

PREPARED TEXT

***HEALTH CARE REFORM THAT IS WORTHY OF
THE AMERICAN PEOPLE***

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Thank you very much for the opportunity to speak to you in this historic and prestigious forum. It is a great honor for me to be with you today.

My topic today impacts all of us. Whether you are of the vintage that chooses newspapers and periodicals as your media of choice, or television or the Internet, it only takes a few minutes any day in any medium to get a picture of the misery so many people experience in this country because of our failure to develop a rational health care delivery system.

We also see a huge impact economically. In fact, the Commonwealth Fund just released their report on the cumulative changes in national health expenditures and, between 2000 and 2007, the net cost of family private health insurance premiums went up 91 percent. At the same time, personal health care expenses have gone up 65 percent, and workers' earnings in that 7-year period have only risen 24 percent. It is easy to appreciate, when you look at these figures, how challenging it is to the average American family to keep up with their health care expenses. In fact, among American families who have had to file for bankruptcy, greater than 50 percent report that it was due to medical bills.

We hear constantly about how our health care system is making the American economy less competitive in the world market. Everyone agrees that we are becoming much more global and, at the same time, we continue to fail to address a serious competitive disadvantage for United States businesses. Just recently, the McKinsey Global Institute released a report noting that, in 2005, the United States spent 16 percent of its GDP on health care, while the median for other developed countries was 8.5 percent. Business leaders constantly complain about the competitive disadvantage they face. When you look at our history, in 1960 we only spent 5.2 percent of our GDP on health care. The McKinsey Report points out that, in the United States today, we spend more on health care than we do on food.

A new study by the New America Foundation Program found that U.S. firms spent twice as much in 2005 as their foreign competitors. For every American worker making \$18 per hour, U.S. companies spent \$2.38 per hour on health insurance. In contrast, firms in Canada, Japan, Germany, the United Kingdom, and France paid an average of \$20 per hour and spent \$0.96 per hour on health insurance.

And yet, with all this spending, the mortality and morbidity in this nation are significantly behind many other countries. In fact, our Institute of Medicine reported several years ago that, because of the failure to have insurance for everyone and the consequences of underinsurance, we have every year in this country at

least 18,000 unnecessary deaths because people are uninsured and cannot access or afford the treatment they need. This is a silent tsunami that we are ignoring every year.

All of these factors contribute to enormous human suffering—and any opinion poll, any magazine, or any film on health topics brings us face-to-face with the real people and the real suffering they endure. That suffering, and a growing intolerance with the current situation, is also prompting a new wave of interest in health care reform. People are demanding change, recognizing that health care and the economy are connected, and increasingly willing to view the government as a partner. Some 44 percent of American voters, in fact, believe the best way to get health care reform is for citizens to demand it.

Despite the growing interest in change, there are currently a vast number of people in this country who face serious challenges finding health care for themselves and their family. Sadly, they are becoming the majority.

Some because they have no insurance. It is inconceivable to many other countries that the United States would have 47 million people who are uninsured, but that is the documented case and, given our current economic crisis, it appears that that number will only continue to grow larger.

At the same time, many millions of Americans are barely holding on to their insurance. They are sacrificing many other things, such as food, clothing, vacations, and college tuition, in order to afford and sustain their health insurance premium.

Many other millions have health insurance coverage that is structured in such a way that the significant co-pays and deductibles have become an absolute barrier to accessing health care except in emergencies. These are the insured among us whose out-of-pocket expenses are so significant that they forego recommended preventive care—such as mammograms and colonoscopies—and defer following up on early warning signs.

Still more Americans—millions in fact—complain about being locked into a job and having no ability to grow in their careers because they or a family member will not be able to get insurance in a new job. Or, if they do get insurance, they will have a major illness not covered by that policy because it is a pre-existing condition.

Along the same lines, a recent Commonwealth Fund study found that 40 percent of adults with deductibles of \$1,000 or more reported 1 of 4 access problems: they did not fill a prescription; did not see a specialist when needed; skipped a recommended test, treatment, or follow-up; or had a medical problem but did not see a doctor. Twenty-five percent of adults with deductibles of under \$500 cited similar access problems. In one other example of how the system isn't meeting the needs of American families, a recent survey by Deloitte's health research center found that only 7 percent of people feel financially prepared for their future health needs.

This is a very ugly picture of what many people in our country are having to cope with. It is no wonder that opinion polls continually show that the public wants a better health delivery system and believes we need to act as a nation to get one. The Catholic Health Association's most recent public opinion poll, conducted just weeks ago, demonstrated that 85 percent of people believe that providing health care to everyone is a matter of human dignity and the ethical thing to do. It is incumbent on a nation to act in its

own best interest and in the interest of its people. And, in the area of health care delivery, I think almost everyone would agree we are long overdue for acting in our own best interest.

No matter what you care about most—the poor, or the stock market, or anything in between, such as workers’ salary depression, consumer spending, or any other economic issue—letting the current situation continue is counterproductive.

My bet is that historians looking back will marvel at how we as a nation allowed ourselves to be convinced of such a significant number of utterly inaccurate beliefs about health care delivery.

Some of these inaccurate beliefs are toxic to effective action and must be confronted. First, many people in the U.S. have been absolutely convinced that there is no possible way that we could ever cover everyone, and we just have to accept that. This in the face of the fact that every other industrialized nation, spending much less than what we spend per capita, covers everyone. In no other area that I am aware of do Americans believe that other nations are smarter or more compassionate than we are. If they can do it, it would seem to me that we ought to believe we can do it as well.

Another crippling misconception that we have been led to believe is that we have the best health care in the world as demonstrated by our health status and our outcomes. It doesn’t matter whether the study is authored by United States researchers, or foreign researchers, or an arm of the United Nations, we consistently, in almost every health metric of importance, score poorly against other industrialized nations. Often, very small and relatively poor nations score better than us in critical areas. Some of these areas include infant mortality and morbidity, longevity and disease rates. We are not protecting the best health care system in the world by continuing to maintain our very bloated and inefficient delivery structure.

In our last attempt to get meaningful health care reform, we were convinced as a nation that, after looking at the issues and all the complexities, we could simply refuse to cover over 40 million people and thereby avoid the costs. All we had to do was say no, and we could avoid the cost. That is one of the most tragic misconceptions we ever accepted. Nothing could be further from the truth. It has become clear and very well documented that today the uninsured are getting care in the most expensive and least effective places to get care, and that the costs for that are being passed on to American people and American businesses. Just this month, two researchers from Columbia University, in a study sponsored by the Commonwealth Fund, reported on the cost of health care for the uninsured. In one year, they noted that the cost for uninsured and publicly-insured workers whose programs (such as Medicaid) paid below cost, was \$45 billion. That \$45 billion is passed on to insured patients. In the 5-year period that these researchers studied, the cost of insurance for employers and other private sources increased 58 percent. We have to conclude that having huge numbers of uninsured and underinsured in our country creates not only a huge burden for them, but an unsustainable burden on insured Americans and on the companies they work for.

We have several generations now that have grown up in an employer-coverage system that, at one time was truly the envy of the world. That nostalgia is blinding us to the current reality. We have many people clinging to a post-World War II system of financing health care, believing it was so superior that we should never touch it, even though today we have ample evidence that it often takes better care of the stockholders of the insurance company than its policy holders. One has only to look at the rate of return to stockholders and executives of large insurance companies to see that for most businesses, insurance has been a very big challenge over the past 20 years. Insurance itself has been a good stock to hold, and a good business to be

in. It is a phenomenon not often played out in the American marketplace that, the less a company pleases its customer, the more successful it is.

One last misconception that prevents us from demanding meaningful action is the conviction that government-run health care programs are “socialized medicine” that will destroy the American way of life. We continue to cling to this mantra even in the face of the fact that the most generous plan that any American has in terms of utilization, choices, and impact on disposable income, is the Medicare program. Medicare is, of course, also one of the most popular government programs we have—and it largely accomplishes for seniors what we would like the health care system to accomplish for everyone: it is available and affordable.

Our failure to focus on the health care delivery system and the problems it creates has led to some significant new challenges for us as a nation. Some of these are challenges that will take a long time to turn around. One of the most critical is the challenge of getting enough subspecialists available, particularly in the emergency department. Manpower, including experienced nurses, pharmacists, physical therapists, and radiology technicians is a huge issue, all of which leads to the number of documented quality issues that, with the increasing transparency, are becoming ever more evident. Another alarming concern, particularly in major urban centers, is the fact that, when the situation is evaluated honestly, there is extremely limited capacity to deal with major emergencies, be they natural or man-made.

As challenging as this situation is for so many of us, it is enriching some greatly and, for them, maintaining the status quo is a huge priority. They spend and have spent huge amounts to protect the current system, and they have been successful; they know what works and what doesn't.

We hear lots of talk today about the perfect storm and tipping points, and many believe we are there when it comes to health care delivery. There are many signs that, if we are not there, we are well on the road. We see coalitions of businesses and unions that are usually at each other's throats, as well as providers and a wide range of special interest groups from the public, saying that we have to find a better way.

It is my conviction that we will only get health care reform worthy of the American people when the American people demand it. It is foolish to think that, because a presidential candidate wants something, it will happen. There is no question that that person is important, but the majority of Congress must also be convinced—and so convinced that it becomes almost bullet-proof to special interest groups that resist change.

The United States today needs to use the experience and expertise of lots of groups to design a health access program for all. One that is worthy of our people and compatible with our cultural values. It is a doable task. But, until a sufficient and diverse number of people and groups demand this, we will not have the national will to deal effectively with this problem.

There needs to be a process that looks for solutions, explores options, and shares data in ways that acknowledge there will be trade-offs, and some risks, but we are going to pursue a more rational and beneficial health policy for our nation. Everyone needs to be at the table—and, when they are, I believe we can reach agreement on how to move forward.

The Catholic Health Association has worked for over a year with its members and many other groups who share our concerns that our health care delivery system does not serve our nation well. We determined that the most helpful thing we could do would be to participate in the discussion in an open and transparent way, with a clear set of core values that we thought exemplified the best in our country as well as our culture. These core values are human dignity, the common good, concern for the poor and vulnerable, stewardship, justice, and pluralism. We believe that these reflect not only the best of our nation but the culture of our nation. The Catholic health ministry looks forward to a health care system that truly promotes the nation's well-being and respects the dignity of every person. Building on these core values, we designed a set principles through which we would evaluate every suggestion for reform of our health delivery and financing systems. We do not believe that the Catholic Health Association has all the answers, and we do not believe that we should design the nation's health care system in isolation. Rather, we want to be at the table discussing various proposals, whether that is Senator Ron Wyden's Healthy Americans Act or any of the proposals being put forth by other organizations or presidential candidates. We want to be very clear about the principles, and we have derived these after more than a year of consultation with leadership and health care delivery and administrative personnel at every level throughout our ministry. These principles are that, first, health care must be available and accessible to everyone, with special attention to the poor and vulnerable. It must be health and prevention-oriented and needs to be sufficiently and fairly financed. We further believe that it must be transparent and consensus-driven in the allocation of resources and organized for cost effective care and administration. We believe that it must be patient-centered and designed to address health needs of all stages of life from conception to natural death and, finally, designed to deliver the greatest possible quality.

We believe these principles are simple and straightforward and would serve our nation well if the health care system reflected them.

We have spent a great deal of time in communities throughout this country helping people to sort out misconceptions, to focus on solutions, and to believe that more equitable and compassionate health care delivery is possible. In the meantime, Catholic health care is an integral part of the safety net in this country. In the 2006 fiscal year, in response to the Senate Finance Committee, we measured what Catholic health care was contributing throughout this nation using standard methodology and data sets. We were able to document that in 2006 alone, Catholic hospitals provided more than \$5.7 billion in free care and services that benefit the community. Most of that was targeted at the poor and the vulnerable among us.

We are an Association that often rejoices when we establish another clinic or find a new way to provide special service to the poor. But the reality is, we should not be rejoicing at these developments because they are further confirmation that we as a nation have failed to address a basic right for all people. A basic right that, when not properly protected, creates untold suffering (and in some cases death), not only for those that don't have it but for a nation as a whole. We are as smart and as compassionate as any other country in the world, and I am convinced that we can and we will resolve this very complex and challenging problem. I hope all of you will help me send that message.

Thank you very much.

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