



Feb. 15, 2010

Hello all,

The following is this week's edition of the Dell Perot Systems *Weekly Washington Report*. Information and updates in this report include:

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- **Indicium Brevis VI** – *Ongoing brief snippets of information for your consideration...*
- **The Secret Weapon Is Unleashed** – *The most powerful weapon of the Obama Administration comes forward...*
- **The Appearance and The Reality** – *President Obama announced this week his intention to host a televised bipartisan healthcare summit on Feb. 25. What are the ramifications for this important meeting? And, what's really going on?*
- **The Republican Healthcare Alternatives** – *A review of what the Republicans are proposing in the ongoing healthcare-reform debate.*
- **Snow (not Snowe) Postpones the Jobs Bill** – *The impact of health information technology, Medicare, COBRA, and hospitals included in Congress' proposed jobs bill are considered.*
- **Be Careful What You Ask For – Now Health IT Needs to Come Through** – *Nearly \$1 billion in ARRA awards to help healthcare providers advance the adoption and meaningful use of health information technology were announced!!*
- **The Good, The Bad, And The Ugly** – *The weekly saga continues...*

Quote(s) of the Week

"Bipartisanship depends on willingness among both Democrats and Republicans to put aside matters of party for the good of the country...What I will not do, what I don't think makes sense and I don't think the American people want to see, would be another year of partisan wrangling around these issues."

President Barack Obama on Tuesday announcing the White House's bipartisan healthcare summit that is scheduled to be held Feb. 25.

"We just lost our way. You can't say that your hallmark issues are that we're going to control spending, keep taxes low, and make government accountable and then go to Washington and do the opposite.... Let's face it, when Republicans had total control over it, they didn't do what they said they were gonna do."

Tim Pawlenty (Governor of Minnesota – a state next to North Dakota for my regular readers) in an [interview](#) in Esquire magazine on why the Republican party has been rebuked by the American public in recent years.

Indicium Brevis VI

Ongoing brief snippets of information for your consideration...

Job Opportunities – The Bureau of Labor Statistics recently released a list of the 10 jobs that will experience the most wage and salary employment growth through 2018. With many predicting that the US is headed toward a protracted high unemployment period, this is important news. Top of the list? *Management, scientific and technical consulting services* (830,000 new jobs) followed by, jobs in *physician offices* (772,000), *computer systems design and services* (656,000), *general merchandise* (607,000), *employment services* (600,000), *local government aside from hospitals and education* (487,000), *home healthcare services* (441,000), *services for the elderly and disabled* (431,000), *nursing care facilities* (394,000), and *full-service restaurant jobs* (343,000). If you tally these numbers, healthcare is a whopping 31.8 percent of the total projected 5,167,000 new jobs from now until 2018. We're both the albatross and the engine.

The Polls – A new [Gallup](#) poll on the President's approval rating on handling of healthcare reform and the economy showed that a mere 36 percent of Americans approve of President Obama's approach – the lowest yet for the young Obama Administration. But, a new [Washington Post/ABC News](#) poll showed that nearly 66 percent of Americans want Congress to work towards passing a final bill. Furthermore, 60 percent of the surveyed individuals and 56 percent of independents believe Republicans are not doing enough to reach a compromise and that the GOP (= the *Grand Old Party*, for my international readers) is too unbending on healthcare. On the fun side, a recent [Gallup](#) poll showed 73 percent of Americans trusting their doctors over politicians. In fact, the poll revealed that a strong majority believe the best way to fix our healthcare system is by taking the recommendations of doctors and healthcare professionals. So, there may be hope for us doctors and our companion leaders after all. We just need to step up to the plate...

The Snow – Friday, it seems, was the first time in anyone's memory where tangible, touchable snow hit the ground in 49 of 50 states. Hawaii continues to hold out. And, Washington, DC was uncovering itself from a paralyzed state with more snow than has ever been recorded since the records were first kept in 1884. Last week, the federal government essentially closed for four days and 25 percent of the city's plows were reported broken. Some cheered the first but expressed anguish on the second.

The Secret Weapon Is Unleashed

The most powerful weapon of the Obama Administration comes forward...

Following months of a stalemate in Washington over the Obama agenda, senior Administration officials have come to the realization that they need to change their approach to healthcare reform and a host of other policy issues. Rather than shaking up his staff and sending out pink slips, the White House deployed its secret weapon into the pitch of battle – First Lady Michelle Obama.

Widely popular across the country with a [71 percent approval rating](#), the Princeton-educated First Lady is not only seen as a loving Mom of two but also a sharp, incisive advocate of the President's policies. It appears she's ready to roll up her sleeves and fight in the trenches. Michelle Obama's tenacity was on display as she announced a comprehensive effort to fight childhood obesity – a major issue facing the health of America's children (In fact, I believe obesity is THE public healthcare issue of the century in the United States). Her "Let's Move" campaign is a multi-faceted program tying families and communities together with the public and private sector. From my good friend Mike Roizen, MD (Co-Author of

“You, the Owner’s Manual”), I learned this past week that the average kid in Cleveland consumes 3,400 calories between breakfast and lunch. Astonishing!!

Michele Obama’s announcement brought to mind the efforts of prior First Lady initiatives like Lady Bird Johnson’s “Don’t Litter,” Nancy Reagan’s “Just Say No,” Barbara Bush’s “Just Read,” and others. Might we see her unleashed on other areas where the American public holds positive sentiment? I think so ... wouldn’t you? Michele Obama’s obesity initiative comes in the wake of another First Lady effort – getting the President to allocate \$8.8 billion in FY 2011 budget for support of military families. She is quietly assuming the role of a renaissance woman in the new Administration.

In the same vein as Jackie Kennedy, Lady Bird Johnson, and Nancy Reagan, Michelle Obama’s emergence as a mother, feminist icon, and policy leader is a critical move for the White House at a time when their political capital is disappearing on a daily basis. As the Administration’s secret weapon on a host of issues, the First Lady is slowly building trust with the American people which will be more valuable to the President than anything Congress could ever produce. A role model for young women across the country, I am certain that we have not seen the last of Michelle Obama as an advocate for the White House’s agenda and as a prominent figure in American culture. She has the potential for truly *bending the curve* – a term used for describing what we need to do in healthcare.

The Appearance and The Reality

President Obama announced this week his intention to host a televised bipartisan healthcare summit on Feb. 25. What are the ramifications for this important meeting? And, what’s really going on?

With healthcare reform facing its own blinding blizzard, President Obama needs something to kick start negotiations and bring attention to the issue. With his recent appearance before the Republicans on a stage – which got mostly rave reviews – the President sought to re-set the healthcare reform debate by announcing his intention to host a bipartisan healthcare summit with key Republican and Democrat leaders on Feb. 25 at Blair House?

Similar to the so-called “Beer Summit,” which he hosted over the summer, the “Healthcare Summit” is seeking to bring all key players to the table for an open discussion of their differences to find a way forward. As a televised event, the spectacle represents an interesting venue especially given the partisanship which has dominated the tone of Congressional negotiations over the last year. But, while the bipartisan meeting may seem like a good idea on paper, there are many on both sides of the aisle that remain skeptical of the summit’s potential. To convince his conservative colleagues, Obama has signaled his willingness to involve new approaches to healthcare reform such as the long debated issue of medical malpractice reform. With tort reform back on the table, Obama is taking on issues where support within his own party is divided. This exemplifies the tactical directions of the White House as it scrambles toward the mid-term elections in November. For his more liberal colleagues, he is not backing away from a total “re-set.” Rather, he has indicated that the proposals developed by the Democrats may well be pared back but the “start over” option is not an option. On the positive side, it does give *the appearance* of an effort to engage in open discussions on a very difficult topic.

While the Healthcare Summit is viewed by some as an olive branch of sorts to Congressional Republicans who have opposed Obama’s healthcare reform plans, the real olive branches

are being extended in the back rooms and corridors of power. I've been saying for months that policy is made "in the middle." In fact, it seems that the public's call for bipartisanship is creating significant momentum toward the middle by both sides of the aisle. Despite all of the rancor and opinions on his leadership style, Rahm Emmanuel, the White House Chief of Staff, led a similar approach in the House where he served as a Member from Illinois and when he headed the Democratic Congressional Campaign Committee prior to the 2006 mid-term elections. Democrats were widely successful in gaining seats throughout the country.

The idea is to push forward bills that the people want and where general agreement is likely. The result is the ability to point to success rather than long, drawn-out debates. The American public wants action, and seemingly, the Obama Administration gets it. While some Washington pundits believe this is all for show, it appears that Obama and team are moving from sitting on the sidelines by letting the House and Senate leadership make proposals to potentially reaching out.

But, what's *the reality*? We should anticipate a flurry of proposals where agreement on healthcare reform holds a degree of consensus – cherry picking of good ideas, if you will. We're already seeing it on a number of other fronts from jobs proposals to financial reform and back to healthcare, which was a dominate theme throughout 2009. What that means – from my perspective – is a number of *sliver solutions* related to healthcare issues with reform occurring over a much longer period of time rather than simply going for a big-bang approach.

The tactic may have been undercut on Friday when Majority Leader Reid announced a pared down jobs bill. While the proposed approach clearly includes many of the touchstone issues held high by various Republicans, it also came about two hours after a similar announcement by Baucus (D-MT), Grassley (R-IA), and others that represented a bipartisan proposal. The question looming on the Hill was if there's all this talk about bipartisanship, what is Reid doing introducing a separate bill? The silence of the White House was deafening. The Reid jobs bill is clearly designed to either gain Republican support or call out their lack of support – which takes us full circle to the Healthcare Summit. Whether or not this strategy works is an open question. We have now seemingly entered a period where the partisans are discussing what bipartisanship means. Who could believe it? Only in Washington...

But, back to the Healthcare Summit. It seems unlikely at this point in time that substantive change will result from the meeting and it does have the potential for hardening disagreements between Republicans and Democrats. The better path is for reasoned leaders to sit down in the quiet of their offices, engage in meaningful debate and discussions, compromise, and move forward. That's the way it's been done for hundreds of years, and from my perspective, we need to get back to the central core of how policy is made in order to break the gridlock that has captured healthcare reform and potentially other very important issues facing the United States. Healthcare reform remains a far too important issue from a social and economic standpoint to remain unresolved. Yes, we the public need to be involved, but we also need to trust and hold our leaders accountable. So, all eyes will be on the Republican and Democratic lawmakers who will be participating in the Blair House Healthcare Summit. *Let's hope they move from appearance to reality.* I'll be reporting back on their progress – or, not...

The Republican Healthcare Alternatives

A review of what the Republicans are proposing in the ongoing healthcare-reform debate.

As the Republicans edge toward participation in the White House's Healthcare Summit on Feb. 25, the GOP has been huddling closely to hash out their respective proposals, which can be brought forward during the televised meeting. Since the stated purpose of the summit is for both parties to present their views on directions for American healthcare reform, we can be sure that the Republicans and Democrats will be leaving little to chance. While the Democrats have dominated the healthcare reform debate up until last month, Republican proposals have not been widely discussed or debated.

In essence, the Republican proposals will focus primarily on market-based solutions as opposed to relying on the government. Opposing both an employer mandate, which requires them to provide healthcare insurance, and the Democrat call for expansion of Medicaid, the GOP believes both proposals would burden states and create enormous long-term liabilities. They believe that such a large expansion of fiscal requirements for small business and the states would be very difficult for these constituencies due to the severity of the economic recession.

Though the Congressional Budget Office and other independent analysts have not yet had a chance to weigh in on the Republican proposals, one certain item is that the GOP's alternatives will not increase the number of insured beyond the more than 30 million people which would gain insurance under the Democratic plan. The Republicans are advocating a smaller, more incremental change that will not impose such a large infusion of money during the worst economic crisis since the Great Depression.

So, we should expect that one idea which the GOP will likely propose as an incremental change is a plan to allow insurance companies the opportunity to sell policies across state lines. Furthermore, Republicans are also likely to propose alternatives associated with monetary incentives for states to expand the insurance pools of high-risk patients with chronic illness. A third incremental change would be changes in medical malpractice laws that would lower costs and decrease premiums because in today's litigious world, physicians hold the "power of the pen" with prescriptions and are over cautious to protect themselves from lawsuits. Fourth, Republicans are likely to propose the establishment of health savings accounts to cover regular expenses for those who purchase high-deductible plans. It would not surprise me if they also proposed an expansion on the role of private insurance in Medicare as has already been done within the program's prescription drug system. At the same time, the GOP wants to assure that the growth of Medicare is tempered so we should anticipate that if such a model is put forward, the accrued savings from switching to this approach will be used to fix the program rather than creating yet another entitlement program.

However, the Republicans remain deeply divided on the crucial issue of taxation. Some, including Representative Paul Ryan (R-WI) – a hugely popular, rising star in the party – would establish a refundable tax credit for people to purchase insurance to replace the current tax-free treatment of health coverage. Others claim that eliminating the current tax break for employer-provided coverage would be the same as a tax increase. But, all sides of the party are beginning to weigh in on the issue. Former Speaker of the House, Newt Gingrich (R-GA), penned an opinion piece this week in [*The Wall Street Journal*](#) outlining his beliefs on what the GOP should represent in the negotiations.

Though the GOP clearly has a laundry list of alternative proposals, Republicans and Democrats hold the potential for agreeing on a number of issues. For example, both parties believe in making it easier for small businesses to purchase healthcare and allowing children to stay on their parent's policies. However, the Republican approach would help small businesses band together for purposes of purchasing health insurance. As both parties begin to focus on the upcoming Healthcare Summit at the Blair House, we can be sure that Republicans and Democrats will be bringing their best arguments to the table in the hope that their policy proposals can make it into a healthcare bill which actually gets to the President's desk.

Snow (not Snowe) Postpones the Jobs Bill

The impact of health information technology, Medicare, COBRA, and hospitals included in Congress' proposed jobs bill are considered.

Though Senate Majority Leader Harry Reid (D-NV) had hoped to finalize a comprehensive jobs package by the end of the week, the District was hit by a second major snow storm in less than a week that abruptly halted any discussions. For the first time in more than a year, snow – not Snowe (i.e. Senator Olympia Snowe – R-ME) – was the dominant force in Washington that dictated the agenda of Congress. As Washington begins to shovel out of the massive storm, the politics swirling about jobs are immense. It's equally clear that there are many elements of the around \$80 billion bill that could benefit the healthcare community – if it gains traction and passes.

The first and most important aspect of the jobs bill from a healthcare perspective would be a policy shift that allows hospital-based physicians to access government subsidies to support the purchase of electronic health record (EHR) systems. Though the comprehensive package is still in flux and will be debated by the Senate, the proposal would amend last year's stimulus bill –the American Recovery and Reinvestment Act (ARRA) of 2009– which restricted hospital-based doctors from accessing Medicare or Medicare subsidies for health technology. Since many hospital-based doctors use an EHR that is different from their hospital system, it seems to many of us that the ARRA stimulus approach creates an inequity. With the proposed changes included in the new jobs package, it now appears that the problem could be rectified, although there's still a ways to go before Congress makes a final decision.

In addition to the substantial changes targeted at the hospital-based physicians, the jobs package also includes some substantial modifications in a number of areas, including:

- **COBRA Subsidy Extension** – In December, Congress passed a two-month extension of federal subsidies to purchase COBRA health benefits for those who are unemployed. The bill extends the subsidies for an additional three months through May 31.
- **Ambulance Transportation Funding** – The bill includes a one-year extension of provisions from 2008, which established an additional 3 percent increase for ground ambulance transportation in rural communities and a 2 percent increase in other areas.
- **Long-Term Care Hospitals** – The bill includes a one-year extension of the MMSEA (Medicare, Medicaid, and SCHIP Extension ACT) provisions to December 2010. Those provisions created a moratorium on referral-source limitations regarding hospitals-within-hospitals and satellite facilities as well as a moratorium on new long-term care hospitals and hospital bed increases.

Be Careful What You Ask For – Now Health IT Needs to Come Through

Nearly \$1 billion in ARRA awards to help healthcare providers advance the adoption and meaningful use of health information technology were announced!!

On Friday, Health and Human Services Secretary Kathleen Sebelius and Labor Secretary Hilda Solis announced the government's intention to release nearly \$1 billion of funds from last year's stimulus package to aid healthcare providers and promote the use of health information technology across the country. The funding will help expand the availability of health IT for more than 100,000 hospitals and primary care physicians by 2014 in addition to training many Americans for careers in information technology.

A critically important step for the country's focus on healthcare information, the announcement will help continue to grow the industry across the country. The funds, which will be used at the state and local level, will encourage healthcare providers to adopt EHRs. Of the \$750 million in HHS funds, \$386 million will be delivered to 40 states and qualified State Designated Entities (SDEs) to promote the expansion of health information exchange (HIE) initiatives at the state level. Meanwhile, \$375 million will go to 32 non-profit organizations to support the creation of the government's regional extension center (REC) program that will help healthcare workers as they implement health IT across the country. The selection of organizations was a bit interesting. For example, Goodwill Industries was one of the recipients. The program mirrors the regional extension program of the Agriculture Department (with modifications), which for more than a century has helped bring research and education to rural areas of the nation. Additionally, \$225 million in Department of Labor grants will be used to train 15,000 healthcare professionals for careers in health technology. This is a needed boost to the health IT workforce supply.

The announcement is a shot in the arm which will potentially have a positive impact related to development of the nation's health information network. Aside from the fact that the funding will promote job growth, it is a welcome step in the eyes of health professionals who have been advocating for greater use and sharing of information among the medical and healthcare community to promote enhanced quality, better service, and a reduction in costs. Now, we need to figure out how to connect this good work with the many vendors and other organizations that are committed to moving the agenda forward.

The Good, The Bad, and The Ugly

The ongoing saga...

The Good: The *appearance* of [bipartisanship](#). However if it doesn't happen, watch out for the wrath of the American public. It will make *The Wrath of Khan* look like a cake walk...

The Bad – Actually, Tragic: As we all know, Nodar Kumaritashvili from the Republic of Georgia was tragically killed when his sled went out of control at 90 mph in a practice run for the luge. It was a sad beginning to the quadrennial Olympics for all of us...

The Ugly: With all the discussion on the job development front, it's easy to lose track of how bad the global credit crisis has been outside of the US. Although our economic problems are very difficult, many across the world are in a much more dire situation. Last week, Greece rattled world markets with a potential default on its massive debt. With Germany set to lead a bailout of the Greek economy, other nations (Italy, Portugal, Ireland, and Spain) appear to be lining up with equally staggering deficits. Also, there was the report last week on the looming crisis in the US commercial real estate market where – on

average – property prices are 40 percent under mortgaged evaluations!! It seems like every week another shoe drops on the economic front...

For Past Updates and Twitter Thoughts

Keep those cards and letters coming...

For those who are sending in questions, please note that we are posting answers on *The Washington Update* Web site (see below). Keep those cards and letters coming. They are appreciated. For past editions of *The Weekly Washington Report*, go to: <http://www.perotsystems.com/MediaRoom/WashingtonUpdate/default>. Also, follow me on Twitter at <http://www.twitter.com/MDkev>. To email me directly, go to Kevin_FickenscherMD@dell.com. As always, more later ...

Kevin Fickenscher, MD

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