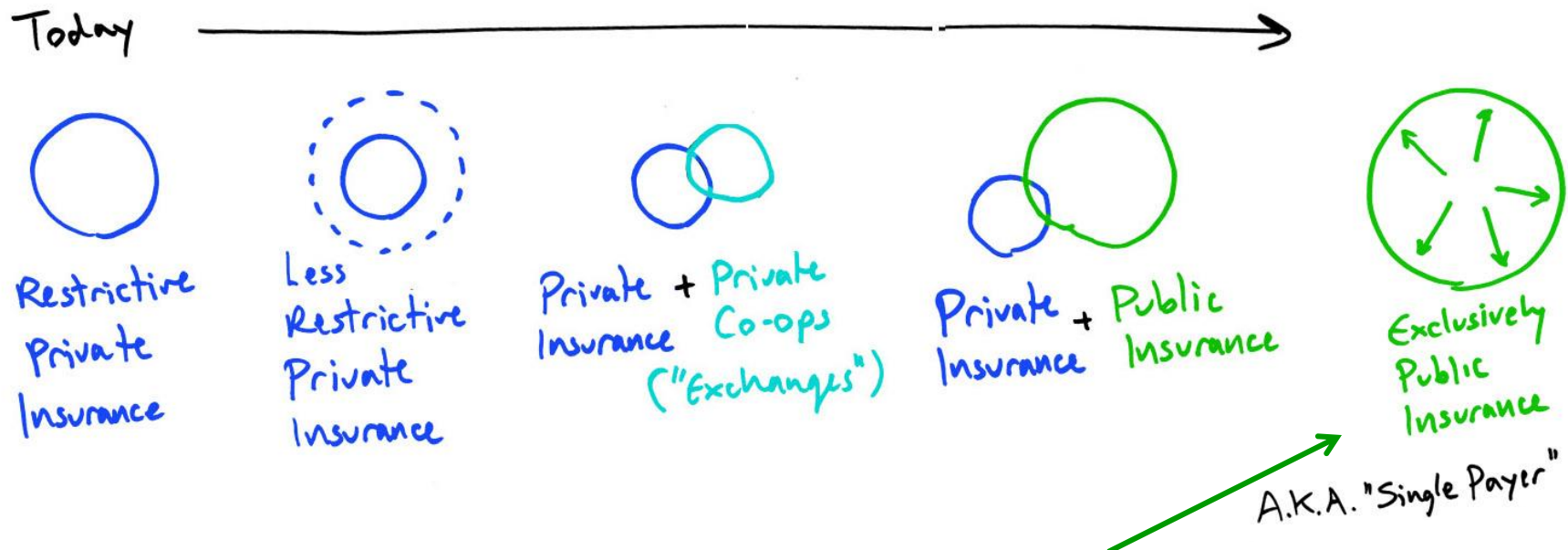
Quick review: 3 insurance options are on the table:



All 3 require universal coverage for all citizens.

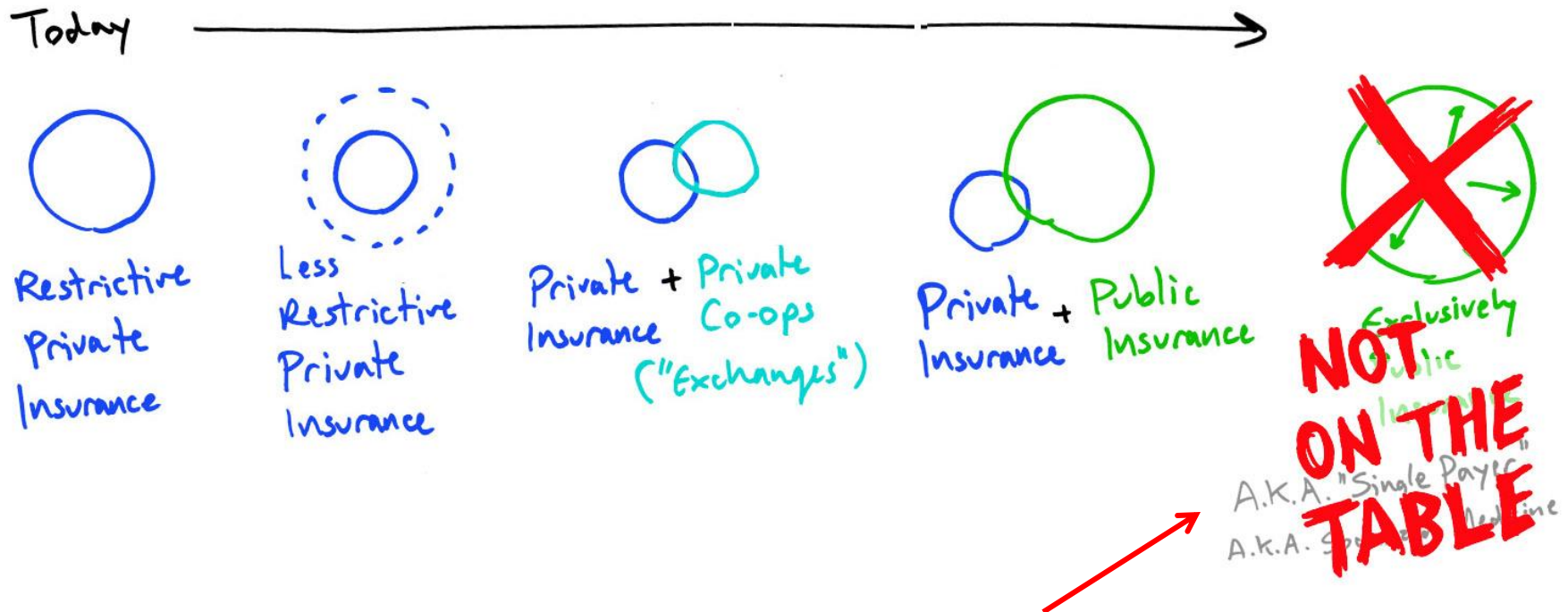
The difference is the amount of government-backed coverage.

Note: when the debate started, there was a 4th, all-government option.

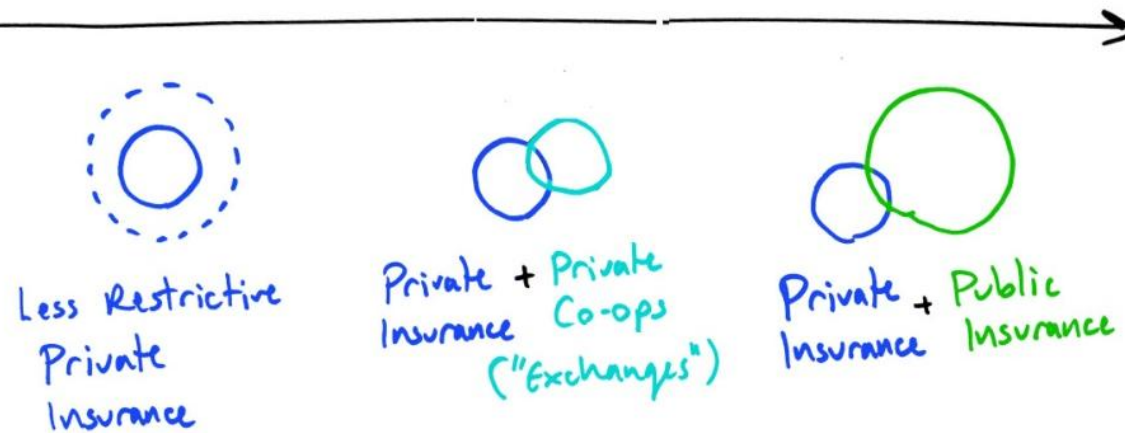


Reps. Conyers (D-MI) and Kucinich (D-OH) proposed H.R. 676, an all-government national health insurance plan.

This “single-payer” option has been removed from the debate.



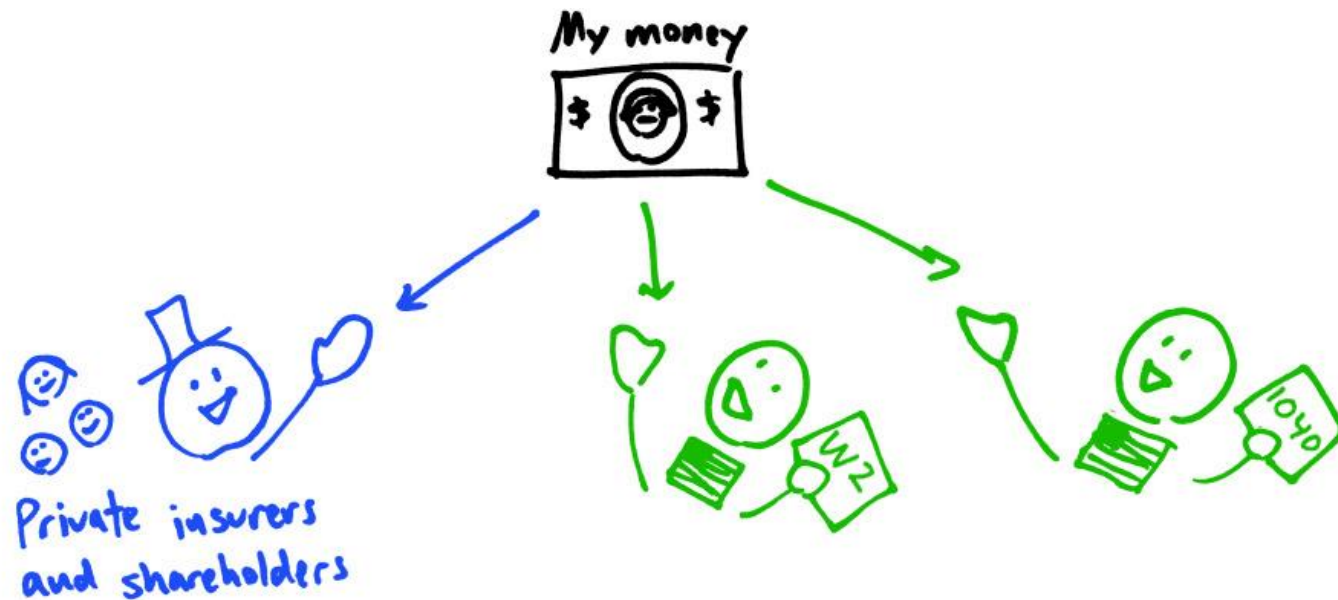
*The White House has pulled support.
H.R. 676 is effectively dead.*



At the end of the day, what do the 3 options mean to me?



I) If I'm presently employed and insured, all options will cost me more.

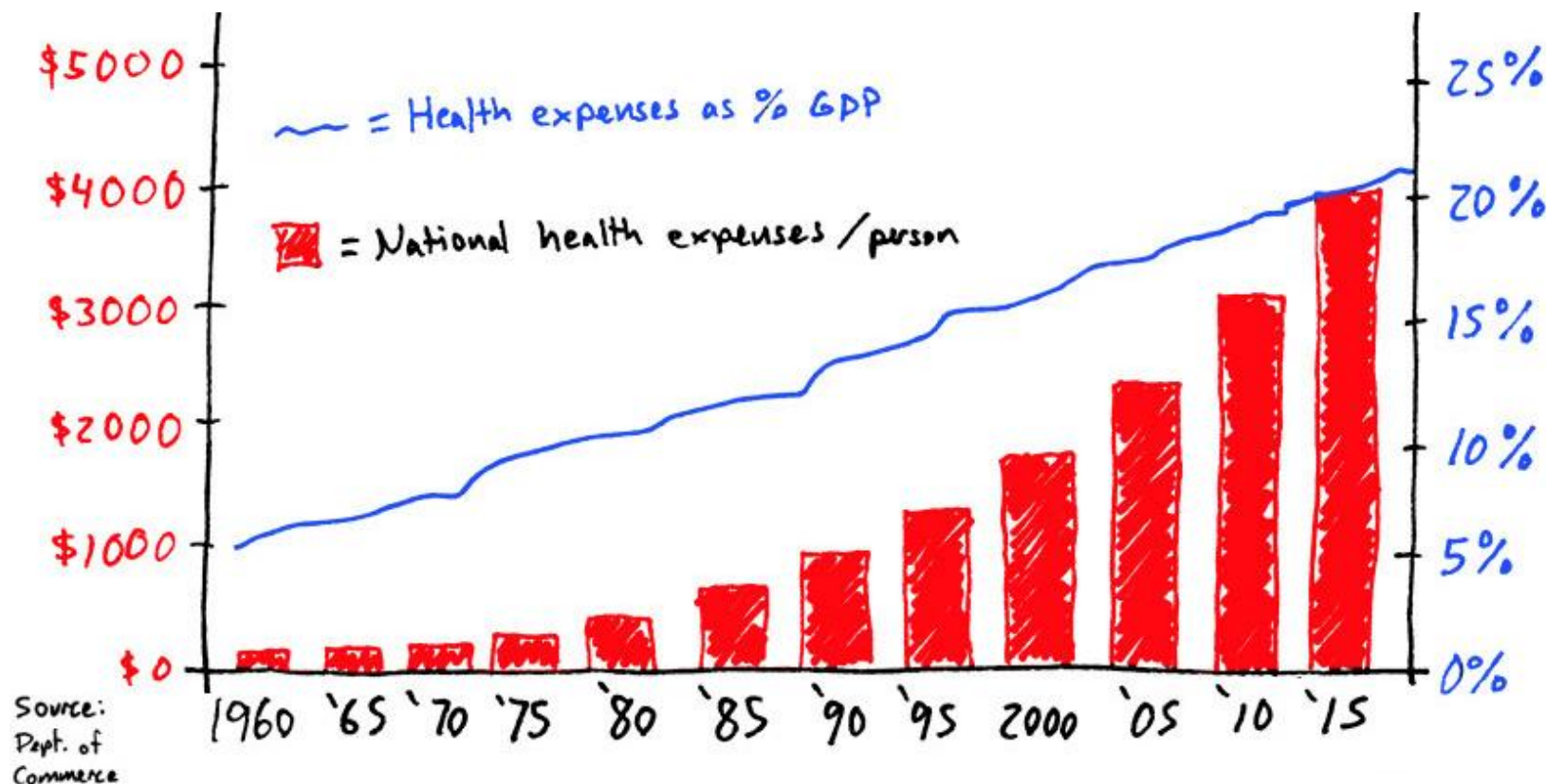


*Higher premiums
as private insurers'
costs rise to cover
more people.*

*Indirect taxes
through loss of
untaxed
insurance benefit.*

Direct taxes.

So why reform? Because if we do nothing, it's going to cost even more.



People concerned that reforms will bankrupt the USA need to recognize that health costs are already bankrupting us.

The additional costs are unknown. All I can choose is how my money will be taken from my pocket.



*I'll pay higher
private insurance
premiums.*



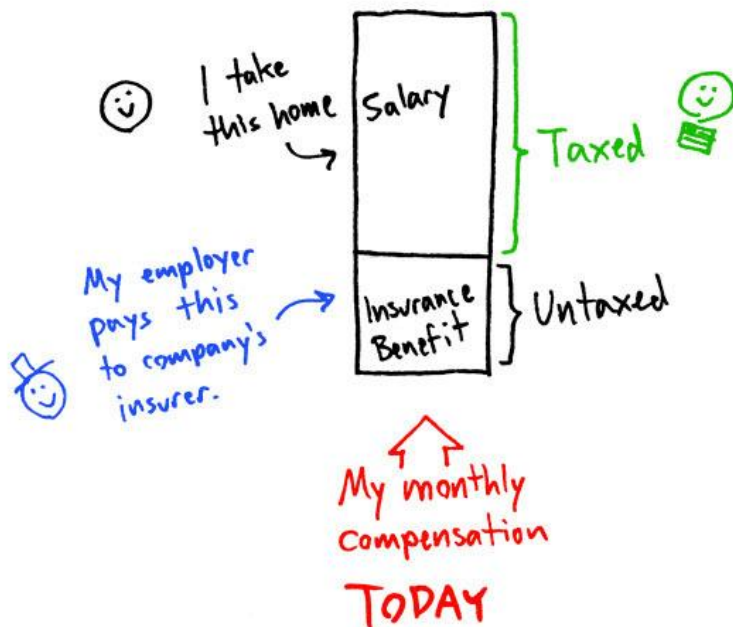
*I'll lose a presently
untaxed employment
benefit.*



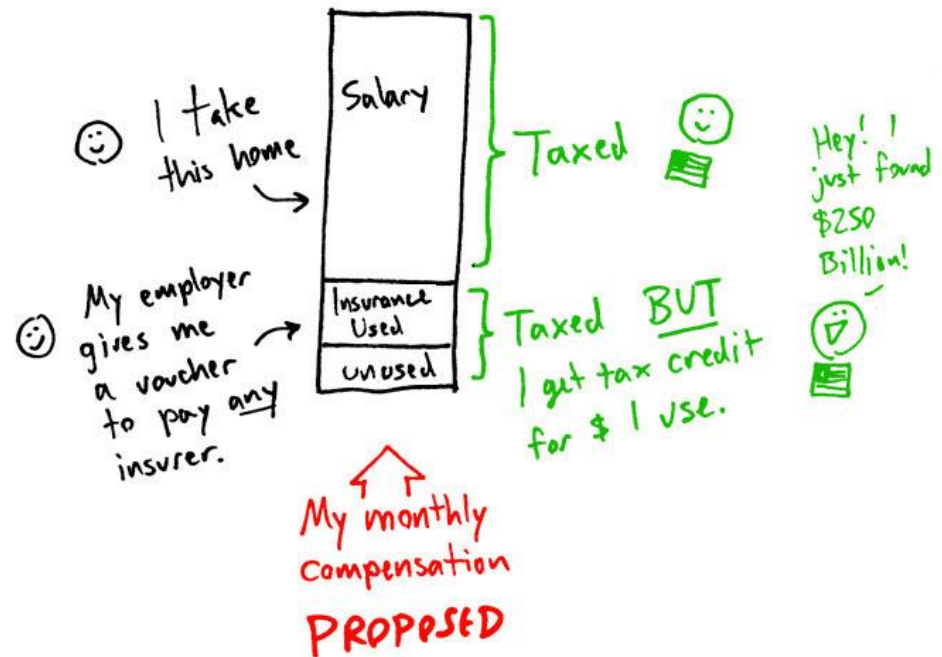
*I'll pay more
direct taxes.*

2) A key issue to debate is whether I will pay directly or through my employer.

"Defined Benefit"

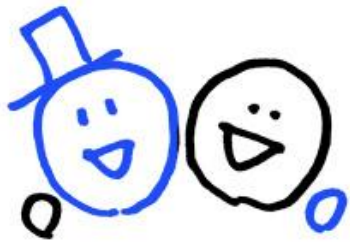


"Defined Contribution"

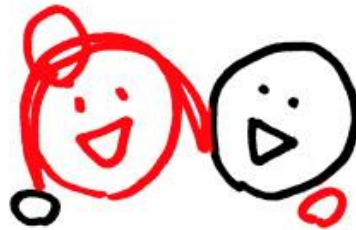


Switching the tax benefit to a tax credit will give the government an **additional \$250 Billion per year** with no impact on my compensation.

3) In all cases, my actual health will at least not get worse.



All plans let me keep my existing coverage.

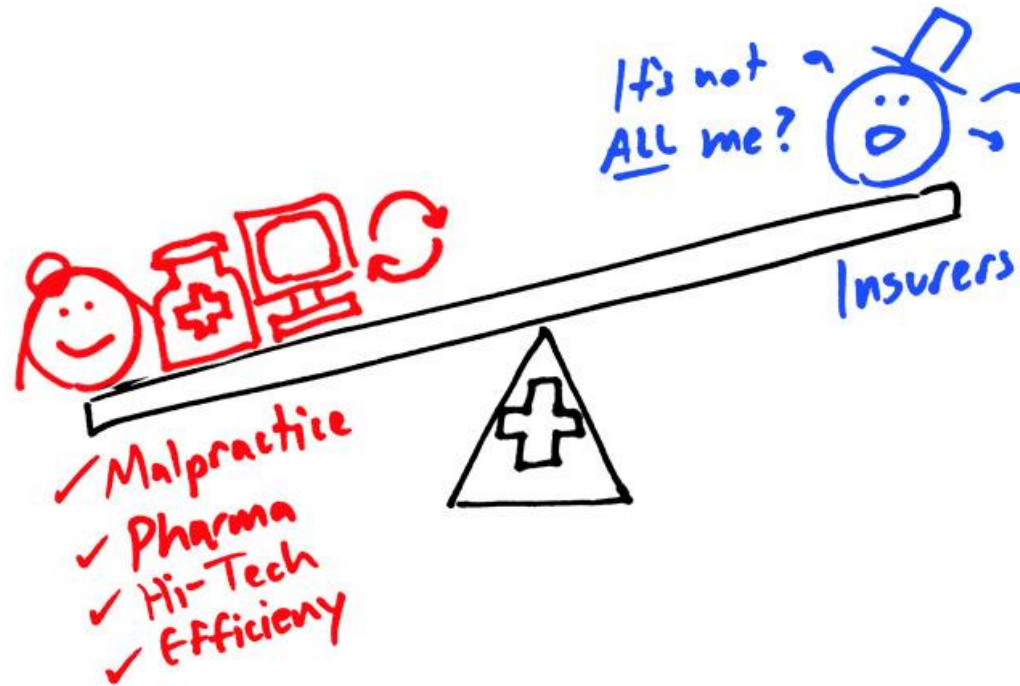


All plans let me keep my existing providers.



All plans will help more people be covered.

Although today's debate is really insurance reform, there are issues on the other side:



Although they're not core to today's insurance debate, we need to address cost-cutting options on the provider side.

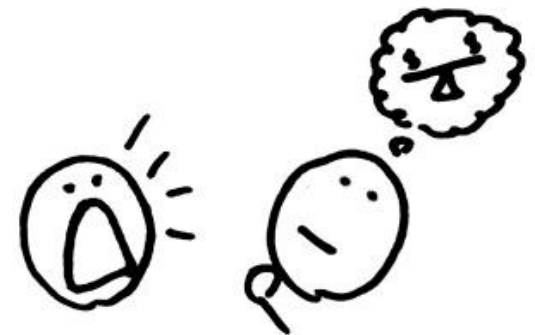
In the end, how we each decide to support reform will be guided by 3 questions:



Should health be a profit-driven business?



Change is coming; how do I want to pay for it?



Will I be better off shouting or thinking?





Dan Roam is author of the international bestseller **"The Back of the Napkin: Solving Problems and**

Selling Ideas with Pictures", the 'best innovation book of 2008' according to *BusinessWeek* and *Fast Company*.

Dan has helped leaders at Microsoft, Wal-Mart, and the United States Senate solve complex problems through visual thinking. Dan and his whiteboard have been featured on CNN, MSNBC, ABC News, and NPR.

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