Always remember: $+=$

Health Care in America is a business!!

Napkin #1
Health care in America is a business governed by a simple equation:

\[ \text{Sick ME (Patient)} + \text{Dr. (Provider)} = \text{Insurance (Payer)} \]

- 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

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:

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

**Me:**
- Take better care of myself.
- Try not to get sick.
- Don’t get fired. (Ha!)
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?)
AMERICAN HEALTH CARE #3

Dan Roam
by Tony Jones, MD
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?

- Restrictive Private Insurance
- Less Restrictive Private Insurance
- Private + Private Co-ops ("Exchanges")
- Private + Public Insurance

↑ Blunt Plan (GOP)
↑ Coburn Plan (Dem)
↑ Wyden Plan (Dem)
↑ Kennedy Plan (Dem)
↑ Dingell Plan (Dem)
The private insurance industry doesn’t like any of these options (for good reason).

- Restrictive Private Insurance
- Less Restrictive Private Insurance
- Private Insurance + Private Co-ops ("Exchanges")
- Private Insurance + Public Insurance

**Insuring everyone means insurers’ costs go up.**

**Competing with co-ops means loss of customers who can pay.**

**Government prices will undercut private prices.**
Insurance sees the first option as the least bad*, so they’ve poured money into sinking the others.

*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

#4

Tony Jones, MD

Dan Roam     dan@danroam.com    www.thebackofthenapkin.com
Politics aside, **What** do the options mean to **ME**?

(and concluding thoughts)
Quick review: 3 insurance options are on the table:

1. **Less Restrictive Private Insurance**
2. **Private + Private Co-ops (“Exchanges”)**
3. **Private + Public Insurance**

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?
1) 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.

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?
THANKS!

We hope this made things clearer.

A-ha!

Dan Roam
Tony Jones, MD
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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