

VIA Healthcare Forum, June 3rd
Research Report:

Last year, 22,000 uninsured Americans died due to their inability to access healthcare.

In a country which boasts one of the best health care systems in the world, 22,000 people died because they couldn't access that system.

Is this acceptable?

Certainly not!

Our health care system is obviously broken.

The United States is the only industrialized national that does not guarantee health insurance for its citizens. As a result 16% of our population, or 46 million people, are currently uninsured. In addition, there are another 25 million Americans who are underinsured, families whose policies are inadequate.

As you can imagine, people without insurance are less likely to access healthcare, they are more apt to be in poorer health and

when they do access care they are more likely to have worse health outcomes.

In addition there are many families, whose health insurance policies include large deductibles, have low policy limits or poor benefit packages, including exclusions for prior health conditions. These are the 25 million Americans who are under-insured. As a result these families incur large out-of-pocket medical costs on top of the insurance premiums they are already paying. Healthcare costs are a large drain on these families, in many cases forcing them to make choices between food or prescription drugs, their mortgage payment or an MRI; their utility bills or trip to the pediatrician with their kids. Of the 79 million Americans who have unpaid medical bills in this country, over half of them, 47 million, had health insurance at the time they incurred those medical expenses. In fact, nearly half of the bankruptcies in this country are in part attributable to medical debt.

Now many of you may be wondering how we can afford to pay for healthcare reform during these tough economic times. In reality we are already paying the cost of having uninsured

Americans. Hospitals and clinic providers estimate that \$56 billion in uncompensated care is provided to people annually. This bill for uncompensated care or “hidden tax” is presently being transferred to those with insurance in the form of higher health care costs and insurance premiums. In California, it is estimated that 10% of health insurance premiums are attributable to this cost shifting.

We also know that the safety net of employment providing us with health insurance has begun to fray. Just as high health insurance costs are a drag on families they are also a drag on businesses, and in particular, small businesses. From 1999 to 2008 health insurance premiums for employers increased by 119%, while for their employees’ contributions increased by 117%. As a result, businesses have been forced to make difficult choices regarding health insurance for their employees. They have increased employees’ contributions, have eliminated family plans, and have changed to policies with less-comprehensive benefits packages and higher deductibles. In some extreme cases businesses have stopped providing employee health insurance altogether.

High health insurance costs also diverts monies that businesses might use to provide employees with salary increases or pay bonuses or to offer more services or products to their clients and customers. During VIA's healthcare listening campaign I spoke with a member of our congregation who appreciated the good health insurance provided to her by her non-profit employer. She also understood that that policy was expensive and wondered how many more services her employer could provide to its clients if it wasn't burden with high insurance premiums.

In addition, we must remember that employer-sponsored health insurance is the largest source of health insurance for Americans, providing insurance to 60% of us. If employers stop providing health insurance benefits, or as people continue to lose their jobs and with it their health insurance, it has the potential to total destabilize the entire health insurance safety net. It is estimated that if unemployment in this country reaches 10% there will be an additional 6 million uninsured Americans. As we all know the result of higher unemployment is that families become eligible for and enroll in Medicaid, and here in Vermont, VHAP or Catamount health. As

you can image this puts further strain on state programs and therefore on already strained state budgets.

As you can see not only does high insurance costs destabilize families and businesses, they are also destabilizing our governments. The U.S. spends more than 16% of its Gross Domestic Product on health care, more than any other industrialized nation. By the year 2017 it is expected that health care will consume nearly 20% of our GDP. Our total health care expenditures per person are nearly \$7,000, twice as much per person as any other major industrialized country. One reason for this is that administrative costs in the U.S. makes up 22% of the total cost of health care, while in countries like Switzerland administrative costs is 5.5%.

But what are Americans getting for their high health care expenditures? As it turns out we receive a poor return on our investment in the form of poor health outcomes. The U.S. ranks last out of 19 industrialized nations in the number of unnecessary deaths. The U.S. ranks 29th out of 37 countries for infant mortality -- almost double the infant mortality rates for France and Germany.

Our current health care system is in crisis. As Pres. Obama has said, our current healthcare system is not one that anyone of us would have intentionally designed, but it is one that we are currently stuck with. It is a patchwork of employer-sponsored health insurance, government entitlement programs and individual policies that leaves 46 million American without health insurance and 25 million Americans underinsured. Fortunately this is the time and moment in history when change is possible. We have a president and many members of congress committed to reform. In addition, Americans are ready for change. Recent polling indicates that 90% percent of Americans agree that the system should be fundamentally changed.

But how do we change the system as it exists today? Though there is almost complete agreement in the desire for change there is no consensus of how to change that system. Many Americans support a variety of options such a single-payer system, employer-mandates, individual-mandates or tax breaks. But with each of these proposals comes heavy opposition. More importantly, when asked on an individual basis most Americans are personal satisfied

with their current coverage and do not want what they have to change. This unfortunately doesn't create the political will to ensure a major overhaul of our existing system, a disappointment probably for many of us here, especially for the many among us who are supporters of a single-payer system.

But substantial change is still possible and it very important that that change does take place. Tonight you will hear stories from several individuals whose lives have been negatively impacted by their lack of adequate health insurance. If change in our current system allows even one person to obtain insurance that was not available to them before; or if it improves even one person's access to healthcare and therefore gives them a better, more fulfilling life, isn't that change worth fighting for?

VIA believes so. Therefore in the fight for healthcare reform, VIA will be looking at healthcare reform proposals being formulated in Washington, D.C. and will be measuring those proposals against 6 core principles.

First, does the plan cover everyone?

Healthcare reform has been described as a political issue, an economic issue. As people of faith, we believe that providing health insurance to all our citizens is a moral issue. Therefore we believe it is important that any healthcare reform plan provide good healthcare coverage for everyone.

Second, is the plan affordable for families?

Regardless of what any healthcare reform plan may look like, it is meaningless if that plan is not affordable for families. An affordability standard would mean that the cost of premiums, co-pays and deductibles combined must be affordable. Therefore it also becomes important that benefit packages are comprehensive, so that large gaps in coverage don't force families to incur huge out-of-pocket expenses. An affordability standard should be a progressive sliding scale which is relative to a families' income. A family would contribute between 0% and 9% of their income towards healthcare premiums. Importantly, we must also protect our low income families, in particular those earning below 200% of poverty. These families, who usually qualify for food stamps and fuel assistance, who do not earn enough money to afford basic necessities, would pay no premiums. Families earning between 200% and 300% of poverty would pay only a modest contribution to their premiums, receiving subsidies. And no family would pay more than 9% of their income to protect families with chronic conditions. This

affordability standard will be even more important if reform includes an individual-mandate, a requirement that individuals have health insurance, which many believe it will.

Third, is the plan portable? Meaning, are people able to obtain healthcare insurance independent of the employer-employee relationship?

In the 21st century the economies of all countries are more connected than ever. For U.S. companies to be competitive in this new world they need to be relieved of the burden of high healthcare insurance premiums.

On the other hand, how many of you would like to give up the 9 to 5 life to go back to school, or to travel or thought of starting your own business, but were stopped by the fear of losing your health insurance?

For the benefit of both our companies and individual Americans we must decouple health insurance from employment so that both can live up to their full potentials of providing the services they want to provide or living the life they want to live.

Fourth, is the plan easy to navigate? Is it easy to apply for, understand what's covered and get medical bills paid for?

Many of us know the stories or have experienced them ourselves. Hours on the telephone with our insurance company trying to get them to pay for a procedure that should be covered? Enrolling a parent or ourselves in Medicare D? Calling your insurance company from the ER to see if you have coverage before they'll treat you? We all know of the nightmare of navigating the administration of healthcare insurance. It is estimated that if all insurance companies simply used the same claim form it would save millions in dollars in administrative costs per year. Therefore we believe that healthcare reform should create a plan that is easy to apply for, understand what is covered and get medical bills paid.

Fifth, will the plan include a viable public plan option and is there a mechanism that insures that private insurance companies live up to their obligations?

Healthcare reform as currently being discussed in Washington D.C. creates a "Healthcare Exchange" from which people would purchase their health insurance. We believe that it is important that within this exchange a public plan option is included. We believe that inclusion of a public plan will create competition and keep the private insurance companies honest. Because a public plan is a

non-profit and has lower administrative costs, 7% for Medicare versus 30% for private insurance, a public plan could offer the same benefits at a lower premium, creating a real option for health insurance purchasers.

In addition, several weeks ago the insurance industry promised Pres. Obama to find \$2 trillion in savings over the next 10 years. Sorry if we're a little dubious of that promise, but insurance companies have made promises in the past that they failed to fulfill. Therefore we request that reform include a mechanism to measure and monitor this and any other commitments made by the insurance industry.

Sixth, is the plan financially sustainable for our country?

The U.S. spends \$2.3 trillion per year on health care. Rising health care cost represents a serious threat to our long-term fiscal security and is unsustainable. Though excess spending must be eliminated, more importantly we must spend our healthcare dollars smarter. With health insurance people will be able to access primary care, preventative care, and manage their chronic illnesses saving the system money and being sustainable for our country.

Soon the debate around healthcare reform will heat up. The battle will be hard fought and it will be bloody. Opponents will disseminating misinformation, if not out-and-out lies in the upcoming months. I encourage each of you to please “get the facts”, educate yourself about what health reform really means.

In addition, be aware that health care reform will cost taxpayers money. This is the investment in our future that is required now to in order to achieve savings in the future. We must realize that the savings will not be immediate but will be recognized over time. But this initial investment is necessary because the alternative of doing nothing is not acceptable. Remember 22,000 people will die next year if we do nothing.