

JORDAN'S JOURNAL 2007

"I do tend to take lines from other lines I like, and then write around them" (Syd Barrett)

What began as an annual report has become a regular retort to the folly found in those who purport to provide support for shared ideals. Only as a last resort will they comport themselves with the dignity deserved by what must be preserved. Jammed between cant and rant when we can't agree on the degree to which change is necessary – and acceptable. The chimes of freedom ring appealing songs sung so silently we won't react violently when submission takes its toll and the capitalist mission dies with Milton Friedman. What hope lets us cope with a Congress opposing progress, scandals scarring, factions warring, stonewalling, stone throwing and no one knowing what to do?

A plenitude of platitudes pour out to drown more doubt about statesmanship and the ship of state and the state in which you'll find them next and lines of text are read between because of freedoms never seen but often stated. It's no wonder there are question marks around capitalism and Karl Marx as Russia is now a friend we'll bear and Vietnam gets a partner's share and we continue to wonder where we'll go in the Middle East go get more oil but pay the last and when hostilities have ceased which desert countries we'll desert and the lies we tell ourselves to flirt with the prospect of drilling for common ground and truth among Arab allies.

We steal some irony from the death of William Sloane Coffin, the purchase of Jenny Craig by Nestle (now you can fudge on your diet), the serious consideration given Professor Planka (whose plank is to have us walk the plank by releasing airborne ebola to cure overpopulation) and Idi Amin back on the scene via silver screen. Nothing, of course, does our heart so well as considering the pell Mel rant of an actor who, after too many Gibsons, succumbed to his Last Temptation and went mad to the Max. Kramer may not get any more laughs, and Presidential gaffes are too numerous and not humorous. As the mean spirit of an administration that preached compassionate conservatism reached spiritual lows in the blows leveled at the freedom to choose our associates, we associate this with the apparition of a Senator who would partition a country along similar lines until, tangled in half truths and bluster, lost his luster when Murrow burrowed and Army brows furrowed. So that what followed gave witness to the hollowed reasoning that would treason bring to justice – but it was just us, letting someone represent our fear in the name of freedoms dear which we came near to losing when choosing who we'd hear. We mention, not in passing, the 50th anniversary of McCarthy's passing

Welch: Until (now), I think I never really gauged your cruelty, or your recklessness
 You've done enough. At long last, have you no sense of decency?
 (close of Army McCarthy Hearings – 1954)

Leaving the room, Joseph Welch sealed McCarthy's doom. Joe's rants aren't so far removed from Bible chants and imbibing in the gibing cants issued by his successors, making one yearn for the optimism that usually underlies our character and not the cynicism or criticism of characters assuming leadership. Thus it is sad to say we'll miss some who went away this year. Ford's theater ("I am not a Lincoln") closes, Pink Floyd's founder finds the roses, the Godfathers of Soul and monetary freedom roll and Mike Hammers home Spillane's refrain that actions speak louder than words. I also personally reminisce about a man I'll miss, who personified this attribute (but whose tribute would be better made by those who knew him better). But "I Feel Good" when I remember the words of the man who could always "Please Please Me"

The one thing that can solve most of our problems is dancing (James Brown)

FEDERAL FOLLIES

“Every nation makes decisions based on self interest and then defends them in the name of morality” (William Sloane Coffin, speaking of a certain imbroglio in Southeast Asia)

“We have not succeeded as fast as we want to succeed”
“Progress is not as rapid as I had hoped”
(President Bush)

“A government big enough to give you everything you want is a government big enough to take from you everything you have” (Gerald Ford)

“The political lesson of Watergate is this: never again must America allow an arrogant, elite guard of political adolescents to...dictate the terms of a national election” (Gerald Ford)

“I guess it just proves that in America anyone can be president” (Gerald Ford)

Iraq goes to ruin, Iran aid just flew in
Desert democracy doesn't flower
Rumsfeld had no Defense, Gates posting Don's past tense,
Presenting puffed up Rice with more power

Korean kooks have nukes, Columbia rebukes
Cuban Fidelity makes its last sound
Tony Blair's in despair, the French are never there
We beat the Bushes for allies not found

Wire taps got hammered, truthiness was stammered
Impeaching Bush's credibility
Partisan play won't sway votes left in the right way
Wrecking the right's reliability

One scandal to the next, names change but not the text
Dennis menaced but not Foley engaged
Bob de-Ney-ed, Tom De-Layed, young messengers relayed
Duke's prints making their mark on who got paged

Arraignment arrangements new policy statements
The House can't horse around with their reign's reins
Frist's first hurt, Reid alert, Murtha's ayes did avert
Scorning the scoring of Speaker's first strains

Stenny stuns, Denny's done, thanks a Lott Trent now puns
Charles Rangels the Means to get his Way
Stark relief being brief a new race bringing grief
Placing Pelosi policy in play

Who can hit catching Mitt or Obama be it
Can they pillory Hillary in time?
The East Coast boasts the most but John McCain may toast
A moody Rudy crumbling in the climb

Cymbals crash and symbols clash in Middle Eastern patriot storm but Bush gets unjust desserts as support deserts and Democrats draft new designations amid myriad resignations. The President won't be resident much longer, going down a course with some remorse which, with luck, he'll lamely duck as his term terminates while eager candidates candidly state their desire for a peaceful state and a way to assimilate an oil based economy with watered down autonomy.

Numerous cracks were assayed about the numerous cracks essayed publicly, as when Dick set off a Cheney of events and got in Veep do-do by taking a shot at covering up the holes in his story, Harrying his poor victim as an unWhittington dupe. There was also general confusion created by former leaders who launched their own salute to poor military strategy, vindicated by an even more damning report leaked just before the election.

Too much status was accorded knots and stasis with gaseous bloviating obviating the need for actions, as feudal factions and partisan artisans stalled progress in Congress. Tom Delayed his exit but the eyes of Texas were upon him, and a state of scandal taxes those in charge when they failed to answer their pages. No ethics reform was passed though lapses were on display, Social Insecurity left in play, there was an oversight when Iraqi war oversight was slight, wiretaps left no knuckles rapped, and the session wrapped up with a flurry of bills passed in a hurry and sponsors should worry if their progeny survive. Surprises may have been evinced but Democrats are convinced their mandate permits reprises of government prizes presented if not really represented by required resources.

Bill passing actions may rival buck passing distractions as money must be raised for new races and a nation braces for the sea of faces we'll see facing primary runs, favored sons, and the tons of exposure to test their composure while they compose what they suppose we would impose as our preferred Presidential platform. The line now forms to the left...

Frist, Do No Harm

The only oath sworn was hypocritic as "The 109th Congress vies for the title of the all-time worst" (Thomas Mann, The Brookings Institute). So there's not much to say for a session that got more in its own way than weighed in on any substantive issues. Senate Republicans, for example, weren't able to pass a single health bill during their highly vaunted "Health Week" (more like Hell Week). Thus we had no update or change to the new Medicare Part D legislation, malpractice practices, Association Health Plans or Social Security, which President Bush had clearly made a priority (until he was swept away with a tsunami of negative publicity about other domestic priorities). Bill Frist could not lead and is now gone, Speaker Hastert kept his seat but returned to the bench of ordinary Representatives, creating an even greater shift in power than predicted. A few things managed to slip in with regard to health care and benefits, but from other sources

Bill Transparency: HSAs show promise, but on the premise that you can see what it costs to be on the medical premises. So a new order compels providers to spell out their charges, at least for government plans

HSA Expansion: the rules became increasingly liberal during the year, culminating in clarification and improvement to a number of rules (see following section)

Second, Sound the Alarm

This year sets the table for the election and there will be plenty served, whether fully deserved or not. Congress will certainly cut into a war strategy with which they have a beef, and roast Republicans for failing to close gaps in Part D prescription funding, use more government power in prescription pricing, and control medical costs in general. As they look more to grass roots efforts in health care reform, expect a mass appeal for “pay or play” or California’s Kuehl display of Single Payer. They could revisit Association Health Plans, which essentially end state government protection, and allow election of a greater variety of plans and services sold nationally. Costs may get cut (no evidence showing how) but coverage definitely will, so this foray into what costs defray will get more coverage. These initiatives, along with support for laws similar to Maryland’s “Fair Share” (read – anti WalMart), will also see the light of day, even though economists say that third party pay gives us less reason to celebrate – or anticipate savings soon.

Third, Beware the Charms of Siren’s Call – The Election Odyssey Begins

- 1) Al Gore wore well with rehabbed reputation and now may have renewable resources.
- 2) The “Stormin Mormon” from Massachusetts, hopes for a “miracle” to scale Olympic heights.
- 3) I Love Huckabee but would rather see him in Arkansas (look what happened last time).
- 4) John McCain may be able to be less adamant on election eve.
- 5) Hillary Clinton’s hinting Senate satisfaction, but her electoral factory may produce a candidate.
- 6) Rudy ruled New York’s roost but is getting a boost from donors juiced.
- 7) Barak will stock political capital as he keeps leaving the Capitol to make speeches.
- 8) Elizabeth Doles out charm her husband lacked, and could be transported.
- 9) John Edwards heads toward vote collection if voter recollection can be caused

And we’ll see a panoply of old and new and those we thought we knew but will misconstrue their true beliefs and mistake them for someone who cares – and then it change again, and again.

In closing, to say the level of national vituperation has been raised due to exasperation with an administration bent on the exacerbation of military extremes is an understatement in the face of this extreme opinion expressed in the press (Harper’s, June 2006) “True, George W. Bush is an ignorant, cruel, closed-minded, avaricious, sneaky, irresponsible, thieving, brain damaged frat boy with a drinking problem and a taste fore bloodshed, whose numerous crimes have been abetted by the moral corruption of his party cohort and whose contempt for American military lives alone warrants his impeachment. But what has it ever won us to say so?”

And I thought blogs were the sole receptacle of this kind of literary spectacle...

SEGUE – THE HSA WAY

Republicans can provide the voice
For more Democratic health care choice
But will those responsible rejoice
Rules loosen with Treasury's largesse
The President runs a full court press
Democrats enact under duress
HSA responsibility
Gives plan holders the ability
To get comprehensibility
Of costs that remain beyond control
Despite the purchasers new found role
But chances are better on the whole
When we're allowed to participate

New Rules

IRS

Field Assistance Bulletin (FAB) 2006-02 (which is a followup on FAB 2004-01)

- 1) Employer may open account and deposit for employee with vesting the "voluntary" rule
- 2) Can limit HSA vendor markets at worksite or use single vendor
 - a) 29 CFR 2510.3(j) group insurance safe harbor
(employer cannot make HSA contribution)
 - b) But also then cannot endorse the provider
- 3) Can have HSA vendor limit investment choices or replicate the 401k
- 4) Employer can pay vendor fees without having any contribution problems
- 5) HSA is subject to "prohibited transaction" provisions of IRC 4975
(class exemptions for IRA do not apply to HSA)
- 6) Confirmations of HSA for purposes of credit line or debit card are OK

Reminder of 2004-01 rules

- 1) HSA does not require employees to contribute
- 2) Doesn't limit the employee's ability to move funds between HSAs
- 3) No interference with investment decisions by employer permitted
- 4) May pay employee account fees
- 5) Offering employees easy access to one HSA provider that offers a single investment option "would not...afford employees a reasonable choice of investment options"
- 6) Employer should not create a list of favored HSA vendors and then get some sort of financial consideration (product or service discount) in return

Revenue Procedure 2006-53: New limits imposed for 2007 (inflation adjustments)

HSA is \$2,850 for individual and \$5,650 for family
High Deductible Health Plan has minimum of \$1,100 single and \$2,200 with dependents
maximum \$5,500 single or \$11,000 with dependents

Law – Tax Relief and Health Care Act of 2007

- 1) The deductible chosen no longer limits the HSA deduction – an employer or employee may contribute up to the statutory maximum regardless of the deductible amount
- 2) Mid year HSA enrollment can make full year contribution and not be pro rated. The covered person must remain eligible during testing period (the period beginning with the last month of taxable year and ending the last day of the 12th month following such month)
- 3) Now a “qualified HSA distribution” from FSA or HRA can be rolled over, tax free, to HSA
 - a) will not count against the annual limit
 - b) may do once a year and only through 12/31/11
 - c) may not exceed lesser of FSA or HRA balance as of 9/21/06 or distribution date
 - d) must be HSA eligible at the time of rollover and remain so for 12 months
- 4) The fact that FSA has a grace period is disregarded if the employee has nothing in at the end of the plan year (current law prohibits HSA for all employees on an FSA)
- 5) Exception to Comparability Rules – allows larger employer contribution to Non Highly Compensated Employee (if the contribution is outside a Flex Plan) – but allowance must still be the same for all NHCE
- 6) May make one time rollover from IRA to HSA
 - a) limit is otherwise the maximum deductible contribution to the HSA computed on the basis of the type of coverage under the HDHP at the time of the contribution
 - b) the amount allowed for the HSA for that year is reduced by the amount of the IRA rollover (same restriction on testing period as above)
 - c) One time rollover – except if single at the time and later family, at which time may also do an additional contribution – but the total allowed is the family maximum
- 7) No new contributions to Archer MSA allowed except for those who have previously made them – but there is now a sunset of December 31, 2007

How Far Would Bush Go?

The 2007 Fiscal Year Budget also shows:

- 1) Individual purchase of HDHP could deduct the premium from income tax or get tax credit
- 2) Increase HSA contribution limit from the deductible to the out of pocket maximum
- 3) Refundable Tax Credit for HDHP purchase if person is low income
- 4) Some HSA comparable plans could be issued with exemption from state mandates
- 5) Allow HSA to pay the premium tax free for non group HDHP plan
- 6) Allow use of HSA funds for any expense incurred in year in which HSA is established
- 7) Exclude from comparability extra contributions made to chronically ill participants
- 8) Allow married couples with non overlapping HDHP to “stack” separate contributions
- 9) Allow married couples 55+ to contribute annual catch up to the HSA owned by other sponsor

HEALTH SAVINGS ACCOUNTS

A Description to Develop Interest and Avoid Decision Deferral

Redeeming Reimbursement Resources with Responsible Choice, Reasonable Coverage and Responsive Administration

Consultants are faced with a confusing array
Of plan designs, and tax arrangements which prey
On fears, tears and jeers for a system awry
Where answers exist without questioning why
One plan costs less with a price too high to pay

It's a question of balance and budgets
It's a question of priorities and prior conditions
It's a question of affordability and accountability
Who should pay what, when, where and why?

The plot lines thicken when someone is stricken
Urgency heightens emergency frightens
And questions are tossed as all reason is lost
When answers are sought by patients overwrought

This poetic prelude should not be construed
To think we make light of the situation
We just need to embark on a path less dark
And playfully suggest a recreation
Of risk and insurance with reassurance
That we won't suffer health care deprivation

Our journey, the Scarecrow said, should begin at the beginning

What is Insurance?

Simply put, protection against unforeseen losses
More formally, indemnification against a catastrophic financial event

But more commonly:

- 1) A necessary evil
- 2) I don't want to think about it until I need it
- 3) Someone else's problem – employer, government or just anyone not related to me
- 4) Something for which I've paid too much, over too long a period of time, with annual increases, for which I got no thanks, breaks or financial return

Uncommon responses:

- 1) Is insurance good when it provides the means to access needed care?

Or do we need to debate the nature of “good”

- 2) By the time you need it, it’s too late to get it

Like banks, insurance companies don’t want to give you something until you don’t need it

- 3) Someone else always has a way of making it your problem again

Through lower wages, higher taxes or increased insurance premiums

- 4) It’s not necessarily something you should be anxious to use

But I could push you down a flight of stairs if it will make you happy

What was the Question?

Not if you need protection

Not when you need protection

It’s a matter of degree –

It goes back to the questions raised earlier

Which essentially ask you to consider

The overall value of the coverage relative to the premium being charged

Added to that, based on continual amendments to the Tax Code, how you determine the final net cost (and thus actual value)

Basic Information

There are, despite the marketing hype,

Only variations of a type

Since all health plans take a healthy swipe

At the cost of catastrophic care

If all plans relieve us of the burden of major medical claims, then how do they differ?

Comprehensive – at a high price

Managed care (HMO):

Small payments, large networks, thus minimal ongoing cost or thought required

PPO with Low Deductible:

More freedom of access, thus exercise of choice, with fairly low level of cost

Extensive – but not too expensive

Some HMO plans may impose percentage payments or large hospital charges
The PPO plans have higher deductibles, co payments and overall liability

Low Price – but high cost

There is a point of diminishing return on the premium investment
How do you define “major medical?” Some focus on the deductible but don’t see additional charges and the liability maximum that follows. Others miss the greater number of excluded services or the limitations on frequency

Too Much to pay – no matter what they say

Carriers are seeking to lure the uninsured to the market by offering plans that cover very little for certain services that may become necessary (e.g. maternity, brand name drugs), leaving plan holders with unpleasant surprises. But these policy payers are not nearly as astonished as those who buy

Limited Service Plans – where the name tells the story

These lay out service and payment schedules, some with a series of “riders” not often purchased. All have upper coverage limits that do not adequately insure the catastrophic events that were supposed to be supported by the plan in the first place. Notorious among these are student health plans and anything sold by those purporting to represent associations that exist in name only (e.g. NASE, ASBA)

A Newer Way – using an HSA

There is a trend toward engaging consumer responsibility without enraging those responsible for care. Mixing the freedom inherent in a PPO with some discounting and good major medical protection, these high deductible plans strip out the standard reimbursement schedules of high cost plans but leave intact the type and frequency of covered services

Instead of buying insurance illusion
Getting coverage for every contusion
Derailing when detailing plan confusion
We recommend a common cents infusion
(if you’ll forgive professional intrusion)

As we seek to help destroy the delusion
That somehow the truth lies in the exclusion
Of public questions asked in some seclusion
When finance and health care demand defusion
So we can all start with the same conclusion

And eliminate those found in the middle
So we can answer our own health care riddle

ART OF THE STATE

Arnold's Body Politic

Crude, he was. Crude, hard and dirty and afraid of nothing. He'd sooner draw blood from a face than eat and everybody knew it. That's why nobody ever spoke to him that way. That is, nobody except me. Because I'm the same way myself. (Mickey Spillane, *The Twisted Thing*)

The power to do good is also the power to do harm
There is no such thing as a free lunch
Many people want the government to protect the consumer. A much more urgent problem is to
protect the consumer from the government
(Milton Friedman)

Phillip Angelides needed Archimedes
To fill up ballots and pull the levers
Arnold's Golden statements dim with the abatement
Of his need to feed other endeavors

Congress looks to the states which then state that their rates
Still don't rate as a model for reform
Fair Share might not fare well (it's still too soon to tell)
Mandates create a political storm

Now the Terminator will determine later
His new plan to span universal care
He Kuehled Single Payer but needs double layer
Of protection where now it isn't there

But others have spoken their speeches betoken
Fair ways to fix our "ayes" on plucky stroke
Good fortune's principle has gone municipal
Mayor Newsom knew some without would go broke

So new plans are drafted and carefully crafter
By caring artisans not partisans
Or so the story goes since no one really knows
Which final form the best reform is in

Schadenfreude doesn't explain the fraud underlying lying sides and blind guides that steer us into a pyrite state led by leadership slate that comes to conclusions too late to save us from the fate of underfunding, underinsured and all misunderstood. Arnold stood for election and not much else, with a promise to promise to compromise on what will comprise health care fairness in his last term as legislator. The Single Payer players showed interest in Capitol return and turn to DC for their current AC (Alternate Carrier) support while Arnold capitulates and other leaders stipulate as to the need for funding and change. Other states legislate mandates and set dates for companies to carry the freight (Massachusetts "Pay or Play" and Maryland "Fair Share") and San Francisco shows the way for the Bay to hold sway in how businesses do business there. Political pressure is everywhere, making health care a priori a priority.

Legislative Scene – Hasn't seen much legislation

Though the California Houses linger longer and more often than similar state bodies this does not bode well for a wellspring of bills. Many are introduced, but most can't get a date – on the docket. The HSA conformance bill actually passed, but the Governor didn't let it last. HSAs got a "Raw Deal" when Arnold wouldn't put his seal in a state still reeling from polls and rolls of reductions – so he cancelled this deduction.

There were various reforms proposed but all were opposed except the one which proposed to undermine the current health insurance system with a bureaucratic overhaul. Sheila's deal got real and passed the Assembly and Senate but the tenet of "Single Payer" had more appeal to San Francisco's Mayor (below) and Arnold showed it wanting so he could beggar (with some electoral impunity) another opportunity to knock out a comprehensive plan of his own. Other mandates missed and Carol Migden kissed off a "Fair Share" as critics hissed and the Governor insists next year will be different.

Only local politics got vocal as "Benefits by the Bay" couldn't stay still long awaiting the Sacramento throng to make a strong move. One bill was passed but may court further opposition as the Restaurant Association served up a suit and the Federal government may choose pursuit of ERISA to decrease the city's vested interest. Supervisors advisors say National concerns are not rational, as the new law only applies to what truly lies inside the city:

- 1) Takes effect 7/1/07 for groups of 50 or more employees (4/1/08 for groups of 20-49)
- 2) Businesses of 100 or more pay \$3,300/employee/year (40 hours) or \$2,800 if 20-99
- 3) It is an HMO plan without any pre existing condition limitations
- 4) Providers are those currently on the San Francisco Health Plan

What's missing? That's right – what exceptions, if any, will be granted to those who have a plan in force now. More importantly, what if employers prefer to use Kaiser, a PPO or an HSA?

Effective 2/1/07, San Francisco will also require employer contributions to paid sick leave:

- 1) 1 hour per 30 hours worked
- 2) Maximum allowed is 72 hours (40 if under 10 employees)

Musical Chairs

What this will all mean remains to be seen, but for the record:

John Garamendi has moved from Insurance Commissioner to Lieutenant Governor (can he do anything when the current tenant of the Governor's office abdicates, deteriorates or just breaks his leg skiing?). Bill Lockyer is the new Treasurer and former AG (jail bars to gold bars) Jerry Brown is the new Attorney General (no, it's not clear why, unless he plans to return and erase the specter of "Governor Moonbeam") Replacing Mayor Brown (wait – which city is this?) is Ron Dellums, the former Congressional Representative from Oakland. Finally, Sheila Kuehl, who continues to author the Single Payer Prayer, has not termed out, but will exercise more influence as the incoming chair of the Senate Health Committee (not as powerful as Senate Insurance, but close enough)

Coming/Other Attractions

What began in Massachusetts spread to Tennessee and Vermont (together again!) when Governor Romney has either made a mistake or staked his Presidential run to limp in with something less Olympian but where Utah about it. To deal with the problem of the uninsured (500,000 in his state), businesses will be assessed \$295 per employee per year if they don't offer health insurance and groups of 11 or more may be required to purchase plans through a quasi-public trust. Residents not showing coverage will lose 50% of any state tax refunds.

Battle Lines Drawn

It seems clear that next year the welfare war will be waged on the California shore. Sheila will do what's Kuehl but others who rule will try to school us on the fundamentals, making funding a mental game and not just based on emotional health. The former Assembly Speaker (Fabian Nunez), Senate President pro tem (Don Peralta) and the Governor all suppose the plan they propose will pose the beset solution, but it will be precipitately opposed by liberal Assembly and Senate members who believe that, at least in this case, the public entity which governs most governs best.

Last year the campaign popped champagne but whined when Arnold put a cork in it. Our analysis then mostly holds now, although the funding justifications and explications should change to placate those in the state who clearly state their disbelief. We expand that analysis this year to include the Governor's public comments and an independent economic assessment, commissioned by those paid commission to keep a balanced view (you know, people like us). Given the Democratic desire in Congress to convene the means to not contravene medical decisions while making an incision in ballooning health costs, more attention will be directed to the Left Coast as host to the party's favorite social issue (or desire us to host political virus)

SINGLE PAYER

The ultimate solution designed to cure a problem not fully defined

There is every technical reason why Wal-Mart should support Universal Coverage and shift the burden onto the only entity in the country bigger than itself – the federal government
(Atlantic Monthly profile on Big Business problems with Health Care costs)

Whatever starts in California unfortunately has an inclination to spread (Jimmy Carter)

The sort of people are so taken up in their theories about the rights of man that they have totally forgotten his nature (Edmund Burke)

If the present Congress errs in too much talking, how can it be otherwise in a body to which the people send 150 lawyers, whose trade it is to question everything, yield nothing and talk by the hour? (Thomas Jefferson)

Questions remain but not the answers
What is humane, where are the cancers
Can we cure a nation's ills
Despite the blood our system spills

Single payer had no prayer except through Democrat conveyor, but after belting Bush and weeding out Republican recalcitrants they have a chance to gambol with governmental gamble. What's worse – a government system we know is bound to fail or failed system beyond governance? A question we raised last year and without much cheer wrote about the coat of political paint with which Sheila Kuehl would shellac her opposition with the threat of future ballot propositions and the prospect of Zelda's aspect as Czarina of health care in California.

Numbers have changed, funding methods exchanged and suppositions deranged and ranged from concerned to politically motivated to those obviated by market movements. This year, we briefly note how we plan to ford the moat to the coverage castle without getting rooked.

Sheila Kuehl

Her last bill passed the Senate and Assembly but was vetoed by the Governor, who was given pause by the flaws he saw in this law – but promised to produce a solution of his own.

Senator Kuehl has not yet termed out, and serves this year as the chair of the Senate Health Committee, which should surely see her tee up another bill for another round.

Governor Schwarzenegger

Even as this review is written, he has become smitten with finding a way to make us all pay. It will be more in the form of core benefits and not a swarm of bureaucratic retrofits. Some flavor of his feeling and what has opponents reeling is found in comments (and rebuttals) he made in his speech vetoing the Kuehl bill (SB 840) in September:

Socialized medicine is not the solution to our state's health care problems

Response: SB 840 is not socialized medicine. Doctors and hospitals remain private. SB 840 would, however, remove wasteful insurance companies from the health care system and replace them with a non profit, publicly accountable insurance pool.

Our response: insurance companies are truly wasteful, but some of these carriers are non profit (which thus negates its stated value) and are bureaucracies truly accountable?

Such a program would cost the state billions and lead to significant new taxes without solving the critical issue of affordability.

Response: SB 840 would save Californians \$8 billion off current state spending and use this to provide coverage for the 7 million Californians without health care. The new pool would actually decrease overall health by saving money currently wasted on CEO salaries, record corporate Profits, overhead and advertising by private insurers

Our response: The \$8 billion is definitely in dispute (see our study, and theirs, from last year) but the idea of waste existing in the current system is not. Whether the areas mentioned will directly result in such savings would have to be explained to be believed.

It uses the same one sided approach tried in SB 2, the employer mandated coverage

Response: SB 2 required employers to buy health insurance from for profit insurance companies without any oversight of their rates. SB 840 provides affordability protection by removing insurer waste, purchasing prescription drugs in bulk and by focusing on disease prevention

Our response: Two of the biggest state carriers (Blue Shield and Kaiser) are not for profit. Insurer waste could surely be replaced by other waste. Bulk purchasing is already being offered by the insurance carriers. Disease prevention is good, in theory, but employers are already using strategies, as are insurance carriers and health care systems.

Single payer, government run health care...would reduce a person's ability to choose his or her own physician, make people wait longer for treatment and raise the cost of that treatment

Response: Californians would have better choices of private doctors and private hospitals and would not have to wait for profit focused insurance gatekeepers to "approve" care.

Our response: The Governor's statement merely restates some of the canards tossed about the Canadian health care system, which, while it has its flaws, is generally supported by its people. Still, budgets must be met and if taxes can't be raised, services get cut or delayed. There are also means for "approval" considered in SB 840, so to say that carriers have the final say in patients getting their way is a ways off.

Assembly and Senate

There are usually a number of bills coming from various directions, but only the outgoing Assembly Speaker has voiced any real concerns, and the Senate pro tem President may ice Kuehl's bill but still risk getting a frosty reception from conservative members.

For something a little drier than the cries and replies of those who lie in a position of power, we scour other sources, which forces us to look at what economists have to say on the subject. Mindful of the old aphorism that “if you laid all the economists of the world end to end they would still not reach a conclusion” we find the conclusions of the Health Economics Consulting Group interesting (even if their name is not). In an analysis funded by the California Association of Health Underwriters (another boring name for insurance agents) they found:

- 1) The total annual costs of the state run Single Payer system should be \$167 billion
- 2) Original financing for the program was predicated on continuing the funding of existing government programs (\$72 billion) and new dedicated taxes (\$95 billion), including:
 - a) 8% employer payroll
 - b) 4% employee payroll tax
 - c) 12% tax on the self employed
 - d) 4% non wage non business tax
 - e) 1% tax on incomes over \$200,000

Note – these figures come from the bill that preceded SB 840, which never quite got around to showing what their tax or funding base would be – this would have come if the Governor had signed, rather than vetoed the bill.

- 3) There is insufficient evidence to suggest that centrally planned systems result in better quality of care than private systems – both are good at some things and worse at others, with Single Payer systems having some regression to the mean
- 4) There are four limitations to the argument that administrative costs will be reduced:
 - a) Defining administrative costs as waste requires the assumption that administration and management is essentially a superfluous function that produces nothing of value in terms of helping an organization achieve its objectives. A study by Kahn in 2005 found that, while administrative costs of health plans in California were 9.9% of premium, more than 1/3 (3.7% of the total premium) were attributed to customer service
 - b) Data on administrative costs are very limited in interpretation, since accountants have a fair amount of discretion in allocating costs to different functions within an organization, particularly with capital costs
 - c) The Lewin report overstates private health insurance administration expenses, using an estimate of \$9.7 billion where other estimates fall between \$5 to 6 billion and further say they are in decline.
 - d) Thus the assumption that the State run health system can do it all for an administrative cost of only 1.8% of revenues is weak
- 5) Public service provides value in some areas, but devalues others. Publicly funded programs tend to be followers rather than leaders, as without incentives you have incentive attenuation, which includes reduced investment in up to date capital and equipment, process innovation and productivity – all this in the face of a health system that is clearly dynamic and evolving

- 6) The program relies heavily on public utility regulatory mechanisms, which are typically aimed at controlling the prices, profits, output and capacity of private firms. The cumulative knowledge shows that the imposition of economic regulation on an industry results in higher costs and prices than would have been observed in the absence of regulation. When such industries were deregulated, they achieved efficiency gains and many achieved improvements in quality, safety and access
- 7) Capacity regulation has been shown to have deleterious effects on efficiency
- 8) There is no guarantee that bureaucrats and politicians will be able to finance the system at levels aligned with consumer demand, or that consumers would be willing to vote in favor of tax increases sufficient to fund adaptation and growth – note how much support there has been in the educational sector for increased funding
- 9) Single payer is not immune to cost inflation, plus bulk purchasing is often touted as a cost saver with little empirical support. The Lewin assumptions of \$5.2 billion in savings from bulk purchasing are “grossly overstated” – it assumes it is possible to pressure manufacturers of patented products to offer deep discounts. But what if they walk away from the table?
- 10) What will be the economic impact of the end of the insurance industry?

And so the debate rages on, with little resolution but a lot of continuing resolve, to solve the problem that cannot be defined, but which we have opined needs fixing.

ECONOMICS ASSAY AND ESSAY

I said "Rainey, you've forgotten...that I'm not a guy that takes any crap. Not from anybody. You've forgotten that I've been in business because I stayed alive longer than some guys who didn't want me that way. You've forgotten that I've had some punks tougher than you'll ever be on the end of a gun and I pulled the trigger, just to watch their expressions change"

(Mickey Spillane, Vengeance is Mine)

The Great Depression, like most periods of severe unemployment, was produced by government mismanagement rather than by an inherent instability of the private economy (Milton Friedman)

I've been held responsible for taxes I know nothing about (James Brown)

Inflation is the one form of taxation that can be imposed without legislation (Milton Friedman)

It is a tricky problem to find the particular calibration in timing that would be appropriate to stem the acceleration...in risk premium created by falling incomes without prematurely aborting the decline in inflation generated risk premiums (Alan Greenspan, making it easy for us all)

Milton wrote of Paradise Lost, valuing value price and cost
Inflating hope that upward slope declined
Economic thrust and parry patients thin with cash and carry
Protest on how "healthiest" is best defined

Taking stock of options scandal making mock of shares they handle
McGuire's a liar United Bill's unpaid
Patricia's Dunn ruling Hewlett CEOs fun fueling new debt
Leaving weaving investors so afraid

Wal Mart makes drug induced attack, Ford and GM want money back
They ponder how to squander what they save
We have more choices than before, but comprehension is a chore
No one's teaching what Friedman's preaching gave

HSA or CHHP the alphabet is all Greek to me
(I sat in Latin non compos mentis)
The carriers don't get it either or place barriers to neither
Players nor payers parse layers they'll miss

United's untied on back dates Anthem makes plans that don't lack states
Aetna climbs over Shields and Health Nets less
There's urgency e-merge-ncy yet Californians may soon see
Fewer with furor over state run mess

More oil turmoil gave us a crude awakening, snaking sinuously round wallets already thin from sin tax and fresh attacks on health care fares. Cars won't carry as much weight from the union's premium rates continuing the trend that shows we can't depend on those who would descend on those who can't defend from the curse of costs' inclusion. Labor labors under the impression that the next Depression will dismember members through falling wages but in stages by permitting more remitting by recipients. The incipient revolt will be due to dues unseen and unexpected.

We can't trust business boards to stay aboard while cash hordes move toward those who now fall on their sword because they failed to shield shareholders from publicity resulting from duplicity, but they won't duplicate their efforts elsewhere. Stock prices climb anyway so any allusions to elusive cost controls can't roll back the illusions of continued market manna, so Hosannas won't be hailed when savings have failed to keep up with what goes up because we've almost given up on finding salvation from soaring deprivation of retirement resources. Friedman freed fans from fortune's flames if we knew blame would be laid on chance rather than enhance governmental intrusion. A conclusion oft forgot, and now he is not with us while we fuss about responsibility and our ability to wield it well enough to yield a return to where capital belongs.

Inflation Lamentation

Past journal issues have chronicled the many measures behind medical inflation and how it continues to defy gravity despite the gravity of the situation. A synopsis should suffice this year:

- 1) The average 2006 increases, culled from 7 different financial firms, shows HMOs having increased 10% (with a range of 6 to 13) and PPOs at just under 10%
- 2) The same firms predict slightly higher increases in 2007, at 11.5% HMO and 15% PPO
- 3) Overall health spending increases stay relatively stable (7.9 2004, 7.4 2005 and 7.3 in 2006)
- 4) Medicare spending increased substantially in 2006, mainly due to the inception of the Part D prescription drug program, at 21%. This is expected to moderate, though no reasons are given for such optimism, to 7.5% on average between 2007 and 2015. Our conclusion is that the government has reached the wrong conclusion (though an average of 7.5% compounded over the next 8 years is still not exactly a reason for unbridled joy)
- 5) Inflation in the drug market is higher at 12% in 2006 and expected to be 13% in 2007
- 6) Drug spending is estimated at 188.5 billion in 2004, but this figure should increase to 446 billion by 2015

A telling prognostication was put forward by Atlantic Monthly, commenting on Wal Mart's woes as the nation's largest employer, can't seem to put a lid on excessive expenditures: "employer health care costs are growing so sharply that the apotheosis of American capitalism (Wal Mart) is frantically digging in its heels merely to slow down their rate of growth...which is a microcosm of the health care issues American business faces"

Defined Expectation

The unions are giving back hard won gains (Walter Reuther would rather not know) but only getting empty promises in return for their sacrifice. They don't fare much better than their unrepresented counterparts, who continue to see increased cost sharing, either through premium requirements or reduced benefit structures. Even retirees aren't safe, as there is no formal legal guarantee for the benefits they thought they had years ago and with 95% of the Fortune 500 expecting to further reduce expenses in the next 5 years (and it is not due to anticipated attrition)

Inflated Reputations

This is the hardest section to write, because my disappointment grows more acute about the complete lack of leadership and execrable execution of cost controls and regulatory roles exercised by those who will be excised from future formulations in how and by whom health care will be funded. If the government doesn't step in, or step in it, consumer disaffection alone will create the terms for market correction. Oddly, it's the major non profits, Blue Shield and Kaiser, which, despite being ostensibly given the public trust through the thrust of their charters, are not martyrs and no smarter than other organizations and, in many ways, worse.

Is it not possible to eat me without insisting that I sing the praises of my devourer?
(Dostoyevsky)

Kaiser

Disavows dreams of domination and then demands direr dues to drive it
Trashes tech (at a cost of \$1 billion) and then resurrects the wreck – at new cost
Can't connect carrier dots, so PPO costs lots more than needed
Overburdened, overworked, understaffed underwriting and administration
Great job on Sacramento surgical transfers, from which they suffer a post operation infection

And without real competition, no one can petition or avoid repetition of misguided initiatives or disguised prerogatives that purport to support subscribers. Kaiser's on a roll, and continue to take tolls, but mustered support won't catch up to the spread of malaise and the end of praise

Blue Shield

After writing a book on management, the public wondered what lessons the CEO had learned
Executive revolving door makes more ask what the CEO is for – and for how long
Success in provider access covers up organization flaws and the way non profit laws help them
The board must thus explain why they hoard reserves and why hordes of execs aren't preserved
Not much wiser than Kaiser in projects begun, abandoned and projected to begin again
Premium pricing for premiums in many areas will create membership loss, and then all will be at a loss to stabilize profits, or explain how they will rebound

Large contracts like Cal PERS and Sutter cause some to mutter about focus lost and wonder about the cost even if revenues climb. Time will tell, but the need to breed new talent every year when heads roll with observers' eyes and a public decries and demands accountability (ask not for whom the bell tolls...)

Defined Disputations

We need the dope to cope with drug prices and the seeming perpetuation of medical inflation but it won't come from legislation or the ablation of organs vital for organic change.

We speak in a separate section of vehicular plans caught pertaining to funding and creating the means for members to manage, or know, their costs. Some of those vehicles may be owned, but some are only leased, at least by companies who steer employees to the means to glean:

- 1) Price transparency – posting of provider charges
- 2) Digital direction – web based programs to educate and elucidate
- 3) Health and wellness – sponsorship of memberships and providing incentives to enroll in various programs with targets using coaches or passive interactive models
- 4) Savings from integrated medical and disability
- 5) Savings from cost sharing while simultaneously creating greater choices, matrices for funding and access to tax exempt programs such as FSA, HSA, HRA and MERP
- 6) Economies from the combination of financial and health care programs
- 7) Utility from the use of voluntary benefits and greater Cafeteria Plan choices

Inflated Infestation

Insurance carriers won't go away seeing their duty as dually helping pay themselves and those they were sent to represent. While some may resent it, it depends on how they present it, as the presentiment augurs further involvement in our financials.

- 1) Consolidation: you can run but not too far as carriers go to war and fight over the few remaining targets – CIGNA and Health Net may be next to go, as Humana shows expanding interests and Anthem and United have already arrived
- 2) Banking: Met Life has a bank with \$6 billion in assets, United has its own VISA card and the Blue Cross Blue Shield Association is on the move to jettison alliances and prove it can finance its own members
- 3) Debit Card: One step down but with a broader base, as carriers face the challenge of championing HSA, FSA and other ways in which policyholders get bolder in the use of their own wealth to finance their own health. Of course, using carrier cards makes it hard to leave and still deceive users by making costs non transparent and then it's less apparent what they truly are (and thus we go back to the original problem of how health care inflation starts)

JUDICIAL JOLLIES

Don't worry. I don't underrate the cops. But cops can't break a guy's arm to make him talk, and they can't shove his teeth in with the muzzle of a .45 to remind him that you aren't fooling. I do my own leg work, and there are a lot of guys who will tell me what I want to know because they know what I'll do to them if they don't. My staff is strictly ex officio, but very practical
(Mickey Spillane, I the Jury)

This is a court of law, young man, not a court of justice
(Oliver Wendell Holmes, lecturing on the use of the Supreme Court)

License mistaken for liberty, an appetite for discussion and criticism. A readiness, ultimately, to think whatever one wants and publish it
(Pope Leo III from a 19th century attack on Americanism)

Now for some poetic relief
It's best to just keep legal brief
Bullet points an apt metaphor
So people can't forget it's for

Their own good

COBRA

- 1) Proof of Notice: employee won suit when notice not received because the employer could not get employee testimony as proof, nor could they provide formal proof that it was sent
- 2) Count of Employees: Court affirmed IRS FTE equivalency method for Part time employee (PTE) count instead of counting them as full employee just if they were working
- 3) 14 Day Notice: when employer is also the COBRA administrator, they have 44 days to send the notice (14 day basic plus 30 days in their guise as the TPA)
- 4) Birth of child is a special enrollment under HIPAA and can trigger COBRA qualifying event

Disability

California – employee regarded as disabled is entitled to reasonable accommodation in the same way as someone who is “actually disabled” under the Fair Employment and Housing Act (FEHA)

California – Disability Contract Settlement with Department of Insurance – all plans:

- 1) May not have any clause allowing “discretionary” determination for carrier defining disability
- 2) Must have definition be consistent with California established – no special limits
- 3) Must have narrower pre existing condition limitation – condition must be diagnosed

Fair Share Legislation

Maryland law requiring employer premium payment was overturned in District Court as preempted by ERISA (but it may be appealed to the Court of Appeals)

Fiduciary Responsibility

TPA that exercised power to write checks on an employer account was a plan fiduciary (because they exercised control over the plan assets)

Flexible Spending Accounts (Cafeteria Plans)

- 1) Concierge doctor: fees are not reimbursable because no proof of services provided
- 2) FMLA: employee can use premium credits to pay FMLA
- 3) Claim Submission: no regulations for time limit – it is an employer design issue
- 4) HSA: employee may change their HSA election any time, despite FSA annual election
- 5) Dietary Supplements: IRS declined to include as deductible, even though FDA approved
- 6) Flex Plans are exempt from HIPAA if there are under 50 employees in the organization

HIPAA

All organizations must now comply with HIPAA regulations – see our web site for a full outline of the HIPAA requirements, compliance procedures and necessary forms

In the three years since the passage of HIPAA – 19,240 grievances have been filed with a total of NO civil fines levied, 2 cases prosecuted and closure of 73% of all cases so far with no disposition

Newborn and Family: the birth of a child can allow movement from HMO to PPO or vice versa (though Insurance Company may require that the entire family then move to that plan)

Health Reimbursement Arrangement

Medical expenses cannot be paid to or for a Domestic Partner

BACK TO THE FUTURE
Zen and the Art of Health Maintenance & Organization
The sound of one hand clapping for the performance thus far

From away back out of the years I got that feeling across my shoulders and up my spine that said things were starting to smell right and if you kept pushing the walls would go down and you could charge in and take them all apart until there was nothing left but the dirt they were made of
(Mickey Spillane, Survival Zero)

Things are more like today than they have ever been before (Gerald Ford)

Reasonable people adapt themselves to the world. Unreasonable people attempt to adapt the world to themselves. All progress, therefore, depends on unreasonable people (Shaw)

Everything has been thought before, but the problem is to think of it again (Goethe)

What is quality after all, so Phaedrus phrased before his fall
Revolution cycles back to the start
Spinning our wheels advancing fast, saving lives before die is cast
Costs unquestioned in our quest for what is smart

Smarting over price progression explains people's pained expression
But can we retreat from advances made?
Telemed and medical tech, artificial limbs bottleneck
Bots and lots of raised fears must be allayed

Some opine that the party line should politically realign
To reverse courses when our resources
Can't be made equal to the task, but in response sponsors should ask
How to restore this chore to market forces

Ready, fire! Tom said aimlessly as we shamelessly hold the promise of a greater good but would the premise of cost control and central planning spanning all aspects of care cause the banning of some aids and not others? When Democrats dominate and Republicans ruminate over opportunities lost over opportunity cost, who dost dare to give immunity to the spreading pricing plague? The question always arises – can a country which clearly prizes victories not compromises find a solution comprised of efficiency and economy while giving autonomy to those who chose to receive required treatment?

We act as an exponent for the immanent components of a systems solution, lto avoid its imminent collapse, whether due to political synapses missing or critical lapses discovered. In short, we have hope we'll find the means to cope, but only within the scope of what we meant for it all to be when it was about humanity.

Advances

Robots	Simulate and stimulate isolated physical functions or function as fiscally efficient surgical surrogates with the personality of some doctors duplicated (or improved)
Med Tech	Despite consistent insistence, it meets persistent resistance
Episode of Care Mgt	Being holistic is more realistic when managing the “total case”
Telemedicine	It’s the next best thing to being there, and sometimes the only thing
Web Based Medicine	If smart systems work in other industries under qualified supervision...
Pay for Performance	If collaborative, if integrated, if managed, to foster quality improvement not quantity measurements
Health Information	Smart ID cards, web based central systems (don’t be nervous), data management tools, transparency initiatives
Wavefront Surgery	Makes Lasik look basic – this is cited as being much better
Nanochips and MEMs	Swallow electronic pills and short circuit your problems

Advancing

Health Care Gets Fat

The fastest growing sector of the job market is in health care, which has added 1.7 million jobs to the economy since 2001

You Can Get There from Here

Large employers are encouraging employees to get expensive medical treatment in other countries. Even with financial inducements, with savings routinely topping 50% or more, it not only provides medical answers but raises some interesting questions

An Ounce of Prevention

Payers get a pounding with resounding refusal by recalcitrant plan participants to participate in programs which anticipate the rate of their deliberate determination – so companies are making prevention and intervention prescriptions easier to swallow with threats no longer hollow and giving incentives to follow the road to better health. Wellness coaching, expanded provider access, availability of healthy diet options on the premises, financial rewards coupled with health targets, use of integrated DSM/high risk maintenance plans, etc. are all examples of the tack employers take to track employer health and derail encroachment on corporate benefit wealth.

More Advanced

Evidence based systems are not just the use of “smart programs” (e.g. Archimedes) but a full and comprehensive program to manage the spectrum of care for patients with more critical diagnoses

Junk DNA has received a ratings upgrade. It has been discovered that 98.5% of the human genome cannot be mapped, but the “nothing” there is something where science dares to explore

Edible films: breath savers become life savers for those who’ve had their fill of pills

In systems biology, doctors predict predilections to disease and predicate particular drug regiments on the results – medicines may be better targeted, for the right people, in the right dosage at the right time, rather than hoping that a massive ingestion of one medication will do its job correctly

Back to nature: hippo sweat, cat urine, spider footpads, vampire or puffer fish poison, are all being used for something besides horror movies

Concierge medicine is also seeing slow growth, particularly in the Bay Area, as doctors demand more time with their patients (thus meeting consumer demand), and are willing to charge a high flat fee for the privilege (and those who pay it feel properly privileged as well)

Employers are also using Total Compensation Strategy – benefits are only part of the employee financial picture. Organizations are now framing negotiations to include **all** the elements of compensation composition.

BACK TO THE FUTURE

Retreat to Treat and Greet the New Day in the Old Way

Advances will cost and humanity lost in the process
So how do we process what we've found and find our way back to what is sound

The tortured logic involved in our current health care reimbursement goes something like this:

It's always OK if YOU are the one who has to pay for me, but any imposition on my wealth because of the position of my health is something I cannot accept, except if I get paid not to use my plan and get paid when I plan to use it, so long as I don't come up short and lose what I had before I began.

Employees wage war with employers without seeing how the skirmish will furnish an excuse to diminish wages. Employers pass on a greater share of the expense to employees at the expense of other programs, whose cost is lost amid more lost time, lost productivity and the amount needed to hire and train replacements for lost employees. Both sides say it's all beside the point, as they anoint the government as the final arbiter, no matter how bitter they become when what comes out of more legal correction is less protection against taxation – without representation.

So consumer responsibility must be taken with the sensibility to understand that all costs are ultimately borne by those who produce the greatest use of services. The solutions may not be politically palatable, but consumers compatible with both sides sharing may end up caring more about their role in a health partnership.

Problems

Inflationary pressure looks like Escher drawing conclusions that never end but only bend to turn another advance into retreat as the pattern repeats, but would we exchange the rate of change for lower rates when efficiencies emerge and science will converge with economic principles where the principal aim is quality not quantity and cost is lost where value is found. The endless loop from which we can't recoup is the circular logic of the system's defenders, who can't short circuit the worst offenders:

Germ Warfare

You can run but you can't hide from bacteria which abide changing drugs so they can adapt into "superbugs" Drug resistant infections kill more Americans than AIDDS and breast cancer combined: 100,000 due to hospital bred infections (you know they're full of sick people) out of 2 million contracted

Evidence Based Medicine

David Eddy, M.D. says "the real problem is that we don't know what we're doing" and spends all his time proving that many prescribed treatments have not been shown to be any better than various cheaper alternatives" His "Archimedes" program explores options based on scientific evidence (Eureka!) rather than old rules and traditions

Information without Knowledge, Knowledge without Wisdom

It's all available in great quantity, but what does it mean and how do you determine what to do next when you lack context?

Response to Responsibility's Requirements

If consumers are showered with the means to be empowered why does confusion reign and plainly no profusion of HSA and CDHP plans being adopted, even by paternalistic employers?

Prescriptions

Since the practice of medicine partly relies on what applies when a patient tries a new approach to a vexing problem, why not coach the players on how to coax a cure out of the system's ills? Politicians personify preferred patient positions, posing problems, proposing possible plans, pushing public policy, pulling presidential prerogative – purely painful. Instead of alliterative phrasing and figurative language, a few simple statements should be made:

End Employer Based System

The raft of regulations provide less patient salvation and more aggravation (and cost) for those channeling checks to carriers who provide little benefit to the benefits budget. A permanent, portable policy, involving independent individual purchase, is possible, preferred – and pending:

- 1) Large employers and associations are exploring
- 2) Technology is providing systematic flooring
- 3) Carrier marketing departments are imploring

So entrenched interests can ditch what isn't working and put the capability and responsibility in the hands of those who ultimately dig deepest for payment

Emphasize Peripheral Care

Regardless of one's opinion of Kaiser rolling dreams of domination, their medical situation permits primary care from everywhere – FNP, PA, RN – and treatment is doctored, then proctored by medical staff. Plans may also encourage the use of ancillary professionals, who may be able to better coordinate with primary providers as “hub and spoke” practices proliferate.

Expand to a Holistic Approach

The next step is to teach the extended reach of self care and those aspects getting short shrift in the drive for “wellness” and the system savings that road is paving. Nutritionists, wellness coaches, incentivized target programs, online customizable information and even financial penalties for non compliance with health goals can all be offered directly or through sponsored employer programs. Some also incorporate Employee Assistance Programs, patient advocacy, concierge services and a complement of voluntary plans to help supplement missing parts of an employee's financial picture are also being adopted by organizations as part of their strategy -- though it is not necessarily part of the overarching system reform advocated.

Create Simple Design

Employer provides the floor (base coverage)

Carrier the door (system entry)

Employer and employee the ceiling (risk taken)

Legislation the framework (safety measures allowing continuity of coverage)

Then develop the necessary components appropriate to that group of covered individuals, with funding wrapped in an appropriate and cost efficient manner

Coverage Should be Mandatory

And soon it will be, as more conservative politicians are raising the specter of universal coverage or mandates rather than the idea of Single Payer, government run plans.

The Number of Plans Should be Limited

Tell me again, why are we spending so much for so many who make so few contributions to the true value of health care delivery funding (with apologies to Shakespeare “first we kill all the marketing departments”) Tweaking designs is wreaking havoc on comprehensibility and the liability of most insurance plans and who can keep up with inconsequential alterations or the frustrations ensuing (and over which some will be suing) from the devaluation of care caused under so called “value plans” Years ago, the National Association of Insurance Commissioners (NAIC) established 10 plan designs for Medicare supplement sales. Given the variety of funding vehicles available to navigate health care’s financial maze and the entire pressure for autonomy and economy in the drive toward patient responsibility, a firmer framework of solid options would seem the right response.

Improve the Quality of Information

One could post Pirsig’s proposition “What is Quality?” though he expanded this to encompass “values” and “morals” as a step in the right direction. So the question is “what do we need?” and not “how much” as the quantity of information does not necessarily translate into knowledge, much less wisdom. Philosophy aside, the availability of usable inside data beside the capacity to quality it is neither a public nor private initiative, but a collaborative effort. The government apparently believes price transparency to be necessary, while some marketers take tech tools on faith as the means to economic enlightenment, without lightening the information load.

Just for Fun – Ban Harmful “Consumer Substances”

If the ultimate goal, and a public priority, is the health and well being of every citizen and providing the means to access the professionals, information and tools needed to meet that goal is also a tenet of the same policy – then why do obstructions remain?

Impossible, but why must everyone pay the same when some take care and others impair their own ability to do so? At least devise a cost structure that will bifurcate for the overweight, provide a tax for those at risk of heart attacks, start revoking subsidies for those still smoking and start thinking of those who are all drinking as creating insoluble problems.

Embrace Bold Advances

Let them be fresh and don't recoil
Improvements mesh with those who toil

To bring economies as they scale obstacles to keep costs from climbing so long as their timing is not thrown off by second hand resistance from those who speak in the past tense to create current friction:

- 1) Telemedicine – doctors far yet near can still diagnose what's clear
- 2) Robotics – make the decision to bring back precision
- 3) Health Care IT – inspire it to wire it so what transpires isn't – IT
- 4) Accept Acronyms – DSM, CHHP, PATMOS, P4P
- 5) Use Techs – why do doctors do it all when such doodoo can bring their fall

In an era of increasing consumer power, we cower before those in ivory tower who glower below and “just say no” to drug pricing freaks, new techniques, how tech will wreck the havoc wreaked, by what the system tweaked rather than discard as payers guard their profits while policy prophets warred making it increasingly hard to soften the effects of the defects to which we're all attuned and are duly (and dully) denoted.

AGENTS OF CHANGE **Our New Agency Range**

He stood with his back angled to the wall. To an indifferent observer he was simply in idle conversation, but it wasn't like that at all. This was an instinctive gesture of survival, being in constant readiness for an attack. His head didn't turn and his eyes didn't seem to move, but I knew he saw us. I felt the hackles on the back of my neck stiffening and knew he felt the same way
(Mickey Spillane, The Body Lovers)

I taught them everything they know, but not everything I know (James Brown)

The only man who behaved sensibly was my tailor; he took my measurement anew every time he saw me, while all the rest went on with their old measurements and expected them to fit me (Shaw)

In the business we're in it's hard to help wherein costs continue to escalate. So we avoid spin and give it straight, but circumstances create the need to circulate the news more efficiently. Our staff supports sufficiently but outside aid is apparently needed. Though I "parent" the agency it shouldn't be all about me, so I'm sharing with those I respect a greater aspect of what we do for you.

I should go back a bit (to help us all keep track of it), as the horizontal approach is a subject others fail to broach, so we don't object when they grow the other way. The shape to which we affix is a web model, or matrix, to allow each of our allies the means to realize that the way to extract value is through compact. Such density lets intensity and passion comprise our compassion and direct our moral compass as we strive to encompass all the service needs you have, and those you don't. So here's where we've been and where we are yet our growth won't travel far in providing protection – with connection.

- 2004** Joined United Benefit Advisors, a national "practice" comprised of 150 large independent agencies. We have access to greater tools and the wisdom to use them, with collective work and sharing on a regular basis with our business "partners"
- 2005** Formed Benefits and HR Group, which has five Marin members, providing complementary services to properly address our clients' overlapping needs – Human Resources, HRIS, financial planning, retirement, administration, marketing, funding analysis and direct employee service
- 2006** Created a separate corporation with McNeil Insurance (SSM Insurance Services) to jointly expand our service capabilities while providing more interlocking support and succession. This entity will also serve as the vehicle for future mergers.
- 2007** We are expanding by contracting with two agencies with which we have had a long working relationship:

Hobson Insurance – to handle new referrals for groups of under ten employees
Dougherty Health Insurance – to handle new referrals for individuals

We continue to work with our existing clients – these are arrangements for future prospective clients, to ensure our ability to accommodate them in our system. Those Individuals (spouse, children) "attached" to our existing group clients will still be handled directly by our agency.

Current and Future

We continue our strong relationship with Don Ramatici Insurance in Petaluma. We act as their benefits department, and they as our “property/casualty” department. A not quite fitting description, as DRI has been in business for 50 years and employs 30 agents and support staff.

We also enjoy strong working collaborations with Zodikoff Insurance in Walnut Creek, Shirell Consulting in Santa Rosa and Northgate Benefits in Novato, as well as the “local” UBA affiliates in Walnut Creek, San Francisco, San Bruno and Sacramento.

Regardless of the outside structure, we will be in the middle of everything, as we continue to pursue our holistic and horizontal approach to our work with our clients

It's our professional prognostication
That the coming conflagration
Of inflation information
Congressional consternation
And looming legislation
Does not defy imagination

But requires sophistication
And deep contemplation
To perceive perplexity's permutations
Conceive complexity's computations
And thus provide professional innovation
Solutions, services and the creation

Of the probability
Of our indispensability
Given the ability
Of all of us to see
That the broker is the key

To open an organization
To the need for integration
Composing without complication
A whole benefits orchestration
And our musical accompaniment

MY BACK PAGES

Ah, but I was so much older then
I'm younger than that now
(Bob Dylan, "My Back Pages")

Turning 50 doesn't seem like much until such time as you turn back the clock to unlock what was forgotten by besotten youth. The truth is that I missed the chance to make "the dance" to which good wrestlers all advance. But along the way I met some athletes I won't forget and as I try to help kids get the message of what wrestling means I flash on once remembered scenes which set the stage for me to gauge my fitness to reengage myself in a sport few people know and fewer understand. This year Terry McCann, a diminutive giant in the world of amateur wrestling, passed away and I was sad to see it in a way I found surprising, and humbling. Muscles don't stretch and old bones creak, but the havoc that wrestling wreaks on bodies teaches minds to form the way to see things through eye's storm. So I wrote a note to someone who would not receive it...

The first time he threw me against a wall. The second time he threw me for a loop. My first impression was the picture of a bespectacled trio who had all won Gold in Rome. The next impression was the one made with my body, as this diminutive dynamo demonstrated a simple, yet savage, strategic move. The image melded when we sat down years later, I an uninvited guest, he demanding to know the reason for the intrusion. Having just returned from his morning surf, hurtling into the room with health food in hand, his still obvious muscles bunched in blue suit, fierce glare clear behind thick lenses, I wondered the reason myself.

I stammered, "I used to wrestle"
"Why did you stop? Where did you go to school? How do you know who I am?"

Terry McCann's intense interrogation softened, he smiled, and we swapped scar stories, relived past glories (his) and passed judgment (his) on people we knew in Chicago. He was still heavily involved in the wrestling community, his post Olympic contributions legendary in themselves, and now he expansively shared his time, his philosophy and his history with a star struck stranger. As the director of Toastmasters International, he clearly knew how to move an audience, even when it was a single spectator. At one point, an assistant whose unfortunate duty was to keep him on schedule interrupted him. He snapped "can't you see I'm talking wrestling with my friend here?"

Warming up on the edge of the mat, stretching age-resistant muscles, I recall the vision I had of Coach McCann pummeling larger men, Olympians and national champions themselves, at a night practice far away and long ago. His bark indeed matched his bite, and he drove himself as hard as the others, though he was no longer competing, at least publicly. Watching my own coach, previously imperious and impregnable, looming over a live threat, the smaller man's finger pointed in warning of the pain he would willingly inflict, I witnessed a world I would not physically be able to inhabit. Injuries did the rest, but I never forgot the spirit, the intensity of commitment, the pained looks on grown men's faces as they gasped for air, and kept going. So I kept going.

Struggles and setbacks are common, and maybe I've had more than I deserve. It does help you savor the successes and want to inspire others to venture paths not normally followed. I get up to do that now, a graying wrestler in sweats and socks, silently swearing an oath and then praying my body will move when and where the mind commands. I was speaking in public earlier in the day, wondering how I could move even one audience member. I struggled to find the balance between patience and controlled anger when in a competitive position the same day. Yes, wrestling with problems, an easy metaphor, but always apt.

Terry McCann died this year, victim to a cancer with no cure. He fought, of course, and fought against those responsible for his asbestos induced fate. Warrior, force of nature, who gave so completely of himself in many, major ways. He gave me a glimpse, then he gave me an hour, and he lives today because his unselfish and fierce spirit should never be allowed to diminish. So I keep going, where so many others have been led.