

Citizens' Health Care Working Group  
**HEALTH CARE**  
 THAT WORKS FOR ALL  
**AMERICANS**

Information.  
 Participation.  
 Action.



Your Guide to a National Debate on Cost,  
 Quality & Access to our Nation's Health Care



## We Need You:

- To learn more about what's ailing our nation's health care system
- To participate in conversations – online and in your communities
- To tell our nation's leaders what you want out of your health care system, so that they can hold hearings and consider your needs



## Why?

In 2003, Congress passed a law saying:

“In order to improve the health care system, the American public must engage in an informed national public debate to make choices about the services they want covered, what health care coverage they want, and how they are willing to pay for coverage.”

**To make it happen, Congress created the  
Citizens' Health Care Working Group**



## Making History

Instead of trying to come up with a solution behind closed doors or with representatives of special interest groups, Congress is asking a group of citizens like you to identify real answers to the problems that affect our nation's health care.



## So, Who Are We?

- We are the Citizens' Health Care Working Group.
- We are 15 citizens from all over the country.
- We come from all walks of life – and we don't represent lobbyists or special interests.
- Like you, we have real health care issues.



## We Think You Can Help Us

Because:

As a *citizen*, you care about your health and that of your family, friends, neighbors, and community.

As a *consumer*, you care about being able to get affordable, high-quality health care.

As a *taxpayer*, you care about keeping the cost of health care under control.



# First, Let's Look at our Health Care System

It is:

Big

Complicated

And changes made in one area can affect everything else



## We Have Much to Be Proud of...

- Many of us are benefiting from medical advances, and are living longer, healthier, and more productive lives.
- We export our medical know-how, advanced technology, and breakthrough medicines around the world.
- Most of us say that we are pleased with the health care we receive.



## ...But We Also Have Serious Problems

Reliable data show we have significant issues with:

Escalating *costs*

Unreliable *quality*

Inconsistent *access* to health care



## Everybody Feels the Pressure

- **Individuals** – you and me
- **Businesses** – employers who pay some of the costs
- **Government** – who pays for Medicare and Medicaid and other public programs



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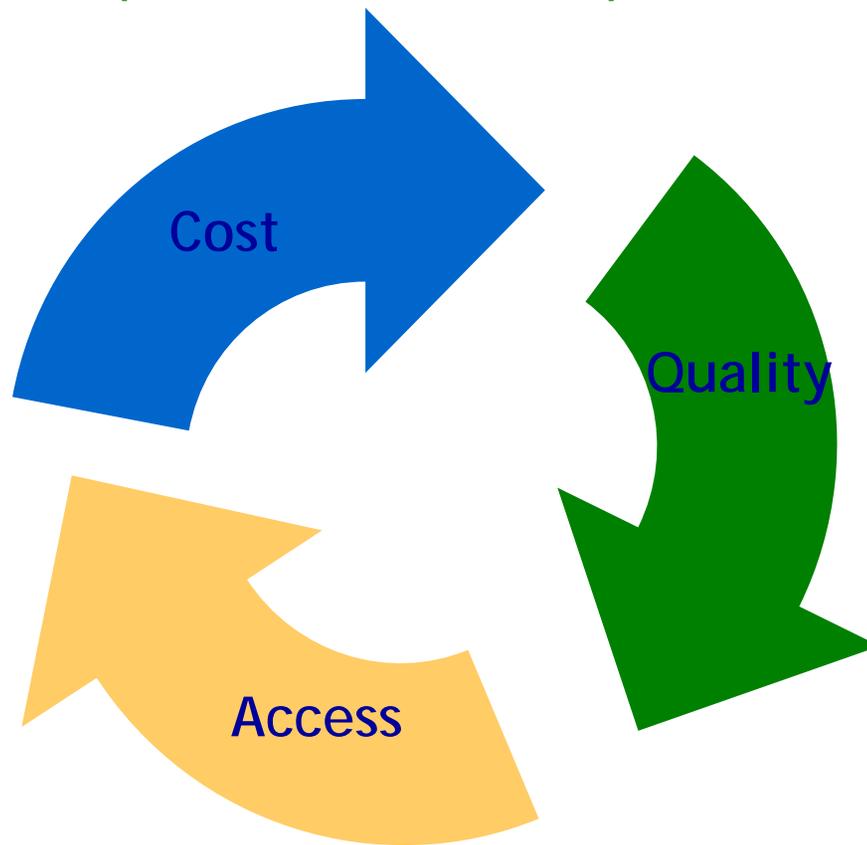


# It's a Vicious Cycle...

## The problems are complicated...

- In 1960, we spent a nickel out of every dollar we earned on health; today we spend 15 cents out of every \$1 on health.
- The U. S. spent \$6,400 per person in 2004; By 2014, this amount is expected to be \$11,000.

- Almost 46 million are uninsured.
- Many uninsured are from working families.
- The uninsured are 8 times more likely to skip medical care because they can't afford it.



- Quality often falls short of the mark.
- Adults get, on average, only 55% of the recommended care for many common conditions.



## ...And They Are Interrelated

- New technologies can improve quality, but can also lead to higher costs.
- Rising costs can lead to unaffordable care.
- Providing low-quality care can increase future costs.
- When those who don't have insurance receive care, the rest of us pay through increased costs.



Before exploring possible solutions, let's look at the problems individually to see how they relate to one another



## Cost

*Cost* is what is paid for health care. We ALL pay one way or the other, in employer and employee contributions, in taxes, in insurance premiums, or directly out of our pockets.

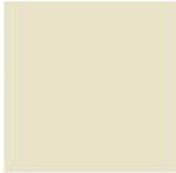


## High Costs Affect People Like You

"My son was born prematurely. He stayed in intensive care for six weeks. We didn't have health insurance, so not only were we very worried about this sick baby, we were worried about how we were going to pay for this. The bill was far more than what we would make even in a year.

My son, who was later diagnosed with cerebral palsy, required 24-hour care the entire time he was growing up and was often very sick. I spent my days at home with him while my husband worked at the auto body shop. I waited tables at night to make ends meet. Now he is 22 and a Medicaid recipient, still requiring around-the-clock care."

— Deborah Stehr, Lake View, IA

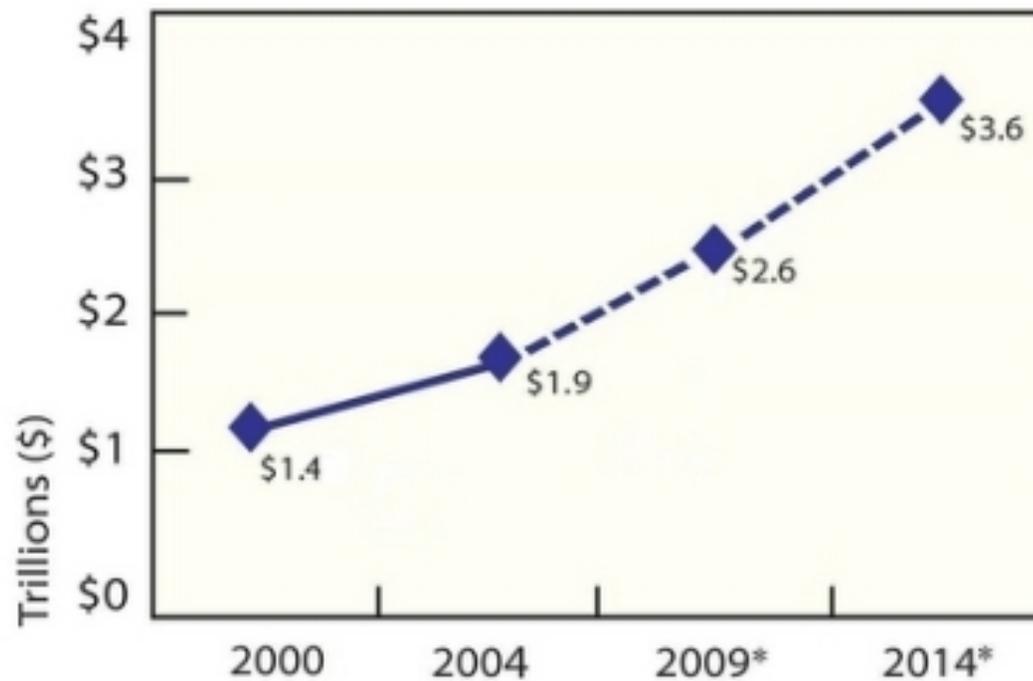


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# Spending for Health Care in America: \$1.8 Trillion in 2004

National Health Care Expenditures to Double Over  
the Next Decade



Source: Centers for Medicare and Medicaid Services, Office of the Actuary

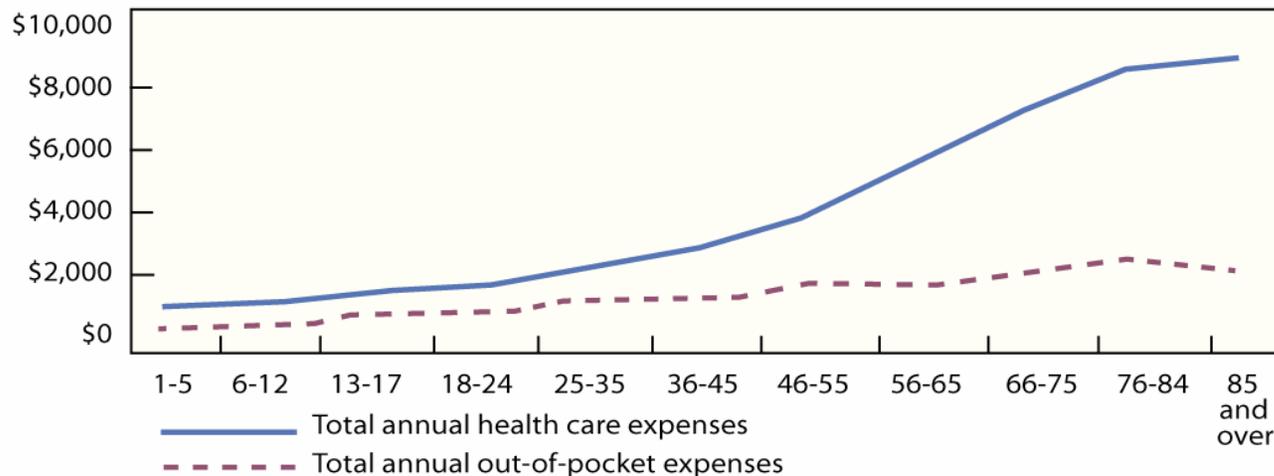
\*Based on 2005 projections



# Most Health Care is Used When We are Seriously Ill or Injured, and Also as We Get Older

- Health care for people with chronic diseases accounts for 75% of the nation's total health care costs.
- The rise is particularly steep near the end of life; 25% of Medicare dollars are spent on care for people in the last year of their lives.
- Costs of nursing home and other types of long-term care are increasing.

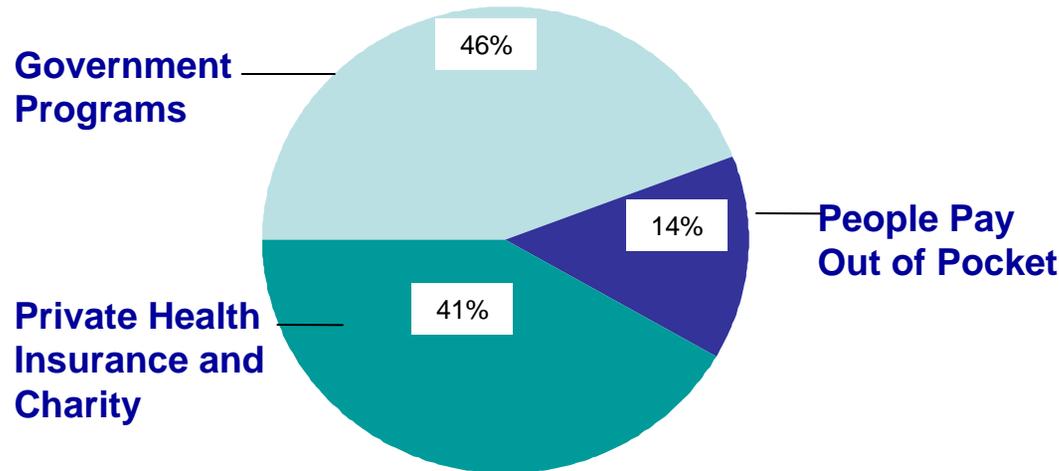
A Person's Health Care Spending Increases with Age



Source: U.S. Department of Health and Human Services and Agency for Healthcare Research and Quality, *Medical Expenditure Panel Survey, 2002*.



# So, Who Pays the Bills?



Numbers do not add up to 100% due to rounding  
Out of Pocket payments do not include insurance premiums

Source: Centers for Medicare and Medicaid Services, National Health Accounts, 2003.

- Public spending for health care comes from tax dollars that federal, state, and local governments use to pay for programs like Medicare and Medicaid.
- Private spending includes private health insurance (mostly through employers).



## Public Programs: Medicare, Medicaid, and SCHIP

- **Medicare:** The national health insurance program for people age 65 or older, some people under age 65 with disabilities, and people with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a kidney transplant).
- **Medicaid:** A program funded by the federal and state governments for low-income people, and in most states, individuals with very high medical expenses.
- **State Children's Health Insurance Program (SCHIP):** A program operated by states; allows states to offer health insurance for children.

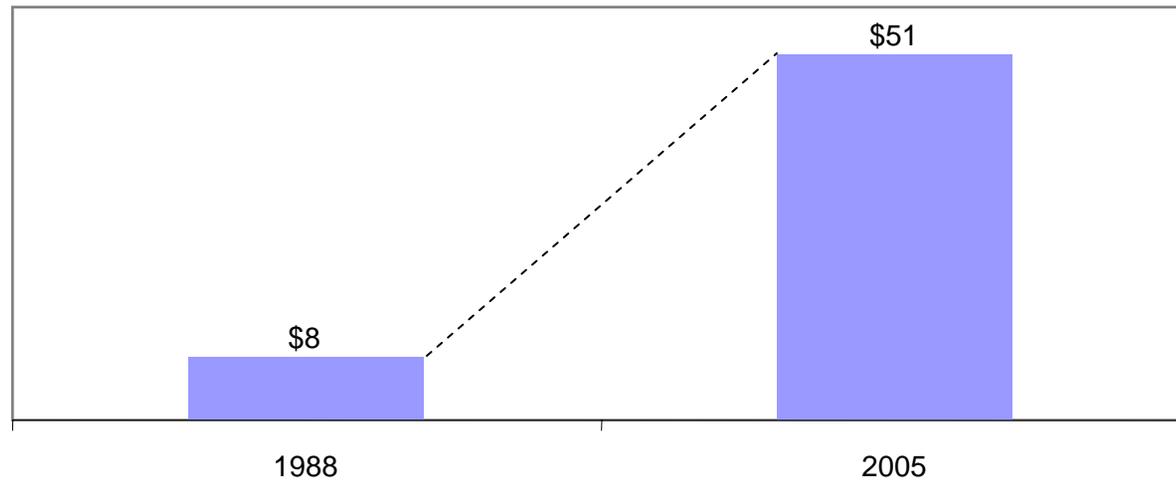


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**Premiums are Growing Rapidly:  
More Than 4 Times as Fast as Wages**  
That means employees are paying more.

**Average Amount that Individuals Pay Each Month for  
Health Insurance Premiums**



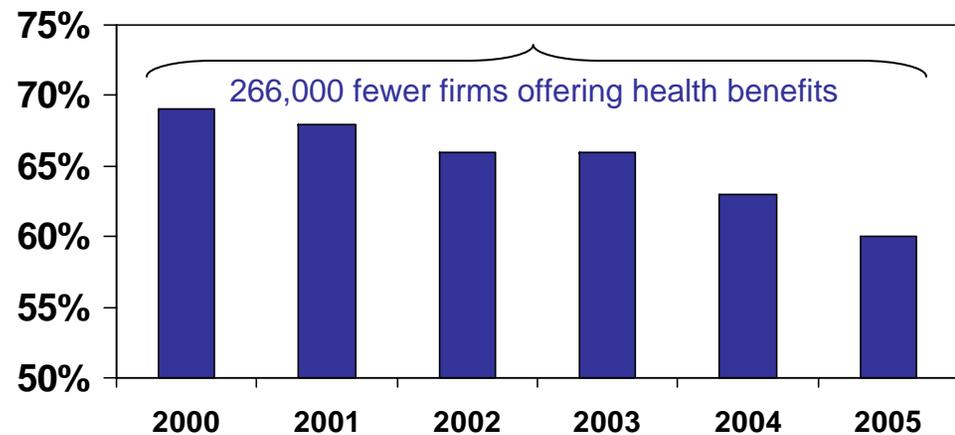
Source: Health Research and Educational Trust, Employer Health Benefits 2005 Annual Survey.



## Everyone is Affected – Businesses, Employees, and Consumers

- Fewer businesses offer health insurance to their employees.
- Wages may go up more slowly.
- Prices of what businesses produce and sell may increase, making businesses less competitive in the world market.
- This may contribute to jobs going overseas.

**Percent of U.S. Firms Offering Health Benefits**



Source: Health Research and Educational Trust,  
Employer Health Benefits 2005 Annual Survey.

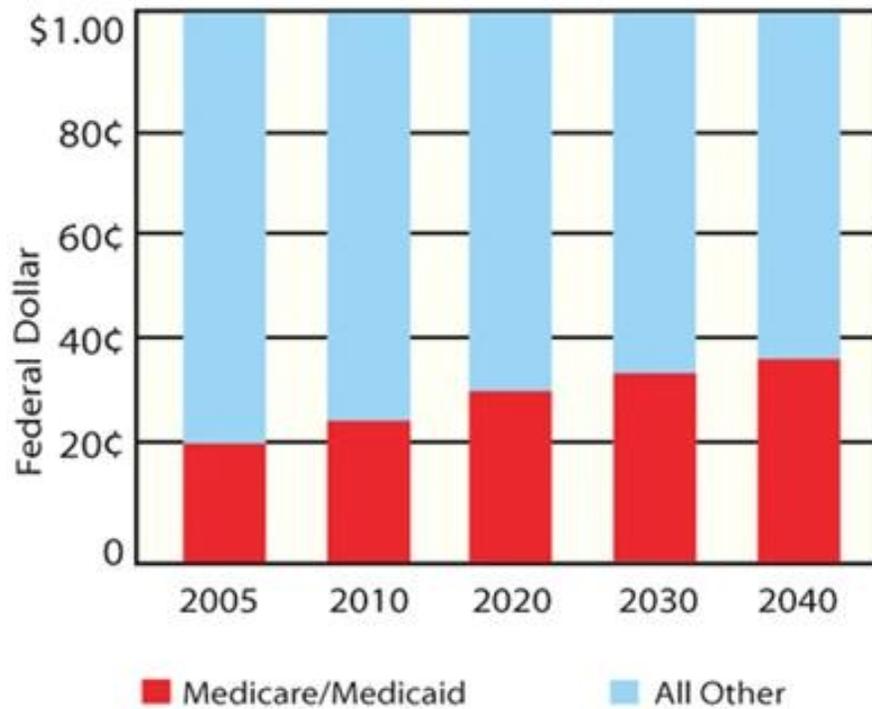


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# Medicare and Medicaid Use One-Fifth of the Federal Budget

Medicare and Medicaid Are Consuming More of Our Federal Dollar



Source: H. Aaron and J. Meyer, "Chapter 4: Health" in *Restoring Fiscal Sanity: Meeting the Long-Run Challenge*, A. Rivlin and I. Sawhill, ed., Brookings Institution Press, 2005.

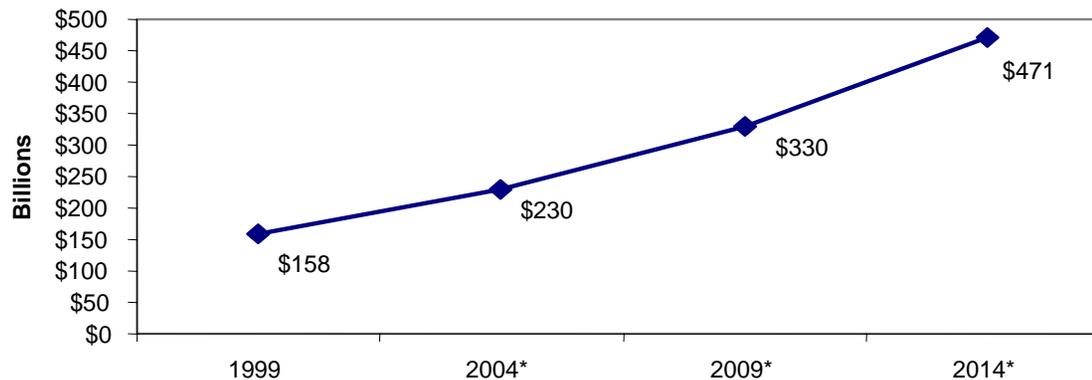


# In State Budgets: Health Care Is a Major and Growing Expense

What are states doing to address the problem?

- Tightening rules to make it harder to qualify for Medicaid
- Reducing Medicaid benefits

**State and Local Health Expenditures, 1999 - 2014**



Source: Centers for Medicare and Medicaid Services, Office of the Actuary; and U.S. Department of Commerce, Bureau of Economic Analysis and Bureau of the Census.

\* Projected.



## This Growth Rate Cannot Be Maintained

- If no actions are taken, Americans will face difficult choices among tax increases, larger deficits, and cuts in other government services such as education, environment, housing, and transportation.
- If we stay on our current spending path, Medicare and Medicaid will account for nearly 30% of all government spending by 2020 and about 36% in 2040.
- Even if we cut the health care spending growth rate by more than half, it will still make up nearly 28% of the federal budget in 2020 and about 32% in 2040.



## Who Really Pays?

**We do.** Even though insurance companies and government agencies pay many health bills, we pay through:

- Health insurance premiums
- "Out-of-pocket" costs not covered by insurance
- Taxes
- Higher costs for goods and services sold by companies that offer health insurance to employees



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# Quality

*Quality* refers to the *kind* of care you get – the right care at the right time, safe care, respectful of your wishes – in a manner that's right for you, so that your health and quality of life improve.



## Quality: A Personal Experience

"My mother did not always eat well, and as a result, was clinically obese. Her weight and nutrition problems led to the development of diabetes, a disease that affects African Americans 1.6 times more often than it affects non-Latino whites of similar ages. I watched as she grew sicker and sicker. Unfortunately, her diabetes led to congestive heart failure, and then to renal failure, and ultimately to death.

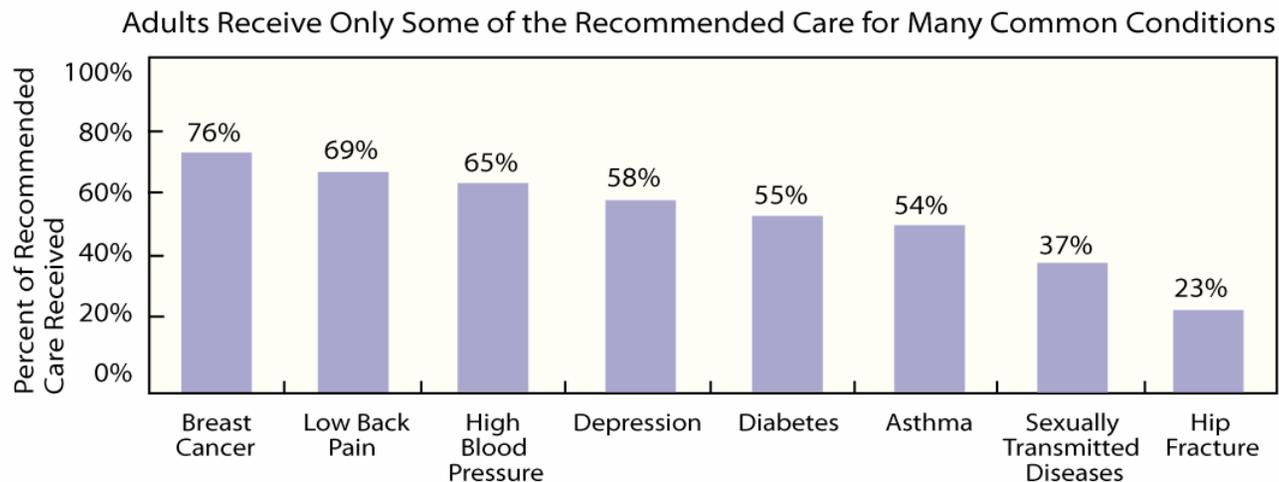
I really believe that if there had been earlier interventions and better education and more understanding from the family's perspective, that she would be alive today."

—Patricia Maryland, Indianapolis, IN



# We Don't Always Get the Care We Need

- Adults get, on average, only 55% of the recommended care for many common conditions.
- Despite spending more per person than in other countries, our health care results are not consistently better and are sometimes worse than in other countries, such as Australia, Canada, New Zealand and the United Kingdom.



Source: McGlynn, et al., New England Journal of Medicine, 2003.



## The Quality of Our Care Often Depends on Where We Live and Who We Are

- People in some parts of the country use more health care services but don't necessarily have better health care outcomes.
- Evidence shows there is a difference in the quality of care and health care outcomes related to race, ethnicity, and income.



## Sometimes We Get Care We Don't Need

Not all health care services make people healthier or more satisfied with their health care.

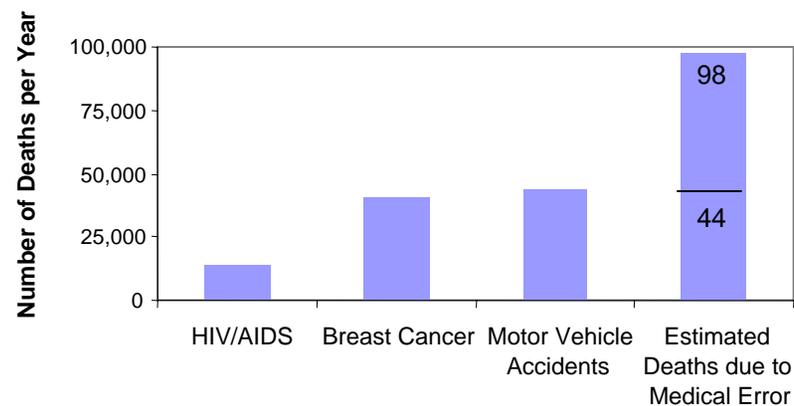
- Antibiotics do not cure colds or flu.
- People sometimes use hospital emergency rooms for care that is not urgent.
- Extra days in the hospital in the last few months of life do not always give people better quality of life.



## Too Many Mistakes Happen

- An estimated 44,000 to 98,000 people die every year from medical errors.
- Medical errors occur in about 1 of every 50 hospitalizations.

**Medical Errors Compared to Other Common Causes of Death**



Sources: National Vital Statistics Reports, 2004; National Cancer Institute, 2005; Institute of Medicine, 2000.



# Access

*Access* involves whether care is available and affordable. Insurance coverage, whether it's private insurance – or a public program like Medicare or Medicaid – helps to make sure that we can get care when we seek it.



## Natural Disasters Highlight Access Problems

“Hurricane Katrina has exposed another major weakness in our health care system. That is, our inability to assure that even the basic needs related to health care are available to individuals and families who have been displaced from their communities and relocated all across the country.”

— Aaron Shirley, Jackson, MS



## Key Facts About Access

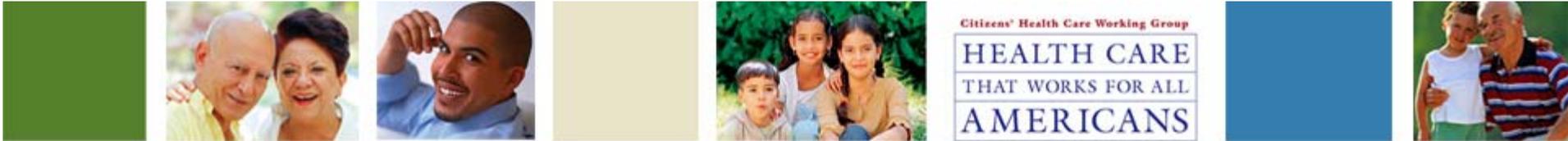
- About 246 million people have health insurance that pays part of the costs of getting care.
- Almost 46 million individuals do not have health insurance.
- The likelihood of an individual or family being covered depends on many factors, including the kind of job they have, their income level, where they live, their age, and their health status.



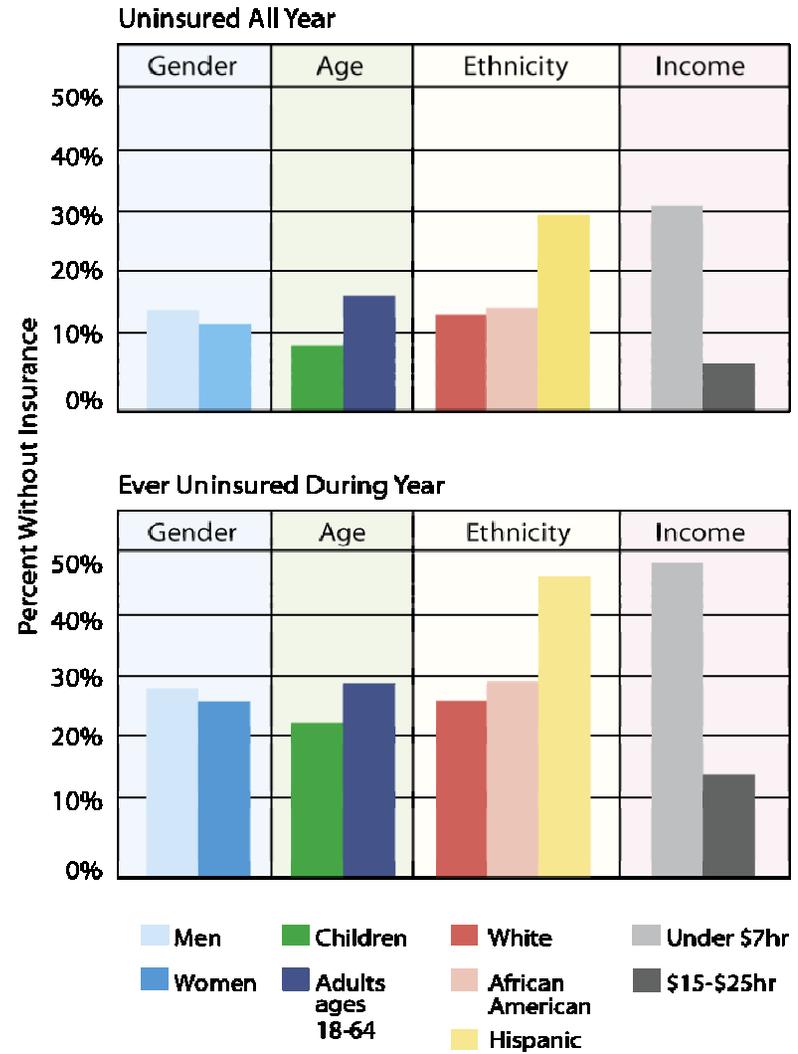
## Who Lacks Access?

More than 1 in 7 Americans – almost 46 million – do not have health insurance.

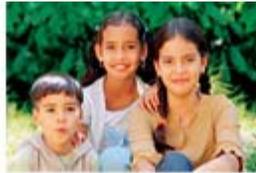
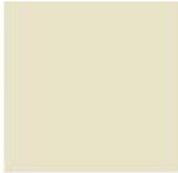
- They are not necessarily “poor.”
- Most are members of working families, often they can’t afford to buy health insurance.
- Some uninsured could afford to buy health insurance, but choose not to.



# Who are the Uninsured?



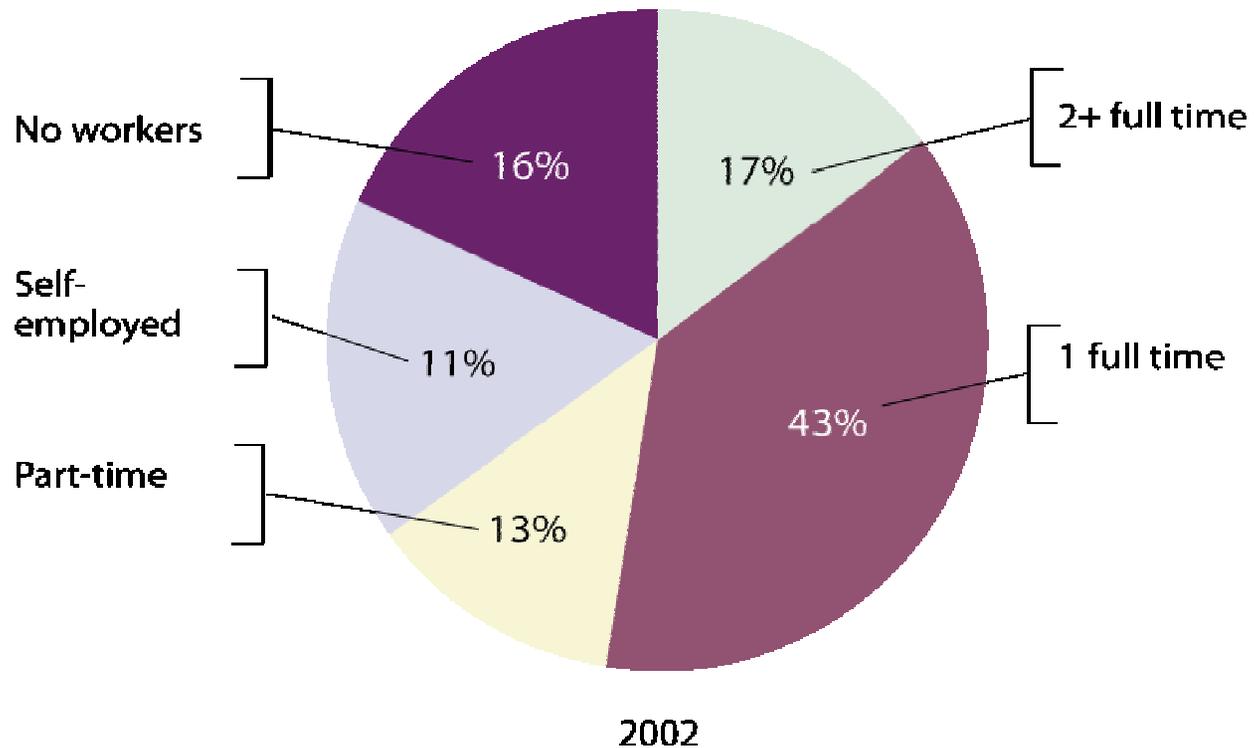
Source: Economic Research Initiative on the Uninsured; based on MEPS 2002 data.



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# Most Uninsured People Work



Note: Numbers may not add up to 100% due to rounding.  
 Source: Economic Research Initiative on the Uninsured, 2005.

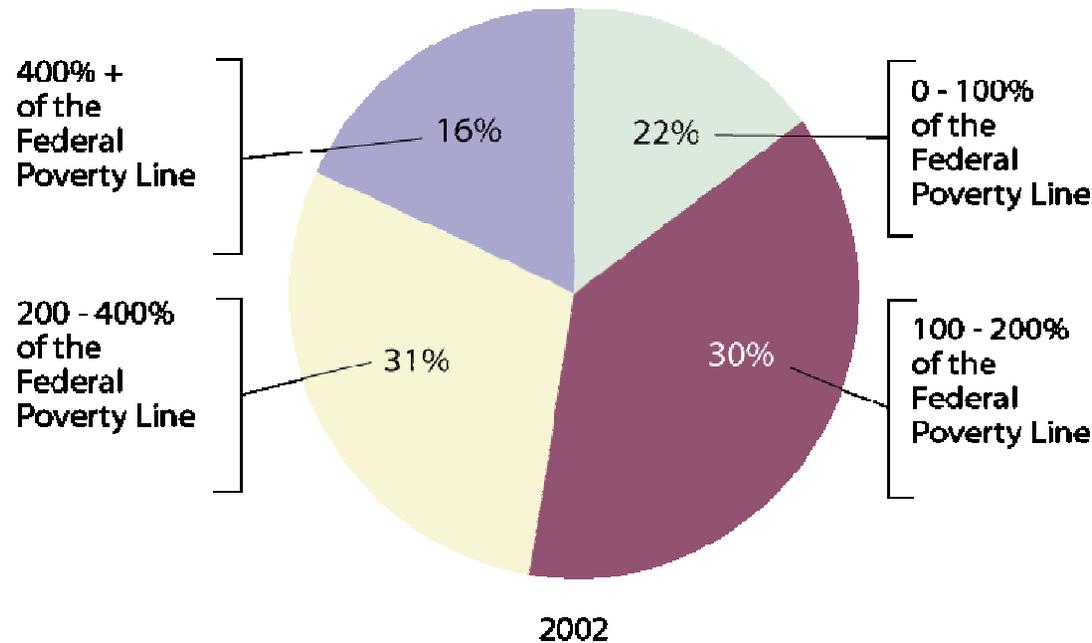


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# Most Uninsured People Have Incomes Above the Poverty Line

- Many still can't afford health insurance.
- Their incomes may be too high to qualify for help.



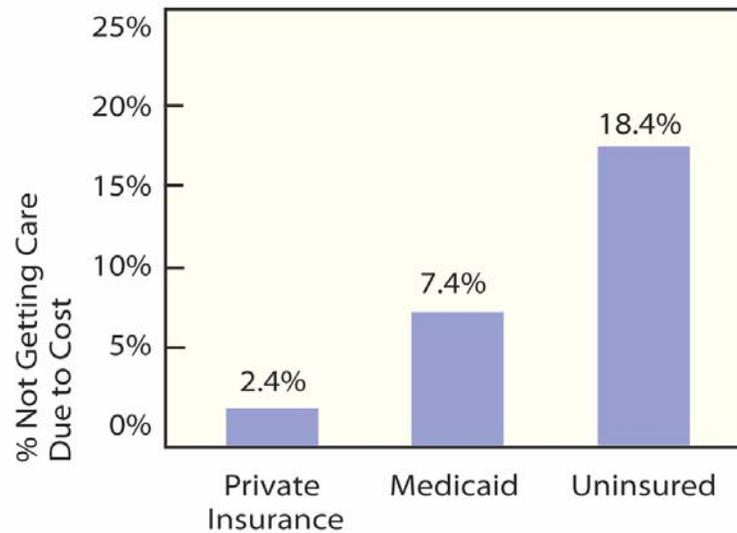
Note: Numbers may not add up to 100% due to rounding.  
Source: Economic Research Institute of the Uninsured, 2005.



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## The Uninsured\* are More Likely to Not Get Care Due to Cost



Source: Centers for Disease Control and Prevention, National Center for Health Statistics, 2005.

\*People under age 65 in 2003.



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## Becoming Uninsured Could Happen To You

Unexpected changes can affect coverage:

- Serious illness or injury
- Worsening of a chronic condition
- Losing or switching jobs (after federal COBRA protection runs out or is unaffordable)
- Changes to health insurance policies

***What is COBRA?** COBRA (Consolidated Omnibus Budget Reconciliation Act) provides certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates.*



# What are the Consequences of Being Uninsured?

People without insurance:

- Are less likely to get health care that they need, especially preventive care and treatments for chronic health problems
- Are at risk for the huge expenses of catastrophic health care
  - *What do we mean by catastrophic?* Medical care so serious in nature as to require extensive, long-term, and expensive medical treatment
- May have worse health outcomes



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Next, let's understand what needs to be done to fix the system



## Strategies are Being Explored

- *Creating new state and local programs* that expand insurance coverage and at the same time control costs and improve quality and access to care.
- *Having employers and employees* work together to expand access by holding costs down and getting the right care at a good price.
- *Using new health information technology.* The goal is to provide more information to health care providers and patients, improve quality, reduce medical errors, and reduce waste.  
more on following slides. . .



## More Strategies Being Explored

- *Encouraging people to use less expensive, yet equally effective health care options.* For example, people can often use generic drugs instead of more expensive brand-name medications.
- *Providing more information to doctors, nurses, hospitals, insurance companies, employers, and consumers about higher-quality, more efficient care.* One way is to use a type of “report card” to rate the care provided by different types of health plans, hospitals, nursing homes, etc.



## Even More...

- *Adjusting payments* to doctors, hospitals, or other health care providers based on the quality of care they provide.
- *Improving people's access to care and insurance coverage* through a more effective use of current public programs, such as Medicaid, or new programs that will allow more employers to offer coverage.



## But There's More Work to Do

While some of these ideas may appear promising, not all are being used widely. Some need careful evaluation. Few of them have been easy to do. Some will prove themselves, but others just won't pan out in our complex health care system.

We need lots of ideas.

We still have some hard work cut out for ourselves.



But the “fix” will take more than a magic pill...



## ...It Will Take Trade-offs and Tough Choices

Each possible solution works by influencing:

The amount of health care services we use

The types of services we use

The price of those services



So, we need to ask ourselves some tough questions.

How would you answer the following?



## Tell Us What You Think!

- What concerns you most about the health care system in America today?
- What health care benefits and services should be provided?
- How does the American public want health care delivered?
- How should health care coverage be financed?
- What trade-offs are the American public willing to make in either benefits or financing to ensure access to affordable, high quality health care coverage and services?



## We Need You!

These are just a few of the questions that we would like you to answer. Your answers will help us prepare recommendations for action by the President and Congress.

**But to make sure everyone is heard,  
we need your help...**



## Here's What You Can Do

Download:

- An **Invitation To Make Health Care Work For All Americans**,
- **The Health Report To The American People**, or
- A **Video** to learn more about our efforts.

Tell us what you think about what works and what does not:

- Provide your comments and opinions at the **Public Comment Center** so they can be used build the Citizens' Action Plan.
- E-mail us at **[citizenshealth@ahrq.gov](mailto:citizenshealth@ahrq.gov)**
- **Write to us** at Citizens' Health Care Working Group; 7201 Wisconsin Avenue, Suite 575; Bethesda, MD 20814

Urge your family, friends, colleagues, and neighbors to participate in this important movement.



## Most Importantly, Thank You!

We are thrilled that you are willing to be part of this unique national event. Without your participation, we could not gather all the feedback and deliver our report.

So thank you for helping us create health care that works for all Americans.



# Citizens' Health Care Working Group Members

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