

# Who is in Charge of Our Healthcare?

HOW GOVERNMENT DRIVES A WEDGE BETWEEN TENNESSEANS AND THEIR DOCTORS

By Lindsay Boyd



*Faces of Freedom*



### *Nicole Williams: Home-Grown Independence*

“Living in the country is great. We can see the stars at night,” Tennessee resident Nicole Williams reflects on her relocation to the Volunteer State. As a farmer and sustainable living enthusiast, Nicole grows all her own food on her property. “I have always taken pride in providing for myself, as someone who grows her own food and leads a non-profit organization.”

“A healthcare policy for me is security in my future to know that I can get care if I get sick and it’s very expensive. I’ve been maintaining my own insurance since the 1990s. One month, my insurance bill did not arrive, so I missed it.” However, Nicole did receive a notice informing her that her policy would be canceled if they did not

receive payment. “I wrote a check immediately,” she said. Unfortunately when they received her check, they tagged the payment to someone else’s account. Although the insurance company admitted fault in processing Nicole’s payment, it had subsequently revoked her insurance policy and refused to reinstate it after discovering the mistake.

“It’s frightening to discover that your healthcare policy is gone. I didn’t know it and they didn’t send me a statement. I just called them and they said, ‘We canceled that back in December,’” Nicole recalls. “What if I’d be sick in those last four months?” After the new Obamacare regulations took effect, Nicole’s insurance carrier became “adversarial.” In order to get a similar policy after hers was canceled,

not option under Obamacare, Nicole began looking for other alternatives. Fortunately, she found her answer in a healthcare insurance cooperative—a group of people who band together to share their healthcare expenses.

“The kind of solution I want is to be in control of my own decisions,” Nicole asserts. “I want to work with my doctor if I’m sick to find the best treatment for me.” Instead, as Nicole experienced, Obamacare is taking those choices away from patients here in Tennessee and across the country.

### *The Early Consequences of Obamacare*

Unfortunately, Nicole’s story is not unique. While she was able to find an alternative solution to the federal system when her health insurance policy was canceled, others face a narrow menu of unaffordable options and an uncertain future. Canceled plans are just one consequence of this vast expansion of federal overreach. Small businesses and healthcare providers are also faced with altering insurance plan options for employees and providing care under constraints of diminishing returns.

A recent study by the Federal Reserve Bank of Philadelphia found that more than 18 percent of businesses have reduced their number of employees and put the breaks on hiring due to expenses incurred by the new healthcare law. Eighteen percent of small businesses reported trimming workers’ hours by decreasing the number of full-time employees and increasing the number of part-time employees. A previous survey in April 2013 by the Society for Human Resource Management found that 41 percent of small business owners had delayed hiring new employees, while 20 percent

had reductions in hours and payroll.<sup>1</sup> The impact of the law on economic growth is undeniable.



### *Steve Richards: A Tennessee Small Business Owner*

“If they make a mistake in Washington, it’s just another day. If you make a mistake in my office, in this building, you’re out of business,” begins Steve Richards, after being asked about the affects of Obamacare on his business and employees.

Steve Richards is the president and CEO of Richards & Richards, a commercial records storage and management company based in Nashville, Tennessee. Richards is known for the generous benefit package provided to the 55 employees at Richards & Richards, including a 100 percent compensated healthcare premium plan, gym

memberships, and flexible family care. “If you take good care of your employees, they are going to take good care of your customers,” Richards explains. “They have the freedom to go about their day and not be worried, because they know that we are going to be there for them.”

As Obamacare unfurled in 2014, Richards was forced to grapple with a law that was inconsistently applied, consistently altered after its passage, and fractioned with delays on particularly unpopular components therein. “I think the new law is a big question mark, and that’s unfair to any small businessman. We need to plan, and you simply can’t plan, when we have this sort of situation in Washington,” Richards describes.

In fact, Steve Richards believes his ability to continue providing the extensive benefits his employees currently receive is in jeopardy. Forced to accommodate for the higher costs, he notes, “I may have to pay the \$2,000 penalty and let our employees fight for themselves for what the Affordable Care Act is going to give them...We just can’t do a lot of the things they said we would be able to do. You may not be able to keep your doctor. You may not be able to keep your plan.”

### *Obamacare, Medicaid, and a Doctor’s Perspective*

Indeed, Obamacare as federal law has been interpreted and reinterpreted several times over. Perhaps the most critical redefinition occurred in June 2012, when the U.S. Supreme Court ruled that the Obama administration could not force the 50 states to expand Medicaid eligibility. Prior to the ruling, Obamacare had forced states to expand Medicaid, government-run health insurance for the poor, to an additional 16 million

Americans earning up to 138 percent of the federal poverty level.<sup>2</sup> In the now infamous ruling, *National Federation of Independent Business et. al. v. Sebelius, Secretary of Health and Human Services, et. al.*, the U.S. Supreme Court declared this mandate unconstitutional. Instead, states are able to decide independently whether or not to implement President Obama’s expansion of Medicaid.

Currently, Tennessee and 35 other states have refrained from expanding Medicaid. In those that have expanded, residents are facing unintended consequences of Obamacare’s additional foothold in their state. Now, one-in-three doctors refuses to accept new Medicaid patients.<sup>3</sup> If President Obama’s original intent of expanded Medicaid eligibility to over 16 million additional Americans came to fruition, would there be enough doctors willing and able to accommodate them?

According to *The Washington Post*, one recent study found that two-thirds of Medicaid patients had difficulty obtaining an appointment with a specialist, while just 11 percent of those with private coverage faced the same obstacles.<sup>4</sup> A similarly-timed study by Sandra L. Decker published in the National Center for Health Statistics supported these claims, finding that one-third of doctors nationwide refused to accept new Medicaid patients.<sup>5</sup>

*The Fiscal Times* also raised concerns over the mounting pressure felt by the medical community, citing, “Across the country, there are growing signs doctors are turning away new Medicaid patients as well as seniors covered by Medicare.” Their assertion includes a *Forbes* report that “patient access to doctors is approaching a perfect storm of decreased physician supply, more demand for

medical care—especially after Obamacare kicks in—and doctors increasingly refusing to see low-paying Medicare or Medicaid patients.”<sup>6</sup>

Undoubtedly, doctors in Tennessee are likewise alarmed by this potentially unsustainable demand upon their practices.



## *Manish Sethi: A Physician's Dream*

Raised in the small town of Hillsboro, Tennessee, Dr. Manish “Manny” Sethi grew to understand the power of community from a young age. Hillsboro, a small farming town, was the epitome of a strong community. The network of people that functioned almost as a family, left a lasting impact on Dr. Sethi and ultimately motivated him to enter the medical field and become a surgeon. Dr. Sethi followed the example of his parents, who left India to pursue the American Dream and practice medicine in the United States.

After graduating from Brown University, Dr. Sethi went on to serve children with muscular dystrophy as a Fulbright Fellow in Tunisia before attending Harvard Medical School. After completing his medical training, Dr. Sethi and his wife, Maya, knew they needed to return to Tennessee, invest in the community, and raise a family.

Dr. Sethi began his career as an orthopaedic trauma surgeon at Vanderbilt Medical Center, where he continues to practice. Recently, Dr. Sethi has taken his passion for the community beyond the hospital and into the schools of Nashville and Memphis, where he created a Conflict Resolution Program. “These programs aimed to teach students conflict resolution skills on the front end to avoid seeing them as victims of violence in emergency rooms,” Dr. Sethi describes. Not surprisingly, Dr. Sethi applies the same perspective when approaching solutions to the American healthcare crisis.

From treating patients across Tennessee to working with impoverished children, these experiences helped to shape Dr. Sethi’s deep belief that community must be the foundation for addressing many of the healthcare problems we face at the state and national level. Dr. Sethi is the founder of Healthy Tennessee, a non-profit organization that focuses on preventative care and promoting healthy lifestyles. “We hold health fairs and lectures across the state, successfully educating and treating many patients, and all without adding to the burdensome 30 percent of our state budget that’s now being devoted to TennCare,” Dr. Sethi explains.

In fact, Dr. Sethi believes the rising costs and increased regulations imposed by the Affordable Care Act are directly impacting the incentives

physicians have for treating new patients. “Patients that I grew up watching my father treat in Hillsboro would now have trouble obtaining medical care and would pay more for insurance,” Dr. Sethi asserts. “The cure for our healthcare crisis lies in our ability to unleash innovation and entrepreneurialism within the private sector, letting the market drive new solutions that treat the root cause of the problem rather than treating the aftermath.”

Rather than continue to pour more water into a leaky bucket, Dr. Sethi advises Tennessee lawmakers to start addressing our healthcare inefficiencies at the core, “focusing on preventing illness before the costs become unsustainable, care becomes inadequate, and good physicians become inaccessible.”

Among the prescriptions Dr. Sethi would issue for Tennessee legislators to address our healthcare concerns is the need to unleash competition within the healthcare field, which would decrease costs for patients while increasing the quality of care. “The future of our healthcare system relies in our ability to enforce ingenuity, creativity and most importantly transparency. By squeezing out market-based principles in our healthcare policies, we are promising a false safety net to our community’s most vulnerable.”

### *Stemming the Tide of Obamacare Can Start Here*

As Dr. Sethi reminds us, increased demand does not necessarily equate to increased supply. With the passage of the Affordable Care Act, millions of new enrollees will be seeking compensated care under Medicaid or the newly created exchanges. The

Association of American Medical Colleges reports an expected shortage of more than 90,000 physicians by 2020 and 130,000 by 2025.<sup>7</sup>

Beyond the burdens placed upon healthcare providers, we also see the destructive impact Obamacare has had on patients and American businesses—the life force behind our economy. Richards & Richards, and other Tennessee companies, will now be forced to account for healthcare regulations when considering growth or scope of added benefits they can offer to their employees. Consequently, Tennessee families and young adults like Nicole Williams must base their financial planning and healthcare decisions on the whims of a federally controlled system that misleads, mismanages, and limits their ability to chart their own healthcare maps.

The Beacon Center believes that Tennessee lawmakers should reject Medicaid expansion and the further encroachment of Obamacare into our state. The one-size-fits-all federal law deludes Tennesseans’ freedom to make healthcare decisions best for themselves and their families. Instead, our state leaders should seek to limit this federal overreach, allowing the free market to produce innovative alternatives that provide cures, rather than band-aids, for our national healthcare crisis.



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The Beacon Center of Tennessee empowers Tennesseans to reclaim control of their lives, so that they can freely pursue their version of the American Dream.

The Beacon Center of Tennessee is an independent, nonprofit, and nonpartisan research organization dedicated to providing concerned citizens and public leaders with expert empirical research and timely free market solutions to public policy issues in Tennessee.

“Faces of Freedom” is a Beacon Center series to educate Tennesseans about the barriers to prosperity brought about by poor public policy. By providing real-life stories of real-life citizens, Tennesseans can better understand the impact public policy has on their lives.



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