

Change and Opportunity:

Medicare Reform and the Advantages of Reusables

Spread the word: Reusable textiles can help Congress get a handle on healthcare costs

By Howard Zins

The opportunity for the reusable textile sector to make a positive impact on healthcare has never been better. For several decades healthcare, and Medicare costs in particular, have risen rapidly. With an aging population and some 77 million baby boomers nearing retirement, now is the time to help our society control increasing medical expenses. Reusable textiles are part of the answer.

A major challenge exists to maintain the level of healthcare our nation needs without letting costs spin out of control. There are a number of poor options, including healthcare rationing and diminished service. These—and perhaps other negative actions—would be difficult to justify across America. A positive step would be to find alternatives that will offer the same level of healthcare performance, but at lower costs.

The facts

How much have healthcare costs risen in recent years? Consider these facts: Medicare disbursements in 1990 were \$109.7 billion. By 2002 they had more than doubled to \$256.9 billion according to the U.S. Census Bureau.

Census data also pegs the total national health expenditures at \$735 billion and \$1.5 trillion, respectively, for those same two years. Projections indicate this figure will hit \$2 trillion by 2007. The commensurate hike in Medicare expenses shows a moderately higher growth rate, relative to total medical outlays.

The U.S. Census Bureau also tracks the average cost per day for a hospital patient stay. These figures were \$687 in 1990 and \$1,290 by 2002. Here we see a similar trend—costs nearly doubled in slightly more than a decade. Whether hospital expenses are paid for by Medicare, health insurance plans or uninsured individuals, a hospital stay represents a major and increasing financial strain on all concerned.

Yet another burgeoning expense is nursing home care. It grew from \$50 billion (1990) to \$103 billion (2002). It's beyond dispute that health support costs for an aging population further challenge society's economic resources.

Truth or consequences

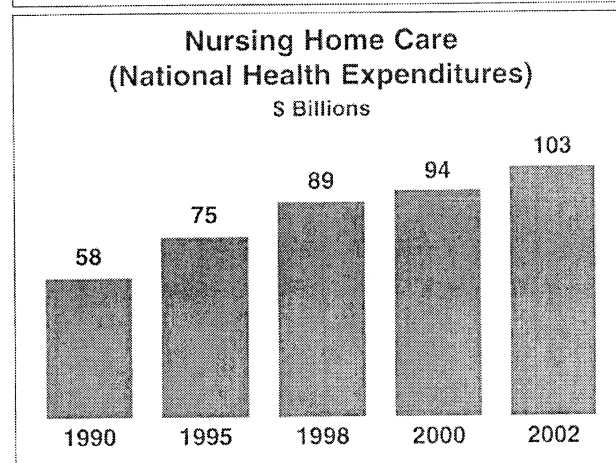
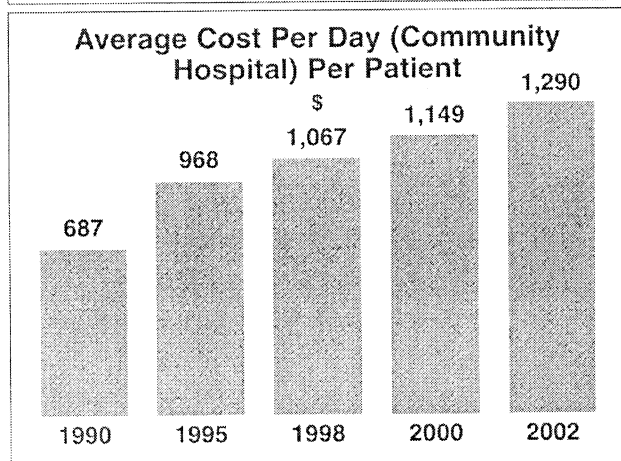
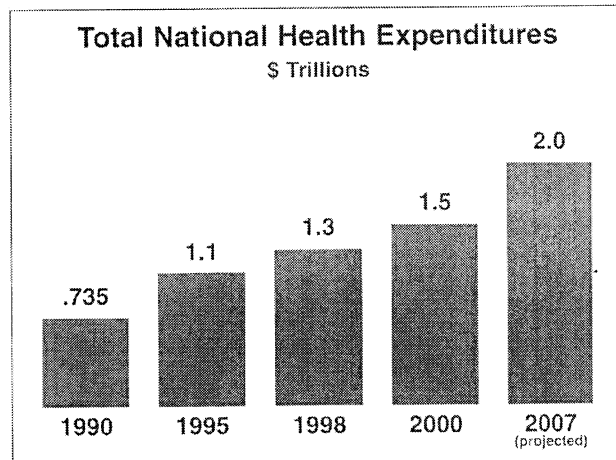
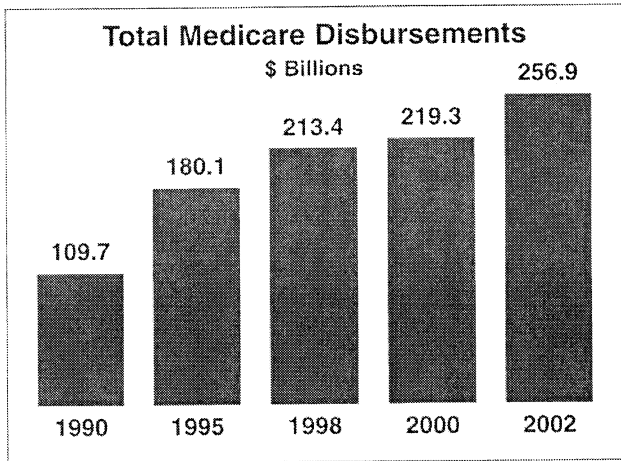
A report in the *New York Times*, (Milt Freudenheim, Sep. 10, 2004), based on the annual survey of 3,000 companies compiled by the Kaiser Family Foundation and the Health Research and Educational Trust found that the cost of providing health care to employees rose 11.2% in 2004. That figure represents the fourth consecutive year of double-digit increases in health insurance premiums. This fiscal reality has led to a steady decline in the number of workers and families receiving healthcare coverage.

Small businesses are adversely affected. Presently the cost to offer a preferred provider network (PPO) family plan to an employee averages \$10,217 annually. Six years ago that same plan cost the employer an average of \$4,500. As a result, with the employee portion of the cost presently requiring an average annual outlay of \$2,691, fewer workers have access to employer healthcare coverage. It's estimated that some five million fewer workers currently are insured by employers (2004), versus the \$127 million reported in 2001.

The federal Centers for Medicare and Medicaid announced last year that Medicare premiums deducted from Social Security checks of the elderly and disabled would rise 17.4% in 2005, to \$78.20 per month. For those individuals, dependent on Social Security for their primary sustenance, this increase represents a significant burden.

Some good news

Reporting in the *New England Journal of Medicine*, (Oct. 14,



2004). Paul Ginsberg, Ph.D., says that new technology such as magnetic resonance imaging and many vaccines offer significant benefits to patients. Few would object to the many advances in medical technology, and certainly critically ill individuals welcome any chance to treat life-threatening diseases. However, Ginsberg contends that, "research has shown that, on balance, changing technology in medicine results in increased spending, and accounts for one-half to two-thirds of the increase in healthcare spending in excess of general inflation."

Modern Healthcare (Dec. 6, 2004) states that, "Americans are living longer and are healthier and wealthier than ever before. Over the past 20 years, there has been a 50% decline in mortality from heart disease, a 20% decline in disability among senior citizens, serious progress against cancer and dramatic advances in biomedical research." While increased spending is a concern, the unprecedented value realized through healthcare improvements is equally clear and compelling.

The challenge

As a society, we need to take steps that will allow the public to benefit from advances in medical research without exorbitant increases

in costs. Ginsberg contends that there are four basic options for slowing the upward trend of medical spending:

- Improving the efficiency of healthcare delivery methods.
- Increasing the financial incentives for patients to limit their use of medical services.
- Establishing administrative controls on the use of these services.
- Limiting the resources available to the healthcare system.

Opinions vary as to which, if any, of these alternatives represent feasible options. The first method would appear to offer substantial promise. Within the concept of increased efficiency is the act of determining which actions offer the same performance, but at lower cost. Practical applications of this principal include outpatient procedures relative to hospital stays, provided that medical practice demonstrates similar results. In addition, the use of generic medications, as advanced pharmaceutical products go off patent, represents the prospect of lower costs to many consumers. Another option is the increased use of reusable healthcare textiles versus single use, disposable products.

Real savings

A recently released publication, *Reusable Textiles—The Responsible Solution*, reports how a number of healthcare institutions have saved significant dollars through the use of reusable healthcare textiles. One example shows savings of \$60,000 per year through the purchase of reusable surgical gowns and towels. In another report, a five-year study demonstrated savings of \$200,000 by adopting reusable underpads. This publication—compiled cooperatively by the American Reusable Textile Association (ARTA), the Canadian Reusable Textile Association (CRTA) and the International Association for Healthcare Textile Management (IAHTM)—outlines the costs as well as the performance and environmental advantages of reusable textiles. The document is supported by both TRSA and the American Society for Healthcare Environmental Services (ASHES).

Writing in the *New England Journal of Medicine* (Dec. 16, 2004, p. 2,652), Dr. Alan H. Lockwood discussed findings of the Office of Management and Budget. The OMB found that recent rulemaking by the EPA (to minimize air pollution) cost industry \$25 billion and saved some \$150 billion in healthcare costs. The reasoning implicit in these findings represents an additional significant economic advantage for reusable healthcare textiles. It can be shown that on a cost-per-use basis reusable textiles are less expensive than disposables. This advantage is increased when the charges associated with medical waste incinerators (MWIs) are considered, or the expenses related to waste landfill sites are compiled. Moreover, the additional benefits of lower healthcare costs, due to methods not requiring MWIs or landfills, magnifies the economic benefit of reusables. These points should be brought to the attention of lawmakers and all decision makers in the healthcare sector.

High performance

In addition to the cost and environmental advantages that reusable healthcare textile products bring to the medical field, the industry also has enhanced the value of these products. Over several

decades, significant innovative products have been developed, introduced and utilized with eminent success. Among these are fluid-resistant and fluid-impervious surgical gowns. These both assist healthcare professionals in maintaining a sterile field and address OSHA's requirements regarding occupational exposure to bloodborne pathogens.

Highly effective surgical wrappers and drapes also have been introduced and have cleared the way for pack programs that don't produce the tons of medical waste hospitals and other healthcare institutions discard daily.

Utilizing similar product technology, many reusable precautionary and isolation gowns are readily available for applications in emergency rooms, clinics, dental and doctors' offices and other venues where bodily fluids pose a hazard to healthcare workers.

Also offering added value are many reusable incontinence products, which can help meet the needs of an aging population. As outlined in the *Reusable Textiles—The Responsible Solution* referred to above, research demonstrates that the use of high-quality, reusable underpads help reduce pressure sores, better contain fluid and enhance patient comfort.

Action plan

As Congress reviews Medicare and other healthcare issues, our industry should emphasize the overwhelming advantages of reusable textiles and their long-term benefits.

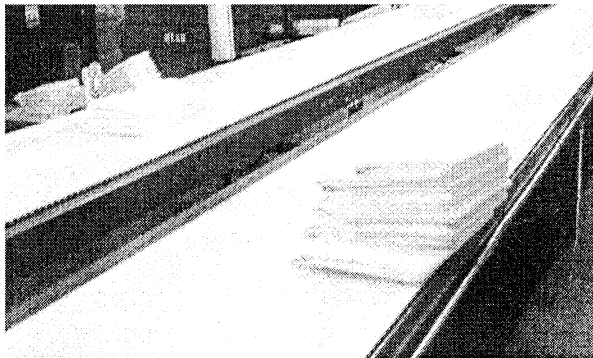
With the 109th Congress now convened, lawmakers are considering many healthcare-related issues. President George W. Bush has said he will strive to reform Social Security, which likely will include Medicare. Both the U.S. Senate and House of Representatives will need to develop legislation in order to enact changes.

The Washington Post (Jan. 3) reported that Congress is deeply divided by issues related to Social Security (including Medicare).

Although the president wants changes in many "entitlement programs," many Democrats consider these programs a vital and inviolable legacy of their party.



The advantages of reusables include cost.



Reusables help healthcare facilities avoid medical waste incineration costs.



Significant, innovative reusable products have been developed in recent years.

Many Republicans believe President Bush must unify his party before he can get legislation passed on Capitol Hill. The executive branch of government will urge Congress to act, and, at the same time, lobbying groups will urge legislators to write bills reflecting their diverse perspectives. The outcome of healthcare legislation is far from clear, especially with the lack of unity between the White House and Capitol Hill.

In this climate of uncertainty, the reusable textile industry must settle on a positive agenda and show government leaders how our proposed actions will benefit society. We must outline how reusable healthcare textiles can help slow the rise of healthcare costs. In addition, we must report that by reducing landfill waste and incineration of medical waste, reusable textiles also can promote a healthier environment across America.

Plans are now underway for ARTA to visit Washington and meet with members of Congress on May 18. TRSA's Government Committee also meets regularly—most recently on March 15-16—to review key issues and visit lawmakers on Capitol Hill.

All members of ARTA and TRSA should plan to join these events so that together, in force, we can lead our government to craft practical legislation in support of Medicare, Medicaid and other healthcare programs. The concept of expanding the application of effective, high-performance, reusable textiles within the healthcare sector presents Congress with an important course of action—one that will maintain current high levels of medical care, while lowering expenses, and, at the same time, improving the environment. The time to act is now. **TR**



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