



# Why We Need Health Care Reform

## Four Reasons We Can't Wait to Fix the Broken Health Care System

Ellen-Marie Whelan and Lesley Russell February 25, 2010

As the president gathers congressional leaders for a health care summit at the White House this week, it's a good time to reexamine the plan that both the president and Congress are proposing to reform the nation's broken health care system and ensure all Americans have better, more affordable access to health care services. Real reform cannot be achieved by tweaking a few components here and there. It requires a broad-based approach with all the elements of the plan working together to address the glaring problems in our health care system—escalating costs, inadequate coverage, and inefficient care of variable quality. Here are four key reasons why we need health care reform:

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### We need to address adverse health industry practices

- **Stopping discriminatory health insurance industry practices**

The president's proposal features new rules to ensure that all Americans will be able get health insurance coverage even if they have a pre-existing condition. It will also stop insurance companies from charging people more because of these conditions and prevent them from dropping your coverage when you get sick—a practice known as rescission. And there are new rules to stop insurance companies from charging women up to 48 percent more than men and limiting the amount they can charge people based on their age.

- **Requiring more transparency and accountability**

The president's proposal will make insurance companies more accountable by requiring federal oversight of premium increases and public disclosure of the amounts they spend on administrative expenses. There will be a new independent appeals process so consumers and patients can appeal insurance company decisions.

- **Eliminating waste, fraud, and abuse**

The president's proposal will rein in waste, fraud, and abuse by imposing tough new requirements to identify high-risk providers who have defrauded the American taxpayers and identify where there are conflicts of interest. Some estimates put Medicare fraud at \$60 billion a year. The plan also includes provisions to end overpayments to health

insurance companies.

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## We need to provide better health insurance coverage for more Americans

- **Helping people purchase health insurance coverage**

Families and individuals who need to purchase coverage outside their job face many unfair practices in the health insurance market place and are forced to pay exorbitant prices since they cannot exert the purchasing power of a large group. The president's health reform proposal will create state-based health insurance exchanges that will enable these individuals and families to join together in larger risk pools to purchase private health insurance coverage. Private insurance companies will compete for this business based on cost and quality. Consumers will be able to easily compare different insurance coverage options and get help with health insurance questions.

- **Keeping down family spending on health insurance premiums**

The president's proposal would ultimately lower premiums for the overall population by 8.4 percent. The plan includes premium assistance tax credits for low- and middle-income Americans that will limit the amount of income they spend on their health care premiums. According to the CBO, "the amount that subsidized enrollees would pay for non-group coverage would be roughly 56 percent to 59 percent lower, on average than the non-group premiums charged under current law."

- **Limiting consumers' annual out-of-pocket spending**

The president's proposal includes provisions that would cap what insurance companies can require individuals to pay in out-of-pocket expenses such as copayments and deductibles, and would eliminate the annual and lifetime limits on insurance coverage imposed by insurance companies.

- **Helping small businesses provide health insurance coverage for their employees**

Small businesses also don't have enough power to negotiate a good price for health insurance coverage with the insurers. The president's proposal will allow small businesses to purchase health coverage for their employees through the state-based insurance exchanges. These small businesses will also be eligible for tax credits to help them offset the cost of the health insurance for their employees.

- **Providing health insurance coverage for people who are currently uninsured—and reducing costs for everyone**

The president's proposal will expand coverage to 31 million previously uninsured Americans by expanding the Medicaid program and providing affordability credits to purchase coverage through the health insurance exchanges. Americans with health insurance currently pay an additional \$1,100 each year to cover the uncompensated care provided to people without health coverage. And recent high school and college gradu-

ates won't be left without coverage as they struggle to find work and start their careers. The president's proposal will let young adults stay on their parents' insurance plans until they are 26 years old.

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## We need to improve health care and lower health care costs

- **Providing better care**

The president's proposal promotes innovative new ways to provide higher quality, better coordinated care to better meet the needs of patients and families, especially those with chronic illnesses. These new approaches will support enhanced communication and coordination among health care providers—and between doctors, patients, and their families—to prevent problems such as harmful medication drug interactions, conflicting diagnoses, and duplicate tests and procedures.

- **Ensuring better benefits**

Families will be guaranteed more comprehensive health care coverage. In addition to physician and hospital care, health plans will be required to cover maternity and newborn care; pediatric services, including dental and vision care; prescription drugs; laboratory services; and mental health services. They also will have to offer a sufficient number of specialists and hospitals in their networks to meet the full range of health needs for those enrolled in their plans.

- **Closing the Medicare donut hole**

The president's plan will close the “donut hole”—the current gap in Medicare Part D prescription drug coverage that leaves many senior citizens to pay for their prescriptions on their own. In 2008, 3.4 million seniors, many of them chronically ill, hit this gap. This provision will save seniors thousands of dollars every year.

- **Investing in keeping people healthy**

Private health plans and Medicare will cover the full costs of preventive services and immunizations so families can stay healthy without worrying about the expensive copayments or deductibles that now may keep them from getting the care they need. The president's proposal also creates a Prevention and Public Health Fund to expand and sustain funding for workforce- and community-based prevention programs that prevent disease and promote wellness.

- **Strengthening the health care workforce**

The president's proposal will strengthen the health care workforce by improving the training and support available for nurses and other primary care providers. This plan will help train additional health professionals, improve the diversity of the health care workforce, and get necessary providers to areas currently experiencing shortages.

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## We need to improve the nation's economic outlook

- **Reducing the budget deficit**

The president's health care reform proposals are fully paid for and will not add to the national debt. In fact, they will help reduce the deficit by lowering government health spending over the next 10 years. Even the most conservative government estimates conclude that the proposal would reduce national health care expenditures by at least 0.3 percent by 2019.

- **Improving Medicare's sustainability**

The Medicare trust fund is expected to go broke in just over seven years. The president's health proposal will make Medicare a stronger, more sustainable program, extending the program's solvency to 2026 without cutting Medicare benefits.

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## Conclusion

Director of the Office of Management and Budget Peter Orszag says the single most important factor influencing the federal government long-term fiscal balance is the rate of growth in health care costs. Not only does the president's health reform proposal improve the nation's health care; it takes strong steps to address the unsustainable growth of health care costs. It is also important to emphasize that these health care reforms would not raise taxes on the middle class nor add to the nation's deficit. In fact, there will be long-term savings to the health system as a consequence of significant investments in prevention and wellness, increased access to primary care services, better use of electronic medical records, and initiatives to better coordinate care for the chronically ill and elderly.

The most important outcome of health care reform is ultimately that all American families will have affordable access to the health care services they need and the wellbeing and peace of mind that comes with that.