Stepping up to the Future
A Healthier Health Care System for New Hampshire

The Pillars Project
A Report to New Hampshire from the Citizens Roundtable on Health Costs and Coverage
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The Endowment for Health is a private, independent, nonprofit foundation working to improve the health and reduce the burden of illness of the people of New Hampshire.

For more information about the Endowment, visit our web site www.endowmentforhealth.org.

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THE CITIZENS ROUNDTABLE’S MESSAGE TO NEW HAMPSHIRE

The members of the Citizens Roundtable were called together by the Endowment for Health to look at the many challenges facing the health care system and make recommendations that would strengthen the health care system in New Hampshire.

We have a number of recommendations to make to our fellow New Hampshire citizens, some beginning steps that we think should be done right away and a blueprint for further action over the next one to five years. Our recommendations are outlined in detail in this report, but in summary they are:

• **First, we need to work together to keep the health care system stable.** Everyone has a role to play in this effort. We must work to maintain the health insurance coverage people already have and to keep the cost of care and insurance premiums under control. We need to avoid additional burdens on employers trying to provide insurance and to maintain our public insurance programs such as NH Healthy Kids.

• **Second, we need to make sure that we have the information we need to understand and make important decisions about our health care system.** On our short list are recommendations to make the system more open and transparent by finishing work on the new claims database and making accessible other information that the State already collects, and then helping our health care institutions bring in the information technology that will reduce medical errors and contain costs.

• **Third, we need to keep a collective eye on how well our health care system is working for our citizens.** We recommend forming a private/public partnership for this effort that can continue work on the recommendations outlined in this report and take a big-picture look at the health system.

**Why and why now?** It has become clear that a new dynamic is at work in the health care system, brought on by a decline in employer-based coverage and a sustained increase in health care costs. We believe that together these forces create potentially destructive pressures on the system and may cause instability and the loss of providers essential to our community’s health. The pressures and challenges are detailed later in this report, but in summary they are:

• A sustained increase in health expenditures as a percent of the Gross State Product, our state’s total collective spending. If current trends continue, by 2011 health care will consume 18% of our Gross State Product.

• A trend toward decreasing employer-based insurance coverage. Employers are terminating or scaling back job-based health insurance, and increasing numbers of people may be without any insurance or with inadequate coverage.

• A growing recognition that the quality and safety of patient care need significant improvement. We have too many preventable medical errors, and too often we see either unnecessary care provided to patients or a failure to deliver needed care.

• A growing understanding that, if we are to reengineer our health care system to respond to these pressures, we need open and transparent access to information throughout the system. Much of the information we need to fix our health care system is just not available to us today.
We see the health care system, and all of the associated costs, as a structure that delivers health services supported by “pillars” of revenue. The entire structure is at risk of becoming unstable as pillars are removed from the system. The pillars are the insured people who pay into the system, whether a little or a lot, for their care. As more and more people are dropped from insurance, they still use the health care system, but are “missing pillars.” The pillars represented by government programs, such as Medicare and Medicaid, often pay less than the cost of providing the care their patients receive and are also not carrying their full load. To stabilize the system, we have to pay attention to all parts of the supporting structure.

Our vision is clear: New Hampshire needs to have and can have a system of health care that provides excellent care at an affordable cost and leaves no one out. It is also clear to us that if we do not take steps, beginning now, to work together to stabilize our health care system—to strengthen and restore the pillars of government, private and individual support for the health care system—we could face a rapid deterioration of the system that will affect all of us: rich, poor or in-between, North Country or Seacoast, young or old, insured or not.

In September 2004, the Endowment for Health charged the Citizens Roundtable to:

- Develop a common understanding of the causes and impacts of rising health care costs, expenditures, and insurance premiums, and
- Recommend actions to New Hampshire policy-makers (potentially with federal partners), employers, health care providers, and the general public that can meaningfully address rising costs, access, and quality.

We accepted that charge and now present our findings. Our recommendations specifically call upon all of us, as individuals and in our roles as business owners, employers, health care providers, policy makers, and voters to take immediate action to address the pressures on the health care system and to work together to assure the health of our health care system.

We believe that, working together, we can make a difference and protect the future health of our health care system. Doing so will require hard work, setting priorities, a willingness to compromise and the flexibility to enact change among all of the stakeholders. To do any less is simply not an option.

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HOW THE HEALTH CARE SYSTEM IN NEW HAMPSHIRE IS FARING

New Hampshire's health care system is at a crossroads, a critical junction where we face some significant decisions about how we go about our business in the future. The Citizens Roundtable has identified areas of serious concern, some that require immediate action and all requiring careful attention over time.

• The number of people—the pillars—supporting the health care system is decreasing. Nationally, employers are exiting the traditional system of job-based health insurance at a rapid pace, and we are observing similar trends in New Hampshire. A new method of looking at employer insurance coverage data shows that in the last twelve years, the national percentage of full-time workers in private sector jobs with health benefits has dropped from 80% to 56%.

  This would be like having almost half of the private cars on the highway being driven without any car insurance. (See Exhibit 1.)

As employers abandon job-based insurance, their workers continue to need and use the health care system. They are often forced to postpone needed care until it becomes serious and requires even more costly intervention. The costs for their care do not disappear but shift to public programs, charity care, the employees' own, often-inadequate financial resources. Ultimately, this leads to increased insurance premiums for those still insured. The loss of manufacturing jobs in New Hampshire and the increase in service-sector employment strongly suggest that these trends will prove true here.

• The weight of the system is growing, even as the pillars of funding that support it break down. At its current rate of growth, the total expenditures on health care in New Hampshire will nearly double in the next six years and health care expenditures will consume 18% of the Gross State Product (the total of every dollar spent in the state) by 2011. New Hampshire's economy would have to grow far faster than expected, and health care costs far slower, for health care costs not to consume an increasingly unsupportable portion of the state's spending. (See Exhibits 2 and 3.)

These costs will ultimately affect all of us as taxpayers, because state, federal, and local governments pay for about 50% of all health care costs in their roles as employers (of federal, state, county, municipal, and school district employees), as health care purchasers (Medicare, Medicaid), and as care providers (NH State Hospital, the Veterans Administration).

• In New Hampshire, the public programs of Medicare (federal) and Medicaid (shared federal/state funding) generally pay less than the actual cost of care, so those supporting pillars are not as solid as they might seem. The unpaid cost of publicly funded care shifts to increased premiums for employers offering job-based insurance and to patients who pay for their own care. (See Exhibit 4.)
As employers find it increasingly difficult to insure their workers at the same level, and as workers themselves cannot continue to afford their share of the premiums, more and more supporting pillars will be lost. The growth in costs and the shifting in costs have combined to cause rapid growth in insurance premiums for these remaining pillars.

Nationally, insurance premiums have increased from five to eight times faster than general inflation over the last few years. Many of our small businesses are seeing health premium increases wipe out the potential for wage increases or profits. About 20% of our working-age, adult residents go without health insurance at some point during the year; about 6% are chronically uninsured. (See Exhibits 5 and 6.)

New Hampshire has a “safety net” health care system for people without health insurance or without adequate insurance—community health and mental health centers, community clinics, and public health departments. Hospitals and their emergency departments also provide safety-net care for people who don’t have insurance, often care that would be better provided in a doctor’s office or for conditions that could have been prevented if treated earlier. The safety net is stretched thin as those safety net providers are struggling financially to care for increasing numbers of patients without routine coverage.

The quality of health care is not as good as it could be. In a national study, the Institute of Medicine found that as many as 95,000 people die each year of preventable medical errors—twice as many as die in automobile accidents. As uncomfortable as this fact may make us, it is likely that New Hampshire has its share of deaths from medical errors. Many of these deaths could be prevented by improved information technology that would computerize physicians’ orders and assure accuracy in medications and procedures.
In addition to preventing medical mistakes, we could also do better in delivering the right care to people at the right time and in not giving unnecessary medical care that does not improve health. A national study found that the care patients should be given—proven, effective, and necessary—was not given about 55% of the time. Work done by nationally recognized researchers at Dartmouth Medical School found that nearly a third of the care delivered to Medicare patients does not improve their health and could, in some cases, be actually placing them at more risk. Unnecessary medical tests and medications of questionable benefit add to both cost and risk. Wider dissemination of evidence-based standards of care and better information systems could improve these measures.

New Hampshire fares better than many states, with good performance on measures of the quality of care delivered to Medicare patients. New Hampshire also provides less costly care for Medicare patients, but some of our “efficiency” in this regard is because of a Medicare reimbursement formula that places states like New Hampshire at a lower payment rate than states like Florida, Texas, and New York. Even so, New Hampshire could have higher quality and more efficient care.

The Citizens Roundtable believes we can and should do better. We can have better quality and more effective care, and we can redeploy resources to better use in the health care system. We have seen clear evidence that quality care can be more cost-efficient and can even cost less.
Key Lessons

The Citizens Roundtable identified some concepts that were important to our understanding as we developed solutions to these challenges.

• A Complex “System.” As much as we talk about a “health care system,” we manage it instead as a collection of disparate parts—for example, the hospital system, the mental health system, and the home care system. The word “system” suggests a rational, logical, mechanistic model, but the current state of health care defies that image. Health care behaves as a natural system—almost like an ecosystem—a web of decentralized, interconnected, smaller systems, each with a life of its own, in which actions taken often have unintended consequences far removed from the original target.

Cost shifting is a characteristic of the current health care system. Sometimes described as “squeezing the balloon,” cost shifting occurs when costs are “cut” and the balloon is “squeezed” in one part of the system, but the costs stay in the system and pop out somewhere else. Some degree of cost shifting is natural, but it must be limited for the health and stability of the system as a whole.

• The State as a Community. New Hampshire is a small state with a small health care market. As a state we tend to manage our health care in even smaller regions, with one geographic area or hospital often competing against another for resources. The Citizens Roundtable recommends an effort to manage and plan for our health care and health insurance systems as a single, interconnected statewide community.

Planning for health care services and resources should be based on the needs of the population. Those efforts need to recognize the resources and wisdom of the local communities and not just impose top-down solutions. Community-based health care solutions are important for success and require community investment and buy-in up front; and we will eventually need to settle on a collective understanding of the “basic” level of care everyone should have.

The Citizens Roundtable also recognizes the role that our local communities play in health care. New Hampshire has a community-based health care system, with primarily not-for profit institutions stewarded by volunteer trustees and with medical providers who are rooted in their local communities. In addition, an entire infrastructure of local and regional organizations provides health and human services that help maintain, improve, or restore the health of our residents and communities, such as Meals on Wheels, local transportation programs, and family resource centers. Finally, the Roundtable recognizes the role that family and community connections play in maintaining health and controlling costs for our residents and our state.

Exhibit 6. Health care premiums are increasing much faster than the rate of general inflation and faster than workers’ earnings. In 2004, health care premiums rose at a rate five times the general inflation rate and five times the increase in workers’ earnings. Source: Presentation by Brian Klepper, Center for Practical Health Reform, 9/22/04 based on calculations derived from Kaiser Family Foundation, Health Research and Educational Trust Employer Health Benefits Annual Survey.

We need to act as if our whole state is one community.” —Martha McLeod
**How the Market Does and Does Not Work in Health Care.** Market forces do not operate in health care in the same way as in markets for other commodities and services. True competitive markets require a number of elements, all of which are missing or altered in the market for health care services. Some of the requirements for a true competitive market that are missing or diminished in health care are: open information on pricing, multiple vendors providing similar products, information about product quality, and the opportunity for the customer to substitute a similar product. In health care, for example, patients don’t have good access to information about the prices of health care services and don’t have the same information as providers about what services they should use and when. Many communities are de facto “monopoly” markets that can only support a single hospital and a limited number of physician providers; adding competition would only decrease the financial stability of the health system.

In addition, a number of forces are at work in health care that are not common in conventional markets, including the inability to plan for many health care “purchases” and the trust-based and personal nature of patient/provider relationships. In health care we also see the phenomenon of supply-induced demand, which can increase the number of procedures and medical visits because the supply is present and available.

Government is a major presence in the health care market, paying for approximately 50% of the nation’s health care bill and regulating much of the sector.

Although expanding market competition is not a panacea for the problems in health care, it is possible to do a better job of providing patients and health care purchasers with information about the value, quality, and pricing of health care services and insurance products so that they can make more informed decisions in their health care and coverage choices.

**Evidence-Based Practice.** From research and experience, the medical community now understands what constitutes effective practice for many medical conditions. Unfortunately, significant variations from best-practice standards are common. It will be a challenge for New Hampshire’s health care system to move all of our health care providers to the best, evidence-based practices, and substantive change will require realigning financial incentives to encourage providers to practice to these standards.

**Transparency and Open Access to Information.** Throughout its work, the Citizens Roundtable repeatedly found that important questions about health care in New Hampshire could not be answered due to the lack of data and information. In some cases, data that would answer important questions is just not collected. In other cases, the data is collected, but is kept from the public for various reasons, usually under the rubric of provider or insurer confidentiality. Sometimes information is collected, but is not maintained in a form that can be analyzed or is warehoused with no resources for analysis. We believe that on an issue of this importance—and one that involves huge public and private expenditures—accurate, transparent information is crucial for effective decision-making. The privacy of individual health information can be absolutely protected and assured, but information on costs, prices, claims, and payments for health care and related insurance should be open and transparent, to allow evaluation of the cost for care, the quality of care, and access to services.
BLUEPRINT FOR CHANGE

New Hampshire prides itself on careful stewardship, on responsible management, and on getting ahead of problems before they get out of hand. The challenges outlined in this report are just that—challenges that require prudent planning and prevention. The health care system is threatened with instability but is not yet in crisis. We can act now, carefully and deliberately, to stabilize and improve our health care system, and do what needs to be done. Though we can't solve all the challenges of the national system from here in New Hampshire, we can take important steps now. More detail on our immediate and longer-term recommendations follows, but in summary:

• We need to work together to keep the health care system stable. We must work to maintain the coverage people already have and keep the cost of care and insurance premiums under control. We need to avoid additional burdens on employers trying to provide insurance. Increases in costs lead to increases in premiums, which lead to loss of coverage, and those costs just shift back to the remaining employers.

• We need to maintain our public insurance programs, such as NH Healthy Kids, that keep many of our residents as functioning pillars in the system. We also need to avoid wholesale budget cutting that cuts payments to health providers and will lead to greater costs arising elsewhere in the system. While it is tempting, for example, to cut payment rates further for hospitals or care providers caring for Medicaid patients, the costs for that care will just shift to those paying for private insurance.

• We need to make sure that we have the necessary information to understand and make important decisions about our health care system. We can provide quality care and control costs, and to do that we must put in place information systems that are essential to increasing effectiveness (quality) and controlling costs of health care. In addition, we need to change some dysfunctional incentives that are contributing to rising costs and that do not always lead to better care. We need to develop a system that encourages and rewards effective, evidence-based treatment and responsible consumer choices, and in which patients and their families are informed and involved.

• We need to keep a collective eye on how well our health care system is working for our state. We recommend forming a private/public partnership for this effort that can continue work on the recommendations outlined in this report. That group should take a big picture look at the health system as a whole, evaluating the health care needs of the state over the next five to ten years, assessing the current capacity, and determining how the existing health care system can meet those needs.

“I am here because my organization recognizes that we cannot solve these problems by ourselves.”

—Richard Showalter

A Cautionary Note

As legislators and regulators and as patients, health care providers, purchasers, policy makers, and voters our first responsibility is to be thoughtful and deliberate in any of our actions that will affect the health care system. As forces move the health care system toward a more precarious state, a careless combination of relatively small actions could combine to cause serious results.
Practical First Steps

New Hampshire is ready for practical, effective action. By taking the initial steps outlined below, followed by a concerted and continuing effort that brings together all of the stakeholders, we can move forward.

**First, We Need to Keep Working Together.**

We need an ongoing effort on this challenge that will bring all of the stakeholders together to take a comprehensive look at the issues. The Citizens Roundtable recommends the formation of a new group that would carry forward these recommendations and engage all of the stakeholders in an open, collaborative process to assure the ongoing health of our state’s health care system. In our view, such a group should be non-partisan, be broadly representative of the state’s residents, and be constituted to have considerable influence, but not authority, on issues related to health care.

One potential role for this group, in addition to carrying forward and expanding on the recommendations of the Roundtable, would be to assist the State of New Hampshire, perhaps in a partnership of state government, providers and citizens, in evaluating the health care needs of the state over the next five to ten years, assessing the current capacity, and determining how the existing health care system can meet those needs.

**We Can Take Some Immediate Actions**

The Citizens Roundtable identified the following immediate actions to help keep the system stable:

- Maintain insurance coverage for as many individuals and groups as possible. Encourage employers, including municipalities, school districts, and other public sector employers, to maintain coverage for their employees and families to the greatest degree possible.
- Avoid cuts to Medicaid, NH Healthy Kids (the State Children’s Health Insurance Program), and other public programs. Such cuts would cause more people to lose public coverage, shift costs to the private sector, and destabilize safety net providers.
- Avoid changes to insurance laws and regulations that would cause covered people to lose insurance coverage. The loss of coverage causes a shifting of care and costs to the public sector and to the safety net, destabilizing these essential community care providers.
- Strive to contain costs for insurance coverage and health care. Increases in insurance premiums will cause more employers and individuals to drop coverage. Increases in the cost of care will cause premiums to rise, with an even greater decline in private insurance coverage and more cost shifting to the employer and private insurance market.
- Avoid additional mandates for insurance coverage of additional services or coverage beyond what is currently required.
- Avoid expansions of health facilities and new technology whose value to the system of health care is yet to be determined.
- Shore up the safety net and assure adequate government support for the essential community providers—the community health centers, public health departments, community mental health centers, community clinics, and hospitals and their emergency departments—that are providing health care for the increasing number of our residents who lack insurance or who are underinsured.
- Work to encourage that all health care providers share fairly in providing services to people who are on Medicaid, have lost coverage, or are underinsured.
- Avoid creating a climate in New Hampshire, as has happened in other states, where escalating malpractice premiums cause medical specialists to leave practice.
WE NEED TO MAKE SURE WE HAVE THE NECESSARY INFORMATION

The Citizens Roundtable was often frustrated in its efforts to understand the health care system in New Hampshire by the lack of access to essential data and information. We believe strongly that we need open and transparent information on all aspects of the health system.

Our recommendations for immediate action to assure that we have access to the information we need to assure a stable health care system and to make the necessary improvements are:

• The departments of Insurance and Health and Human Services should complete the work on the Comprehensive Health Care Information System (NHCHCIS), the universal claims database authorized by the legislature in 2003. Regulations governing the collection and release of the data should support public access and analysis while simultaneously ensuring complete patient confidentiality. The NHCHCIS must be adequately funded.

• The Department of Insurance should continue its efforts to provide public access to data and information on all facets of the health insurance market in New Hampshire. To the extent necessary, legislation should be enacted that guarantees public access to the supplemental data filed by insurance carriers and assures comprehensive view of the insurance system.

• We need to promote greater transparency in how health insurance premiums are determined by making rating factors public.

• Data on medical malpractice cases, settlements, costs, and medical malpractice insurance premiums should be collected and reported in a comprehensive system. The Board of Medicine, court system, and Insurance Department all have current responsibilities in this area. The Board of Medicine, in particular, should collect uniform and more detailed information on claims and settlements as part of its licensing process.

• The Department of Health and Human Services should publish an annual report on Medicaid operations that includes information on the cost and reimbursement rates for all Medicaid services, services used, numbers of recipients, and important trends in Medicaid-paid health care.

• Hospital discharge data should be monitored regularly for changes in the number of discharges of uninsured patients and the cost of care to those patients.

• Because “charges,” or list prices of health care services often bear little relation to amounts actually paid by insurers and public programs, providers and insurers should make actual payment information available to the public. This would allow citizens to compare real prices across providers and among insurance carriers.

• Current plans by the departments of Insurance and Health and Human Services to provide health care price and quality information on the Internet should be rapidly implemented. The information from both departments should be seamlessly integrated in a way that reflects a reader’s information needs. Once the initial pilot data sets are online, these efforts should be expanded.

“Data leads to information, which creates knowledge, which leads to understanding, which results in solutions.”
—Paul Spiess

Medicaid Restructuring Proposal

A plan to restructure New Hampshire’s Medicaid program was unfolding over the same period that the Citizens Roundtable was doing its work. The draft of the proposal was not available until late in the Roundtable process; the data on which the assumptions were based were still not available as this report was being written.

Because of limited information, the Citizens Roundtable is not in a position to evaluate or comment on the proposed changes. It is clear to us, however, that Medicaid is an integral part of the health care system in New Hampshire, and that any changes to Medicaid must be made with care and concern for the potential effect on the system as a whole. The Roundtable believes that all of us—including State government, community systems, and individuals—must work together to strengthen and stabilize our health care system.
**Next Steps: A Plan for Further Action**

In addition to its recommendations for immediate action, the Citizens Roundtable has these longer-term recommendations for action over the next one to five years.

**WE CAN FIND WAYS TO MAINTAIN AND EXPAND INSURANCE COVERAGE**

Coverage includes all forms of private and public coverage, from employer-based insurance to public insurance. We recommend that the following options be studied and evaluated for their potential to help maintain coverage for those who have insurance and expand coverage to those who have not been able to stay in the system. Some commonly cited options, such as purchasing alliances and medical and health savings accounts, have already been enacted in New Hampshire but are not yet widely used.

**HELP EMPLOYERS, ESPECIALLY SMALL BUSINESS, INSURE THEIR WORKERS**

Small business is the backbone of the New Hampshire economy, and our business owners know that a healthy work force is a real “New Hampshire advantage.” We need to help our small business owners who are trying to “do right” by their employees and their families and keep them insured. The Roundtable recommends that we:

- Further study tax credits for small employers to provide insurance coverage. Widely cited as a strategy, such tax credits present challenges given New Hampshire’s tax structure. Further study and evaluation of options is needed.
- Explore subsidies for employer insurance. Employer subsidies are another often-cited strategy for maintaining and expanding insurance coverage but present considerable challenges. More study would be needed to see if this would be a viable option.

**Small Group Insurance Law Changes—SB 110**

The Citizens Roundtable feels it is important to address the current public discussion of the recent changes to health insurance law, called Senate Bill 110 (SB110). SB110 moved from community rating in the small group market (sharing the risk across all businesses with fewer than 100 employees) to an underwritten approach for businesses of fewer than 50 employees. Businesses’ premiums are affected (or “rated”) by the age, health status, location, and occupation of the employees in the group and their families. It seems likely that employee groups with older, sicker workers in more risky occupations and more expensive areas of the state (i.e., those most likely to need insurance) may be those most likely to see a steep rise in premiums that will cause the employers to drop coverage, leaving the group without insurance.

The Citizens Roundtable recognizes the convictions that led all of the participants in the discussion to their conclusions. The data necessary to analyze the true impact of this law is not currently available and may never be. We are not able to take a position on whether or not the law should be endorsed, amended, or repealed. However, we find it important to make note of the following:

- Although intended to increase competition by bringing more insurers into the market, SB110 has contributed to fragmentation in the insurance market. Fragmenting the market by geography and by business size does not improve the most important characteristic of a risk pool—size. A relatively small financial advantage for one group or in one area of the state may have come at the cost of a major financial disadvantage and social dislocation in others.
- It is clear that SB110 did not cause all of the current problems with the health insurance system in New Hampshire. Nonetheless, the unintended consequences of this legislation merit serious and thoughtful review.
Maximize Federal Dollars for Public Insurance

Our reliance on employment–based health insurance leaves gaps—situations like a first job, loss of a spouse, a family whose wage-earners have jobs with no benefits, or being downsized into early retirement—where private health insurance is not available or affordable. The Citizens Roundtable recommends that we:

- Maintain and consider expanding the State Children’s Health Insurance Program, NH Healthy Kids, to provide expanded coverage to children and others. Because of the highly favorable federal matching dollars (the federal government provides 65% match to 35% state funds) this could be a cost-effective way to get and keep more people covered and in the system and could be expanded to other eligible people, including older teens and young adults, families, and other adults.

Make Insurance Purchasing Clearer and Expand Options

Employers, small business owners, and individuals face a confusing array of options and insurance products, and sometime the products they need or could afford are not available. The Citizens Roundtable recommends that as a state we:

- Consider requiring standardization of benefit packages (similar to the standardization of Medicare supplemental insurance packages) to promote accurate comparison of insurance products by both employer purchasers and employees.
- Consider requiring tiers of coverage be offered in all insured groups to allow more affordable options for participation.
- Investigate regulatory options and market incentives for better catastrophic coverage products.
- Investigate state pooling of reinsurance, or state-funded and purchased reinsurance for catastrophic care, as a means to bring down premium costs.
- Promote and support with legislation the best options for employer group purchasing that will reduce costs, increase purchasing efficiencies, and avoid promoting risk selection (the practice where insurers try to insure only the youngest and healthiest groups).

We Can Improve Quality and Manage Costs

The Citizens Roundtable considers quality and cost to be inextricably linked in what is called the “Value Equation.” In health care, value is found by considering quality and cost together—the greatest value is high-quality care at the lowest possible cost. High quality care can commonly cost less, not more. We have the following recommendations for increasing the value of health care for New Hampshire residents:

Promote Health and Prevent Illness and Injury

To a large degree our health as individuals and as a state is in our own hands. More than 60% of premature death is caused by our own behavior, social factors, or the environment. The Citizens Roundtable recommends that, as individuals and as a state, we:

- Expand our collective focus on the prevention of illness and injury through proven effective education, social marketing, and intervention activities.
- Continue to develop the capacity of our public health systems and provide support for population-based health planning.
- Work to take better care of ourselves through better diet, exercise, reduced tobacco and other substance use, and other sound preventive habits.
**IMPROVE CARE QUALITY**

The Citizens Roundtable saw evidence that we could significantly improve the quality and value of care by promoting proven standards of care and practices among both providers and patients. Our recommendations are to:

- Take steps to infuse evidence-based standards of care into all aspects of patient care. Where evidence exists to support standards of care, health care providers, purchasers, and patients should work to make sure that those standards are widely used and understood.
- Implement cost-effective chronic disease management to help individuals with chronic illness manage their own care and prevent more serious illness.
- Work to eliminate over-utilization of unnecessary services and diagnostic tests.

**IMPROVE INFORMATION TECHNOLOGY**

The Citizens Roundtable found great opportunities for improving the value of health care through improved information systems and greater transparency of information. Improving information technology in health care can help reduce costs and is essential to good financial management. Clinical information systems are also essential for improving the quality of care, reducing medical errors, and assisting in the rapid deployment of evidence-based standards of quality patient care. Our recommendations are to:

- Develop a public/private alliance to support greater use of Electronic Medical Records (EMR), Computerized Physician Order Entry (CPOE) systems, and other recognized improvements in information technology.
- Study potential financing mechanisms for systems investments, including public/private partnerships and state government loan programs.
- Develop regulations or incentives to software vendors to support standardized forms and codes, a standardized information technology between providers that maintains patient privacy, meets federal requirements for confidentiality, and reduces administrative burden.

**SHARE INFORMATION**

In addition to its recommendations earlier, the Citizens Roundtable strongly recommends greater transparency of information to support improvements in value, quality, and cost. As a state, we should:

- Develop systems to collect and publish data on charges, cost, and quality measures for providers and institutions. Such information will inform patients in their choices, but will have its greatest effect in spurring institutions to compare and improve performance.
- Educate patients, the public, and providers about measures of value, quality, and costs across care options and help patients become informed users of the health care system and wise stewards of its resources.
- Develop systems to support informed patient self-care, increase healthy behaviors, and encourage health self-management. Investigate use and effectiveness of computer-based systems that support health self-management and self-triage for common conditions.
- Support patient-focused care as a means of improving value and patient satisfaction.

“In every other business we have to have information systems that will talk to each other and provide our customers with useful information. Health care should do the same.”

—Linda Lovering
WORK TOWARDS COMPREHENSIVE MEDICAL MALPRACTICE REFORM
Thoughtful and comprehensive medical malpractice reform has the potential for positive change in the health care system. Considered in the total cost of health care, the cost of malpractice insurance is quite small, although it is large for some individual providers and has had an effect on the supply of providers in some specialties and in some geographic areas. The estimates of the cost of “defensive medicine” — when a provider orders tests or procedures because they fear being sued — are controversial and vary widely. Deeply held, opposing positions make action on the malpractice issues challenging, but progress is possible. We recommend:
• Exploration and analysis of a comprehensive package of malpractice reforms that will rebalance the medical malpractice system, emphasize quality patient care and error reduction, retain an adequate supply of medical providers, provide adequate financial recompense for injured parties, and contain costs.

CONCLUSION
The Citizens Roundtable sees great opportunity in addressing the challenges that face our state and its health care system through thoughtful public decision-making. Certainly national forces have great influence on how health care is financed and delivered in New Hampshire, but much remains within our control as individuals, as institutions, and as a state. New Hampshire is a small state and enjoys the commitment to civic and civil deliberation that make change of this nature possible. Our recommendations are not intended as a panacea or an overnight cure for the ills of the health care system, but they are important steps on the road to a healthier health care system. We have a strong foundation of communities and institutions on which we can build a stronger and better health care system, one that provides quality, accessible, and affordable health care. We believe we can make a difference and protect the future health of our health care system. Doing so will require hard work, setting priorities, a willingness to compromise, and the flexibility to enact change among all of the stakeholders. To do any less is simply not an option.

3 Ibid.
11 Katherine Baicker and Amitabh Chandra, “Medicare Spending, the Physician Workforce, and Beneficiaries’ Quality of Care.” Health Affairs Web Exclusive, April 7, 2004.
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The Pillars Project – The Endowment for Health


ABOUT THE CITIZENS ROUNDTABLE

In September 2004, the Endowment for Health convened a group of New Hampshire citizens to assess the growing challenges to New Hampshire's health care system. Drawn from all areas and sectors of our state, the Citizen Roundtable members represented a broad diversity of experience and opinions about health care quality, how health care is paid for and made available, and how well our health care system is working for our state.

The Citizens Roundtable met from September through December 2004 in a series of meetings that combined informative presentations from New Hampshire and national experts and thoughtful discussion of information, issues, and their implications. The presentations and background information covered a range of topics including the financing of health care in New Hampshire, policy options, and national work on health care quality and performance measures.

Expertise in health care was not a prerequisite for participation, and the Endowment believed from the beginning that success in this effort depended on bringing together people from inside and outside the health care system who are concerned about the issues and committed to finding solutions. Community leaders and representatives from the full spectrum of our business community were invited to participate. Stakeholders involved in providing and financing health care were also invited, as were the two agencies of State government that are most directly involved. Our participants from the government departments limited their participation to providing information and feedback, but did not participate in the actual deliberations or join in setting priorities or making recommendations. The representative of the Department of Health and Human Services participated in one session of the Citizens Roundtable.

It was with regret the Citizens Roundtable could not include representatives currently working in the health insurance industry, because it was felt that their participation could raise legal and ethical concerns, particularly in regard to anti-trust issues. However, a number of members of the Roundtable had previous experience in the insurance industry and were able to provide the perspective of that sector of the health care market.

The Citizens Roundtable also benefited from the time and generous input of a number of institutions and individuals who provided research support and invaluable expertise throughout the process.

ABOUT THE PILLARS PROJECT

The Pillars Project is an initiative on health care quality, cost, and coverage of the Endowment for Health and includes the Citizens Roundtable's work and other efforts on the issues facing the health care system. The Pillars Project takes its name from a metaphor that proved popular with its members, in which the health care system is perceived as a structure with various supporting groups keeping it stable. According to this view, the more that groups are forced out of the system, the less stable it becomes.

The Endowment for Health is a statewide, independent, private, nonprofit foundation created in 1999 as a result of the sale of Blue Cross Blue Shield New Hampshire to Anthem Insurance Companies, Inc. The mission of the Endowment for Health is: To improve the health and reduce the burden of illness of the people of New Hampshire. This statement, which was the original mission of Blue Cross-Blue Shield New Hampshire, continues the legacy of that organization and its 60-year history as a nonprofit corporation.