

THE NEED FOR REFORM

The United States is a world leader in developing new medical technologies and probing the mysteries of disease through basic and clinical research. People from all over the world come to the United States for specialized training and treatment.

...As we undertake this journey of change, we clearly must preserve what's right with our health care system -- the close patient-doctor relationship, the best doctors and nurses, the best academic research, the best advanced technology in the world.

--President Clinton, September 20th, 1993

But the health care system, as a whole, is in deep crisis. Health care spending now consumes 14% of GDP, up from 9.1% in 1980. If nothing is done, by the year 2000, nearly 19% of America's GDP will go towards health care alone.

Some say that is acceptable, because that's what it costs to keep our population healthy. But this means accepting that rising health care costs should consume over 100% of the projected increase in wages, produce 60% of the projected growth in the federal budget, and eat away two-thirds of our projected economic growth for the rest of the decade.

But in fact, we would be spending that money without getting the security, simplicity, and value that would help bring health and expanded opportunity to all Americans.

Because we cannot control health care costs and become further and further behind in our efforts to do so, we find our economy, and particularly the federal budget, under increasing pressure. Just as it would be irresponsible, therefore, to change what is working in the health care system, it is equally irresponsible for us not to fix what we know is no longer working.

--Hillary Rodham Clinton, June 13, 1993

...The ethical imperative is perhaps the most important thing. We have to decide that the costs, not just the financial costs, but the human costs, the social costs of all of us continuing to conduct ourselves within the framework in which we are now operating is far higher than risk of responsible change.

--President Clinton, September 20th, 1993

In short, today's American health care system falls short of providing high quality care and choices for all Americans.

Some things, like universal access, are not negotiable. And that's exactly the way it should be.

--C. Everett Koop, 20 September 1993

A LACK OF SECURITY

Every month, 2 million Americans lose their insurance. One out of four -- 63 million -- Americans will lose their health insurance coverage for some period during the next two years.

37 million Americans have no insurance and another 22 million have inadequate coverage.

Losing or changing a job often means losing insurance. Becoming ill or

living with a chronic medical condition can mean losing insurance coverage or not being able to obtain it.

Long-term care coverage is inadequate. Many elderly and disabled Americans enter nursing homes and other institutions when they would prefer to remain at home. Families exhaust their savings trying to provide for disabled relatives.

Many Americans in inner cities and rural areas do not have access to quality care, due to poor distribution of doctors, nurses, hospitals, clinics and support services.

Public health services are not well integrated and coordinated with the personal care delivery system. Many serious health problems -- such as lead poisoning and drug-resistant tuberculosis -- are handled inefficiently or not at all, and thus potentially threaten the health of the entire population.

RISING COSTS

Rising health costs mean lower wages, higher prices for goods and services, and higher taxes. The average worker today would be earning at least \$1,000 more a year if health insurance costs had not risen faster than wages over the previous 15 years.

If the cost of health care continues at the current pace, wages will be held down by an additional \$650 by the year 2000. [OMB]

More and more Americans have had to give up insurance altogether because the premiums have become prohibitively expensive.

Many small firms either cannot afford insurance at all in the current system, or have had to cut benefits or profits in order to provide insurance to their employees.

Only one other industrialized country (Canada) spends more than 10% of their GDP on health care. Japan, France and Germany spend 9% of GDP or less, and their costs have not risen nearly as rapidly as ours.

QUALITY THREATENED

No one is accountable for the performance of the health care system -- not hospitals, physicians, other providers, or health insurers.

Quality care means promoting good health. Yet, our system waits until people are sick before it starts to work. It is biased towards specialty care and gives inadequate attention to cost-effective primary and preventive care.

Consumers cannot compare doctors and hospitals because reliable quality information is not available to them.

Health care providers often don't have enough information on which treatments work best and are most cost-effective.

Health care treatment patterns vary widely without detectable effects on health status.

Some insurers now compete to insure the healthy and avoid the sick by determining "insurability profiles". They should compete on quality, value, and service.

The average doctor's office spends 80 hours a month pushing paper. Nurses often have to fill out as many as 19 forms to account for one person's hospital stay. This is time that could be better spent caring for patients.

Insurance company red tape has created a nightmare for providers -- with mountains of forms and numerous levels of review that wastes money and does nothing to improve the quality of care.

We have the best doctors who can provide the most advanced treatments in the world. Yet people often can't get treated when they need care.

Our medical malpractice system does little to promote quality. Fear of litigation forces providers to practice defensive medicine -- ordering inappropriate tests and procedures to protect against lawsuits. Truly negligent providers often are not disciplined, and many victims of real malpractice are not compensated for their injuries.

GROWING COMPLEXITY

Purchasing insurance can be overwhelming for consumers. With different levels of benefits, co-payments, deductibles and a variety of limitations, trying to compare policies is confusing and objective information on quality and service is hard for consumers to find. As a result, consumers are vulnerable to unfair and abusive practices.

Insurers have responded to rising health costs by imposing restriction on what doctors and hospitals do. A system that was complicated to begin with has become incomprehensible, even to experts. Each health insurance plan includes different exclusions and limitations. Even the terms used in health policies do not have standard definitions.

Small business owners -- who cannot afford big benefits departments -- have to spend time and money working through the insurance maze. For firms with fewer than five workers, 40 percent of health care premiums go to pay administrative expenses.

Administrative costs add to the cost of each hospital stay with the number of health care administrators increasing four times faster than the number of doctors.

Health claim forms and the related paperwork are confusing for consumers, and time-consuming to fill out.

DECLINING CHOICES

Insurance coverage for most Americans is not a matter of choice at all. In most cases, they are limited to whatever policy their employer offers. Only 29% of companies with fewer than 500 employees offer any choice of plans.

With a growing number of insurers using exclusions for pre-existing conditions, arbitrary cancellations and hidden benefit limitations, consumers have few choices for affordable policies that provide real protection.