

**Address to the Episcopal Church Women's Group**  
**"The State of Our Health Care System: Problems vs. Solutions"**  
**March 16, 2005**  
**Longboat Key, Florida**

**Henry E. Simmons, M.D., M.P.H., F.A.C.P.**  
**President, National Coalition on Health Care**

Thanks, Bev and good morning all. Before beginning, I'd like to thank the ECW for giving me the opportunity of speaking to you again this year. Some of you may remember I spoke here last year about the state of our nation's health care system. So what's new this year in that regard? Two things have changed. First of all, our problems have all grown worse. That's the bad news. The other change, the good news, is that support for major reform has grown and we have now shown that those problems are solvable. The task now is to get our political leaders to act.

The problems of our health care system are now worse than ever. In fact, they have grown so large, so serious, and so pervasive that they are now beyond the ability of any one organization, no matter how large or shrewd, to overcome. To deal with this problem we will need a new and far more comprehensive strategy. And inaction, or business as usual is not a viable option. Nor are the reform proposals currently being considered by the Administration and Congress.

I'm going to explain why our Coalition believes that major system-wide changes are needed and why they are needed now, and I will outline the new strategy that we believe will be necessary. I also will suggest how people of faith can be uniquely helpful in helping our nation achieve needed reform.

The views I will be sharing with you are those of the National Coalition on Health Care. Our Coalition is the nation's largest and most broadly representative non-partisan alliance working for system-wide health care reform.

There are hundred of billions of dollars of health care purchasing power, and trillions of dollars of corporate asset ownership represented at our table. Our 95 members include major corporations, such as Verizon, Pfizer, Lucent, Georgia-Pacific, and the Kellogg Company; the AFL-CIO and the largest unions; and the largest health and pension funds, including

the California Public Employees Retirement System and the New York State Common Retirement System.

Our Coalition includes associations of health care providers and organizations representing all the nation's major religious groups such as the U.S. Conference of Catholic Bishops, the National Council of Churches of Christ, as well as the Episcopal, Methodist and Presbyterian churches, and the Salvation Army. In addition, major insurers are members, as well as the nation's largest consumer and patient groups, such as the AARP and the American Cancer Society.

Collectively, our member organizations include – as members, employees, or congregants – more than 150 million Americans.

Our Coalition has always been 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 George H.W. Bush, Jimmy Carter, and Gerald R. Ford.

I am well aware that, as we meet here today, the domestic policy issue that is getting the most attention in Washington is not health care – it's Social Security. So let me be very blunt: In our view, the top domestic priority for this nation should be – and must be – health care, because the crisis in health care is much larger, and much more dangerous, than the developing fiscal imbalance in Social Security. That doesn't mean that we shouldn't be dealing with Social Security too, but health care must be job one.

We see three huge and interconnected problems in the American health care system, any one of which would itself be cause for alarm:

First, rapidly escalating costs and massive waste

Second, a huge and rapidly growing number of Americans without any health coverage or with inadequate coverage and

Third, an epidemic of sub-standard and dangerous care.

Let's look a little closer at these three problems and how they have changed over the past years. Let's deal first with costs. We all know that costs are up. We pay more for medicines, tests and doctor visits. Health care costs are out of control and rising at the fastest rate in our history.

Health care premiums are increasing more than four and a half times faster than inflation. Our Coalition projects that by next year the average premium for family coverage will exceed \$14, 500.

These double-digit increases year after year are making it much more difficult for businesses to continue providing health coverage for employees and retirees.

And they are making it much more difficult for individuals and families to pay their growing shares of the cost of employer-sponsored coverage or to buy health insurance themselves.

As costs rise, it's not surprising that the numbers of Americans without health coverage have been climbing.

And it's no wonder that surveys by our Coalition and other organizations find that Americans are worried sick about rising health care costs – not as an abstraction, but as an issue that affects them, their jobs and their families, personally and profoundly.

They are right to be worried.

But I want to emphasize that the escalation of health care costs is no longer just a health care issue. Rising health care costs have 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 equipment, and new product development.

Surging health care costs also slow the rate of job growth by making it more expensive for companies to add new workers.

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

They undercut the viability of pension funds and offset increases in pension benefits for retirees.

They generate contentious and destructive collective bargaining issues.

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

Just recently, G. Richard Wagoner, Jr., the chairman and CEO of General Motors, said in a major speech that health care costs add an average of \$1500 per vehicle to the price of GM cars and trucks. His conclusion: “The cost of health care in the U.S. is making American businesses extremely uncompetitive versus our global counterparts.”

Escalating health care costs are not just affecting the private sector. They also are producing severe long-term budgetary problems in the public sector.

But, the projection for federal health care programs is much more alarming. According to Mr. Walker, under current law, and given projected demographic and cost trends, Medicare can be expected to produce liabilities over that same period of more than \$27 trillion – more than six times the liabilities of Social Security. And that number doesn’t include the impacts of rising costs in Medicaid.

Douglas Holtz-Eakin, director of the Congressional Budget Office, puts all of this in perspective: “The demand on the budget from Social Security will take place simultaneously with – but be eclipsed by – the demand generated by Medicare and Medicaid.” Mr. Holtz-Eakin and Mr. Walker both agree that the present trends in benefit cost escalation are “unsustainable,” and that we cannot grow our way out of these problems. We will need major reforms or massive tax increases or both.

In sum, we agree with the recent assessment by House Majority Leader Tom DeLay who said, “There is no greater threat to America’s continued economic security than the current state of our health delivery system.” The public’s main domestic concerns – the economy, jobs, pensions, and health care – are now really one and the same issue.

Largely due to rapidly rising health care costs, the number of uninsured is growing dramatically. In the past several years, we have added almost four million more people to the ranks of the uninsured. This is the largest two-year increase in the ranks of the uninsured since 1987.

Our Coalition projects that the number of uninsured Americans will reach 51.2 to 53.7 million by next year – an addition of more than 10 million since 2001.

Uninsurance exacts a grim toll. As our Specifications Report details, the uninsured receive less care, endure more pain and suffering, and are more likely to die prematurely. It is a myth that the uninsured can easily obtain necessary care.

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 that care.

In fact, according to a new study conducted by researchers at Harvard, about one million personal bankruptcy filings each year are triggered by illness or medical bills. Summarizing the significance of that study, Professor Elizabeth Warren of Harvard Law School writes:

Every 30 seconds in the United States someone files for bankruptcy in the aftermath of a serious health problem. Time is running out. A broken health care system is bankrupting families across the country.

If we don't change our health care system soon, by the middle of this century the number of uninsured will climb by literally tens of millions.

Third, our health care system suffers – and its patients suffer – from 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.

A major RAND study – based on careful review of the medical records of thousands of patients in 12 metropolitan areas – found that these patients received only 54.9 percent of recommended care.

Think about that. In what other industry would such a gigantic mismatch between ideal and actual practices be tolerated? Why is it permitted to continue in health care, where lives are at stake?

As our report indicates, literally hundreds of thousands of Americans die prematurely each year because of sub-standard care. Millions more are unnecessarily injured. It is estimated that unnecessary accidents, errors and poor quality are the nation's third leading cause of death, just behind cancer and heart disease.

Health care quality is also an enormous cost issue. According to Dr. Donald Berwick, president of the renowned Institute for Healthcare Improvement and a faculty member at Harvard Medical School, “Total cost reductions of nearly 30 percent below current levels should be attainable while improving the overall quality of health care.” With annual health care spending now exceeding \$1.7 trillion, this estimate suggest that we may be wasting more than \$500 billion a year – much of it paid for by you and your friends and neighbors.

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

Our Coalition has developed a set of answers to that question which we are calling Specifications for Reform. Before summarizing our recommendations, let me make three observations.

First, our members believe that reform must happen quickly. The need for fundamental changes is urgent. A real economic doomsday faces us.

Second, reform must be systemic. The American health care system is elaborately interconnected. Fifty years of incrementalism have failed. The piecemeal reforms currently being proposed by the administration and Congress are not commensurate with the scope of the problems we face and will not solve our problems.

And third, reform must be system-wide. Otherwise, gains in some sectors or for some groups are likely to be offset by losses elsewhere.

Our Coalition’s specifications were designed to be systemic. They are meant to work together, as a balanced, mutually reinforcing package.

Our Coalition’s recommendations fall under five headings.

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

The Coalition identifies a range of workable 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 approaches imply a government-run system, and any one 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, our Coalition proposes measures to assure much more effective cost management.

Third, our members call for a major system-wide effort to improve the quality and safety of health care.

A key element of this effort is an accelerated development of an integrated national information technology infrastructure for the health care system. The campaign to improve quality is designed to improve accountability and to help payers, providers, and patients make better-informed choices.

The Coalition recommends that public and private efforts to set rates and to improve quality should be coordinated by an independent national board, with members drawn equally from the public and private sectors.

Fourth, the Coalition's specifications seek to make the financing of health care more equitable by reducing or eliminating over time the inequitable and destructive practices of cost-shifting across categories of insurance programs and payers.

Our report identifies mechanisms that could be used, individually or in combination, to fund the upfront program costs of reform.

Lastly, the Coalition recommends steps to simplify the administration of health care.

Our Coalition believes that all of these goals need to be pursued – that as a society we cannot address one effectively unless we address all of them

concurrently. For example, without universal coverage we can neither assure equity or quality. In the absence of quality, we cannot contain costs. In addition, without universal coverage we can neither make the system less complex, stop cost-shifting, control costs, achieve a level playing field of equitable financing, or even create a truly competitive market-based system.

In fact, those who advance the competition hypothesis warned us that it could not work in the absence of mandatory universal coverage and government oversight. Universal coverage in our view is not a luxury. It is in fact a necessity without which our problems are not solvable.

To those who continue to advance the myth that health care costs cannot be contained, or that you can't contain costs without hurting quality, we would say this. Every major developed nation has achieved universal coverage while spending one- half to two-thirds as much per capita as we do. They have achieved health outcomes at least as good as ours and in a number of instances, better, and they have a population far more satisfied with its system. At this time we are convinced that we do not need more money, we need a better system.

So these are the reforms we believe will be necessary. We recognize that they constitute the most comprehensive, ambitious, and toughest reform specifications which have yet been proposed. As such, we also recognize there will be opposition, as there always is, to any reform proposal. What leads us to believe that reform will ultimately occur? There are a number of reasons:

First of all, this already severe problem is going to grow even worse. Its adverse effect on our economy, business and middle class economic security will lead to increasing voter pressure on our nation's political leadership for workable reforms. Since it is now clear that the band aids being proposed will not be powerful enough to deal with our crisis.

The second reason for hope is that given the political will, this problem is solvable. Our reform proposal lays out a workable path to solution.

Third, there is growing public and business recognition of the need for and support for more ambitious reform. The existence and growth of our Coalition is a very visible sign of such support. There is also growing recognition that over the long term the cost of action – of the reforms necessary – is far less than the costs of inaction. What is clear is that from a purely economic standpoint, the upfront investments needed to achieve

system-wide reform would be well worth making – that reforms of the type I have been describing would save our nation huge amounts of money, hundreds of billions of dollars over time.

But there is another powerful force – that if successfully mobilized -- could be a major factor driving reform. That is where leaders such as you come in. I refer to the education and mobilization of the millions of people of faith as to the ethical and moral issues which exist in our troubled system. We are charged to be our brother's keeper. Serious illness is likely to affect us all at one time or another – most of the time the event is simply out of our control.

It is morally wrong that when an illness strikes, millions of Americans will be unable to get or afford necessary care in a timely fashion, or that they will lose their jobs or bankrupt themselves or their families in the process. It is morally wrong that millions of individuals will be unnecessarily harmed or lose their lives through poor quality care – which is preventable. It is morally wrong that we allow this crisis to continue when we have solutions at hand. No religion condones inaction in times such as these.

The health care crisis affects us all. It is not a Democratic or Republican issue: it is not just a financial issue. It is a social justice issue, a moral issue and the crisis cannot be dealt with unless we can rise above partisanship and act as an ethical people.

I believe religious leaders can help mobilize the more than 150 million people of faith in this country, and if you do, nothing can stop the reforms which are so essential.

To conclude, we know, as you know, that the achievement of reform will take determination and hard work. Our Coalition intends to work in a non-partisan fashion with Congress, the administration, the public and religious groups to build understanding of the need for and support for comprehensive reform. Religious leaders and their congregants have a major and unique role to play. Their support and your support will be invaluable and powerful force in helping our nation to finally achieve a better, more equitable and more affordable health care system. A cause I hope you will agree is worth fighting for.