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Letter from the Editor ... In This Issue

by Gail M. Lawrence

It was about 15 years ago that Bill Clinton was elected, capitalizing on a weak economy with his famous slogan, "It's the economy, Stupid." For many of us in the health care industry, we waited with some trepidation for the unveiling of the Clinton health care plan, fearing that our jobs may become obsolete.

The political process for building the plan left a lot to be desired with secret meetings and little collaboration with the industry. It seemed that the momentum for health care reform was stopped in its tracks during a presidential town hall meeting when Mr. Cain, the then President of Godfather's Pizza, used some persuasive words to punctuate the point that "it's all about the cost, Stupid."

Fast forwarding a decade or so, I sent a letter to one of my Senators from Iowa, sharing my own particular vision of health care financing reform. I received a very nice reply that effectively said "it's not about the plan, it's about the cost, Stupid." He was right. It will take great political will and a large financial commitment to implement a federal solution for our nation's uninsured.

Despite the lack of action at the federal level, some states have demonstrated progressive leadership in the direction of universal coverage. Massachusetts implemented a plan in 2006, mandating that all citizens purchase health insurance that included premium subsidies for the lower income households.

The results of this plan are being monitored with great interest by other states and the general approach is similar to that being advocated by a number of presidential candidates. We thought you'd be interested too, so an update on the Massachusetts plan is our lead article. It was written by Bela Gorman, a consulting health actuary who lead a 2006 study on the impact of merging the non-group and small group markets for the Commonwealth of Massachusetts.

It seems that controlling health care costs will be a perpetual issue, especially with all of the perverse incentives and supply-induced demand for health care. The conundrum is the delivery of quality health care we need, which is probably a lot less than the health care many want. Providing the proper incentives to providers for the efficient delivery of quality care would be a huge step in the right direction.

Geisinger Health Plan has implemented some innovative programs to reimburse providers for *an entire episode of care* designed to both improve quality and reduce cost. These improvements were possible through better integration within the health care delivery system and the application of actionable and verifiable best practices. Other health maintenance organizations may want to consider developing similar programs.

Actuaries can have a role in the design of innovative provider reimbursement systems that can encourage changes with proper incentives. This point was raised by John Cookson in his takeaways from the Annual Quality Colloquium at Harvard.

Providing the right incentives through risk adjustment in state Medicaid programs is the topic presented by Winkelman and Damler. Theirs is a thorough primer on the pros and cons of alternative risk adjustment techniques being used today.

Weible and Shanks present the impact of proposed legislation that would reduce the amounts that Medicare Advantage plans are paid. The impact of this legislation would be far reaching, affecting health plans, providers and Medicare beneficiaries.

And last, with this issue we introduce Rajiv Nundy as our featured interview and we welcome the new Health Section Chairperson, Jim Toole. I'd like to thank Jim for his many contributions to *Health Watch*, both as an author and a leader in recruiting content for our readers.

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