

The Cost of Inaction on Health Care is Too High – Especially Now!



By Rep. John Dingell
(D-MI)

In the United States, many are so consumed by fear from the first tidal wave hitting us – our economic crisis – that some are taking their eyes off the second wave coming our way. The health care crisis in our nation is about to get much worse. As struggling companies lay off workers and cut back on benefits, we as a nation are ill-prepared for the burdens that we will soon have to take on. We already cannot handle the over 45 million uninsured and 25 million underinsured Americans as they place an enormous weight on both our hospitals and our economy. In fact, if you look beyond the headlines about our troubled banks and their bad investments, you will see health care costs are a major force in driving people out of their homes and into bankruptcy. Last year health care spending increased more than twice the rate of inflation. The United States now spends more than \$2.2 trillion on health care costs each year, approximately 16 percent of the total economy.

The skyrocketing costs also have taken a huge toll on American businesses and families. We pay way too much for care that is not as good as in other industrialized countries, even though we have the finest medical professionals in the world.

I have fought for more than 50 years for comprehensive health care reform. I have always been certain about the moral argument that health care is a right, not a privilege. But, I also remember hearing my father, who represented Southeast Michigan in Congress before me, talking with United Auto Workers President Walter Reuther about how health care could break the backs of businesses in the 1930s. Make no mistake, it is both the humanitarian and economic reasons that are driving us to act and act quickly.

Whether you think like Mother Teresa or Adam Smith, you can see that our health care system is failing us. My case here is simply focus on the economic conditions we face. Our economic calamity before us now is so intertwined with the high costs of health care that we cannot fix one without fixing the other.

This floundering economy requires us to take bold steps to reform our health care system. The stars have aligned for comprehensive reform like I have never seen before. Democrats, Republicans, industry, stakeholders, and the American people agree that we must reform our health care system now. When we

tried to overhaul the health care system in 1993, we were met with grand resistance and a multimillion dollar misinformation advertising campaign. This time the same groups who fought so hard against reform are joining the discussion. Earlier this month Karen Ignagni, president and CEO of America's Health Insurance Plans (AHIP) wrote in the Washington Times, "Focusing on health care is good politics. More important, it is a strategic domestic priority for a nation coming to grips with an unprecedented financial crisis." The insurance industry was a major player in killing President Clinton's plan.

The Business Roundtable, another group that helped undo President Clinton's health care reform efforts, released a study recently showing that the cost of health care undercuts our global competitiveness. Our five leading economic competitors, Canada, Japan, Germany, the United Kingdom and France, spend 63 cents for every dollar we spend on health care. Our up and coming competitors, Brazil, India and China, spend 15 cents on every dollar we spend. Unfortunately, our greater financial investment in health care has not yielded better quality care for Americans.

I have witnessed this first hand in my home state of Michigan. Last year, more cars were made in Ontario, Canada than in Michigan, largely because of the health care costs associated with manufacturing American cars. American

automakers now spend more money on health care per car than they do on steel. The more our companies spend on health care, the less they can invest in new products, new ideas, and new jobs. How can we expect our companies to compete?

Similarly, as health care eats up more of families' budgets, they are forced to make unthinkable decisions. Do I forgo my medicine to provide dinner for my family? Should I cancel this doctor's appointment so I can make my mortgage payment? These questions are far too common for far too many families. In 1987 the share of median family income spent on health insurance was 7.3 percent. In 2006, it jumped to 16.8 percent. Today, the average cost of an employer-based family insurance policy is \$12,680, almost equal to what a full-time, minimum wage worker earns in one year. The high cost of health care causes a bankruptcy every 30 seconds. By the end of the year, it will cause 1.5 million Americans to lose their homes. Health care premiums have grown four times faster than wages over the last eight years, and in each of these years, a million more Americans have lost their health insurance. Families can no longer sustain the high costs of health care.

Both Democrats and Republicans understand that failing to act is not a viable option. If left unchecked, our current system will cause irreparable harm to the nation's economic health.

Health spending is expected to double by 2020, to \$5.2 trillion, meaning it would consume 21 percent of the gross domestic product. We must halt this trend. Furthermore, without reform, the expected full cost of family employer-sponsored health insurance will increase to more than \$24,000 in 2016 and the average deductible will reach nearly \$2,700. This means in only seven years, almost half of all American households will spend more than one-third of their income on health insurance.

Make no mistake, comprehensive health care reform will cost money and all parties, including the government, providers, insurers, employers, and patients, must contribute in order for our reform efforts to be successful. President Obama has provided a great example by offering a down payment of more than \$630 billion. As we draft legislation, we will aim to make sure that it is fiscally responsible. Yet, the costs of inaction are far greater than up front investments in a health care system that covers everyone at a reasonable price, better rewards providers for quality of service instead of quantity of service, and one that provides greater incentives for prevention. These reforms will save our country, our businesses and our families billions of dollars down the road. OMB director, Peter Orszag put it best when he said, "the path of fiscal responsibility must run directly through health care." I couldn't agree more.



In President Obama, we have a leader who understands the urgent need of action and the importance of bringing all stakeholders to the table. While most of us agree that we have to tackle health care reform now, I understand that we are bound to come to disagreements once we get deeper into the specifics of the plan. Of all of the options being discussed in our health care reform efforts, the creation of a public health insurance option has been met with the most skepticism and opposition. I support such an option because I believe it will provide the healthy competition needed in the marketplace to reign in soaring health care costs. The opportune word here is healthy. I invite all interested parties to come to the table to help us draft a plan that does not give the public plan an unfair advantage over private insurance options. I am committed to listening to opposing voices and working with all parties throughout the process. Everyone else must do the same, so that we do not let our own versions of the perfect become the enemy of the good.