

American Federation of Labor and Congress of Industrial Organizations



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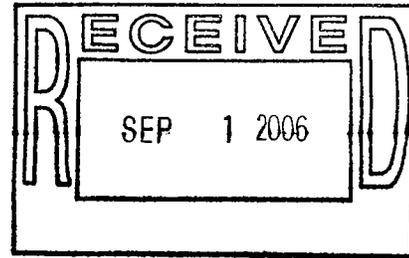
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August 31, 2006



Patricia Maryland, Dr. P.H.
Chair, Citizens' Health Care Working Group
7201 Wisconsin Avenue, Suite 575
Bethesda, Maryland 20814

Dear Dr. Maryland:

On behalf of the AFL-CIO's nine million members, I am writing to offer our comments on the Interim Recommendations of the Citizens' Health Care Working Group. First and foremost, I commend the enormous efforts of the working group to gather and analyze input from thousands of Americans, through community meetings nationwide as well as individual commentaries. Through such broad-based input, the will of the American people has been made clear: that all Americans should have affordable health care that both protects against catastrophic health care costs and provides access to a core set of evidence-based benefits.

Importantly, Americans have said they want fundamental change in our badly flawed health care system, not just incremental changes that fall short of reaching our goal of universal health care. Accordingly, the recommendations differentiate between immediate policy options (for 2007) as well as longer-term options for achieving health care for all Americans by 2012. This approach is reasonable and would ensure no subset of recommendations is pursued at the expense of the broader, comprehensive vision.

Of the six recommendations, three are wholly endorsable in our view:

Support integrated community health networks is appropriately offered as a way to assure *access* to affordable health care services on the path to universal health care. It is not to be considered a substitute for providing all Americans with affordable health coverage.

Fundamentally restructure palliative care represents an important, valuable and often overlooked aspect of the health care debate.

It should be public policy that all Americans have affordable health care, which the recommendations appropriately note is best achieved through a national system with financing based on fairness, efficiency and shared responsibility among individuals, government and employers.

Of the remaining three recommendations, we offer the following comments:

Guarantee financial protection against very high health care costs. It is worth reinforcing that this recommendation is offered as a bridge to universal health care – an immediately achievable building block to broader coverage reforms – and not as a stand alone component. However, the “possible framework” offered for catastrophic coverage wrongly assumes high deductible health plans would achieve this goal with an emphasis on guaranteeing all individuals pay some amount out-of-pocket before gaining coverage. It would be more effective – and consistent with the recommendation that catastrophic coverage serve as a bridge to universal coverage – to consider catastrophic coverage as a complement to, rather than a replacement of, our current system. Such a policy would instead cap out-of-pocket costs and provide coverage when the cap is reached.

In the example provided under the “possible framework,” an individual at 200 percent of poverty (just under \$20,000 a year) would receive premium subsidies for a plan with a \$4,000 deductible. This amounts to 20 percent of their income, an amount that would make them “underinsured” and as likely as uninsured to forgo needed care. (Schoen, et al, *Health Affairs*, June 14, 2005). Furthermore, the segmentation that would result from offering plans with various deductibles – from \$2,000 to \$12,000 in the example – would make coverage less affordable for those with the greatest health care needs. Finally, the “possible framework” includes a mandate that individuals obtain catastrophic coverage – a requirement apparently not included in the public’s support for protection against very high health care costs and one that is completely unworkable without a guarantee that coverage is both affordable and accessible to all.

Promote efforts to improve quality of care and efficiency. While this is a laudable and appropriate recommendation, there are important additional considerations. First, it is recommended that federally funded health programs promote “consumer-usable” information. However, it would be more effective to view this as a step to “purchaser-usable” information that promotes group purchasing as a mechanism for leveraging better quality care. A 2002 study by the Midwest Business Group on Health found the typical employer could save between \$1,700 and \$2,000 per employee each year through purchasing for quality. While individual consumers may benefit from tools that help them manage their illness and obtain preventive care, it is not useful or desirable for them to make their health care choices based solely or even primarily on cost and their own ability to pay. Second, this recommendation would be more powerful if it explicitly endorsed using payment systems to reward high quality care and encourage improvements in quality. Finally, any discussion of electronic health records must include a commitment to strong privacy protections that ensure public confidence in, and therefore full utilization of, electronic health records.

Define a “core” benefit package for all Americans. We fully support the recommendation that all Americans have a set of core health services that span the continuum of care, are evidence based and of proven effectiveness, and include wellness, preventive services, primary care, acute care, prescription drugs, patient education, and treatment and management of health problems across a full range of inpatient and outpatient settings. Notably, this recommendation is in marked contrast to the promotion of high-deductible health plans, which focus exclusively on cost of care rather than the appropriateness and necessity of care. In fact, high-deductible health plans run counter to the recommendation of a core set of evidence-based benefits, since studies indicate that high deductibles are as likely to discourage necessary care as they do unnecessary care.

Thank you for the opportunity to comment on the interim recommendations and for all your good work to translate Americans’ expectations for our health care system into workable policies. We stand ready to help make possible the goal of affordable health care for all Americans by 2012.

Sincerely,


John J. Sweeney
President

JJS:jv