

**“The Health Care Crisis, the Prospects for Reform, and the NEA”**

**Speech to the National Education Association  
Board of Directors\***

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It is good to be here with you this morning and to have an opportunity to speak with you about the health care crisis and what can and should be done about it.

The National Education Association has long been an active -- and very important -- member of the National Coalition on Health Care. We have worked closely together, and in collaboration with other members of the Coalition, to advance the prospects for health care reform.

My remarks this morning will be in three parts.

First, I will discuss the nature and extent of the health care crisis -- what is going badly and what needs to be fixed.

Second, I will describe briefly our Coalition's recommendations -- your Coalition's recommendations -- for health care reform.

And third, I will offer some thoughts about steps that the NEA could consider taking -- on its own and working with the Coalition -- to help encourage and inform public dialogue and increase the momentum for reform.

My observations will reflect the views of the Coalition, which continues to be the nation's largest non-partisan alliance of organizations working for system-wide health care reform.

Our Coalition consists of more than seventy of the nation's largest companies, unions and professional organizations; patient advocacy and consumer groups; associations of health care providers; health and pension funds; and insurers -- as well as our nation's major religious denominations.

Many of these organizations are major forces in the American economy, in our society, and in the health care system -- for example, the AARP, the AFL-CIO, the American Cancer Society, Ahold U.S.A., Duke Energy, Exelon Corporation, General Electric, the

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\* The National Education Association (NEA), the nation's largest professional employee organization, is committed to advancing the cause of public education. NEA's 3.2 million members work at every level of education -- from pre-school to university graduate programs. NEA has affiliate organizations in every state and in more than 14,000 communities across the United States.

Principal Financial Group, the California Public Employees Retirement System, the International Foundation of Employee Benefit Plans, the National Council of Churches, UnitedHealth Group, the Salvation Army -- and, of course, the NEA.

There are hundreds of billions of dollars of health care purchasing power, and trillions of dollars of corporate asset ownership, represented around our table.

Collectively, our member organizations represent -- as employees, members, volunteers, or congregants -- more than 150 million Americans.

The Coalition is rigorously non-partisan. Our Co-chairmen are former Republican Governor Robert D. Ray of Iowa and former Democratic Congressman Paul G. Rogers of Florida. Our Honorary Co-chairmen are former Presidents Bush, Carter, and Ford.

Why do our member organizations share such a sense of urgency about the need to reform health care? Because they believe that the problems in health care are severe -- and because they know that in the absence of system-wide change, these problems will only deepen, hurting our nation and our people.

## I. The Crisis in Health Care

We see three massive and interrelated problems in the American health care system, any one of which would itself be cause for alarm.

- First, rapidly escalating costs;
- Second, a huge and growing number of Americans without any health coverage, and
- Third, an epidemic of sub-standard and dangerous care.

Let's begin by considering costs.

The costs of health care are surging at extraordinary rates. In 2010, national health care spending will exceed \$2.7 trillion -- nearly a trillion dollars more than was spent two years ago.

In just the past six years, health insurance premiums have leaped 87 percent -- more than four times the cumulative increase over that same period in overall inflation and in earnings.

Nationally, the average annual premium for family coverage this year is nearly \$11,500 - - up from about \$6,300 in 2000.

These enormous increases in premiums are making it much more difficult for employers to continue providing health coverage -- or to sustain the same levels of health coverage and financial contribution -- for employees and retirees.

And, as many you know well, this can put great pressures and constraints on contract negotiations on behalf of teachers around the country.

Rapid premium increases are also making it much more difficult for individuals and families to pay their shares of the cost of employer-sponsored coverage or to buy health insurance themselves.

Out-of-pocket costs are growing rapidly. On average, the employee share of family coverage premiums has jumped from \$1,620 in the year 2000 to almost \$3,000 this year -- and that figure does not include increases in deductibles and other charges.

The escalation of health care costs is no longer only a health care issue. It has now created a gigantic national economic problem.

As these costs rise, they slow the rate of economic growth. By cutting into corporate operating margins, they reduce the capacity of firms to grow by investing in research, plant, and equipment.

Surging health care costs also slow the rate of job growth by making it more expensive for employers to hire new employees.

They drive up total compensation costs and constrain potential wage increases.

They reduce the living standards of retirees because rapidly growing out of pocket costs are siphoning off more and more of their incomes.

They generate contentious and destructive collective bargaining issues.

They drive up program expenditures and thereby create severe federal and state budget problems -- at a pace that the Congressional Budget Office, the General Accountability Office, and the Chairman of the Federal Reserve Board have all called unsustainable.

And they put American firms at a steep disadvantage in world markets, where they have to compete against companies in countries with much lower health care costs.

In sum, we have reached the point where America's top domestic concerns -- economic growth, jobs, retirement security, and health care -- are now bundled together. Simply put, economic growth, jobs, and retirement security cannot be assured unless health care costs are controlled.

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The second facet of our health care crisis is a huge and growing number of Americans without any health insurance.

As President Bush's Council of Economic Advisers noted in a recent report, "Rising costs of health care and health insurance are creating financial burdens for families and employers and increasing the number of uninsured."

As a result, the number of uninsured Americans rose to 46.6 million in 2005 -- an increase of 6.8 million in just five years.

Uninsurance exacts a grim toll on the health of the uninsured. Those without coverage receive less care, endure more pain and suffering, and are more likely to die prematurely.

And the uninsured must live each day in financial as well as physical jeopardy, knowing that if they are injured or contract a serious disease and if they are able to obtain care, they may have to liquidate their assets in order to pay for it.

The costs of providing uncompensated care to uninsured patients, in emergency rooms and other settings, are built into the charges for care of those with health coverage.

According to a study by Professor Kenneth Thorpe, a respected health care economist at Emory University, these surcharges add a large amount -- \$922 per year -- to the average cost of employer-sponsored family coverage.

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The third major problem in our health care system is an epidemic of sub-standard care. There is a wide gulf -- what the Institute of Medicine has called a "quality chasm" -- between the care that patients should receive and the care that is actually delivered.

Literally hundreds of thousands of Americans and many of your members or their dependents die prematurely each year because of sub-standard care. Millions more are harmed.

Unnecessary accidents, errors, and poor quality are now the nation's third leading cause of death, just behind cancer and heart disease.

Health care quality is also an enormous cost issue. Some experts have estimated that we may be wasting more than \$600 billion a year because of sub-standard care.

So these are the problems we face. The status quo in health care is not only unacceptable, it is unsustainable. The costs of continued inaction are enormous. So what must we do?

## II. A Path Forward: Specifications for Reform

Our Coalition has developed a set of answers to that question. After more than a year of study and deliberations -- with the NEA's active participation and endorsement -- we issued a major report that reflects a consensus among our members. It is the most ambitious and comprehensive health care reform proposal in the national debate today.

Our report, with a more detailed discussion, is included in your information packets. For now, I just want to summarize our recommendations, which fall into five categories.

First, our members call for coverage of all Americans within two to three years after the passage of legislation. We recommend that Congress specify a core benefit package, which is outlined in the report. Employers would be able to provide, and individuals would be able to purchase, supplemental coverage beyond the core package.

The Coalition identifies a range of options for insuring all Americans, including:

- Employer mandates (supplemented with individual mandates as necessary);
- Expansion of existing public programs that cover subsets of the uninsured;
- Creation of new programs targeted at subsets of the uninsured, or
- Establishment of a universal publicly financed program.

None of these imply or necessitate a government-run system and any one of these – or a combination of these – can work, but to assure that everyone gets coverage, participation must be mandatory, and subsidies must be provided for those who are less affluent.

Second, the Coalition proposes measures to assure much more effective cost management. Our members believe that over time, the health care system must be made far more efficient by providing more and better information for patients, providers, and purchasers; improving the quality and outcomes of care; and building a national information technology infrastructure for health care.

But we also believe that the urgent need for cost relief requires short-term constraints, even as these other measures are being implemented. These constraints would include rates for reimbursing providers for care encompassed by the core benefit package and, only after those rates take effect, limits on increases in insurance premiums for the core benefit package.

Third, our members call for a major national effort to improve the quality and safety of health care. This effort would include the accelerated development of an information technology infrastructure for health care and national practice guidelines.

Fourth, our members call for steps to make the financing of health care more equitable, including the reduction over time of inequitable cost-shifting across categories of insurance programs and payers. Our report identifies mechanisms that could be used to fund the upfront program costs of reform.

Lastly, the Coalition recommends steps to simplify the administration of health care -- which would save money, increase efficiency, and help to reduce the burdens, and the frustrations, of providers and patients.

Our Coalition commissioned an independent assessment -- by Professor Kenneth Thorpe of Emory University, whom I mentioned earlier -- of the costs and savings that would be associated with health care reform along the lines commended by our members. Using conservative assumptions similar to those applied by the Congressional Budget Office, Professor Thorpe modeled the impacts of four scenarios consistent with our specifications.

He found that in all four scenarios, the cost of a reformed system would be less -- much less -- than the cost of continuing with the status quo.

In fact, the savings would be huge. By year 10, annual system-wide savings would range between \$125 billion and \$182 billion -- depending on the scenario pursued -- and the savings would grow year to year after that. In the first decade after implementation, system-wide savings could exceed one trillion dollars.

Of course, the benefits of reform go well beyond these direct dollar savings. System-wide health care reform, consistent with the Coalition's specifications, would insure that every American has health insurance.

It would improve the quality of care and, by doing so, save many lives and reduce unnecessary injuries and harm to patients.

And it would help to safeguard and advance our nation's economic growth and living standards.

The simple truth is this: We can afford health care reform. What we cannot afford is a continued failure to address the crisis in health care, which imperils both the safety and prosperity of all Americans.

### III. The NEA and Reform

As I mentioned, I have been asked to offer some thoughts about steps that the NEA could consider taking to help to advance understanding of the health care crisis and the prospects for reform. I will respond to that invitation with a series of specific suggestions, but I would like to preface those suggestions with two observations.

The first is that with respect to health care we are now at what some educators call a teachable moment -- a juncture when the public is receptive to, and in fact eager for, information about our health care system and ideas for improving it.

Why? Because so many people are -- please forgive the expression -- worried sick. A new survey by the Harvard School of Public Health and the Robert Wood Johnson Foundation found that 75 percent of Americans think that the health care system is in crisis or has major problems.

According to another poll -- just released by ABC News, USA Today, and the Kaiser Family Foundation -- 80 percent of Americans are dissatisfied with the cost of health care in this country and 60 percent of insured Americans are worried about being able to afford health insurance costs over the next few years.

Americans are unhappy about the status quo, and they are ready for some answers.

My second framing proposition is this: As much as the NEA can do on its own to advance the cause of health care reform -- and it can do a lot -- it can do still more in collaboration with the membership of the National Coalition on Health Care.

Why? Because there is safety -- and an extra measure of credibility -- in numbers, and in diversity. Simply put, our Coalition's roster of members is so large, and drawn from so many different sectors of our economy and society, that nobody can reasonably

characterize the Coalition as a special interest. We represent such a broad sweep of America that we can fairly claim to speak on behalf of the national interest in a better health care system.

The Coalition staff stands ready to work with the NEA on new initiatives, and we have already begun discussions with senior members of the NEA staff to explore some of the possibilities.

Here, then, are some ideas for you to consider. I hope that you will find them useful, and I look forward to our conversation together.

First, the NEA could incorporate into its website for members a steady stream of basic information about the problems in health care, how they affect NEA members and their families, and what could be done. Members could be asked to write in with brief accounts of their own experiences with particular kinds of health care issues, and bulletin boards, scheduled web chats with experts, or other mechanisms could be used to encourage an exchange of ideas.

Second, through the web site and otherwise, the NEA could encourage members to ask policymakers and candidates for office specific questions about the steps they would propose or support to guarantee all Americans health coverage, slow the rate of increase in health care costs, and improve the quality of care.

Third, the Association could work assiduously to educate its leaders around the country about health care -- and to give them background information and tools to participate in public forums about health care issues in their communities.

Fourth, the Association could provide background materials on system-wide trends, pressures, and problems to its contract negotiators. These materials could help the negotiators as they articulate and represent the health care needs and interests of members at the bargaining table.

Fifth, when the time comes the NEA could consider organizing -- maybe in concert with other Coalition member organizations -- house parties on health care reform, modeled on the house parties that the NEA has organized on other issues in the past.

Fifth, the NEA could work with our Coalition staff in Washington and with officers and legislative representatives of our other members to make the case for reform on Capitol Hill in meetings with leaders and members of the House and Senate.

In addition, we are urging the relevant committees and subcommittees of Congress to hold hearings, early in the new session, on system-wide health care problems and options for reform. We hope that the NEA's leaders would testify in those hearings, alongside the leaders of other Coalition member organizations.

Sixth -- and I have saved the best for last -- the NEA, in league with other members of the Coalition, could spearhead a major media campaign to raise the visibility of health care as an issue and to educate the public and opinion leaders about problems in the

health care system and about the recommendations for reform developed by our large alliance of major organizations.

We are delighted and excited that the NEA has decided to make a major financial pledge toward a Coalition media fund -- contingent on our being able to raise large sums from other sources, including Coalition members.

We very much appreciate the NEA's leadership on this initiative.

I want to report to you that we convened the Coalition's board just this past Tuesday for a special meeting to discuss our post-election strategy and, in particular, the challenge of raising additional funds toward a major war chest for public education.

The Coalition's board members are energized by challenge, and the opportunity for impact, that the NEA's pledge represents. They have committed to rolling up their sleeves to help us assemble matching funds and to design a powerful media effort.

Working together, and with your indispensable help, our Coalition -- with its broad membership, its credibility, its collective talent, and its huge potential reach -- can have a mighty impact on the public's understanding of the stakes and opportunities in health care and on the momentum for reform.

We know that the achievement of system-wide health care reform will not be easy. The issues are complicated, and the stakes are enormous.

And we know that those who think that their interests are served by the status quo will resist change.

But change is essential.

This is a fight that is well worth waging.

It is a fight that we can win -- with hard work and resources and collaboration and determination.

And it is a fight that we will win -- for the well-being of our nation, your members and their families, and all Americans.

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