



## Comprehensive National Health Care Reform Needed in 2009

### Patient Congress Issue Brief – May 2009

#### *Where the Issue Stands:*

Today in America, lack of access to health care is more deadly than illness. Forty five million people are uninsured and twenty five million are under-insured, resulting in twenty three percent of our population driving up the costs of health care for the remaining seventy-seven percent of insured people in America. Seventeen percent of the Gross Domestic Product of our country is now directed to health care costs, with the costs at the state level often exceeding the dollars required for education programs. Universally, there is consensus that our nation must find practical, affordable solutions to these issues to assure the nation's financial stability while improving our population's health and wellness.

#### **Universal Access**

The latest data available supports that 45.7 million Americans, approximately 16 percent of the population, were uninsured in 2007.<sup>1</sup> Even more alarming is that almost 90 million Americans (about one-third of the under age 65 population) spent a part of 2006 or 2007 without health insurance coverage.<sup>2</sup>

Under our current system, individuals are denied coverage, experience waiting periods for treatment, face exorbitant premiums and may have their health insurance policy rescinded when they need coverage the most. Approximately 133 million Americans, or 45% of the population, have at least one chronic disease.<sup>3</sup> Adults are not the only population impacted by preexisting conditions; twenty percent of school-aged children have a chronic or life-threatening medical diagnosis that places them at risk of being labeled with a preexisting condition. The effect of preexisting medical conditions on a person's insurability was identified by Patient Advocate Foundations as a significant access issue through the course of patient case work, and in 2006 PAF began to aggressively track and collect data around this issue. For the first time, we can now share comparison data as well as a detailed glimpse at the exact issues patients confront in regards to preexisting and underwriting denials. In 2007, PAF document 1,580 unique cases where preexisting conditions posed a barrier to healthcare coverage. In 2008, this number jumped dramatically to 3,889, a 146% increase from the previous year. All of these individuals are at risk of facing health insurance discrimination due to their health status. Our current system treats individuals with preexisting conditions, including children, differently than healthy Americans.

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<sup>1</sup> U.S. Census Bureau. "Income, Poverty, and Health Insurance Coverage in the United States: 2007", August 2008.

<sup>2</sup> Families USA. Wrong Direction: One Out of Three Americans are Uninsured. September 2007.

<sup>3</sup> Wu, S. Green, A. Projection of Chronic Illness Prevalence and Cost Inflation, RAND Corporation, October 2000.

Legislation has been introduced in Congress to help eliminate barriers that individuals with preexisting conditions currently face in the health insurance market. Senator Frank Lautenberg (D-NJ) and Representative Allyson Schwartz (D-PA) introduced the “Children’s Health Protection Act of 2009” (S. 643/H.R. 1619) which eliminates preexisting condition exclusions and waiting periods for all children and young adults under the age of 25. In addition, Senator John Rockefeller (D-WV) and Representative Joe Courtney (D-CT) introduced the “Preexisting Condition Patient Protection Act of 2009” (S. 623/H.R. 1558) which eliminates preexisting condition exclusions and waiting periods for all individuals, regardless of age or insurance type.

### **Affordable**

A growing number of individuals and families are finding that they cannot afford health coverage due to rising premiums, deductibles, co-pays, and coinsurance obligations combined with accelerated use of caps on specific services, caps annually on specific disease benefits, and caps on lifetime benefits. Insurance coverage should be available that is affordable for individuals, families, businesses and government. According to The Kaiser Family Foundation, the average annual total premium cost for single coverage is \$4,479; compared to \$12,106 for family coverage.<sup>4</sup> As the employee share for health coverage rises – approximately 30% from 2001 to 2005 – employee wages have only increased 3% in the same time period.<sup>5</sup> Insurers and employers are shifting health care costs to patients; out-of-pocket health care spending has increased 115 percent since 2000.<sup>6</sup> Evidence suggests that half of individuals and families reporting difficulties paying medical bills spent 2.5 percent of less of their family income on out-of-pocket medical expenses, and more than two-thirds spent 5 percent or less.<sup>7</sup> This clearly identifies the serious problem health related expenditures pose for individuals and families.

### **Quality Care and Quality Coverage**

Even though the United States spends more money on health care than any other industrialized country, there is significant evidence that the quality of medical care trails other developed nations. In 2006, a study by The Commonwealth Fund found that one-third of patients reported a medical, medication or laboratory error during the previous two years.<sup>8</sup> These errors result in nearly 100,000 unnecessary deaths annually.<sup>9</sup> In addition, 93% of PAF patients reporting medical debt crisis issues in 2008 were insured, working consumers. These individuals were seeking direct assistance from PAF because their insurance policies have caps on specific services, caps annually on specific disease benefits, and caps on lifetime benefits forcing them to private pay for their care.

### **Fair and Equitable**

A recent report by The Commonwealth Fund, found that nearly 41% of adults age 19 to 64 (approximately 70 million people) experienced problems paying their medical bills in the last 12 months or were in the process of paying off medical debt accrued over the last three years. Study participants also said they were forced to make significant life changes in order to pay such bills, or went without

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<sup>4</sup> Employer Health Benefits: 2007 Annual Survey. The Kaiser Family Foundation and Health Research and Educational Trust. September 2007.

<sup>5</sup> State Health Access Data Assistance Center, University of Minnesota. Squeezed: How Costs for Insuring Families are Outpacing Income. April 2008.

<sup>6</sup> Hewitt Associates LLC. Health Care Expectations: Future Strategy and Direction 2005. November 2004.

<sup>7</sup> P Cunningham, C Miller and A Cassil. “Living on the Edge: Health Care Expenses Strain Family Budgets.” Center for Studying Health System Change, December 2008.

<sup>8</sup> The Commonwealth Fund Commission on a High Performance Health System, Why Not the Best? Results from a National Scorecard on U.S. Health System Performance, The Commonwealth Fund, September 2006.

<sup>9</sup> Corrigan, J.; L. Kohn, M. Donaldson, eds. To Err is Human: Building a Safer Health System. Committee on Quality of Health Care in America, Institute of Medicine, The National Academies Press, 1999.

necessary care. In addition, it is estimated that more than one half of all bankruptcies are caused primarily by medical debt.<sup>10</sup>

### **Portable**

Patients should be allowed to take their health coverage with them when they change jobs or move. Under our current system more and more Americans find themselves experiencing "job-lock", a phenomena that literally locks an individual in a particular job for fear of losing health coverage. Much has changed since health insurance was first introduced in the workforce in the early twentieth century. Today, the average American worker holds approximately 11 different jobs in a lifetime.<sup>11</sup>

## ***NPAF Principles:***

- **Universal Access to Health Care Coverage**
  - Every American needs and deserves access to health coverage. Our health care system must be multi-faceted and support the roles of individuals and other stakeholders including: government, business, providers, and charitable organizations.
- **Ensure that Health Care Coverage is Affordable**
  - Coverage should be available that is affordable for individuals, families, businesses and government.
- **Improve the Quality of Health Care and Health Care Coverage**
  - Every American should have timely access to quality coverage including a standard set of comprehensive benefits; the healthcare system should incent quality and promote transparency to encourage patients to be better purchasers of health care.
- **Attain a Fair and Equitable Health Care System**
  - The healthcare system should not be a principal driver of bankruptcy filings in the United States.
- **Make Health Coverage Portable**
  - Patients should be allowed to take their health coverage with them when they change jobs or move.

## ***What NPAF is Seeking:***

NPAF urges Members of Congress to work together with patient advocates, providers, employers and insurers to support and achieve comprehensive national health care reform this year. Our goal as patient advocates is reform that will guarantee universal access to affordable and high-quality health care for all in America by, among other things, eliminating preexisting conditions, covering catastrophic care costs and addressing the growing medical debt issues that patients are facing.

## ***The Ask:***

Urge your Members of Congress to support and achieve comprehensive national health care reform *this year!*

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<sup>10</sup> Himmelstein, M., Warren, E., Thorne, D. and Woodhander, S., *Illness and Injury as Contributors to Bankruptcy*, Health Affairs, February 2005.

<sup>11</sup> U.S. Bureau of Labor Statistics National Longitudinal Survey Program, June 2008.