

Center for American Progress



Testimony of

Senator Tom Daschle

Distinguished Senior Fellow, Center for American Progress

Before the

Subcommittee on Health

Committee on Energy and Commerce

United States House of Representatives

**Hearing Entitled, “Living Without Health Insurance:
Why Every American Needs Coverage”**

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**Summary of the Testimony of Senator Tom Daschle
Distinguished Senior Fellow, Center for American Progress
Committee on Energy and Commerce
U.S. House of Representatives
Wednesday, April 25, 2007**

Health Reform is the Most Important Domestic Policy Issue

- It affects our health, security, and global competitiveness

One of the Obstacles to Reforms is Myths

- Myth one: We have the “best” system, when in reality there are islands of excellence in a sea of mediocrity
- Myth two : We cannot afford reform, when the reality is we can’t afford the status quo
- Myth three: We don’t “ration” care, when we have the worst kind of rationing: by income and illness, by age and disability

Recent Efforts Have Focused on Incremental Reform

- There have been a number of major pushes for comprehensive reform in the U.S.
- Since the last one, energy has been spent on incremental reform
- What has been done, and should be done this year – SCHIP, mental health parity, genetic non-discrimination, for example, -- are critical and meaningful
- But such policies are plugging the holes in a failing system

Comprehensive Reform of the Health System and Beyond Is Needed

- New leadership is needed, including businesses, with the goal being an accessible, affordable, and quality-based health system for all by 2012
- A new framework is needed, which allows for private delivery in a public system
- Health reform is necessary but not sufficient to deal with the 21st century health challenges – in particular that of obesity and chronic disease

Good morning, Chairman Pallone, Ranking Member Deal, and distinguished members of the Committee. It is good to be with you this morning, in the midst of Cover the Uninsured Week, to discuss this critical topic.

This Congress, and this country, faces numerous challenges, at home and abroad. Few, in my opinion, are as critical as those facing our health system. About 45 million Americans lack coverage altogether. Being uninsured means delayed care, denied care, preventable disease, and premature death. Millions more who are insured remain at risk of bankruptcy due to health bills. These bills add up. At \$2 trillion per year, we outspend the next most expensive nation by 50 percent. American businesses pay about \$500 billion of this. This cost has crowded out wage increases, business investments, and hurt our global competitiveness. And we pay more for less, not always getting quality worthy of our spending. Stated simply, health reform is the most important domestic policy issue.

Myths Blocking Health Reform

Despite these clear problem, health reform has not made it to the top of the political agenda. One reason is myths about our current system and reform. These myths are like “landmines” that have derailed past efforts to create a universal, value-oriented health system.

The first myth is that the United States has the best health care system in the world. There’s no doubt that some Americans have access to the best care anywhere. Any real solution needs to maintain our leadership at the cutting edge of medicine. But we need to be honest with ourselves. Not all our care is excellent.

Thousands of people die from medical errors every year. Americans are more likely to experience medical, medication or lab errors than people in countries like Germany and the United Kingdom.

Plus, few American realize that we are far behind and falling relative to comparable nations in the basic measures of health. Can we say we have the best system when our life expectancy is 35th in the world, lower than Cyprus and Singapore? And, can we say we have the best system when our infant mortality rate is 41st in the world—and rising? A story over the weekend documented a spike in infant deaths in Mississippi and the South. There is simply no excuse for such deaths that might have been avoided with better health care policy.

The second myth we need to debunk is that the U.S. cannot afford to do any better. In point of fact, we cannot afford to continue this current system. We spend 16% of our economy – or \$2 trillion – each year on health care. We spend nearly \$6,700 per person, which is roughly 50 percent more than the number two country, Switzerland. GM pays more for health benefits than steel. Starbucks pays more for health benefits than coffee. If trends persist, health benefit costs will eclipse profits in the Fortune 500 companies by 2008. As a matter of health policy and economic policy, we need to act to rein in the nation's health spending.

The third myth is that universal coverage will inevitably lead to rationing. This ignores the fact that we ration now. Health care is delayed or denied to the uninsured and under-insured. Cancer can mean bankruptcy and asthma can consume college funds. Being older or sicker,

or even having a family history, can make a person uninsurable – doomed to spend years worrying about the next illness’s financial rather than health implications.

Even on the traditional measures of “rationing”, we fare worse. Thirty percent of sick Americans have access to same-day care, compared to 45 percent in the United Kingdom. Americans find it three times harder to get care at night and on weekends without going to emergency rooms compared to those in New Zealand. And we are more likely to have to wait to see a specialist than sick people in Germany. It’s ironic that the U.S., compared to its competitor nations, offers fewer people less accessible care.

Incremental Reform

I know that you, and many other lawmakers, recognize the truth of our health system crisis, and have tried to act on it. Several presidents, and even more Congresses, have attempted but failed to enact health reform. I, myself, have some scars to show for it.

The response has been to focus on incremental reform. In the late 1990s, a number of policies were enacted and implemented that make coverage better and more accessible for millions of Americans. This year, you may be able to take additional strides in improving the system. For example, you have the opportunity to extend insurance parity for mental illness and protect Americans from genetic discrimination. Perhaps most importantly, the State Children’s Health Insurance Program is up for reauthorization. Improving and extending this successful program that has served millions of low-income children is not just an option but a necessity.

But it would be a mistake to believe that these policies are more than fingers in the dam. They cannot solve the health system's problems. There is no pathway of incremental steps that will improve and expand health coverage for all. The only solution is comprehensive reform.

Comprehensive Reform

So, what will it take to finally pass comprehensive reform? First, we need to have to have leadership. There has to be a President and a Congress that both say, "The time has come for us to deal with real health reform." Success will demand that everyone check ideology at the door – and that everyone focus not on what ideology dictates should work, but on what experience shows will work.

To get to that point, there needs to be business leadership. Businesses are a major payer of health care and player in the political system. At the Center for American Progress, we helped form Better Health Care Together, a business-labor coalition with the goal of comprehensive reform by 2012. I am optimistic that the CEOs of companies like AT&T, WalMart, and CostCo will force the debate in the halls of Congress.

Second, we need to think outside the box. One idea that I've been working on is to run our health care system in a way similar to our Federal Reserve system. Our Federal Reserve system works, in large measure, through the private sector but is governed by decisions made within a federal governmental infrastructure. Just as the Federal Reserve System protects

difficult decisions on monetary from political pressure, I would like to see a framework that insulates health care decision-making about cost and financing. If we could fix our financing system, I think we could fix a lot of the other problems involved with our health care system today.

Lastly, health reform is absolutely necessary to improving our nation's health. There is no excuse in the wealthiest nation in the world for a person to suffer or die needlessly due to financial barriers to care. We can and must end uninsurance. But this will not be sufficient to improve health. A growing tide of chronic illness, in part induced by obesity, will strain our health system and nation. It could mean that the next generation of children may have shorter life expectancies than that of their parents for the first time in this nation's history. As we consider how to make critical health policy changes, we should consider broad-based interventions beyond the health system, in schools, workplaces, and communities. This would give the nation, at long last, the health it deserves.