



**Testimony
Committee on Energy and Commerce
U.S. House of Representatives**

Health Reform in the 21st Century

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Chairman Waxman, Ranking Member Barton, Chairman Emeritus Dingell, Chairman Pallone and Ranking member Deal, members of the Committee, thank you for this opportunity to join you for a critical conversation about health reform in America. Health reform has advanced thanks to your work and willingness to move forward together with other House Committees. Your bill represents a tremendous step forward on the road to health reform, and this hearing is an historic moment in the debate. We appreciate your hard work to enact reform. It is urgently needed.

Health reform constitutes our most important domestic priority and is an integral part of economic recovery. Since 2000, health insurance premiums have almost doubled, growing three times faster than wages. A Kaiser Family Foundation survey found over half of all Americans, insured and uninsured, cut back on health care in the last year due to cost. This means foregone opportunities for chronic disease management and prevention. We will surely pay a price later for this postponed care now. And behind these statistics are stories of struggles for too many American families – unaffordable employer-sponsored insurance premiums of over \$12,000 a year on average and rising – competing with education and housing.

As the American economy continues to transform, it is expected that fewer and fewer employers will offer coverage. And we know that during this recession, many people are losing health insurance as they lose their jobs. Even families who do have some coverage are suffering. From 2003 to 2007, the number of “under-insured” families – those who pay for coverage but are unprotected against high costs – rose by 60 percent. Small

businesses and their workers are suffering. From 2000 to 2007, the proportion of non-elderly Americans covered by employer-based health insurance fell from 66% to 61%.² Much of this decline is attributed to small businesses dropping coverage. The percentage of small businesses offering coverage dropped from 68% to 59% over the same period, according to a Kaiser Family Foundation survey of small businesses.

We have by far the most expensive health system in the world. We spend 50 percent more per person than the average developed country -- spending more on health care than housing or food. And the situation is getting worse. Without reform, according to the Medicare actuaries, we will spend about \$4.4 **trillion** on health care in 2018 and CBO estimates that the number of uninsured will grow to 54 million people by 2019. By 2040, health care costs will reach 34 percent of our GDP and 72 million Americans will be uninsured.

As the Rand report documented, we have a system with over-utilization, under-utilization, and inconsistent quality. Less than half of our population gets appropriate care at the right time. The payment incentives reward waste, duplication, and lack of coordination. We know that there are substantial savings to be gained just from making our healthcare system more efficient and responsive.

Rising health costs represent the greatest threat to our long-term economic stability. The CMS Office of the Actuary estimates that by 2018, over one-fifth (20.3 percent) of our economic output will be tied up in the health system, limiting other investments and

priorities. Solving this problem is essential to job growth, productivity, and economic mobility. We simply cannot become the nimble economy we need to be without health care reform.

We have certainly received a poor return on all of our spending. In the industrialized world, we have the highest rate of medically preventable deaths and almost 100,000 people die every year from medical errors and poor quality. That's the equivalent of two jumbo jets falling out of the sky every day. Meanwhile, the health status of our citizens declines, with chronic disease accounting for 75 percent of our health care costs and 96 percent of Medicare costs.

There are many problems with our health system today. But there is also reason for optimism. In America today, there are already examples of hospitals and providers who are using new technology, cutting costs and improving the quality of care. Two weeks ago, I was in Omaha, Nebraska at one of the nation's first paperless hospitals and saw first-hand how health information technology can help doctors and patients.

I have spoken to community health center operators from Ohio, Tennessee and Pennsylvania who have outlined how health information technology has helped them save resources and provide better care to their patients. Our challenge now is to take these best practices and spread them across the entire country. But I have every confidence that

we can meet this challenge and achieve our goals. And we can do this without adding to the deficit.

The President is open to good ideas about how we finance health reform. But we will not add to the deficit in the next decade.. The President has introduced proposals that will provide nearly \$950 billion over 10 years to finance health reform. Much of these resources come from increasing efficiency and wringing waste out of the current system. We are currently paying for strategies that don't work or overpaying for medicines and equipment.

It's time to make better use of these dollars. We know reform can reduce costs for families, businesses and government; protects people's choice of doctors, hospitals and health plans; and assure affordable, quality health care for all Americans.

And as we move forward, we will be guided by a simple principle: protect what works about health care and fix what's broken.

This is why I share the President's conviction that "health care reform cannot wait, it must not wait, and it will not wait another year." Inaction is not an option. Every delay raises the price tag. The Obama Administration is focused on passing health reform legislation that will end the unsustainable status quo and adhere to eight basic principles.

First, we must pass comprehensive reform that makes health care affordable for businesses, government, and families. The high cost of care cripples businesses struggling to provide care to their employees and remain competitive. It drives budget deficits and weakens our economy.

Second, we must protect families from bankruptcy or debt because of health care costs. Today, many patients worry more about being able to pay their medical bills than worry about restoring their health. They have reason to be concerned. In America, half of all personal bankruptcies are related to medical expenses. It's time to fix a system that has plunged millions into debt, simply because they have fallen ill.

Third, we must assure affordable, quality health coverage for all Americans. The large number of uninsured Americans impose a hidden tax on other citizens as premiums go up and leave too many Americans wondering where they will turn if they get sick. The lack of continuity of coverage affects individual health and our national health status. Lack of insurance and interruptions in coverage take their toll by reducing our ability to effectively address chronic disease and improve prevention. They affect our ability to control the spread of infectious diseases. And they affect our productivity. According to the Institute of Medicine, employers lose billions of dollars of productivity each year from uninsured workers with unnecessarily prolonged and untreated illnesses.

No one is immune from the risk of becoming uninsured. No American is guaranteed that they will have the same health insurance benefits next week that they have today. In its

effects on the health care system, on the health of our society, and on our economy, the risk of being uninsured affects us all.

Fourth, we will guarantee choice of doctors and health plans. No American should be forced to give up the doctor they trust or the health plan they like. If you like your current health care, you can keep it. And if you like your doctor, you need to be able to keep that doctor.

Fifth, we will make sure that Americans who lose or change jobs can keep their coverage. Americans should not lose their health care simply because they have lost their job or want to pursue better opportunities.

Sixth, we must end barriers to coverage including prohibitive insurance premiums for people with pre-existing medical conditions. In Kansas and across the country, I have heard painful stories from families who have been denied basic care or offered insurance at astronomical rates because of pre-existing conditions from cancer to childhood ear infections. Insurance companies should no longer have the right to pick and choose. We will not allow these companies to insure only the healthy, leaving families stranded in planning for their health care.

Seventh, we must make important investments in prevention and wellness. The old adage is true – an ounce of prevention truly is worth a pound of cure. But for too long, we've sunk all our resources into cures and shortchanged prevention. Preventing disease and controlling its effects over time need to be the foundation of our health care system.

And finally, any reform legislation must take steps to improve patient safety and the quality of care in America. Our country is home to some of the finest, most advanced medicine in the world. But today, healthcare-associated infections – infections caught in a hospital or other settings -- are one of the leading causes of death in our nation. More Americans die each year as a result of these and other quality deficiencies than die from car accidents, breast cancer, or AIDS. These numbers are not acceptable for the world's richest nation. Despite the best efforts of business purchasers and private quality improvement initiatives and the development of standards, both government and private, recent reports indicate that the quality of care has actually declined in recent years. We will not be able to achieve the quality we need without the major reforms the President seeks. It will take a comprehensive approach to provide the leverage needed to improve care.

In reviewing the key features of the Tri-Committee draft proposal, it is clear that you and your Committee, Mr. Chairman, have embraced all 8 principles. As we work to enact policies that adhere to these principles, the President is committed to hearing from people in communities across the nation and on both sides of the aisle. To be sure that the American people are engaged in the process, the President has appeared at or sponsored regional forums around the country in places like Wisconsin, Michigan, Iowa, Vermont, North Carolina and California. And he will sponsor a national town hall at the White House tonight. These events bring together people from all perspectives – across the political spectrum and representing different stakes in the system.

I look forward to continuing this process and I am eager to work with this Committee and your colleagues in the House and Senate to deliver the reform we so desperately need. Again, Mr. Chairman, thank you for the opportunity to participate in this conversation with you and your colleagues. I look forward to taking your questions.