THE CATHOLIC HEALTH ASSOCIATION
OF THE UNITED STATES

THE NATIONAL TRAGEDY OF NEARLY 44 MILLION UNINSURED

TESTIMONY FOR THE RECORDS SUBMITTED BY

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UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HEALTH

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March 22, 2004

TO: Members of the House Committee on Ways and Means, Subcommittee on Health
FR: Rev. Michael D. Place, STD
President and Chief Executive Officer
RE: Testimony for the Record

I am grateful that the committee has once again chosen to undertake hearings on our nation's most critical domestic policy issue, the state of our nation's health care system and the future of nearly 44 million people who are uninsured. On behalf of the 2,000 health care sponsors, systems, facilities, and related organizations that make up the Catholic Health Association of the United States (CHA), I want to express our appreciation for the opportunity to provide our comments on this critical issue. We offer the following testimony for the record as we move forward in this critically important national dialogue.

THE NATIONAL TRAGEDY OF NEARLY 44 MILLION UNINSURED

INTRODUCTION

Clearly, a disease that infects nearly 44 million individuals in this country would quickly command resources from every possible governing agency and public health entity. But this country faces an epidemic of uninsured individuals, and many in our nation seem willing to ignore this epidemic.

While researchers and economists may disagree on exactly how many are uninsured, their income levels, and the reasons that they are uninsured, no one can deny the fact that by default **a "silent" national policy excludes 1 in 7** individuals from fully participating in and enjoying the benefits of our health care system.

The recent IOM Study, *Insuring America's Health: Principles and Recommendations*, and numerous other research reports clearly state that being uninsured presents a formidable barrier to obtaining necessary medical care with a multitude of health consequences. For the individual, treatment delayed can mean serious complications, even death. For society, it means the potential spread of disease, rising medical costs, and the inefficient expenditure of health care resources.

As the Catholic health ministry, whose history began over 275 years ago, we continue to serve uninsured and underinsured individuals every day in our hospitals and clinics. We have seen the unraveling of our nation's safety net due to a downturn in our nation's economy; decreasing resources at the local, state, and federal level; and increasing demands for services. The strains on our health care system must be addressed.

As employers, health care providers, and above all as a community of faith, our values are the basis for our commitment to addressing these issues and presenting our recommendations.

OUR VALUES

The perspective of the Catholic health ministry is founded in social justice teachings. The following are our "operating principles," derived from a faith-based tradition of caring for the poor, healing the sick, and speaking for those who often go unheard.

- **Every person is the subject of human dignity.** This dignity must be honored, preserved, and protected from conception to death, whether one is disabled or aged. Flowing from this dignity is the right to basic and continuing health care.
- **Health care is a service to people in need.** Health care is an essential social good. It should never be reduced to a mere commodity exchanged for profit.
- **Health care must serve the common good.** The health care needs of each individual must be balanced by the needs of the larger society.
- **There is a special duty to care for the poor and vulnerable.** The well and the wealthy should care for the poor, the sick, and the frail.
- **There must be responsible stewardship of resources.** The resources needed for health care must be balanced with the needs of other essential social services.
- **Subsidiarity**. To the greatest degree practicable, administration must be carried out at the level of organization closest to those to be served.

Our ministry's approach to health care rests in these values. As a result, we believe there is a human right to basic health care and that society has a special duty to care for the poor and vulnerable. These are commitments that many Americans, regardless of their denomination or faith, also share.

Today, turning a blind eye to discrimination, denying any child a public education, or allowing a defendant in a criminal proceeding to stand trial without legal assistance would be unacceptable to us as a nation.

We believe that if more individuals understood the suffering that millions among us endure, the apathy that now shrouds the issue of helping the nation's uninsured could be remedied. After all, any one of us among the over 160 million privately insured could very quickly and unexpectedly join the ranks of the uninsured.

As a ministry, we continue to take steps to educate and raise awareness among our associates, our community leaders, and the general public about this critical issue. We are committed to partnerships with other organizations such as the Robert Wood Johnson Foundation to prepare this country for a serious dialogue about the nearly 44 million who are uninsured. We also are looking at innovative ways to provide coverage for low-wage earners in our own ministry, and to assist in identifying and facilitating enrollment of those populations who are eligible but not enrolled in public programs. Our ministry is motivated by our mission and underlying values to do the right thing, as evidenced through our commitment to broader community benefit efforts.

As we prepare for this national dialogue, the Catholic health ministry has articulated the following guiding principles for a broader approach to health care reform and remains committed, both in the short and long term, to achieving the necessary changes in our current system. The guiding principles include:

- A reformed system should provide health care for all
- A defined set of basic benefits should be available to all
- Responsibility for health should be shared by all
- Spending on health care should be based on the appropriate and efficient use of resources
- Financing of the delivery of health care should be adequate and based upon a pluralistic model, with shared responsibility by government, employers, and individuals
- A reformed system should provide quality health care services
- The effective participation of patients and families in decision making should be encouraged and enhanced

In light of our values and our guiding principals, we offer the following recommendations for your consideration.

RECOMMENDATIONS

There are tough moral, ethical, and policy questions surrounding the uninsured that must be discussed and debated in an open forum where all sides are heard. We thank the committee for addressing these very important policy questions.

Without abandoning the goal of accessible and affordable health care for all, but in recognition of the valuable lessons learned from previous efforts, CHA has chosen to pursue a strategy that works toward our goal in intentional and sequential steps.

Our proposal, crafted in collaboration with the American Hospital Association, is both an acknowledgment of today's political realities and an example of the policy choices and strategy we intend to follow in building an infrastructure for accessible and affordable health care for all. This proposal is consistent with our sense of societal responsibility and guiding principles. We are well aware of the current fiscal constraints at the local, state, and federal level, but we also believe that this issue demands significant resources in the near term.

While we acknowledge that this proposal is not the ultimate solution, and that accessible and affordable health care for all cannot be achieved overnight, we do believe that this proposal provides additional ideas and consideration for the committee as it looks for ways to craft bipartisan legislation that achieves coverage for our nation's children, the future of our country, and those most in need of care.

The AHA/CHA proposal would expand insurance coverage through a combination of approaches. **The proposal mandates that all children have health insurance coverage**, and expands eligibility under the Medicaid and State Children's Health Insurance Program (SCHIP) for those children not otherwise covered by other sources. The plan also would provide tax credits and premium subsidies to assist small employers and individuals in the purchase of private health insurance for their workers and families. The three key components to the AHA/CHA proposal to expand health insurance coverage are briefly described below.

1. **Mandatory Children's Coverage:** All children under the age of 19 would have coverage. Accessible and affordable health care for all children, without reducing employer coverage for dependents, would be accomplished by structuring the programs so that financial incentives remain for people to cover their children through private insurance whenever possible. Children would be enrolled at birth. Subsequently, coverage would be required as a condition of enrolling in school.

    - Premium Structure: States would be required to expand eligibility under their Medicaid and/or SCHIP programs to provide subsidized coverage for all children

living below 250 percent of the federal poverty level (FPL). Children below 150 percent of the FPL would be covered without premium contribution, while premiums would be phased in on a sliding scale for those between 150 and 250 percent of the FPL, subject to a premium cap equal to 5 percent of family income. Children above 250 percent of the FPL would pay full actuarial costs in premiums to "buy into" the Medicaid/SCHIP coverage.

- Benefits Package: States would have the choice of offering the Medicaid benefits package or an alternative benefits package (similar to SCHIP).

- FMAP: State spending would be matched at the current SCHIP enhanced Federal Medical Assistance Percentage (FMAP) rate.

- Eligibility: States would be required to maintain their current income eligibility levels and covered services throughout the Medicaid/SCHIP programs.

2. **Small Employer Premium Subsidies/Tax Credits:** The plan includes premium subsidies to small employers for the purchase of insurance for low-wage workers below 200 percent of the FPL. The premium support would be administered by the United States Treasury Department.

    - Employer Eligibility: Firms with between 1 and 50 workers would be eligible for the subsidies, provided the employer's workforce is paid less than an average of $10.00 per hour, or 60 percent of employees in the firm are earning less than $10.00 per hour. In addition, the employer must be paying at least 70 percent of the premium for single-only coverage, and 60 percent of the premium for family coverage. The subsidies would be available to both for-profit and not-for-profit employers.

    - Subsidy Amount: The maximum subsidy would be 50 percent of the employer's share of the premium, up to a maximum premium amount based on a benchmark health plan (i.e., Blue Cross Blue Shield's "Basic Plan" offered through the Federal Employees Health Benefits Plan). The premium percentage subsidy is phased down with firm size from 50 percent for the smallest firms to 30 percent for firms with 50 workers.

    - Additional Provisions: The subsidy would be refundable (the amount of the subsidy could exceed the amount of taxes owed by the employer), and would be advance fundable so that subsidies are available throughout the year as the employer's premium payments are due. In addition, employers taking the subsidy would be required to offset the employer premium payment by the amount of the subsidy received in determining the employer's allowable deduction for employee health benefits costs.

3. **Premium Subsidies/Tax Credits for Individuals:** The program would provide a subsidy for the purchase of non-group insurance for people below 300 percent of the FPL, *or* help pay the worker's share of premiums for people with employer-sponsored insurance (ESI).

    - Subsidy for individual non-group coverage: The subsidy would be equal to two-thirds of the insurance payments for qualified coverage through an FEHBP plan, and would be phased out for persons over 150 percent of the FPL reaching $0 at 300 percent of the FPL.

    - Subsidy for employee share of ESI: The premium subsidy amount is capped not to exceed $1,000 for single coverage and $3,000 for family coverage for the employee share of the ESI.

CONCLUSIONS

As provider, employer, advocate, citizen, bringing together people of diverse faiths and backgrounds, our ministry is an enduring sign of health care rooted in the belief that every person is a treasure, every life a sacred gift, and every human being a unity of body, mind, and spirit.

As the Catholic health ministry, our faith tradition calls us to collaborate with others to be both a voice for the voiceless—the millions of uninsured—and agents for change. CHA has been, is, and will continue to be a strong advocate for accessible and affordable health care for all in a reformed health care system. We stand ready and willing to work with the committee this year and as long as it takes to craft an equitable solution to this national tragedy.