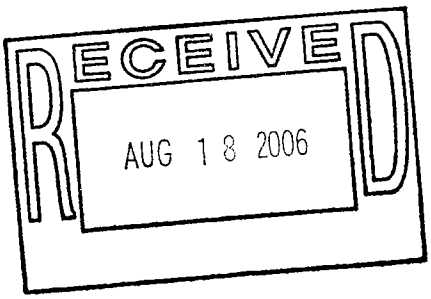
Michigan Legal Services

Anti-poverty Advocates

August 15, 2006



Citizens' Health Care Working Group
7201 Wisconsin
Suite 575
Bethesda, Md. 20814

Re: Michigan Legal Services response to Interim Recommendations

Dear Working Group:

We applaud the CHCWG's conclusion that "*Americans should have a health care system where everyone participates, regardless of their financial resources or health status, with benefits that are sufficiently comprehensive to provide access to appropriate, high-quality care without endangering individual or family financial security.*" Page 16; IR's. We agree that this insurance must be portable and hope that the CHCWG makes clear that it is calling for an end to the employment based health insurance system we presently have in this country. Drastic reform was called for by 96.8% of the participants in the town meetings who felt that the system is in crisis. The CHCWG's effort to make a cohesive program out of its six recommendations is commendable, but, we think, fails. The main problem is that there is no recommendation as to how to arrive at a national health care or health insurance program guaranteeing health care for all.

Other issues are:

1. A lack of a sense of urgency to get the job done;
2. Recommendation One is not consistent with the values;
3. The CHCWG operated under the false assumption that more revenue is needed to fund its programs;
4. A lack of focus on administrative costs;
5. A lack of focus on preventive or primary care;
6. A focus on the delivery system instead of on financing.

As a Legal Services agency we see the barriers to primary and preventive care created by the health care delivery and finance system every day. We see homeless people who cannot get care. We see people who have medical debt who are poor and we are increasingly getting calls from insured people who have incurred medical debt. People are avoiding care, even if they have health insurance, because they can't pay the co-pays or premiums or handle the deductible. We find people every year for Cover the Uninsured Week whose stories become news, and we find more of them every year. Insured people who are caught in disputes between insurers are often denied care until the dispute is resolved. Those disputes often take years. Uninsured people; insured people; and, people with MSA's or HSA's all avoid care for which they must pay a fee. Later

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they end up in ER's or in worse medical condition than had they seen a care provider earlier. HMO's and PPO's control costs by creating barriers to specialty care.

We must remove these barriers; not merely protect our people from high cost care. As the CHCWG noted, to a poor family 'high cost care' might not be that expensive. When you have low income, finding $50 for a doctor's visit is impossible.

No one has access to preventive and primary health care that is free and unfettered. No one in this country has the freedom to choose primary care providers available in most of the rest of the world. We feel a sense of urgency to remove these barriers to preventive and primary care, and we do not see that 'sense of urgency' in the Interim Recommendations. Instead it seems that the CHCWG tiptoes around the major barriers to preventive and primary health care – insurance induced complexity and costs up front to the consumer.

In the "Community Meeting Discussion Guide" the CHCWG mentions that we spend $1.9 trillion a year on health care. This equates to $6,300 a person. The Guide mentions, at page 4, "Complex billing and paperwork result in high administrative costs in the United States and can be frustrating for patients, doctors, hospitals and insurance companies." The statement that this paperwork is frustrating to insurers, who demand the paperwork and are the cause of the complexity and fragmentation of the finance and delivery systems, is an absurdity. Insurers create this complexity causing the high administrative costs in the USA that do not exist in other countries, nor under Medicare, nor under Medicaid. In fact, when common claims procedures have been proposed in the past insurance companies have opposed them.

In 2005 General Motors published its booklet "Health Care 101; A Conversation About Health Care." GMC makes the point that we are the most expensive and most wasteful system in the world, with shamefully poor health care results. When you are Number One in spending by far, and number 37 in results, something is drastically amiss. We pay $2,500 more per person than the French whose healthcare results are Number One. The USA, on the other hand, is behind Costa Rica, Dominica, Chile, Morocco, Saudi Arabia, the UAE, Cyprus, Colombia, and the entire industrialized western world.

48,000 people a year die due to medical errors and another 18,000 due to lack of health insurance. That 66,000 souls lost every year is more than we lost in Viet Nam. It is 33 times the length of the casualty list from Iraq. The crisis is deepening as private employment related insurance evaporates.

Yet there is little sense of urgency in these recommendations. In fact the CHCWG removed its ridiculously slow deadline of 2012 completely. Even with the time frame of 2012, by the time we get universal health insurance for primary and preventive care we would lose tens of thousands of people due to lack of coverage; and an increasing number who delay care due to the 'market based' policies followed by employers and the present federal government.

The present system encourages hospitals and providers to provide high cost care; use the ER early and often; and discourages patients from seeking preventive and primary care. The present health insurance climate does the same by requiring co-pays, premiums, and deductibles for preventive and primary care to come directly out of the pockets of the consumer. This first recommendation is even worse than it sounds since the CHCWG suggests an individual mandate should be enacted requiring all of us who make more than 200% FPL to buy our own high cost coverage or have it provided by our employer. The economic feasibility of this recommendation is nil.

It also violates the values the CHCWG heard from us. Health and health care are fundamental. We didn't say protection from high cost health care is fundamental – we said all health care is fundamental. "People told us they want a system that guarantees health care for everyone . . ." page 17; IR's. "A clear majority of people we heard from, like the majorities responding to a variety of national polls conducted over the past few years, are in favor of a national health system that guarantees health care for all Americans." Page 18; IR's. Starting with 'high cost care' is starting at the wrong end. We agree that protection from medical debt needs to be granted; but we don't believe an individual mandate for the highest cost care is the correct way to start building a national health program.

But, improving community health networks [Recommendation 2] – a basic reworking to also provide integrated networks with primary care on up – is clearly a good idea as long as the basic structure of FQHC governance is maintained. We assume the CHCWG does not intend this reworking to create a second and lower tier of care for the uninsured but a true reworking of the delivery system for everyone so that the health care delivery system becomes less fragmented and more efficient.

"Efforts to improve the quality and efficiency of care" [Recommendation 3] is a standard *mantra* these days of all reformers. We believe this is a noble effort. Yet the CHCWG fails to focus on the greatest cost driver – administrative overhead, except in the area of IT. The recommendations here are undercut by the recommendation for a policy for universal health care when the CHCWG writes, "We note that improvements in efficiency through a variety of mechanisms such as investments in health IT, public reporting, and quality improvement may be realized over time. Improved efficiency could in turn affect the rate of growth in health care costs. To the extent that such efficiency gains are obtained, they could be used to assist in paying for new protections recommended here such as those against catastrophic health care expenditures and the impoverishment of individuals as a result of getting the health care they need." The sense of urgency which was present in every meeting held is clearly ignored here. Instead the CHCWG relies on tired formulae and clichés. It is simply not acceptable to delay reform.

It would not take so long to reform the administrative structure of health insurance. It would result in immediate savings, much of which could be captured and applied to direct care. The CHCWG chose to focus on the wrong segment of the system – care givers and the delivery system instead of the administrative, claims and financing of the delivery system.

Restructuring palliative and hospice care with focus on at home care is an idea whose time has come. [Recommendation 4] How that is to be accomplished is not addressed, but since 22% of the health care dollar goes to such care, a recommendation regarding it is important. Yet waste, administrative overhead, and profit are an even greater share of the health care dollar, especially in the financing end of health care. The CHCWG makes no recommendations at all about how to make more efficient the financing of health care.

The final two recommendations must be read together. [Recommendations 5 and 6] They are that public policy should be that we all have health care and that we must define a core benefit package available to all. The core benefit package is to be determined by a commission based on objective evidence. We believe that this commission should be the first recommendation and that the focus should be on an integrated system of care as it is in the second recommendation. If Recommendations 2 [Integrated Network]; 5 [Universal care public policy]; and 6 [Commission to set benefit package] were left to stand alone the CHCWG would have a workable program. Including recommendations 3 and 4 would strengthen such a program.

The CHCWG states new revenues will be needed to implement universal insurance. This is false. There is plenty of money in the system to provide everyone with health insurance. It simply needs to be "reorganized" so it is focused on health care and not on claims denials, bureaucracy, and overhead. The delivery system is a creature of this finance system; not the other way around. The CHCWG treated its task as dealing with the delivery system alone. Without basic financial changes, reform of the delivery system will not happen.

We all must contribute to the health insurance system. But along with 76% of Republicans we also agree that " . . . the health care system in our country is broken, and we need to make fundamental changes." [Overall 80% of Americans agree with that proposition.] In fact the latest polling data shows that Americans want four things:

Guaranteed and affordable coverage for all Americans
Ensuring choice of doctors and plans
Controlling costs
Expanding preventive care

The Interim Recommendations fail on all four counts. The Interim Recommendations pay lip service to universality while creating incremental changes that will increase the complexity and accelerate the high cost of administration.

As Americans we should be ashamed that we tolerate such a failed system. It means that our multi-national corporations cannot compete on an even playing field with the rest of the world. We cannot compete with this Albatross around our economic necks. We lose jobs to Canada where Ontarians make more cars than Michiganians now.

We appreciate how difficult it is to write a 'plan' for universal coverage. But we feel that the CHCWG wrote a plan that will increase the problems of the present system and will not lead to universal coverage, even though the CHCWG calls for such coverage. We would rewrite these recommendations to focus on primary and preventive care; cutting administrative costs and non-direct care expenses in the system; and getting it done now.

Sincerely,

Gary A. Benjamin, for
Michigan Legal Services