



## UNIVERSAL HEALTH CARE THROUGH SHARED RESPONSIBILITY

February 5, 2007

*“We have to stop using words like ‘access to health care’ when we know with certainty those words mean something less than universal care. Who are you willing to leave behind without the care he needs? Which family? Which child? We need a truly universal solution, and we need it now.”*  
-- John Edwards

The time has come for a universal health care reform that covers everyone, cuts costs, and provides better care. The number of uninsured Americans has risen to 47 million. Families with insurance face rapidly rising premiums and risk losing coverage when they need it most. Individuals and small businesses often face much higher premiums and sometimes cannot get coverage at any price. Our health care system is the most expensive in the world, yet the results are often disappointing.

Today, John Edwards released his plan to strengthen America’s health care system and insure all Americans by 2012. His plan is based on the principle of shared responsibility: businesses, families, and governments must each do their part to achieve universal health coverage and a better health care system for all of us. His reforms will also make health care more affordable and rational.

### **The Edwards Plan Will:**

- ✓ Require businesses and other employers to either cover their employees or help finance their health insurance.
- ✓ Make insurance affordable by creating new tax credits, expanding Medicaid and SCHIP, reforming insurance laws, and taking innovative steps to contain health care costs.
- ✓ Create regional Health Markets purchasing pools to ensure that every American has a way to purchase an affordable, high-quality health plan, increase choices among insurance plans, and cut costs for businesses offering insurance.
- ✓ Once these steps have been taken, require all American residents to get insurance.

### **Under the Edwards Plan:**

- ✓ Families without insurance will get coverage at an affordable price.
- ✓ Families with insurance will pay less and get more security and choices.
- ✓ Businesses and other employers will find it cheaper and easier to insure their workers.

## AMERICA'S BROKEN HEALTH CARE SYSTEM

The American health care system is broken. It allows 47 million Americans to go uninsured and tens of millions more to remain at risk of losing coverage. It is needlessly expensive, burdening families and businesses without consistently delivering the high-quality care they need. [Census Bureau, 2006]

**47 Million Uninsured Americans:** There are 47 million uninsured American residents, nearly one in five non-elderly residents. For these people, preventive care is expensive and even major illnesses may go untreated until it is too late. An estimated 18,000 uninsured people die every year because they lack access to care, according to the Institute of Medicine. [Census Bureau, 2006; Institute of Medicine, 2002]

Tens of millions more Americans are at risk of losing coverage. One in three non-elderly Americans goes without insurance at some point over a two-year period. Some families see their claims denied or insurance cancelled after they incur large bills. Half of US bankruptcies are caused by medical expenses, even though two-thirds of bankruptcy filers had health insurance. Insured Americans also pay higher premiums – \$922 on an average family policy and \$341 on an average individual policy – to pay for the cost of treating the uninsured. [Families USA, 2005; LA Times, 9/16/2006; Warren et. al., 2005; Hacker, 2007]

**Spiraling Health Care Costs:** The U.S. health care system is needlessly expensive. Health care costs have consistently grown faster than wages for almost 50 years. Over the past five years, families have seen premiums grow by 90 percent while benefits have been cut. One in four Americans say that they or a family member have had trouble paying a medical bill in the past year. More than a quarter of low- and middle-income households with credit card debt have charged medical expenses. [Kaiser Family Foundation, 2006; Demos and Access Project, 2007]

**Fragmented System of Insurance:** While the job-based system of health insurance works for tens of millions of Americans, it has serious shortcomings. Workers lose insurance when they lose or change their jobs. Worker mobility discourages insurers from investing in care that would prevent later, larger costs for illnesses like diabetes and heart disease. Meanwhile, businesses spent \$16 billion in 1999 administering their own benefit plans, an inefficient and duplicative process. [Woolhandler et al, 2003]

Small businesses and Americans without insurance from their job, including entrepreneurs, part-time workers, and independent contractors, must turn to an unpredictable and often unaffordable insurance market. Applicants with the wrong age, weight, job, medical or prescription drug history face unaffordable premiums or cannot get coverage at all. In California, insurers often refuse to cover users of dozens of widely prescribed medicines as well as roofers, athletes, and firefighters, even if they are in good health and can afford coverage. In 2005, nearly 60 percent of adults seeking individual coverage had difficulty finding an affordable plan. One in five were denied coverage, charged a higher price, or had a specific health condition excluded from coverage. [LA Times, 1/8/2007; Collins et al, 2006]

**Inconsistent Quality:** The U.S. spends nearly double the amount on health care as the average industrialized nation, and yet it ranks near the bottom in critical areas like healthy life expectancy and infant mortality rates. In 2005, the U.S. had fewer physicians, nurses and hospital beds per capita than the average industrialized nation. Despite the excellence of our doctors and nurses, patients receive optimal care little more than half of the time. Health care administrative costs totaled \$294 billion in 1999, or \$1,059 per capita, and more than one-quarter of the U.S. health care labor force works in administration. [OECD, 2005; Furman, 2006; RAND, 2004; Woolhandler et. al., 2003]

## UNIVERSAL COVERAGE THROUGH SHARED RESPONSIBILITY

John Edwards believes that we must achieve universal health coverage as quickly as possible. To get there, all parts of our society must share responsibility. Edwards will make a historic effort to make insurance affordable and easy to obtain through new regional Health Markets, tax credits, and expanded Medicaid and children's health insurance programs. In return, employers must contribute their fair share and individuals must take responsibility for themselves and their families by signing up for an affordable plan. John Edwards' vision for health care reform is built on four steps:

**First: Business Responsibility.** Businesses have a responsibility to support their employees' health. They will be required to either provide a comprehensive health plan to their employees or to contribute to the cost of covering them through Health Markets. In return, the Edwards plan will make it easier for businesses to offer insurance by reducing costs and creating new choices. Covering all Americans will eliminate the cost of uncompensated care. Businesses can also choose to purchase care through Health Markets, which will offer quality plans at low prices and with minimal administrative burdens.

**Second: Government Responsibility.** Government also has a responsibility to help families obtain insurance. Families cannot be left on their own. To help make insurance affordable, Edwards will:

- **Offer New Health Insurance Tax Credits:** Edwards will create a new tax credit to subsidize insurance purchased through Health Markets, making premiums affordable for all families. The tax credit will be available on a sliding scale to middle class families and refundable to help families without income tax liability.
- **Expand Medicaid and SCHIP:** Medicaid and the State Children's Health Insurance Program (SCHIP) play essential roles in helping low-income Americans getting the health care they need. Edwards will strengthen the federal partnership with states supporting these programs, committing the necessary federal resources to allow states to expand Medicaid and SCHIP to serve all adults under the poverty line and all children and parents under 250 percent of the poverty line (about \$50,000 for a family of four).
- **Require Fair Terms for Health Insurance:** Edwards will require insurers to keep plans open to everyone and charge fair premiums, regardless of preexisting conditions, medical history, age, job, and other characteristics. No longer will insurance companies be able to game the system to cover only healthy people. Several states – including New Jersey, New York, and Washington – have led the way on similar community rating and guaranteed issue reforms. In addition, new national standards will ensure that all health insurance policies offer preventive and chronic care with minimal cost-sharing.
- **Secure the Health Care Safety Net:** Even in a system of universal coverage, a health care safety net including public hospitals, clinics, and community health centers remains necessary. Public hospitals are critical for valuable trauma and emergency care, to respond to a public health crisis or bioterrorist attack, and as the backbone of our medical education system.

**Third: New Health Markets.** The U.S. government will help states and groups of states create regional Health Markets, non-profit purchasing pools that offer a choice of competing insurance plans. At least one plan would be a public program based upon Medicare. All plans will include comprehensive benefits, including full mental health benefits. Families and businesses could choose to supplement their coverage with additional benefits. The markets will be available to everyone who does not get comparable insurance from their jobs or a public program and to employers that choose to join rather than offer their own insurance plans. The benefits of Health Markets include:

- **Freedom and Security:** Health Markets will give participants a choice among affordable, quality plans. Americans can keep Health Market plans when they change or lose their jobs, start new businesses, or take time off for caregiving.
- **Choice between Public and Private Insurers:** Health Markets will offer a choice between private insurers and a public insurance plan modeled after Medicare, but separate and apart from it. Families and individuals will choose the plan that works best for them. This American solution will reward the sector that offers the best care at the best price. Over time, the system may evolve toward a single-payer approach if individuals and businesses prefer the public plan.
- **Promoting Affordable Care:** Health Markets will negotiate low premiums through their economies of scale so they can get a better deal than individuals and many businesses can get on their own. Health Markets will also hold down administrative costs by reducing the need for underwriting and marketing activities (two-third of private insurers' overhead), centrally collecting premiums, and exercising leadership to reduce costs on billing practices, claims processing, and electronic medical records. Finally, they will be able to work with insurers to adopt cost-effective approaches to health care like preventive care and to collect the data necessary to drive quality improvement. [Woolhandler et al, 2003]
- **Reducing Burdens for Businesses:** By assuming the administrative role of negotiating benefit plans with insurers and collecting premiums, Health Markets will minimize administrative burdens for participating businesses and other employers. Businesses that opt into the markets will only have to make financial contributions to the cost of covering their employees through markets, similar to their role in Social Security and Medicare.

**Finally: Individual Responsibility.** Once insurance is affordable, everyone will be expected to take responsibility for themselves and their families by obtaining health coverage. Some Americans will obtain coverage from public programs like Medicare, Medicaid, and SCHIP and others will get coverage through their jobs. Other families can buy insurance through the regional Health Markets. Special exemptions will be available in cases of extreme financial hardship or religious beliefs.

The emphasis on shared responsibility builds on Edwards' past proposals to insure all children through shared responsibility and contain health care costs. In 2004, his plan would have made children's health insurance affordable and required parents to purchase coverage for their children. Today, he proposes to expand that approach to make coverage universal.

## AFFORDABLE AND ACCOUNTABLE HEALTH CARE

The United States spends more than twice as much per person on health care as other developed countries – a total of \$2.2 trillion a year – and has some of the best doctors in the world, but it ranks near the bottom in life expectancy, infant mortality, and overall performance. Because Americans change insurers often, insurance companies have little incentive to pay for preventive care. Some doctors and hospitals are slow to adopt proven treatments. Better, more consistent performance could save 100,000 to 150,000 lives and \$100 billion to \$150 billion a year, according to the Commonwealth Fund Commission on a High Performance Health System. [Health Affairs, 2006; Commonwealth Fund, 2006]

Today, John Edwards outlined his agenda to help Americans get better care at lower cost. Comprehensive coverage for all American residents will allow everyone to get preventive and primary care and Health Markets will pioneer efforts to improve quality. Edwards will apply his shared responsibility philosophy to ask everyone – hospitals, doctors, nurses, government, and individuals – to work together to make health care more effective and more efficient.

**(1) Help Doctors Deliver the Best Care.** Despite having some of the best doctors, nurses, and hospitals in the world, Americans are treated appropriately in doctors' offices only about 55 percent of the time. Nearly a third of patients seeking treatment experience medical mistakes, medication errors, or inaccurate or delayed lab results. [RAND, 2004; Commonwealth Fund, 2005]

To help doctors, hospitals, clinics and plans to improve the quality of health care, Edwards will:

- **Promote Evidence-Based Medicine:** Effective new treatments can take years to be widely adopted. For example, many patients do not receive beta blockers after heart attacks even though they are cheap and highly effective. Similarly, doctors sometimes prescribe name-brand drugs despite the availability of equally effective, less expensive generic drugs.
  - **Disseminate Objective Information on Medical Advances:** Edwards will establish a non-profit or public organization – possibly within the Institute of Medicine – to research the best methods of providing care, drawing upon data from Medicare and the Health Markets and medical experts from across the nation.
  - **Help Doctors Implement New Advances:** Edwards will support new technologies, such as handheld devices and electronic medical records, to give doctors the latest information at their fingertips.
  - **Improve the Health Care Delivery System:** Edwards will develop partnerships among academic medical centers, Medicare, and other federal agencies to make sure high-quality medicine is practiced everywhere. Improving quality is an important key to making universal health care affordable in the long run.
- **Pioneer New Ways to Pay for Health Care:** Our health care system is predominantly fee-for-service: providers are paid for each treatment, regardless of its necessity or quality. For example, a hospital that botches a surgery is often paid for the error and then paid again to fix it. Our system should pay doctors for results, encouraging better, more efficient care. Under Edwards' plan,

Medicare and the Health Markets will lead the way, paying higher rates to plans and providers that provide the very best care, lowering premiums for high-quality plans, and penalizing plans that fail to meet critical, easily quantifiable goals such as childhood immunization rates.

- **Prevent Medical Errors:** At least 100,000 patients die each year due to medical errors, according to the Institute of Medicine. Many other errors seriously injure patients and add to health care costs. Edwards will support public-private collaborations to reorganize patient care, improve internal communications, reduce errors through electronic prescribing, and establish basic quality benchmarks.

**(2) Invest in Preventive Care and Health.** Study after study shows that primary and preventive care greatly reduces future health care costs, as well as increasing patients' health, but our health care system is focused on treating diseases, not preventing them. Insurance companies have little incentive to bear these costs. As a result, many people do not receive preventive care such as tests and immunizations. Other Americans suffer from preventable, chronic conditions that can lead to complications and disability. Edwards will help Health Markets lead the effort to realign incentives in the health care system that reward healthier outcomes and lower costs. [CDC, 2005]

- **Promote Preventive Care:** Health Markets will offer primary and preventive services at little or no cost. Incentives like lower premiums will reward individuals who schedule free physicals and enroll in healthy living programs. Edwards will also support community efforts to improve health, such as safe streets, walking and biking trails, safe and well-equipped parks, and physical education programs for children.
- **Improve the Treatment of Chronic Diseases:** When chronic diseases are not routinely treated, they can cause emergencies that threaten patients' health while raising costs. Health Markets will encourage plans to monitor patients' health to keep them out of the emergency room. For example, plans can pay for nutritional counseling for diabetic patients to help them make healthy choices and control their blood sugar levels.

**(3) Empower Patients through Transparency.** Finding reliable information comparing doctors and hospitals on price and performance than finding it for a new car. Edwards will create a "Consumer Reports" for health care, a universal and easy-to-use report card to help Americans evaluate hospitals' effectiveness in treating injuries and diseases. Informed patients will make better choices and drive health care providers to offer better services for lower costs.

**(4) Reduce Health Disparities.** People of color are more likely to be diagnosed with cancer and less likely to receive timely and effective treatment. Children of African-American mothers are twice as likely to die within their first year. In California, low-income minority neighborhoods have one-third as many doctors, as a share of their population, than other neighborhoods do. Edwards will support medical research into disparities, reduce the pollutions and toxins that disproportionately harm communities of colors, and support translation services to address language barriers. Edwards will also reduce. By helping all Americans get insurance, Edwards will also address disparities in health caused by disparities in insurance. [ACS, 2003; KFF, 2003; Kornaromy et. al. 1996; KFF, 2007]

**(5) Improve Productivity with Information Technology.** Health care administration costs more than \$1,000 per American. It may be the fastest growing part of health care costs. [Woolhandler et. al., 2003]

- **Adopt Electronic Medical Records:** Many insurers and hospitals still rely on cumbersome paper systems and incompatible computer systems. The outdated “paper chase” causes tragic errors when doctors don’t have access to patient information or misread handwritten charts. It creates needless administrative waste recreating and transporting medical papers, performing duplicative testing, and claiming insurance benefits. Edwards will support the implementation of health information technology while ensuring that patients’ privacy rights are protected. Savings from electronic records could be as great as \$160 billion a year, according to a RAND study. [RAND, 2005]
- **Support Local Infrastructure:** Edwards will provide the resources hospitals need to implement information systems that improve patient safety and hospital efficiency. Steps include:
  - Adopting automated medication dispensers that can quickly and accurately fill prescriptions, freeing pharmacists to work more with patients and reducing the risk of prescription errors.
  - Developing systems to promote patient-doctor communication, such as email and group consultations and support groups for individuals suffering from the same disorder.
  - Creating computerized physician order entry to eliminate lost paperwork and illegible writing.
  - Developing computerized patient reminder systems to improve compliance with treatments, such as automatic phone calls home to remind patients to take needed medication to help keep them healthy and out of the hospital.
  - Using handheld devices to allow hospital staff to communicate results directly to physicians, instead of wasting time trying to find a doctor with urgent information.

**(6) Protect Patients against Dangerous Medicines.** Recent drug recalls such as Vioxx have raised concerns about drug safety. Edwards will restrict direct-to-consumer advertising for new drugs to ensure that consumers are not misled about the potential dangers of newly marketed drugs and strengthen the Food and Drug Administration’s ability to monitor new drugs after they reach the marketplace. He will also ensure that researchers evaluating medical devices and drugs are truly independent.