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HEALTH CARE

MEETING OF THE WASHINGTON
HIGHER EDUCATION SECRETARIAT

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Thank you, Dr. Ward and good morning ladies and gentlemen. As Dr. Ward said, I am here on behalf of the National Coalition on Health Care to alert you as to the nature and magnitude of our nation's health care crisis and to seek your help in addressing it.

Our Coalition is the nation's largest and most broadly representative alliance of organizations working for system-wide health care reform.

I've been advised to proceed on the assumption that you've all read our briefing memorandum, so I'm not going to repeat all of what is in that document. But I do want to frame a discussion with you by making three central points.

First, America is now facing a genuine crisis in health care. Never in our history has this problem been so severe and so destructive. This is reflected in the fact that our costs are doubling every five to seven years. The cost of employer-sponsored coverage has increased 73 percent in the last five years; five times faster than inflation and four times faster than wages. The growing crisis is also reflected in the huge surge in the number of Americans without any health coverage – an increase of 10 million in just the past six years. And it is reflected in the sad statistics about massive waste, unnecessary harm from medical errors and sub-standard care – hundreds of thousands of premature deaths and millions of

injuries and adverse medical events. Poor quality is now estimated to be the nation's third leading cause of death.

My second point: the strategies our nation has been using to address these problems aren't working. We are on a course that the Comptroller General, the Congressional Budget Office, and the Chairman of the Federal Reserve Board have all called unsustainable. If this continues, it could lead to economic collapse. Incremental patchwork policy changes aren't keeping pace with the rate at which the health care crisis has been deepening, and the present purchasing strategies of employers, including those of the educational establishment, are clearly inadequate. We need a new approach; because this problem has grown so large that it is no longer just a health care issue. The massive escalation of health care costs has now created a gigantic national economic problem that we cannot grow out of.

As these costs rise, they slow the rate of economic growth – a point that President Bush and Dr. Bernanke also recently made. 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 companies to add new workers.

They suppress wage increases for current workers by driving up total compensation costs.

They reduce the living standards of retirees by siphoning off more and more of their incomes.

They generate contentious and destructive collective bargaining issues.

They 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 Bank have called unsustainable.

For state governments in particular, they draw resources away from the other priorities, such as education.

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 the public's top domestic concerns – economic growth, jobs, retirement security, and health care – are now one and the same issue. These concerns cannot be addressed effectively unless health care costs are contained.

The point I want to make is that given the political will, this problem is solvable. System-wide health care reform can in fact effectively address the health care crisis. Our membership has set out a series of recommendations that would achieve universal coverage within three years after adoption, slow the rate of increase in health care costs, and improve the quality and safety of care. Those recommendations are now the most comprehensive and toughest set of reform specifications in the national debate and are explained in a report that we issued last year: [Building a Better Health Care System: Specifications for Reform](#). We would be pleased to send copies of that report to you; it is also available at our website: www.nchc.org.

And I should tell you that we had one of the nation's top health care economist – Kenneth Thorpe of Emory University – project the costs and savings that those recommendations would generate. Using conservative assumptions and scoring criteria similar to those used by CBO, he found that in all four scenarios he examined that the savings would far outweigh the costs. Hundreds of billions of dollars can be saved. So, there is a strong business case for health care reform. His report shows that this nation can afford health care reform. What we cannot afford is a continued failure to address the crisis in health care, which encumbers our entire economy and imperils both the safety and prosperity of all Americans.

My third point is that these are issues that all you in the educational establishment should be concerned about, and we hope that as major employees and fiduciaries for millions of employees you'll consider becoming engaged with them. Colleges and universities employ more than three million Americans and provide health coverage and care not only for those employees, but also for retirees and for many of your

students. I would imagine that all of you are aware of the impact of rising health care costs on your employees and retirees, on the budgets of colleges and universities – and on the budgets of state governments, which as a consequence have less money available for education and other priorities. Colleges and universities – and their employees, retirees, students, and communities -- have huge stakes in the trajectory of health care and in the prospects for reining in health care costs, guaranteeing access to care, improving quality and the living standards and economic security of your employees.

The National Coalition on Health Care, as our briefing memorandum indicates, is a very large and broadly representative alliance, which includes 85 large entities and organizations who collectively represent more than 150 million Americans. With three former Presidents, both democrat and republican, as honorary co-chairs and a diverse group of members, we are a non-partisan voice not for any particular special interest, but, we truly believe, for the national interest in a better, more inclusive, more efficient health care system.

We have been working assiduously to educate the public and stake holders – and to educate decision-makers, in Congress and the executive branch and throughout American society – about the health care crisis and what must be done about it. Most recently, we have been meeting with senior administrative officials, congressional leaders, and many governors around the country – following up on the opportunity we had to be brief the National Governors Association and the Council of Institutional Investors this past spring.

And we are especially intent on encouraging additional pension and health funds to join our effort. Already, some of the nation's largest funds – including the California Public Employee Retirement System and the New York State Common Retirement System – are members, as are some of the largest organizations of funds, such as the International

Foundation of Employee Benefit Plans and the National Council on Teacher Retirement and the California, Ohio and New York State Teachers' Retirement System.

The higher education community could make an enormous contribution to public understanding by helping to build and frame a vigorous national debate about health care. We would welcome a chance to speak further with any of you – and to make presentations at your annual meetings or board meetings -- about health care and about your potential roles in that national dialogue. We have already been invited to meet with the leadership of the College Board, TIAA-Cref and the National Association of State Universities and Land Grant Colleges.

For now, we are grateful for this opportunity to put these issues front and center before you, to hear your thoughts and reactions, and to answer any questions you may have. Thank you for your time and attention.