HEALTH POLICY AGENDA FOR
THE EARLY 21ST CENTURY

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As the 20th century draws ever closer to its end, the following health policy issues command most of the attention at federal and state governmental levels, as well as in multiple sectors of the nongovernmental arena:

- There is growing evidence that the Health Care Financing Administration (HCFA) is encountering increasing difficulties in implementing the Balanced Budget Act of 1997, more specifically, in launching Medicare + Choice. The difficulties that it is encountering in implementing the new legislation can be traced to the complexities inherent in the drafting of the Balanced Budget Act. Alternatively, criticism could be levied at the Congress for cutting back on the funding required to speed the act's implementation; more simply, a friendly observer could proffer an explanation that reminded everyone that elderly beneficiaries have had little or no prior experience in making such complex health care choices.

- On June 25, 1998, the American Opinion Supplement of the Wall Street Journal used as its headline, "Health Care Is the Issue of the Decade: Anger with System Finds Pressure for 'Patients' Bill of Rights.'" One of the two front-page articles had the following title: "Americans Tell Government to Stay Out—Except in the Case of Health Care." As of the middle of July 1998, Congress had not yet concluded its deliberations and voted on the Patients' Bill of Rights, but the odds suggest that it will impose a number of restrictions that are favored by the public, even though these changes will add some additional costs to an already very costly health care system.

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A congressional commission has begun work on exploring alternative financing and other changes in the Medicare program so that it can be positioned better to deal with the baby boomers who start to become eligible for coverage after 2011. It is problematic that Medicare can be made whole for the longer term without increasing the tax rate, without increasing the premiums on higher income beneficiaries for Medicare B, and without moving in the direction of making Medicare a defined contribution rather than a defined benefit system.

Congress made many billions of dollars available to speed the health insurance coverage of low-income children, an effort that is proceeding with mixed results, with some states moving energetically to sign up the eligible uninsured, while other states appear to be dawdling.

In shifting attention from Washington, DC, to state capitols, one finds most state health officials focusing on enrolling more and more of their Medicaid-eligible population in Medicaid managed-care arrangements. As of mid-1998, however, the outcome of these efforts is still far from clear. A considerable number of for-profit managed-care companies, which earlier had been enrolling Medicaid-eligible people, have decided to leave the field, and none of the large industrial states has moved very far as yet to contract with managed-care plans to care for the disabled and the elderly, who, although they account for only 30% of all Medicaid-eligible people, are responsible for about 70% of all Medicaid outlays.

The last item on the health policy agenda at century’s end can be described best as multiple organizational initiatives, primarily in the hospital and managed-care arenas, in which acquisitions and divestitures continue apace via new entrants, networking, mergers, and system building, as well as many sell-offs, withdrawals, and consolidations, with great variations in profits or losses in the short, middle, and longer terms.

It would not be difficult to identify, in addition to the six policy agenda items identified above, an equal or a greater number of items that would be recognized by many informed persons as significant issues, though possibly of lesser prominence. Since our central concern is to consider the health policy issues that are likely to command attention during the first decade of the next century, however, we turn our attention to them.

The number of uninsured continues to increase and, when added to the estimated number of persons who are underinsured, brings the combined total to around 70 million, or about 1 of every 4 Americans. An increasing