

House Committee on Energy and Commerce, Subcommittee on Health
Hearing Sept. 18: “America’s Need for Health Reform”
Remarks of Governor Jon S. Corzine

Good morning Chairman Pallone and Distinguished members of the Subcommittee on Health.

It is a pleasure to be back in Washington to offer my perspective as the Governor of New Jersey about the essential need for health care reform across this nation.

Before I start, I want to commend Chairman Pallone, who has been a champion of critical health programs for both the State of New Jersey and the country—I thank you for your leadership.

I also would like to commend the Committee and the many members of on both sides of the aisle for your leadership and hard work in enacting a moratorium on many of the harmful Medicaid regulations the Administration issued over the past year. Those regulations threatened critical funding for hospitals and other health care providers and would have impacted severely the care provided to our most vulnerable. I would encourage, however, you to seek a moratorium on the remaining regulations limiting outpatient hospital payments.

Looking forward, I am pleased that health care reform is at the forefront of the national debate in the ongoing Presidential and congressional campaigns. I commend the members—and today’s other witnesses—for their commitment to addressing what is one of the most challenging and severe problems we face: the broken health care system.

The events of the past few days in our financial markets and the national recession will likely exacerbate the stresses present in the healthcare system and will further motivate our need to work together for reform.

Our growing national economic troubles are already having serious consequences for most state economies and our finances—you know the litany—falling home prices, rising unemployment, higher energy costs, escalating Medicaid spending, and more families in need of health care services. In this economic climate, it is clear more employers will be forced to reduce or eliminate health coverage for their employees, aggravating the negative trend in employer-provided health insurance.

In fact, according to the Kaiser Family Foundation, nationally every 1 percent increase in unemployment results in 1.1 million more uninsured

and an additional 1 million people—400,000 of them children—enrolling in Medicaid. And, since Medicaid eligibility lags six months behind unemployment figures, the full impact of increasing demand for Medicaid services cannot be known for some time.

As some of you know, I had first hand experience with the health care system when I was in a car accident about a year-and-a-half ago. I am extremely grateful for the outstanding care that I received. It was truly extraordinary. In truth, while the U.S. health system has millions of dedicated professionals providing great care and treatment, our health-care system in many respects does not match the high standards we have come to expect.

There are now about 46 million uninsured Americans – up from 40 million in 2000. We can all agree, that’s 46 million too many, and the number is rising every day. Far too many Americans live with the fear that a major medical emergency could mean financial ruin. In fact, health care costs are the leading cause of personal bankruptcy.

But the crisis in our health care system is much more than the number of uninsured. We rank 37th in health-system performance, according to the World Health Organization, but 1st in expenditures. Quite simply, we are paying more but getting less.

The question is: How can we better align our system—really a patchwork of systems—to begin to reverse those rankings?

The answer, I believe, is two-fold. First, we need a strong and committed federal-state partnership, willing to build on and strengthen best practices of successful programs and existing elements such as employer-based coverage. Second, we need federal leadership to put in place a system that provides universal access for all Americans.

I may be a washed-up businessman, but my understanding is that when you first enter medical school, the first lesson learned is: “Do No Harm.” In today’s context, during a recession that is hurting everyone, “Do no harm” means supporting State programs rather than undermining them.

Following the principle “Do no harm” means reauthorizing SCHIP, a program that has benefited millions of American children by letting states tailor their plans flexibly to adjust for wide variation in the cost of living and availability of providers. SCHIP has been a highly successful building block across the country for a decade, and should actually be expanded, particularly during a recession. New Jersey covers 430,000 adults and 570,000 children through our Medicaid and SCHIP

programs, known as FamilyCare. I urge you to do everything that you can to move ahead on reauthorization of this crucial program.

Along those lines, “Do no harm” means increasing the federal Medicaid match, or FMAP, in what’s called a “countercyclical” reimbursement mechanism, so that during a national downturn like our current one, states receive more money to cover the growing numbers of people losing insurance and are able to hold off harmful cuts in safety net programs. Without that support, coverage is one of the few discretionary items that states have in their financial tool box. You all must remember that states are constitutionally mandated to balance our budgets.

We all know that as the ranks of the uninsured grow, so too does hospital emergency room utilization. We really have a crisis of ER use in this nation—it’s a costly replacement for a family care physician or a medical “home”, ER activity adversely affects hospital financial operations, and it is not conducive to providing the kind of preventive and chronic care that will reduce costs in the system. I can tell you we have a true crisis in financing Charity Care among our hospitals in New Jersey.

So “do no harm” does mean helping states get more people insured so they’re not overusing the ER, but it *also means* expanding the Federally Qualified Health Centers (FQHC). In New Jersey, we have found our FQHC’s – we have over 80 sites – to be highly effective partners in our efforts to expand access to essential health care services—particularly preventative and chronic care.

Finally, “do no harm” means support the innovators— a state like Massachusetts that has enacted comprehensive reform, and states like New Jersey that are taking big steps by expanding access and enacting insurance reforms to reduce costs to the system. This summer, I signed into law an expansion of our bipartisan FamilyCare program to cover more working-class families while mandating health coverage for all children—250,000 of whom are currently uninsured. We also enacted insurance market reforms to make health insurance more affordable to individuals and small businesses in the State.

I think I can speak for my fellow Governors on both sides of the aisle when I say that most states, for so long the laboratories of change, need immediate help to get through this recession if we’re to remain the reliable source for health care we have always been. And going forward, we will need a strong federal-state partnership to make our vision of universal health care a reality.

I believe states have been creative in devising strategies to cover more

people while holding down costs. But federal support is absolutely necessary if we are going to achieve truly universal care. It may come down the road, and it may have to happen in steps, but that ultimate goal should guide the design of our reform. We all know those with insurance receive better care, and that higher levels of coverage translate into lower health care costs as people manage chronic diseases and access preventative care. The federal government can coordinate this effort in a way that reaches the most people and is the most cost-effective.

Federal support means investments in a national Electronic Medical Record system--setting standards requiring best practices and establishing deadlines for implementation. This is a perfect example of where the federal government can coordinate a cost-saving mechanism that would mean better quality care for all Americans and billions in reduced health care costs.

In New Jersey, we have taken significant steps to reform our health care system. I recruited internationally recognized health care economist, Princeton University Professor Dr. Uwe Reinhardt, to lead an in-depth analysis of the complex problems that have led to a series of hospital closings. The findings of the Commission on Rationalizing Health Care Resources have resulted in a series of laws that have strengthened our hospital system, increased protections for the uninsured and put New Jersey in the forefront of health care reform.

We recently completed a study in New Jersey that showed the No. 1 barrier to women getting prenatal care is lack of health insurance. We know that prenatal care helps women have healthier pregnancies, better birth outcomes, and gives children a better chance at a healthy life. Is there a better reason for us to fight for universal health care?

Across the board, on every aspect of care, there's no question that providing access to affordable health insurance is not only the direction that we should take—it is our moral responsibility.

On the principles, I believe most of us agree. If you review the Obama and McCain health care plans from the standpoint of premises and objectives, the level of agreement is remarkable.

Both candidates want to expand access to care, to contain health-care costs, to build health-care IT infrastructure, and to encourage preventative care. Those themes represent major common ground from which to work toward national health reform.

We ought to leverage that consensus, but we ought *not* to undermine what already works: S-CHIP, FQHCs, employer-sponsored coverage, and finally, state

customization—whether it's with Medicaid and SCHIP or the state regulation of insurance markets, which is critical for consumer protection.

We can reform this patchwork system, but it requires a strong and committed federal-state partnership premised on a willingness to build upon what's working and a commitment to the attainability of that ultimate goal, universal care.

Thank you.