



Op-Ed: Numbers, not shouting, overwhelm health care debate

Wed Nov 4, 3:09 pm ET
By Rep. John Dingell (D-Mich.)

Washington, DC — We have the best medical professionals in the world, but fewer and fewer Americans can afford to pay for the care they can provide. The trends indicate that problem will get much worse.

About 17 percent of our \$14 trillion dollar economy is dedicated to health care. We pay more for health care than we do for food. Too much of what we spend on our care does nothing to improve our health. We pay for our highly bureaucratic and unwieldy health care system not just with dollars, but with the lives and well-being of millions of Americans. The [Affordable Health Care for America Act](#) will reform our health insurance industry so companies prioritize policyholders' health instead of investors' profits.

The insurance industry has done everything possible to make you think otherwise. This summer's massive disinformation campaign – [exposed by Tim Dickinson in Rolling Stone magazine](#) last month – has distracted millions of honest, engaged citizens during this debate. During two town halls in my District this summer, I witnessed first hand how fear hijacked a much-needed serious conversation.

But the facts scream louder than even the angriest protester – and the data tells us the current system could literally destroy our way of life. Consider these statistics:

- The top ten health insurance companies made \$8.2755 billion last year and they stand to make more when medical costs go up.
- The average annual premium for employer-sponsored health insurance is \$13,375

for family coverage.

- Approximately 45,000 people die each year because they lack health insurance.

This is why we must ignore pressure from the health care lobby, now spending \$1.4 million a day spinning its story in Capitol Hill offices (that's chump change when you consider the top ten health insurance companies saw profits soar 426 percent between 2000 and 2007).

This is not a time to give into fear. I say this to both the general public and my Democratic colleagues. Our party lost control of Congress in 1994 after voters watched Democrats cower in the face of massive pressure from the insurance industry. We must learn history's lessons or again face questions on whether Democrats deserve to lead.

Reform is neither easy nor cheap, but the cost of inaction is far greater – in terms of lives lost, quality of life, and dollars. Make no mistake, if we don't reduce costs we face certain economic disaster. My father was one of the first members of Congress to fight to change the private insurance system in place today. His fight began in 1943, 66 years ago. If we go another 66 years with costs continuing to rise at the same rate they have over the last three decades, estimates project health care spending to approach 100 percent of our GDP. This is simply not sustainable.

On the other hand, President Obama has said slowing the growth of health care costs by just one-tenth of one percent each year could reduce our deficit by \$4 trillion over the long term.

According to the Congressional Budget Office (CBO), the House Democrats' health reform bill reduces the deficit by \$30 billion over 10 years, costing less than \$900 billion over that time and meeting the benchmark set by President Obama. The President asked for a deficit-neutral bill and we gave him that and then some. It is a reasonable price when you consider the Democrats' bill will fix the current system which has left so many Americans without proper care and/or bankrupt.

And just how is the health insurance industry spending your money?

- In 2007, each American paid more than \$500 to administer health insurance. The U.S. health insurance industry spends roughly 20 cents of every dollar it pays for “nonmedical costs, such as paperwork, reviewing claims and marketing,” [according to T.R. Reid](#), author of “The Healing of America.” This figure is often referred to as “medical loss ratio” or the money spent on actual care versus the money spent on non-medical costs.

That \$500 you pay funds a small army, about 463,000 people (more than the active military in Iran today), employed by the health insurance industry. Many of those employees spend their days looking for ways to slow payments or deny your claims.

- No other country has a medical loss ratio close to ours. Our administrative costs are more than double any other country, including France, where Reid points out everyone is covered by non-profit, private insurers. The French spend just 5 percent on administration, while Canada, with a single-payer, government-run system, spends only 6 percent. The McKinsey Global Institute estimates that \$91 billion a year is excess insurance administrative costs due to complexity.

Look again at the previous points and replace "health insurance industry" with "government". If that was government waste there would be protests in the streets. So why is it okay when your money is wasted by corporations? As I will explain later, Democrats are prepared to fix it, despite the best efforts of the insurance industry to stop us.

So what are we getting for our money?

- Better health? No. A 2008 London School of Hygiene and Tropical Medicine study looking at deaths that could have been prevented by access to timely and effective health care placed the U.S. last among 19 countries. If the U.S. had performed as

well as the top three countries (France, Japan, and Australia) 101,000 deaths per year [would have been prevented](#).

- More care? No. In Japan, citizens average an astounding three times more visits to doctors' offices than Americans and twice as many MRI scans and X-Rays. Even with all these visits, the Japanese still spend less than half as much per person on health care as we do. Life expectancy and recovery rates for major diseases there are much better than ours.
- Fiscal health? No. In 2006, our economy lost as much as \$200 billion because of the poorer health and [shorter lifespan of the uninsured](#).
- Premiums for small businesses are up 129 percent since 2000. And the insurance industry is [quoting increases](#) of 14-15 percent for the next year.
- The high cost of health care causes a bankruptcy [every 30 seconds](#). In 2007, 60 percent of U.S. bankruptcies were due to medical costs. Reid points out medical bills force 700,000 Americans into bankruptcy, while there are ZERO medical bankruptcies in France, Britain, Japan and Germany.
- Security and Stability? No. The Kaiser Family Foundation reports last month "one third of Americans (33 percent) say they or someone in their household has had problems paying medical bills over the past year." That's up nine percentage points from August and represents the highest level in nearly a year.
- Health coverage for all Americans? Not even close, and believe me, the uninsured are costing you money. This year, every insured American family will pay the health insurance industry \$1,017 -- and insured singles will pay \$368 -- in premiums just to cover the medical expenses of the uninsured. This "Hidden Health Care Tax" will total \$42.7 billion this year.

[View Slides of graphs illustrating health care comparisons below.](#)

And there are signs the future could be worse. Employees' premiums and out-of-pocket charges will go up 10 percent – with the average employee paying \$4,023 – next year, [according](#) to the benefits consulting firm Hewitt Associates. An Aon Consulting survey of employers [found 70 percent](#) plan to increase employee contributions, while 67 percent

expect to raise deductibles, co-pays, coinsurance or out-of-pocket maximums. About three out of every five Americans under 65 get their insurance through their employers.

Acclaimed Princeton economist Uwe Reinhardt [says if current trends hold](#), total health spending by or for a typical family of four will hit \$36,000 a year in 2019. In 10 years, half of all American families will have to spend more than half of their income on health care.

That's the future for those lucky enough to keep their health care. More than four Americans lose their coverage every minute. According to the think tank Third Way, the coverage for 88 million Americans dealing with factors like pre-existing conditions, expensive premiums, or high out-of-pocket costs could be at risk without reform. New findings from the Urban Institute indicate the number of uninsured could rise as high as 65.7 million in 2019 and the cost of uncompensated care could go up as much as 128 percent - that leads to higher premiums and taxes for all of us. So it is not enough just to create new policies, they have to be better than what exists and push other insurers to do better.

Our bill will boost the nation's economic well-being and protect the pocket of patients and doctors

Under the Democrats bill, you can keep your plan and your doctor. The House bill will also create an insurance exchange with affordable options covering 96 percent of all American citizens, including millions currently uninsured and underinsured. Perhaps PricewaterhouseCoopers, in a report that was NOT paid for by the insurance industry, summed it up the best:

“Broader coverage, particularly if paired with an individual mandate, could reduce the cost shifting that increases medical costs to private payers.”

Other measures in the bill will put money back in your pocket, including:

- Ending co-pays for preventive care;
- Implementing a year cap on your out-of-pocket expenses with no caps on what insurance companies pay;
- 50 percent discounts on brand-name prescriptions for Medicare Part D beneficiaries and shrinking out-of-pocket costs by \$500;
- Elimination of the donut hole (the gap in coverage that leaves beneficiaries on the hook for the cost of prescription drugs when the cost of their prescription drugs passes \$2,700 in a year) by 2019; and
- Phasing out wasteful spending for Medicare Advantage (MA) – which costs beneficiaries an extra \$1,000 per enrollee. Paying for the MA subsidies costs a couple using traditional Medicare an additional \$78 to \$90 a year.

Steps like this will strengthen Medicare, keeping the program solvent an additional five years. Medicare is one of the most successful government programs in our nation's history. Without reform, large numbers of doctors, who face a 21 percent cut in payments next year, would certainly drop out. Already, physicians are burdened with both outrageous malpractice insurance charges as well as meeting insurance companies' demands, which cost them on average 142 hours – worth \$68,274 - a year. We've simultaneously introduced a separate bill which will prevent that 21 percent cut.

Many doctors will also applaud efforts to move away from the fee-for-service system. Over the summer, we strengthened incentives for the development of “[accountable care organizations \(ACOs\)](#)” which have lowered costs and improved care in several communities. Doctors and administrators at providers like Geisinger Health System in Pennsylvania and the world famous Mayo Clinic have used such systems after deciding they could do better by shrinking insurance-driven incentives. They instead make more money by keeping costs down and meeting quality-of-care indicators. ACOs are run by doctors and hospitals with no government role whatsoever. CBO scored the ACO provisions in our bill and found savings of \$2.6 billion through 2019.

These doctors and hospitals have shown a real commitment to bending the cost curve. I

wish I could say the same about the insurance companies.

Better Corporate Behavior = Savings for Consumers

Currently, insurance companies do not compete to offer better plans, cheaper rates, or even better customer service. "Successful" companies are those best at shedding risk. Our bill will stop discrimination against people with pre-existing conditions and rescission – the practice in which insurers search for problems with patients' policies while they are waiting on the gurney for emergency care. Three insurance company executives [acknowledged](#) during an Energy and Commerce subcommittee hearing this summer that rescission saved those companies \$300 million by canceling about 20,000 policies over five years.

[Watch Video of the subcommittee hearing here](#)

There may be no number that can state how many families have lost a loved one or were financially decimated by these practices. But it is clear that without reform, the companies will go on with these kinds of practices. It will be business as usual unless the government steps in.

But new health insurance industry regulations would only prevent the tactics the industry employs now. Americans need more choices to allow them to fight back against new forms of rascality, especially while insurers enjoy almost near monopolies in dozens of states. I believe a marketplace with increased competition, coming from a public health insurance option, will push the insurance giants to behave better than even increased government oversight could.

The public health insurance option would have leverage to force insurers, pharmaceuticals, and hospitals to bring their prices down.

MIT economist Jonathan Gruber analyzed how our bill would benefit people across the income spectrum and found that across the board, Americans would see lower premiums.

Gruber estimated a family of four would save \$1,260 per year and an individual would save \$470 annually, even without subsidies. Low- and middle-income Americans that qualify for affordability credits would see even greater savings per year.

As promised, back to medical loss ratio: when California state lawmakers tried to require insurers to spend at least 85 percent on medical care, hundreds of industry lobbyists worked to kill the effort. Our bill includes a two-year fix establishing the ratio at 85-15. That will deal with the immediate concern while in the long-term, the public health insurance option and other safeguards will force insurers to be more efficient and cut their administrative costs on their own. A public health insurance option would likely have administrative costs similar to those of Medicare, which operates at 3-4 percent. This kind of competition is the best way to drive insurers to spend our money wisely and more efficiently.

As for fears the public option would crowd out other healthcare providers, the Congressional Budget Office (CBO) has estimated fewer than 5 percent of Americans would sign up for it.

Without the public option, what you have is 47 million more people being added to the marketplace that the health insurance industry can charge whatever price they want. It's a wonderful way to drum up business for the insurance companies. How can we ask doctors, hospitals, drug makers and all other stakeholders to make enormous sacrifices without asking the same of the insurers?

The alternative health bill House Republicans first unveiled Tuesday – more than 135 days after they first promised to have a bill – would force people with pre-existing conditions to pay up to 50 percent more for insurance coverage. Their measure has no limits on annual out-of-pocket costs and provides no direct assistance for uninsured people to get insurance. Republicans rejected tax credits for poor and middle-class families as too expensive. While they decry our efforts, they offer no alternative even though – as [National Journal has reported](#) – nearly half of the House Republicans (84 of 178) come from

districts where the proportion of the uninsured exceeds the national average of 15 percent. Conservative think tanks cry for deregulation, but this to me is like trying to get a fox out of the hen house by letting in more foxes. The CBO said a 2005 bill allowing plans to be sold across state lines would have caused about 1 million people to lose employer-sponsored insurance. More bad plans and fewer people insured sounds like a step backwards to me.

In a recent [Reuters poll](#), 63 percent of respondents said they'd pay higher taxes to get serious health care reform. I believe they realize this is one case where investing in reform now could put more money in their pockets later. They know the screaming should stop and reasonable discourse must rise above the rancor.

Let me close with a personal note. I make an effort to treat each class of Congressional interns to a lunch in the Member's dining room. During that lunch, I take questions about any topic they want to discuss. Almost every time, these interns – many of whom regard Ronald Reagan as ancient history – ask me about votes like the Gulf of Tonkin Resolution and the 1964 Civil Rights Act. In my more than 50 years here, I've cast ten to fifteen votes which are repeatedly revisited by the general public, both young and old, because they have such a dramatic impact on the world we live in today. And while public mood may color their sentiments or the way they ask the question, the basic premise behind the interns' questions are always the same:

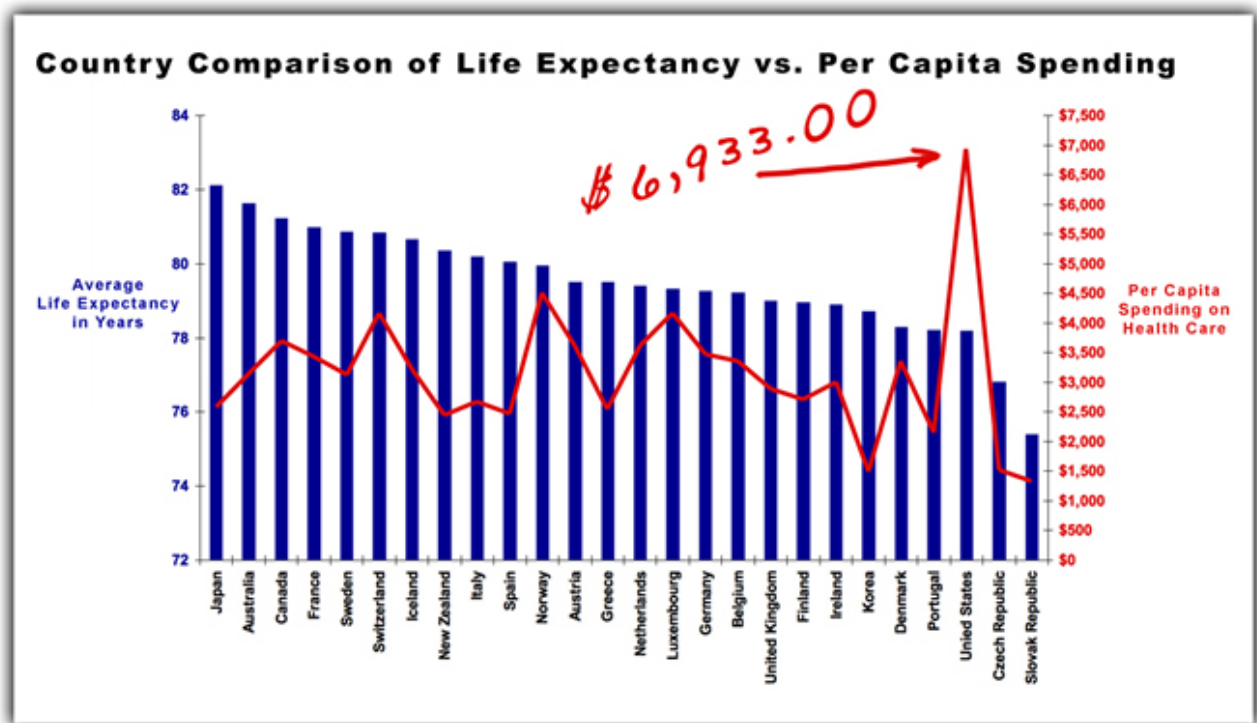
When history called, what did you do?

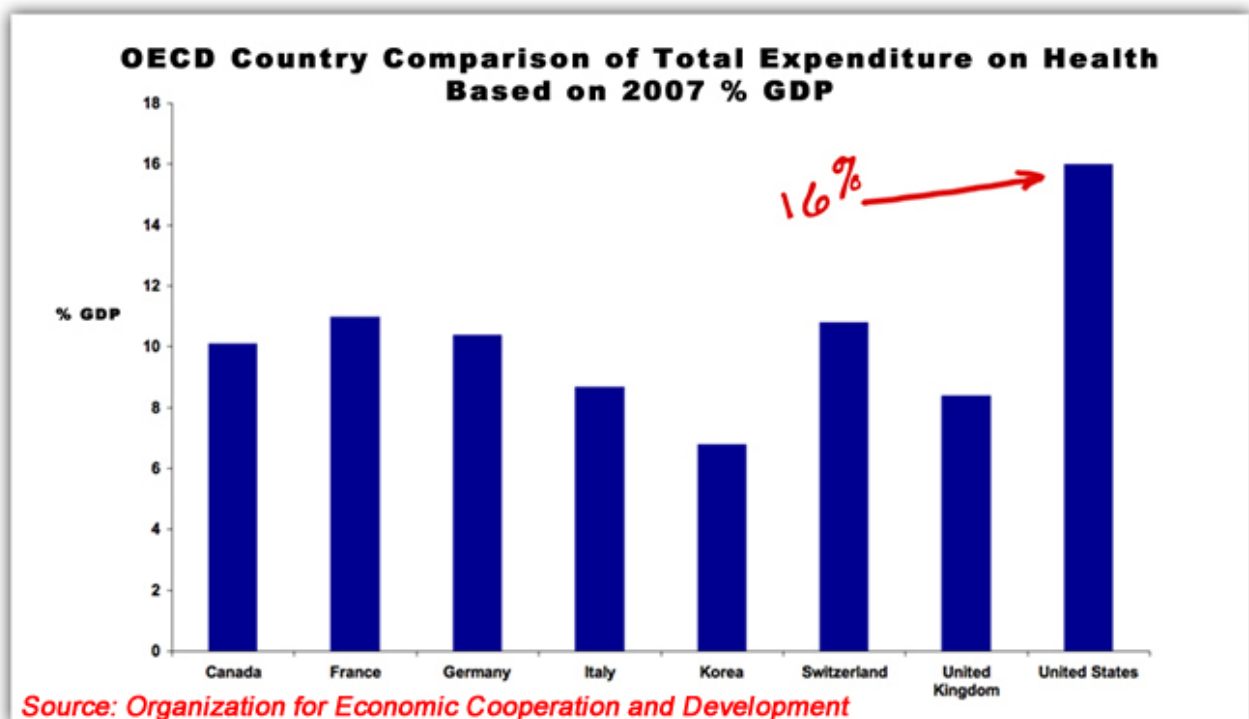
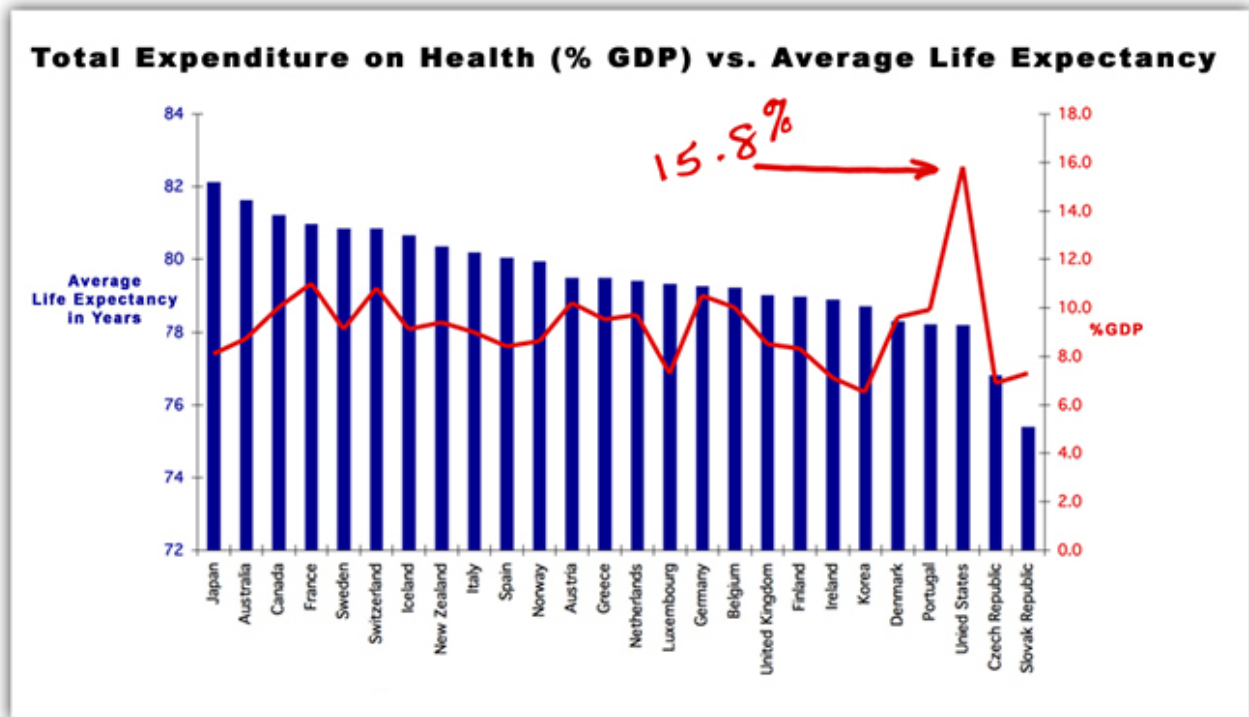
Without a doubt, the vote on this bill will join the list. I will tell my fellow members, when you explain a vote like this one to the generations that live with the consequences of these decisions there is no poll, not even an election result, that can justify your decision. You will be asked about this vote until the day you die. Years from now, none of these things we put so much stock in now will matter. All anyone will want to know is: did you do the right thing when history called on you? It is time for health care reform. We can't afford to wait. We can't afford to think small. We can't afford to fail.

Democratic Rep. John D. Dingell has served Southeast Michigan for more than 53 years in the U.S. House of Representatives, making him the longest serving congressman in U.S. history. He has introduced and fought for legislation that would create health care coverage for all Americans since 1957.

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Source: Organization for Economic Cooperation and Development

