

Thank you, Mr. Chairman. My name is Alan Levine. I am the Secretary of Health for Louisiana and served a similar role in Florida. I have operated rural and urban public and private hospitals and health systems, and have seen the healthcare system function - not from a single silo, but from its many interacting parts.

I will start by saying that our nation's health enterprise is full of success stories and miracles borne through innovation and the compassionate touch of millions of professionals who must practice every day within the constraints of what the mounting evidence shows is a fragmented, dysfunctional system. I am here today to support systemic reform of health care and to advocate every American have access to affordable health insurance. However, covering the uninsured by simply expanding government programs like Medicaid and Medicare - without structural reforms - is not a solution, and in fact may make the problem worse – particularly from the states' perspective. Let me explain by way of example.

In Louisiana, we are proud 95 percent of our children have insurance coverage. However, most are covered through Medicaid. While they have coverage, only 39 percent accessed a dentist last year. Only 55 percent of our infants 0-15 months received their recommended well-child visits. Our infant mortality rate is the second highest in the nation, and our death rate among children is the second highest in the nation. We have one of the highest rates of insured children, but the real question is, does Medicaid's one-size-fits-all fee-for-service system provide access, proper diagnosis and coordination of needed services? Considering 56 percent of Louisiana's Medicaid population is African American, and nationally, 56 percent of the Medicaid population is minority, we are literally, as a matter of practice, institutionalizing the very disparities we all want to address.

According to several reports, as much as 30 percent of what we spend in America does nothing to improve outcomes. Who is accountable for this? In what industry would a purchaser accept paying a 30 percent premium for

services that don't add value? Medicaid and Medicare were originally designed to simply pay claims – a financial process at its worst breeding waste, corruption and fraud, and at its best, supporting payment policies that incent legal but unnecessary and sometimes even harmful care. Many argue the low administrative costs of Medicaid and Medicare are reason enough to expand a government - operated solution. I argue it doesn't cost much to simply pay claims. But the hidden cost of inefficiencies caused by not coordinating care, managing chronic illness, and chasing fraud, costs tens of billions of dollars each year.

To quote Dr. Ezekiel Emanuel, special advisor to the White House on health care reform, “The health care delivery system is a fragmented, fee-for-service arrangement that emphasizes delivery of more services rather than the right services.” I could not agree more. Why is the C-section rate 12.5 percent in Minneapolis, but 26 percent in south Florida? Or why does Louisiana have the highest Medicare cost per capita but the worst health outcomes? Just last week, 3 more

physicians in south Florida were arrested for Infusion therapy fraud. In 2005, providers in two south Florida counties submitted more than \$2.2 billion in claims for infusion therapy – 22 times the total filed by the rest of the country combined, even though only 8 percent of the HIV/AIDS Medicare population resides there. We will never catch up with the fraud or the inefficiency if our system is designed to pay claims first, and ask questions later.

Even states are forced to resort to gimmicks in Medicaid to optimize federal funding – a persistent source of frustration for Congress and the executive branch. Through creative means of financing, states expend enormous effort drawing more federal dollars in order to hold their programs together. In most cases, we do so only in form, as even while the costs continue to rise, we struggle to maintain access to providers.

We believe the solution is structural reform that provides each American with access to health insurance that harnesses the resources and infrastructure of the private sector and government. Consumers should have choice, with

government acting in its proper role of ensuring transparency, and providing the system with the proper oversight. I again agree with Dr. Emanuel, who has said the advocates for single payer systems fail to recognize the very organizations with the infrastructure necessary to coordinate care and implement the technology to develop rational payment models are the very insurance organizations they disfavor.

Opportunities exist to correct the tax code to eliminate the bias against individuals – particularly low income individuals. Rather than segregate the poor into government programs like Medicaid where they are confined, without choice, to poor outcomes – low-income Americans could be provided with premium assistance and be permitted to choose their own certified health plan, and have a choice of public or private plans that all meet stringent requirements. The premiums should be risk-adjusted and align the financial incentives with early identification of people with chronic conditions. Each plan should be measured publicly on key performance metrics, such as how well they improve access

and diagnosis – particularly for children, comply with evidence-based and technology-based management of chronic disease, and engage consumers in their own health behaviors. Evidence shows these models work. We should reward those plans that meet aggressive goals, and financially punish – or even exclude – those that perform poorly.

The heart of the system should be each American having an accountable Medical Home, with payment systems designed to reward primary care physicians who comprehensively *manage* their patients rather than simply rewarding them for seeing *more* patients. Providers who follow standards of care should not face the legal risks that often unfairly follow poor outcomes. And we need to invest in more training opportunities for future physicians to address what will soon be a crippling shortage of primary care and allied health professionals, with a particular eye toward underserved areas.

Finally, we must address the fragmented long-term care system and develop a strategy for how we ensure the dignity

of aging in place.

Mr. Chairman, there are so many good things about our health care system. But we are facing headwinds unparalleled in our history, and failure to make the right changes now can threaten the very strengths of which we are so justly proud. We stand ready to be helpful. Thank you, and I look forward to answering your questions.