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Bailout Nation

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Events over the past several months have signaled the beginning of a new age where we can rely on a benevolent hand to reach down and save us from ourselves. Once powerful investment banks may now reach directly into taxpayers' pockets to save them from bankruptcy, mortgage investors find new guarantees from Uncle Sam to save them from massive losses, and even mismanaged automobile companies find themselves the beneficiaries of a "rescue package." So go ahead, throw caution and responsibility to the wind, someone will cushion your fall.

This emerging attitude characterized by lack of caution, foresight, and planning with the expectation that a soft landing is merely the stroke of a pen away is exactly why the Emergency Medicine safety net has not received its due from Washington or Sacramento. We are a victim of our own success. Despite an obvious lack of funding and government support, somehow we manage to provide care to everyone despite the persistent rise in the un/underinsured, overcrowding, the domino of Emergency Department (ED) closures, and the conspiracy of "health plans" (an oxymoron if I've ever heard one!) not to pay physicians. Unfortunately, until the system finally implodes people will simply continue to expect that the ED will be there for them 24/7, whether insured or not, just as we have always been.

With a \$700 billion bailout from President Bush and another \$600-800 billion supplemental package expected from President-Elect Obama in the next few months, this total bailout package, invested with modest returns, could fund Universal Healthcare **in perpetuity** – if only the political will to provide Americans with health care were as strong as the desire to save corporate misfits!

Understanding the magnitude of \$1.2 trillion is really difficult; so I made a few calculations to put this number in perspective. \$1.2 trillion invested at 0% return (an obvious, an intentional *underestimate*) buys:

- **2.8 years** of total Medicare spending: \$426 billion/year¹
- **17 years** of Universal Healthcare (high estimate): \$70 billion/year²
- **285 years** of funding the EMTALA mandate: \$4.2 billion/year³
- **3200** new state-of-the-art hospitals: \$365 million/hospital⁴

- **8,500,000** medical education loans: \$140,000/student⁵

This bailout package equals the entire annual Canadian GDP and represents a little less than half of the annual budget of the United States.⁶ The only purchase that pales in comparison to this massive raid on the U.S. Treasury is the cost to fix Medicare, estimated at a staggering \$34 trillion.⁷

Unbalanced Billing Update

In a ruling on December 4, Judge Kenny denied the California Medical Association's (CMA) writ for injunctive relief from the Department of Managed Health Care's (DMHC) regulation defining balance billing as an unfair billing practice. However, the question of whether the DMHC can enforce such a regulation was left ambiguous. Although an appeal from the CMA is sure to follow, its success is uncertain. A legislative solution is the best means to refashion a solution to the payment for care provided to enrollees of non-contracted plans; however, Gov. Schwarzenegger's opposition to equitable solutions has made it clear that a sensible result may have to wait for a change of administration. Meanwhile, the CMA is designing a repository to collect evidence of health plans and RBOs that use the ban on balance billing to avoid fair payment. And, for whatever it's worth, the DMHC has promised action against those plans that use the recent decision to justify declining payments.

The new year promises to be a challenging environment for healthcare as governments face huge deficits. California faces the largest deficit in the Union, \$15 billion that is expected to grow to over \$40 billion by next year (approximately one third of the total budget!).⁸ In managing this shortfall, legislators are really left with few options other than cutting spending: raising taxes requires a nearly impossible supermajority vote, and deficit spending violates the balance-budget amendment passed by 71% of voters in 2004. Aside from selling bonds (and let's face it, with a balance sheet looking more and more like Enron's, finding buyers of our bonds will be a challenge), deep cuts are imminent. As Health and Human Services spending accounts for approximately 25% of our state budget, we can be sure that healthcare will be a target of potential cuts in the coming months. Of course, maybe a benevolent hand will reach 2,500 miles from Washington and toss California

a measly 3% of that massive bailout package, enough to eliminate the entire California budget deficit!

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