

## Comments on Analytical Findings and Assumptions

Erik Marquis

Fri 7/16/2021 9:22 AM

To: CHHS Healthy CA For All <HealthyCAforAll@chhs.ca.gov>

Hello Members of Healthy CA For All,

Thank you for the opportunity to comment. I fully support your commitment to providing universal access to Californians.

Before I comment on the analytical findings and assumptions, I want to first point out that, aside from price gouging by health systems and pharmaceutical companies, the primary reasons for the rising costs in our healthcare system are:

1. Aging and unhealthy population
2. Inefficiencies in care and administration

Both issues need to be specifically addressed for any healthcare system to succeed. Otherwise your efforts amount to placing a giant band-aid over a the rotting corpse that is our healthcare system.

Preventable chronic disease (obesity, etc.) not only increases healthcare costs but it also has significant indirect costs such as loss of worker productivity. Solving this issue requires a combination of education, ensuring access to healthy food, and a healthcare system that places a greater emphasis on prevention and wellness.

Implementing such a system requires a data driven approach in revamping the infrastructure of our healthcare system, which happens to simultaneously address #2. The *Healthy California Environmental Analysis* addresses the critical nature of its improvement. Collection and access of all (patient) health data enables our entire system to function better. If all providers and healthcare entities were able to access pertinent patient data then

1. More interoperability is possible. Interoperability improves outcomes and reduces costs.
2. Provider payment models such as value-based care become possible. Value-based care is a superior provider payment model to fee-for-service as it rewards quality outcomes instead of quantity of care.
3. Global health system payments are significantly more accurate.
4. Administrative costs are drastically reduced.
5. Ability to respond to public health crises (such as pandemics) are dramatically improved.

Please consider our healthcare system's need for data.

Back to the original purpose of this email; I have a few comments on the assumptions.

Regarding provider compensation:

Value-based care is not mentioned once as a possibility. It is a superior provider payment model to fee-for-service and should be implemented whenever possible.

Regarding Rate of Spending Growth:

Why is it assumed there are only two scenarios for rate of growth? There will be 3 drivers of costs that are barely mentioned, if at all:

1. Physician-induced demand – knowing patients will have no (or limited) out-of-pocket costs, providers will invariably refer more patients for labs, will choose MRIs over x-rays, and will encourage surgery over rest. They won't do this to make more money (necessarily) but to decrease their own liability.
2. Patient-induced demand – with no (or limited) out-of-pocket costs, patients will have procedures done they otherwise would not. Instead of applying ice, they will see a chiropractor; instead of waiting a

couple days with an ear ache (when most ear infections will self-heal), they will immediately see a doctor. Optional surgeries will become more commonplace.

3. Newly-insured demand – patients that have been postponing surgeries, dental care, etc. will no longer wait.

These three situations will not only drive costs higher than anticipated, they will cause unanticipated waittimes. I encourage you to consider these factors when developing your models and also, when determining whether there should patient cost-sharing.

I appreciate your time and consideration.

Best regards,  
Erik

Erik J. Marquis  
President

E-Billing Solutions, LLC