



The People vs. the Insurance Monopoly: Fixing the Health System in 2009

By Joel Wendland

Health reform activists descended on Washington by the thousands June 25th as Congress continued to craft health reform legislation. On one side of the struggle stand President Obama, labor and health advocates and the vast majority of the American people, pushing hard for meaningful reforms that include a public option. Powerful insurance companies and their right-wing allies in Congress stand on the other.

A victory on this issue could level another major blow to the power of the ultra right who have chosen to defend the dangerous monopoly stranglehold insurance companies have over the health care system.

Solid majority

The next weeks and months will be extremely important for the broad coalition comprised of labor and community organizations behind the drive for a major reform. And a large majority of Americans support President Obama's plan for health care reform, according to recent polling data. Celinda Lake, of the polling firm Lake Research Group, explained, "Sixty-two percent of voters support the President in enacting a major overhaul of the health system, with 38 percent strongly supporting a major overhaul."

"Every age group, every income group, every demographic group strongly supports the President enacting a major overhaul of the US health care system," Lake said.

When the President's more specific principles are discussed, the support grows stronger, Lake reported. At the same time large majorities rejected the health insurance industry's push for a private market-only bill, a plan currently being pushed for by congressional Republicans.

Only 15 percent of voters supported a private-only plan, Lake added, while "73 percent said, 'I'd like a choice of private or public plan.'" A number of other national polls found similar results.

President Obama: Control costs with a public plan

At a White House press conference, June 23rd, President Obama reminded reporters about the urgency of passing health reform. The President further reiterated his support for including a public option in the final health care reform package. "I think is a important tool to discipline insurance companies," he said.

Responding to questions from a reporter who sounded as though he was

parroting insurance company talking points rather than doing journalism, President Obama wondered why insurance companies are so afraid of the public option.

"If private insurers say that the marketplace provides the best quality health care, if they tell us that they're offering a good deal, then why is it that the government – which they say can't run anything – suddenly is going to drive them out of business?," the President asked. "That's not logical."

Competition and choices about which kind of insurance consumers can purchase is the key reason for including a public option, the President has repeatedly explained. Competition with a public plan will enforce better regulations on the private market and will keep costs under control.

According to the Organizing for America Web site, the off-shoot of President Obama's campaign, the President favors three basic principles for healthcare reform: health reform should reduce costs, it should guarantee choice of plan and doctor, including the choice of a public insurance option, and it should ensure quality care for all.

The broken system

An estimated 50 million with health care coverage last year and about 80 million people who go without insurance at some point during the year. Some 14,000 people are losing coverage during this current recession each day, likely exacerbating an Urban Institute study that revealed that 22,000 Americans lost their lives in 2006 alone because of the lack of health care coverage. For these reasons universal care is a key goal of the President's plan.

Lack of coverage isn't the only problem, however. People with coverage are struggling to keep up with the costs. Health

and Human Services Secretary Kathleen Sebelius released state-by-state reports last month that showed growing costs have hammered working families. In 2006, a typical person with employment-based insurance paid more than \$1,500 per year in out-of-pocket expenses, excluding premiums, a rise of almost \$300 just since 2001.

When premiums were included in calculations of personal health care expenses, the typical person's payments grew by almost \$1,000 since 2001 to \$3,744 in 2006. Simply put, insurance premiums are adding the most to the cost of care for average working families.

"Skyrocketing health care costs are hurting families, forcing businesses to cut or drop health benefits, and straining state budgets," the reports pointed out. "Millions are paying more for less."

"These are more than just numbers and facts, more than just numbers on a page," Secretary Sebelius told reporters on a White House-sponsored teleconference call June 26. "They represent real people and families in states across the country who are struggling."

Responding to reporters' questions about the inclusion of a public option in the health reform package, Sebelius restated President Obama's support for the public option as a competition mechanism that provides "the best way to have cost containment."

Referring to bills being drafted in both houses of Congress right now, Sebelius said, "I think it's pretty clear with the bills coming forward that a public option is definitely part of the strategy."

The alarming HHS reports coincided with the similarly disturbing findings of a survey of more than 26,000 people conducted this year by the AFL-CIO. According to the AFL-CIO report, approximately one-third of respondents,

most of whom have some form of coverage, say they forgo basic medical care because of high costs. More than four in 10 people with insurance told the union that they can't afford the care they need. And eight in 10 said their premiums increased this past year. More than six in 10 people who did not have employment-based coverage or Medicare and sought coverage in the private insurance market reported they could not find care at an affordable price.

Right now, insurance company bureaucrats most often determine the quality and type of care people receive based on a cost-benefit analysis designed to ensure high profits for the insurance company. Many insurance companies, in order to ensure high profits, will refuse coverage to people who they deem to have "preexisting conditions." Such decisions are unfair and exclude people who need medical care the most. Medical decisions should be left up to patients and their doctors. They should be determined by need not profit margins.

Progress in Congress

Two draft health reform proposals produced by Senate and House committees recently include a public option for people and families who can't afford or are dissatisfied with the private insurance market. Early analysis of the Senate concept, which was drafted in the Senate Health Committee chaired by Sen. Ted Kennedy, D-Massachusetts, showed it would provide a choice of private or public health coverage, an employer mandate and a guarantee against insurance companies refusing coverage for preexisting conditions.

A bill written in the House Health Committee that could come out as this week would reportedly also create a national health "exchange" that would also include the choice between private and public insurance plans.

Sen. Chris Dodd, D-Connecticut, who is spearheading the effort in the Senate Health committee, told health care activists on a labor-sponsored teleconference call June 18th that the issue has the utmost urgency.

"Every day we delay, every day we slow down, every day we don't work a little harder, just remember those numbers," Sen. Dodd stated. "Fourteen thousand people every day and families are put in harm's way, put a great risk as a result of this notion that somehow we have to delay this further."

Dodd expressed his support for a strong public health care choice. "The primary reason is I don't know how you drive down costs if you don't have it," he explained. He added that he thinks bipartisanship is an important part of the legislative process, but argued that key portions of the reform package should not be sacrificed for it. The process will likely extend into the fall, Dodd concluded, and he pleaded for a strong commitment from the people and from labor to continue to push hard for passage.

Labor and its allies

Labor welcomed the key provisions in the Senate Health committee draft of the reform bill. AFL-CIO President John Sweeney said, "The strong draft of the Americans Health Choices Act that the Committee made public ... demonstrates their commitment to comprehensive reform and the kind of leadership and energy the country needs to finally win quality, affordable health care for all."

Sweeney proceeded to reject insurance lobbyist's opposition to the public option. "Passing health care reform that includes a quality public health insurance option is crucial to America's workers because it will provide a competitive impetus for companies to reduce overhead

expenses and lower costs," he said. "Their true agenda is to hold onto their record profits and bonuses by preventing Americans from being able to choose between private insurance and a quality public health insurance option."

National health care reform advocates are closely following the progress of health reform in the legislative process. Health Care for America Now (HCAN), a national coalition of more than 1,000 groups, including labor unions, small business groups and community organizations in 44 states, supports a reform package similar to President Obama's.

Margarida Jorge, the national field director for HCAN, said that the legislative process is moving swiftly and that her organization is working with key legislators to ensure the final outcome will contain the basic principles her organization and its coalition partners support. There are four, she says. "The first being that we think everybody should have a guarantee of quality, affordable coverage." Second, costs should be tied to income, she said.

Third, "we think people should have the choice of keeping the insurance plan that they have or getting their insurance from a different private plan or the choice of getting their insurance from a public health insurance plan," Jorge added.

Finally, health reform should also address inequality issues (by race, gender, nationality and region) that currently plague the broken health system, she concluded.

Community health centers

Community health centers also have a huge role to play in the reform struggle, especially in injecting equity into the system for women, said Planned Parenthood Action Fund President Cecile Richards. Health reform should include adequate funding for these clinics.

An estimated 17 million people use community clinics as a source of care.

Planned Parenthood, for example, operates some 850 such clinics across the country. They provide essential primary and preventive care such as cancer screenings, breast exams, STD testing and contraception to millions of women each year.

"Planned Parenthood affiliate health centers are part of an essential network of community providers that serve as a critical entry point into the health care system for millions of women. For many of these women the only doctor or nurse they see is one they visit at a health center like Planned Parenthood. Often times, women come into a center for information and end up seeking preventive care that could potentially save their lives," said Richards in a recent statement.

Women, people of color, rural communities and low-income families rely on community centers most. They pay higher out-of-pocket expenses and have a higher tendency to put off care because of costs. Serious investments that help expand access to and the quality of community health centers would help close this gap in access to care. While President Obama's economic recovery act provided more than \$2.5 billion for community health centers, that funding expires at the end of 2010.

Doctors support reform

Doctors have become an important ally for the President and reform advocates in the current struggle. A new survey released last week revealed that people trust doctors the most on this issue. And a well-crafted public option, especially, will help doctors meet their goals for and responsibility to their patients, said Dr. Vivek Murthy, president of Doctors for America, an organization that supports including a public option in comprehensive

health reform and claims the backing of more than 13,000 doctors.

"As physicians we're seeing everyday examples of how the private insurance industry is failing our patients," Dr. Murthy said. "We know that a robust, well-crafted public plan, a plan that basically gives more of our patients the access that they need, that provides them with choice over their insurer, that rewards physicians for delivering the kind of care that they want, and also provides quality and promotes prevention and wellness."

Doctors will not sit on the sidelines in this debate, added Dr. Alice Chen, executive director of Doctors for America. "We are ready to be partners in this reform process," she noted. "Our patients need this reform, and that includes access and allows us to deliver quality care to all Americans."

Doctors have countered well-publicized opposition to the President's plan by the American Medical Association (AMA) by noting that other national associations of doctors support universal health care reform, including the American Medical Student Association (AMSA). Former AMSA organizer Dr. Flavio Casoy told us on a recent episode of the Political Affairs podcast that the broken health care system keeps him awake at night. "Physicians in training really see the front lines of the collapsing health care system," said Casoy.

"Most of us work in academic medical centers, county hospitals, community clinics, free clinics where the people who are not able to access care or the people who may have insurance but not the insurance that covers all they need often turn to when they need care," Casoy explained. While these institutions strive to provide quality, they are often overloaded with patients who lack coverage or have inadequate coverage that limits effective medical care. While many patients have

conditions that are normally easy to resolve with proper care, the lack of coverage delays access, stalls prevention and wellness and turns simple medical care into expensive and complicated, even deadly, problems.

"When I go to bed at night, I see the dozens of faces of people who died, who got sick, who didn't get better because of our broken health care system," Casoy reported.

The American Academy of Family Practitioners, the American Academy of Pediatricians, the National Physician's Alliance, the Committee of Interns and Residents and the Doctors Council of SEIU Healthcare, and the Student National Medical Association also support a public health insurance option.

It makes economic sense

Economists also favor health reform, identifying it as key to economic revival. A recent statement signed by more than 330 prominent economists argued that health reform is needed now to turn the recession around and to eliminate the long-term drag on the economy caused by rising health care costs and insurance premiums.

According to Phillip Cryan, an economist at UC Berkeley, reform would free up money for investments in economically innovative things and promote financial stability for business owners. If a reform bill passed that included an employer mandate and a public option, Cryan explained, both job growth and long-term economic health could be expected. Two big reasons are these: Employers, especially small business owners, will reap enormous savings, allowing them to reinvest in their businesses and other innovative economic activity. Reduced health costs will free up investment flows across the whole economy, allowing for new growth now hampered by a bloated health care system.

If a reform package includes a public option, Cryan concluded, "There should be very large efficiency gains for the economy as a whole, freeing up resources for productive, job-creating economic activity."

Small business

Potential savings for business owners has added a new and powerful voice to the debate, added HCAN's Margarida Jorge. "It's important to businesses of all sizes, but in particular small businesses because small businesses are just really being crushed by the cost of health care," she said. "They really get a raw deal."

"The number one threat facing business in this country, facing small business and facing family budgets is the high cost of health care," said Jorge. "Small business people are incredibly important spokespeople on health care."

For these reasons, a new group of small business owners, the Main Street Alliance, has endorsed the main principles of the Obama health reform plan. According to its website, this new coalition with affiliates in 15 states so far has endorsed a reform package that will reduce health care costs for small business owners, provide universal affordable access, including a public insurance option and create shared financial commitment on the part of business, the government and workers to pay the cost of coverage. The alliance also participated in the June 25th rally and lobby day actions sponsored by HCAN and its coalition partners.

Unity against health care monopolies

Despite popular support, a moral imperative and economic and fiscal necessity, insurance companies oppose the public option concept. The

public option is only controversial because insurance companies and other powerful interests are standing in the way of progress, said Richard Kirsch, national campaign manager for HCAN on a teleconference with reporters last week. "The question of why this controversial comes down to not what's going on outside the beltway but what's going on inside the beltway."

Opposition to reform comes down to protecting insurance company profits or right-wing ideology regardless of the facts or the realities of people's lives.

On the question of the unity of the movement for meaningful reform, Jorge said, unity among those who support reform isn't the real problem. The real problem comes from the powerful corporations who oppose reform.

Jorge says that she sees broad consensus across the whole public in support of the President's plan. "I don't view [unity] as such a huge issue; the public is essentially unified." Jorge added that she believes the fight for universal health care reform won't end when a bill is signed this year by President Obama.

HCAN and its coalition partners brought upwards of 10,000 people to Washington, D.C. June 25th, for a massive health care reform rally and lobby day action. Afterward, hundreds of activists visited with more than 300 members of Congress that day to advocate for these core reform principles. Town hall meetings and local congressional visits are also in the works. HCAN events are scheduled for this month and August as well.

We at Political Affairs encourage all of our listeners, readers and supporters to be as deeply involved as possible in the struggle to pass health reform this year that includes a public plan.

--Joel Wendland is editor of Political Affairs.