**Testimony of**

**Jeanne M. Lambrew, PhD**

**Associate Professor**
**Department of Health Policy**
**School of Public Health and Health Services**
**George Washington University**

**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"**

**April 25, 2007**

Dr. Lambrew is also a Senior Fellow at the Center for American Progress and will be joining the faculty of the Lyndon B. Johnson School of Public Affairs in the fall.

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## Reasons Why Health Reform Should Be On the Agenda

- Serious health system problems
- Public opinion support
- Recent proof that reform is possible

## Emerging Consensus On How to Get from Here to Universal Coverage

- Build on what works and make sure coverage is affordable
- Improve as well as expand coverage
- Recognize that we need to spend up-front to save in the long-run

## What Needs to be Done

- Build leadership
- Block policies that go in the wrong direction
- Lay the groundwork for reform (e.g., information technology, prevention)
- Successfully reauthorize SCHIP

Chairman Pallone, Congressman Deal, and members of the Committee, I am Jeanne Lambrew, an associate professor at George Washington University and senior fellow at the Center for American Progress. I thank you for the opportunity to testify today. I am particularly encouraged that you are focused on the challenge of covering all Americans. Comprehensive health reform is daunting. Presidents from Truman to Clinton tried and failed to enact legislation, and numerous bills to expand and improve coverage have languished in Congress. Considerable political capital, legislative skill, and will are needed to change a system that affects one-sixth of our economy and every single American. But, we are coming to the point where the effort it takes to repair the crumbling system may be greater than what it will take to build a better system.

Comprehensive health reform has not been seriously discussed in Congress for over a decade, but as the first panel suggests, the problems are large and expanding. The number of uninsured is roughly 45 million and growing. People who lack coverage have neither the same access nor the same outcomes as those with coverage.[1] Adding to their ranks are an estimated 16 million under-insured: people who, despite having coverage, are inadequately protected against health costs.[2] These same people who work hard to pay for coverage and care don't always get their money's worth. One study found that only 52 percent of people received care that clinicians recommend.[3] And, we have the most expensive system in the world by any measure. We pay $2 trillion or about 16 percent of our gross domestic product on health care – about $700 million more than peer nations, adjusted for wealth.[4] Stated simply, we overpay for an underperforming system. And this poor performance has literal life and death consequences.

In addition, public support for change is growing. A March *New York Times* / CBS News poll found that guaranteeing health insurance for all Americans is the top domestic policy issue, ranking far higher than immigration or cutting taxes.[5] For the last decade, the idea of a federal guarantee of health insurance for all Americans had had more than 56 percent support, rising to close to two-thirds support in the last year.[6]

And, we have recent proof that health reform is possible to achieve. Massachusetts enacted legislation that will insure all state residents beginning on July 1. California is in the middle of a debate over how, not whether, to insure all of its residents. And states like Pennsylvania, Illinois, Vermont, and Maine are not far behind.

These bipartisan, successful state efforts shatter the prevailing wisdom in Washington that health care interests, protecting the status quo, are uncooperative and insurmountable. They belie the belief that the ideological wars will wage on forever. They also shed light on what might be the pathway from our current system to universal coverage. Romney's plan, to a lesser degree, Schwarzenegger's plan, and some of the presidential candidates' plans resemble one that my colleagues and I proposed in 2005.[7] It would achieve universal coverage by building on what works in the system. Medicaid, SCHIP, and possibly Medicare would be extended to become gap-free safety nets. Employer-based coverage would be supplemented with a new purchasing pool for group health insurance. Assistance would be provided to ensure that all people could afford coverage. And, all Americans would share the responsibility for getting and keeping health coverage, and keeping themselves well.

Covering all Americans is necessary but not sufficient to forge a 21st century health system. We need to lay the groundwork for improved efficiency and quality. This requires comparative effectiveness research to guide our payment and quality promotion policies. Health information technology is needed to improve system performance. And, new ways of setting health policies that lower political interference and raise private-sector trust are in dire need. Senator Daschle has been exploring an idea to model health system governance on the Federal Reserve.[8] In addition, emphasis must be placed on prevention. We would carve prevention out of health insurance and create a new Wellness Trust to pay for it in all settings, like schools and workplaces.[9]

Laying this infrastructure and insuring the uninsured will require an investment. My colleagues and I propose paying for it with a small, targeted value-added tax. Other ideas like an employer "pay or play" have been proposed as well. Irrespective of the financing source, Federal spending probably needs to be raised to lower national health costs. Lower costs would result from insuring all Americans in a simpler, seamless system. We could reduce administrative costs, which on a per-person basis, are nearly six times higher than in comparable nations.[10] Lower costs would also result from emphasizing wellness. Today, nearly 80 percent of our health costs result from chronic disease, much of which is preventable. And, harnessing information technology could yield system-wide savings of over $100 billion per year.[11] These investments are not only beneficial but necessary. We cannot sustain Medicare – or reduce our structural budget deficit – if we fail to control health care cost growth.

Consensus on health reform, by definition, is neither elegant nor ideal. A feasible plan cannot solve all the system problems. It will be called too bold by some and too timid by others. But the fact that Republican governors and Democratic presidential contenders are circling in on the same approach to improving and expanding coverage for all Americans suggests that reform is within reach.

Progress, however, is not possible without leadership. Encouraging support for reform among political, business, and health care leaders is part of the work of the Center for American Progress. We were encouraged by the show of support for universal coverage at the presidential forum on health reform that we co-sponsored with SEIU in Las Vegas last month.[12] We are making headway in collaboration with the Better Health Care Together coalition in cementing support for legislation to provide coverage for all, greater value, and shared responsibility for managing and financing a new American health care system by 2012.[13]

Unfortunately, it seems clear that insuring all Americans is not a priority of the current President. He did not embrace the recommendation of the bipartisan Citizens' Health Care Working Group to cover all Americans by 2012.[14] Instead, the President proposed replacing the employer tax exclusion with a standard tax deduction for health insurance. This would likely accelerate the erosion of employer coverage while providing no affordable alternative for many.[15] His advocacy for high-deductible plans and scaled-back Medicaid benefits could replace the problem of un-insurance with under-insurance, as people gain coverage that may not afford them access to care.[16] And, his budget would under-fund children's health, causing a decline in the number

of children insured in public programs, according to the Congressional Budget Office. Such policies could exacerbate our health system problems.

This Congress, however, has an opportunity to make inroads into reform. This committee may advance and enact legislation on health information technology, prevention, and comparative effectiveness research. Most importantly, this committee has the responsibility to reauthorize the State Children's Health Insurance Program. This program has successfully reduced the number of uninsured children. It has built good working relationships between Federal and state governments, Republicans and Democrats, and special interests and advocates. Strengthening the program with the same support that created it would prove that, where there is a will, there is a way. And it would help pave the way for the next Congress, in 2009, to begin the legislative process on comprehensive health reform.

**Notes:**

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