

Good afternoon, everyone. Thank you for the kind introduction. I want to thank Sr. Judith Ann Karam, who leads the Sisters of Charity Health System here in Cleveland and is a colleague I deeply respect and enjoy working with. I also want to thank Jim Foster for the invitation to speak here today and Congresswoman Marcy Kaptur for joining us. Marcy has been a tireless advocate for health reform and a long-time friend of the Catholic Health Association. She has also been a featured speaker at our annual membership assembly — so I'm happy to see Congresswoman Kaptur here. And, of course, thanks to all of you for coming today.

It is a pleasure to be back at the City Club and here in Cleveland. When I last spoke here, it was 2008 and, like now, we were in the heat of a national election. At that time, I made the case that health care reform was not only a moral imperative but also an economic one. I argued that with other industrialized nations able to get more value for a lot less money in their health care systems—and, by the way, cover everyone—certainly we have the creativity and intelligence here in the U.S. to do the same or better. I explained why in my own career as a clinician I chose to study health care finance. I felt that by understanding the economics of the system, I would be best positioned to help change and improve it—to make sure it is accessible and affordable to all, especially those who are poor, vulnerable and marginalized.

So let's go back for a moment to 2008, before anyone heard of something called the Affordable Care Act, before Obamacare had entered the nation's lexicon, before health reform was even on the political radar. The organization I lead, CHA, was making a case for health reform. Just a year earlier we had developed a set of principles for a system that serves everyone. Our Vision, as we called it, is grounded in Catholic social teaching and reflects widely

held U.S. values of justice, compassion and equal opportunity. We called for a health care system that first and foremost is available to all—without respect to any factor other than the right of every person to receive medical treatment when they need it. We called for a system that focuses on prevention and is fairly financed. We also noted the need for quality, transparency and accountability.

As we were making our case, the sobering statistics continued to add up. With the economy shedding jobs and veering toward recession, millions of people lost health coverage – others worried that they soon would. To lose health insurance is one thing when you are young and healthy – quite another when you are being treated for cancer or another serious illness and suddenly find yourself on your own. To leave these people to fend for themselves in the expensive maze that is our health care system is a national shame. It is something we had to correct if we were to be a nation that respects life and human dignity while stewarding its resources wisely and morally.

In 2008, and even today, nearly 50 million people continue to lack any meaningful health insurance coverage, according to the U.S. Census Bureau. Millions more are underinsured, finding their policies to be inadequate when they get sick or their child is hospitalized. We know that the elderly poor make choices between food and medicine, that people in desperate need of health coverage are rejected because of a pre-existing condition. You are probably well aware of these facts, but I include them as a reminder of the scope of our challenge. And as a reminder that when we talk about millions of people uninsured, it is easy to let the big number obscure each of the individual stories within – the family with two working

parents who are doing the right thing and contributing to the country and still can't afford health insurance. The pregnant mother who's not getting proper prenatal care because she can't afford to see the OBGYN. The child whose asthma is neglected because her parents don't have the money for an inhaler.

In this context CHA pushed not for a specific legislative proposal but for action based on principles. Too many presidents dating all the way back to Truman tried and failed to build the health care system we deserve. Our position was that the wait could go on no longer, that change was imperative and should be imminent.

A few months after I spoke to the City Club, the election brought to office a new president and a new opportunity to talk about health reform. This conversation has never been easy, and it wasn't this time. When President Obama pledged to repair the health care system, he re-opened a debate that has been difficult for our country each and every time we've had it. This issue touches on our core political and constitutional values. It raises the sometimes competing ideals of liberty and equality, individualism and community. And the prospect of change can be scary – for those with good health insurance, why rock the boat? The perception has often been that what is made available to someone else is taken away from me. That among other factors makes this topic the contentious one that it is.

As the ACA legislation was being written and debated, we saw these factors play out in a dramatic and even ugly way. Remember August of 2009, when people were coming to town meetings about health care *armed*? When they were screaming at their friends and neighbors? Instead of soberly discussing how we could move forward together, there was a political street

fight, and misinformation was the deadliest weapon. During the debate over ACA, it wasn't small factual errors or misunderstandings that fueled the coverage. And often it wasn't honest disagreements about policy or approach. Unfortunately some opponents of reform successfully manipulated the dialogue with misinformation and even outright lies. We were told a government panel would arbitrarily end grandma's life. We were sold falsehoods about socialism and government-controlled health care. We were asked to believe that if the ACA became law, our freedom would be sacrificed and our national values threatened.

The opposition was organized and it was effective. But it did not ultimately succeed in derailing the greatest expansion of health care access since Medicare was passed in 1965. The Affordable Care Act passed both houses of Congress and was signed by the President on March 23, 2010. It reflected in large measure the values and principles we named in CHA's Vision document. The law is not perfect and we never have claimed that it was. It is, however, a major step forward in creating a just and compassionate health care system we can afford and be proud of. It is a foundation on which we can build, learning what works and what doesn't to lower cost, reduce waste, improve quality and most effectively broaden access. Keep in mind too that the vast majority of newly-insured people will continue to get their coverage from private insurance companies, just as they do currently.

Now that the ACA is law, and has survived a Supreme Court challenge in a way none of us could have predicted, there is a lot of work still to do. I'll go through just a few of the big areas that will require our careful attention. As you know, one of the law's features is the state-based insurance exchanges. The exchanges will be the way we facilitate coverage for many

small businesses, as well as individuals who now do not get it from their employer or a federal program like Medicare or Medicaid. Each exchange will function much like Expedia does for travel – where consumers, in this case patients, enter information on a secure web site about their insurance, family and financial status and are shown several options for meaningful—and affordable— coverage.

Within the exchange, there will be subsidies for those persons who do not qualify for Medicaid and cannot afford independent health insurance coverage on their own. Varying levels of subsidies will be available to those earning between 133-400% of the federal poverty level, which for a family of four is between \$30,700 and \$92,000. The exchanges will also be open to small businesses, which often struggle in the current environment to offer the coverage they want to offer without getting the volume discounts provided to much larger employers. The goal is for a combination of more reasonable pricing, employer tax incentives and individual subsidies to result in 16 million more insured people.

States that choose not to establish their own exchange will have one set up for them by the federal government. Right now, fewer than 20 states are building an exchange, but there WILL be one in every state, and getting to that point will not be simple. For many states the exchanges will require new infrastructure and information technology to build systems that are accessible, transparent and effective. They will also need to be properly governed with oversight that ensures practices and policies within the exchange are fair and lawful.

In Ohio, your legislature introduced a bill at the beginning of the 2012 session to establish a state-run insurance exchange. That bill has not yet passed. Governor John Kasich,

meanwhile, has said Ohio prefers a state-run exchange but has not begun setting one up. I

believe it is imperative for states including Ohio to make a decision on this as soon as possible – and then immediately begin the work of building the exchange. As I mentioned, states that opt not to run their own exchange will have it run by the federal government, so this will be happening one way or another. And you might have seen recently that even some Republicans, like former Senate Majority Leader Bill Frist, have come out in favor of exchanges, saying that they are a market-driven way to offer affordable health insurance to those who can't afford it on their own. In an editorial Frist wrote for the Nation magazine, he said the originally Republican idea of exchanges allow states to be laboratories of democracy and develop their own approach to how the exchange works. Frist also urged reluctant states to get on board and begin building their exchanges because time is precious on this.

I know that the Sisters of Charity have been working with other hospitals and health care consumer groups toward consensus around a state-based health exchange. I encourage Gov. Kasich to reconnect with this good work and try to move the exchange forward.

Exchanges are just one of the law's provisions to be carried out in the next couple years. Medicaid will be a challenge too. The Supreme Court ruled that the Medicaid expansion envisioned by ACA is not mandatory for states but an option, which has prompted several state governors to say they will not "opt in." Many have predicted that eventually all states will decide to join the expansion for a couple reasons. First, it is funded by the federal government at 100% until 2016 and at 90% for newly-eligible enrollees in the years after that. And second, you are likely to see significant pressure from the people in those states to fortify the Medicaid

program, especially as the economy continues to be a challenge for so many hard-working Americans.

In addition to the humanitarian reason for accepting the expanded Medicaid, there are serious economic reasons. First, the cost of care for the uninsured gets passed on to the hospital, insurance companies, employers and individuals. When that cost for millions could be eliminated, there is no excuse for not doing the Medicaid expansion. Increasing the economic health of hospitals, businesses and families increases the economic health of the state as well. It's also important to note that hospitals took \$155 billion in reimbursement cuts predicated on 30-32 million newly insured persons. We simply cannot afford to absorb those cuts without the corresponding increase in coverage.

Education and enrollment will also be absolutely crucial as we move forward implementing this law. It is always a big task to ensure that those people who are eligible for Medicaid or exchange subsidies are able to enroll in those programs. This will take a massive education and awareness effort that includes advertising, coalition work and participation from schools, churches, community organizations and others. I encourage all of you to help inform your colleagues and friends about these benefits. The best laws and benefits we can come up with are no good if people are unaware of them or have trouble accessing them.

There are still many known and unknown changes and corrections that will need to happen to make the program a success. This should not surprise us; look at how many changes we have made to the original Medicare program and it is the most popular and effective health care program in our country.

Finally, a word about misinformation. As I mentioned earlier, the bad or misleading information has been very damaging – and is, in my view, the main reason that only half the public says they support the law. In fact, when you look deeper into public opinion surveys, you find that the vast majority of Americans support the major provisions of ACA – from no more pre-existing condition exclusions to the state insurance exchanges to the expansion of Medicaid. Resistance to the law is apparently based on many of the myths we’ve heard perpetuated and not based on actual facts.

Small business owners, for instance, are reportedly anti-ACA because the law is killing jobs and costing them money. The FACT is that ACA can only help small businesses by providing tax credits that help offset the cost of providing insurance to their workers. Companies across the country have received the tax credit, and some have even been able to hire *additional* workers because of the savings. Businesses with fewer than 50 employees have no obligation under ACA and a lot of potential upside – including the tax credit and the ability to purchase coverage through the exchanges once they are up and running, which will give small businesses many of the same economic advantages now enjoyed by large corporations.

At CHA, and as part of the effort to combat the bad information, we have been working to tell the stories of real people helped by the ACA. Two of our stories come from small businesses—an auto repair shop owner in Portland, Oregon and a record store owner in St. Louis. Both have received substantial tax credits and look forward to more stability in their premiums once the exchanges are operational. They also speak in compelling terms about why

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they chose to offer health insurance in the first place and how they are now grateful for the help being offered by the ACA.

We also have stories of seniors, children, young adults and others who have benefited from the law. You can see and share these vignettes by visiting [YouTube.com/HealthReformWorks](https://www.youtube.com/HealthReformWorks). I encourage you to watch and pass along these stories because one thing we know for sure is that people better understand the implications of something as complex as health reform when they hear it from their peers – from others who are like them and can explain the implications in human terms.

For all of us who have been active in health reform, this has been a long journey. And the journey continues. As we continue the work ahead, I encourage all of you to stay involved and informed. To ask questions when something doesn't make sense and make sure you're getting accurate, up-to-date information. As I mentioned at the beginning of my remarks, the ACA is not a perfect law but it is a tremendous beginning for getting coverage for all. It is a **pro-life** law that matches Catholic and American principles for fairness and compassion. Along with CHA's members and other groups, we will continue working to improve upon it and educate people about it. Thanks so much for having me here today and for your kind attention. ##