

Review & Commentary on Health Policy Issues for a Rural Perspective – August & September, 2006

Go Past Political Labels to Recharge America

Warning to readers with a strong partisan position—you may wish to skip over this article. From “15 Ideas to Recharge America,” *Newsweek*, 6/12; the complete article is at < <http://www.msnbc.msn.com> >:

“Can the United States remain competitive in the changing global environment? *Newsweek* asked 15 leaders in the fields of science, technology, education and business to assess the challenges we face and to offer some solutions. Entrepreneurs and venture capitalists from Silicon Valley addressed the issue of how immigration policies help—and hurt—our competi-

tiveness; educators from the East spoke of the need to beef up basic skills like math and science in our schools, and to re-create the scope of investment in university research that triggered the technology boom following World War II.”

“Should the Internet remain ‘free’? Has the erosion of core values—like the rewards of hard work and the postponement of short-term gratification in favor of long-term gains—weakened our future? Should we be frightened by the explosive growth of countries such as China and India, or see it as an opportunity to expand our own horizons? Some voiced frustration at the federal government, while others pointed fingers at big business. But all agreed there is a lot of work to be done.”

RWHC Eye On Health



“I’m sorry, but ‘male, pale and stale’ doesn’t refer to a bad beer.”

“**We Need to Fix Our Schools: *The key to long-term success is to cut down government regulation***—Sure, there are major problems in education. But they are not new. School boards struggle with growing state and federal regulation. When a government monopoly is underperforming, politicians just add more state and federal rules, which only makes the monopoly less performance-focused. The solution is to free our school districts, and to make it easier for educators to form more charter public schools to provide healthy competition and increased innovation. When we have monopolies, we need plentiful regulation. But if we embrace charter schools as competition, we can eliminate most of the government regulations that are strangling school districts.”

“**Spend More on Research: *Half of our growth since World War II is thanks to technology***—The 21st century economy is fueled by competition that is innovation-based rather than resource-based. Keeping our innovation system strong will be key to the

United States' remaining competitive. To do that, we must invest in talent and research. First, that means investing in education—especially core science, math and engineering. Second, we must invest in university research. By the mid-1960s the United States was investing, in terms of federal dollars, about 2 percent of GDP in research. This year, it's about 0.8 percent. Robert Solow, an MIT faculty member and Nobel laureate in economics, did a study that estimated that 50 percent of this nation's economic growth since World War II can be attributed directly to technology. That's a big fraction. We shouldn't back off investments that fuel that kind of economic growth."

"Change the Culture: *It's time to emphasize creativity in technology and science*—We don't revere scientists and engineers anymore. We revere movie stars. We're at the point of too much tolerance of laziness and bad behavior. It's not that we should all be uptight, but let's acknowledge that it's a good thing to be studious, to be hardworking. We need to celebrate and encourage creativity that's not just artistic but also functional. Politicians and the media pander. They rarely inspire or challenge, and we need people to start feeling the satisfaction of rising to a challenge, rather than being given self-esteem because they tried. Yes, it's good to try, and failure is not dishonorable. But actually achieving something is worth celebrating."

"View Rivals as Partners: *Competitors can present opportunities rather than threats*—It's pretty clear to me that in somewhere between 10 and 20 years,

The **Rural Wisconsin Health Cooperative (RWHC)** was begun in 1979 as a catalyst for regional collaboration, an aggressive and creative force on behalf of rural health and communities. RWHC promotes the preservation and furthers the development of a coordinated system of health care, which provides both quality and efficient care in settings that best meet the needs of rural residents in a manner consistent with their community values.

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the Chinese economy will eclipse that of the United States, and it will go even faster if our currencies come into balance. Every country benefits from the strength of the others. If Mexico were a much, much stronger country both economically and politically, crossing the border would go both ways and no one would think about putting up a bunch of walls. We need to recognize that geographic barriers are crumbling and people are going to be more mobile, so geographic boundaries are less important. Businesses are going to be global. That will force governments to compete. They will have to adopt policies that attract capital and great minds to their countries."

"Look Beyond Political Labels: *We have to draw on ideas all across the spectrum*—We live in a world moving at Internet speed, where India and China aren't playing for second place. Confronting this challenge will require a national competitiveness strategy that connects the dots between education, our human capital, our intellectual capital, our inadequate infrastructure, the world's most expensive health-care system, fair-trade policies, the fiscal meltdown in Washington and an energy strategy that decreases our reliance on foreign oil, addresses global warming and increases American jobs. A comprehensive approach requires the real engagement of government, the business world and educators. And a recognition that the change needed in many areas will be transformational—not incremental. To get this right, we're going to have to draw on ideas all across the spectrum—and not worry about whether they come with party labels or D's and R's attached. These challenges demand that we move beyond left versus right and liberal versus conservative. It's got to be future versus past."

"Focus on the New Age of Creators: *Web sites like Flickr and Second Life depend on their users for content*—We are entering an age in which the most important economic actors are neither producers nor consumers, but creators. Blogs are the most obvious indicator of this creator trend, but other examples proliferate. Selling on eBay is creation, loading photos on Flickr or videos on YouTube is creation, as is adding an entry to Wikipedia. Just as the time clock symbolized the worker-centric economy and the credit card represented consumers, the computer mouse is the symbol of the new creators. Personal

media are very different from television, with its one-way message: shut up, watch and then go buy what you see. On the Web one must always be clicking, selecting and browsing. Personal media don't just allow two-way interaction—they demand it, and this is the cornerstone of the new age of the creator. This is truly a revolution without bystanders.”

“Bring Back Those Offshore Jobs: *We need to increase our factory workers’ productivity*—It’s impossible these days to not think globally. If you’re a high-tech company, your market is the world, and you have to think about it as soon as you start writing a business plan. Even companies with one or two people on staff are now turning to China for quick, small-scale, custom manufacturing. In the next decade, our outsourcing is going to bolster these countries’ economies—and eventually the cost of sending work there will rise. That will give us an opportunity to bring more craft-based, specialized manufacturing back to our shores. But we can’t do it unless we use technology—robotics in particular—to increase our factory workers’ productivity. Not just the giant robotic arms of big factories but also easy-to-program smaller robots that could help with more delicate tasks. If we stop funding the basic science that underlies this kind of innovation, it’s a recipe for long-term disaster.”

“Cut Out the Bullying: *Customer good will is a key aspect to building global success*—One underappreciated aspect of American competitiveness is how we are perceived in the world. Depending on the perception, it can have a real impact on Americans who are trying to do business globally. On the positive side, I still see a pretty deep reservoir of good will toward American entrepreneurship. When you meet business people in China or in Europe or in Latin America, you find that their conceptual model is the American entrepreneur. On the other hand, after the second beer they inevitably raise the question: ‘If America is such a great country, why is it such a polarizing force in the world?’ It’s a sign that geopolitical antipathy might have an impact on our economic competitiveness.”

“Let’s Extend the R&D Tax Cut More: *Spending on R&D increases our competitiveness*—If properly nurtured, research and technology will respond to the biomedical, energy and environmental imperatives

that we face in the 21st century. Not only will this solve problems and improve quality of life, but it will also bring about economic opportunities that we can barely imagine today. First of all, that means making the research-and-development tax credit permanent. This credit allows businesses to deduct part of their R&D spending from their taxes—and it has expired in the past. Two thirds of R&D spending in America today takes place in the private sector—that’s \$200 billion each year. Private-sector companies need to have a high degree of reassurance about what the tax treatment of R&D spending is going to be. The second component is increasing federal support for vital basic research in the core physical sciences. The third component is improving math and science education for America’s students to make sure that we’ve got a full pipeline of kids today who are going to be the scientists, mathematicians and engineers of the future.”

“Don’t Let the Big Guys Take Over: *Why letting the telecoms control the Internet is a bad idea*—We need to preserve Internet neutrality, which is key to American innovation. The Net is a two-way medium of mass communication with essentially no cost of entry, making it the perfect tool for re-distributing power from a relatively small group of very powerful people to much larger groups of people with small amounts of power. But now the telecoms are threatening to throttle innovation for their own profit. The folks in charge are saying, ‘If you want fair treatment, you have to pay to play.’ The big guys, who may not be innovating anymore, can say, ‘Hey, big telecom, here’s some extra money.’ In exchange, they get the extra privileges—and ensure that we don’t get a fair shake. You can bet that a system like that will, among other things, force a lot of development offshore. Net neutrality is the embodiment of American values: play fair, work hard and get ahead. We need to protect that vision.”

“Get a Handle on All That Data: *We need information before we can expect innovation*—Imagine that all the records of your life—photos, diaries, tax documents—were shoved haphazardly into a pile. Now imagine that on a national scale. From presidential libraries to protein databanks, this country is being deluged with data, and it’s so disorganized that we can’t even access all of it, much less search it easily. It may sound geeky, but we need a national data-management

plan. We have to decide what information to keep, and how. Scientists, business leaders and governments rely on this wealth of data to innovate—and students need it to learn.

With better data management, we could teach our kids to think creatively about real-world problems, with real numbers, rather than teaching them how to take standardized tests by rote. That will make them better innovators in the future. We've always had top-tier brains in this country; let's give them a data-rich environment where they can flourish."

"See Immigration as a Strength: *Having workers from all over the world gives us an advantage*—At the end of the day, what's exciting for people like me is how you turn technology and ideas into value. I think it's modern alchemy. You start with smart people, an idea, some basic technology, and out of that grow companies, jobs and value for shareholders. You don't want to be in a protective crouch—you want to be out there in the world and thinking, 'What are the things that are good for America?' That means being completely engaged in the flow of people, capital and goods around the world. At virtually every one of my companies, if you look around at a management or board meeting, you'll find people born in India, China, South Korea, Turkey, the United States—all over the world. The immigrant-rich society has a definite advantage."

"Wake Up About Stem Cells: *A patchwork approach may have unfortunate consequences*—Five years ago, President Bush allowed the federal government to fund research on human embryonic stem cells, but he limited the work to cell lines derived before his speech. The number of usable lines was never as large as he indicated then, and it has dwindled since. Because scientists and the public recognize the great potential of stem-cell research, various ways have been sought to overcome the restrictions on federal support. For example, several states, like California and New Jersey, have passed initiatives to fund stem-cell research. And stem-cell scientists at certain institutions, notably in New York and Massachusetts, have been helped by philanthropy. In these ways, important stem-cell work is occurring in the United States, and we can compete with other coun-

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tries with more supportive policies."

"Our medical-research enterprise has benefited enormously from federal funding

and oversight; ultimately, the new patchwork-quilt approach may have unfortunate consequences. Young scientists may be reluctant to enter the stem-cell field, with its unpredictable state and federal policies. Furthermore, with Congress under increasing strain to find money to support the National Institutes of Health, state and private funding may be viewed as an alternative, not just a supplement, to federal funding in other areas of medical research. This could undermine the opportunities traditionally expected by scientists and citizens in all the states of our nation."

"Face Up to Fiscal Realities: *Our current short-sighted spending habits threaten our future*—Increasing globalization of the economy brings with it ever more cries for improving U.S. competitiveness. Given the increasingly technological state of things, it is only natural that high on the competitiveness agenda is more investment in research and development, particularly at the federal level. But the awkward and unasked question is: where do we get the money to pay for this? Before we get too distracted by the 'richest nation on earth' rhetoric, let's look at some sobering fiscal realities: federal investment in nondefense R&D is getting crowded out by the ballooning cost of health care and retirement programs."

"Four decades ago these R&D expenditures were nearly 6 percent of the federal budget. Today they are less than 2 percent. During that period, spending on health-care programs like Medicare and Medicaid increased by more than 12 times as a percentage of GDP, whereas non-defense R&D spending fell by 60 percent. So let's face reality. We must get rid of our aggravated case of short-termitis, the mentality of 'I want it all,' 'I want it now' and 'I don't want to give up anything.' If we don't fundamentally reform our gargantuan entitlement programs and at the same time our gluttonous energy and consumption habits and meager savings levels, we simply won't have the resources for desperately needed R&D investments."

“Give All Children a Good Education: Turning out kids who can’t read at a basic level holds us back—Today we are far from actually being the place of equal opportunity we aspire so admirably to be. Half of the 13 million kids growing up in poverty in our country will not finish high school, and those who do graduate will be where eighth graders are in privileged communities. We are turning out so many kids who can’t even read at a basic level, and that holds us back as much as a deficit in math and science education. To me, this is a matter of fairness. But it is also the most promising strategy for unleashing the full potential of our country. Not only will we discover new human resources, but we will develop some of our most promising leaders and innovators—because kids who overcome the challenges of poverty and attain an excellent education are likely to have the grit and the leadership skills to take our society to a whole new place.”

Our Future Requires Redefined Town-Gown

From an online article by Roux et al. “Bridging the science–management divide: moving from unidirectional knowledge transfer to knowledge interfacing and sharing.” *Ecology and Society* 11(1): 4. 2006:

<http://www.ecologyandsociety.org/vol11/iss1/art4/>

“Sustainable ecosystem management relies on a diverse and multi-faceted knowledge system in which techniques are continuously updated to reflect current understanding and needs. The challenge is to minimize delay as ideas flow from intent through scientific capability, and finally to implementation to achieve desired outcomes. The best way to do this is by setting the stage for the flow of knowledge between researchers, policy makers, and managers. The

cultural differences between these groups magnify the challenge.”

“It is important to realize that there is a tacit dimension of knowledge, and how this renders the concept of knowledge transfer much less useful than the concepts of information transfer and technology transfer. Instead of knowledge transfer, we propose that ‘co-production’ of knowledge through collaborative learning between ‘experts’ and ‘users’ is a more suitable approach to building a knowledge system for the sustainable management of ecosystems.”

“This can be achieved through knowledge interfacing and sharing, but requires a shift from a view of knowledge as a ‘thing’ that can be transferred to viewing knowledge as a ‘process of relating’ that involves negotiation of meaning among partners. Lessons from informal communities of practice provide guidance on how to nurture and promote knowledge interfacing between science and management in R&D programs.”

Max Health, Min Cost Is a Multi-Sector Job

Wisconsin’s Strong Rural Communities Initiative (SRCI) based at the rural Health Development Council in the State’s Department of Commerce is working to improve health indicators for selected rural communities in Wisconsin and

significantly accelerate establishing collaboration for prevention as the norm, not the exception, in rural Wisconsin. SRCI believes that rural businesses and their employees constitute a major subset of the community who in partnership with public health and the medical community, can significantly accelerate their community’s overall acceptance/demand for prevention services.

RWHC Eye On Health



“Our thoughtful ivory tower is their irrelevant citadel.”

The SCRI emphasis on the critical need for medicine, public health and business to fundamentally find new ways to partner received a major affirmation from the county's top health policy

journal, *Health Affairs* in its July/August issue on the "State of Public Health." While written from a public health perspective, three particularly relevant articles are summarized below:

"Putting the Public in Public Health: New Approaches by Georges C. Benjamin. *A public health leader lays out his agenda for engaging the public, the business community, and policymakers in transforming public health.* Abstract: Improving health in the twenty-first century means adopting a new approach that engages the public, the business community, and public policymakers more than in the past. This approach depends on a well-informed public that practices individual wellness, values community health, and advocates achieving both. It requires a business community that views public health as an essential component of a healthy business climate and productive workforce. It also requires informed policymakers who agree that an investment in public health has important community benefit. Public health professionals must effectively engage these three groups if the public health system is to be transformed. [*Health Affairs* 25, no. 4 (2006): 1040–1043]"

"Can Public Health and Medicine Partner in the Public Interest?" by J. Michael McGinnis. *The divide between public health and medicine has a long history, but collaboration is beginning to happen.* Abstract: The dominant issues for health and health care today can be effectively engaged only if public health and medicine work together as better partners. Yet historical, professional, organizational, operational, and financial barriers exist to closer relationships. Fostering the necessary collaboration will require changes for both public health and medicine in leadership styles, professional education, practice incentives, accountability measures, and financing structures. [*Health Affairs* 25, no. 4 (2006): 1044–1052]"

Resource Links for Hospital and Health Care Leaders

http://www.aha.org/aha/resource_center/links.jsp

The American Hospital Association Resource Center has compiled an excellent, public list of selected resource links to information on health administration and related topics.

"Public Health and Business: A Partnership that Makes Cents by Paul A. Simon and Jonathan E. Fielding. *Business and public health share many concerns, such as the im-*

impact on commerce of a sudden disease outbreak. Abstract: Historically, public health agencies have had relatively few formal partnerships with private business. However, both groups share an interest in ensuring a healthy population. Businesses have a financial interest in supporting organized public health efforts; in turn, business partnerships can increase the reach and effectiveness of public health. This paper makes the case for the business sector's participation in the broad public health system and its support of governmental public health agencies. Examples of past and current partnerships exemplify how public health efforts benefit business and suggest opportunities for future collaboration to improve the public's health. [*Health Affairs* 25, no. 4 (2006): 1029–1039]"

Medicaid: Balancing Care, Coverage & Cost

From "Medicaid Reform: Balancing Care, Coverage, and Cost," a *Changes in Health Care Financing and Organization (HCFO) Hot Topic*, 6/05. "HCFO is a program of The Robert Wood Johnson Foundation, strives to bridge the health policy and health services research communities by reaching two primary objectives (1) to provide public and private decision-makers with usable and timely information on health care policy, financing, and market developments, and (2) to bring together the policy and research communities through significant convening, issues identification, research translation, and communication activities."

"In 2004, the total costs nationally for Medicaid were about \$295 billion. In addition, Medicaid is growing rapidly as a portion of state budgets. However, despite the large overall expense, the challenge with Medicaid reform efforts is to cut costs from what is already a lean program, spending less per person than private insurance after adjusting for age and health status."

“States administer the jointly funded federal-state Medicaid program, governed by a combination of mandatory federal coverage requirements and state options that qualify for federal matching funds. Because of the significant impact of Medicaid on state budgets, the National Governors Association (NGA) developed detailed recommendations for Medicaid reform that they presented in testimony before the Senate Finance Committee on June 15, 2005. The recommendations were billed as “short-term reforms” to “help modernize, streamline and strengthen this critical state program,” and included: prescription drug improvements, asset policy reforms, cost sharing provisions, benefit package flexibility, comprehensive waiver reforms, judicial reforms, and Medicaid partnership payment review by territory and jurisdiction.”

“Additionally, as part of the fiscal year 2006 budget resolution approved by Congress in April, lawmakers established a federal commission to recommend proposals to eliminate \$10 billion from Medicaid over five years, as well as long-term proposals to reduce Medicaid costs.”

“Beyond the partisan and politically charged disagreements that have underscored the nomination and selection of the federal commission members, the challenge to Medicaid reformers will be reconciling the goal of cost cutting with the need to provide quality health care. Cost efficiency in providing health care to the indigent and disabled also requires balancing

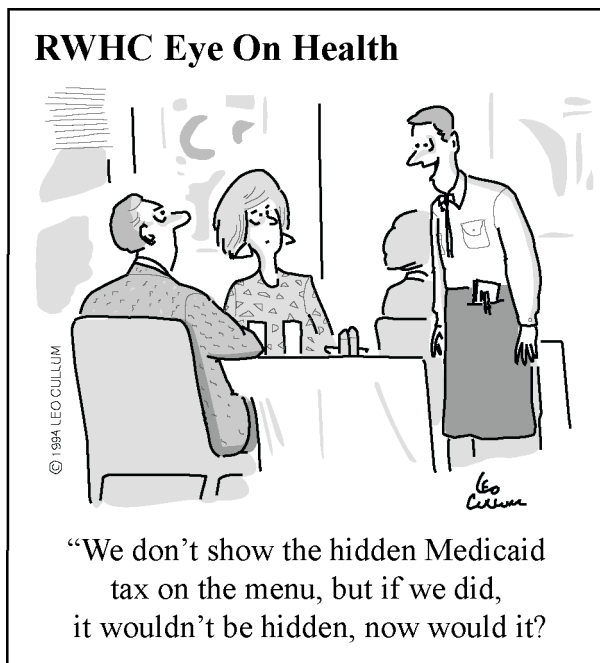
short-term costs of preventive care services against higher long-term expenses generated by the lack of such services.”

“Because the majority of rising costs are not caused by inefficiency of the Medicaid program itself, but rather by more systemic problems – such as the increasing number of people without insurance, the aging of the U.S. population, and the rising costs of health care in general—reining in the costs of the program will require comprehensive solutions that consider these long-term trends and their effects. For example, since many Americans do not have coverage for long-term care, they rely on Medicaid. Medicaid covers 43 percent of all long-term care, and the 25 percent of Medicaid beneficiaries who receive Medicaid long-term care coverage constitute 70 percent of Medicaid expenditures.”

Potential Solutions—“Potential Medicaid reform solutions will likely take a multi-dimensional approach, targeting categories such as the following.”

Contributing individual finances and planning.

- “To prevent entrance into the Medicaid system by those with financial resources to cover their own costs or a portion thereof, insuring that coverage is reserved for low-income persons and not as an asset protection program, one option considered is placing restrictions on, or imposing penalties for, asset transfers used to render people eligible for Medicaid coverage.”
- “Incentives to obtain long-term care insurance would extend individual ability to obtain coverage, and offset dependence on the stretched-thin Medicaid system.”
- “Fee scales based on Medicaid eligibility tests would help identify those Medicaid beneficiaries with sufficient financial resources to share costs.”
- “Premium subsidies for low-income individuals would offset disproportionate impact and avoid disenrollment/uninsurance effects that would otherwise increase the burden on costly emergency-based reactive health care.”



Altering benefits offered.

- “Offering more targeted services based on individual need would avoid redundancies and unnecessary expenses unjustified by true care needs.”
- “Increasing focus on preventive versus reactive medicine would avoid lowering short-term costs at the expense of increasing long-term costs, and would simultaneously improve quality of care.”
- “Limiting mandatory federal benefits requirements would allow states greater flexibility in determining optimal coverage schedules.”

Implementing administrative changes to lower systemic costs.

- “Using information technology would increase efficiency, cut costs, and improve patient care coordination among multiple providers.”
- “Forming cooperative purchasing pools would



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enhance state-level ability to negotiate better pricing for supplies and services.”

- “Increasing long-term care alternatives to nursing home care would minimize costs and improve quality for individuals who would benefit from such alternative residential settings, such as home- or community-based care, or assisted living facilities.”

Adapting private sector initiatives.

- “Health savings accounts would expand individual spending power, encourage individual fiscal responsibility, provide an additional coverage option for smaller businesses to provide employee benefits, and provide an option for coverage for individuals who would otherwise either be uninsured or dependent on Medicaid.”
- “Incentives for private employer-based health insurance coverage would minimize burden on the Medicaid system.”

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