

# Affordable Health Care for All A New Approach



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Health Care for All Colorado  
[www.healthcareforallcolorado.org](http://www.healthcareforallcolorado.org)



# Why Employers?

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- Wartime (1939-1945) wage freeze
- Unable to attract workers by paying more, Employers add health care
- Employee benefit plans rapidly increase in the 1940's and 1950's
- Strong unions bargained for better benefit packages, including tax-free, employer-sponsored health insurance



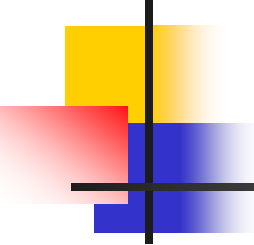
# Current System

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# Performance



*"Unfortunately, you have what we call 'no insurance.'"*



# The World Health Organization's ranking of the world's health systems 2000 Report

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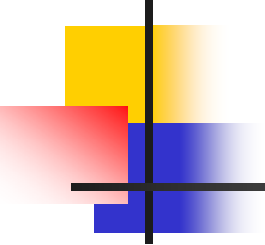
- |                     |                                |
|---------------------|--------------------------------|
| <b>1</b> France     | <b>31</b> Finland              |
| <b>2</b> Italy      | <b>32</b> Australia            |
| <b>3</b> San Marino | <b>33</b> Chile                |
| <b>4</b> Andorra    | <b>34</b> Denmark              |
| <b>5</b> Malta      | <b>35</b> Dominica             |
| <b>6</b> Singapore  | <b>36</b> Costa Rica           |
| <b>7</b> Spain      | <b>37</b> <b>United States</b> |
| <b>8</b> Oman       | <b>38</b> Slovenia             |
| <b>9</b> Austria    | <b>39</b> Cuba                 |
| <b>10</b> Japan     | <b>40</b> Brunei               |



# U.S. Uninsured 2003 to 2004

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- The number of uninsured rose from 45 million to **45.8 million-15.6%** of the population
- The fourth straight year of increases
- The number of uninsured has increased by **6 million** since 2000
- Middle-Class losing coverage at fastest rate



# U.S. Uninsured 2004 to 2005

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- The percentage of people without health insurance coverage rose from **15.6 %** to **15.9 %** - **46.6** million people
- In Colorado, there are more than **788,000** uninsured-**16.9%** of the population  
**746,000** underinsured-**16%** of the population



# Colorado

ranking among 50 states

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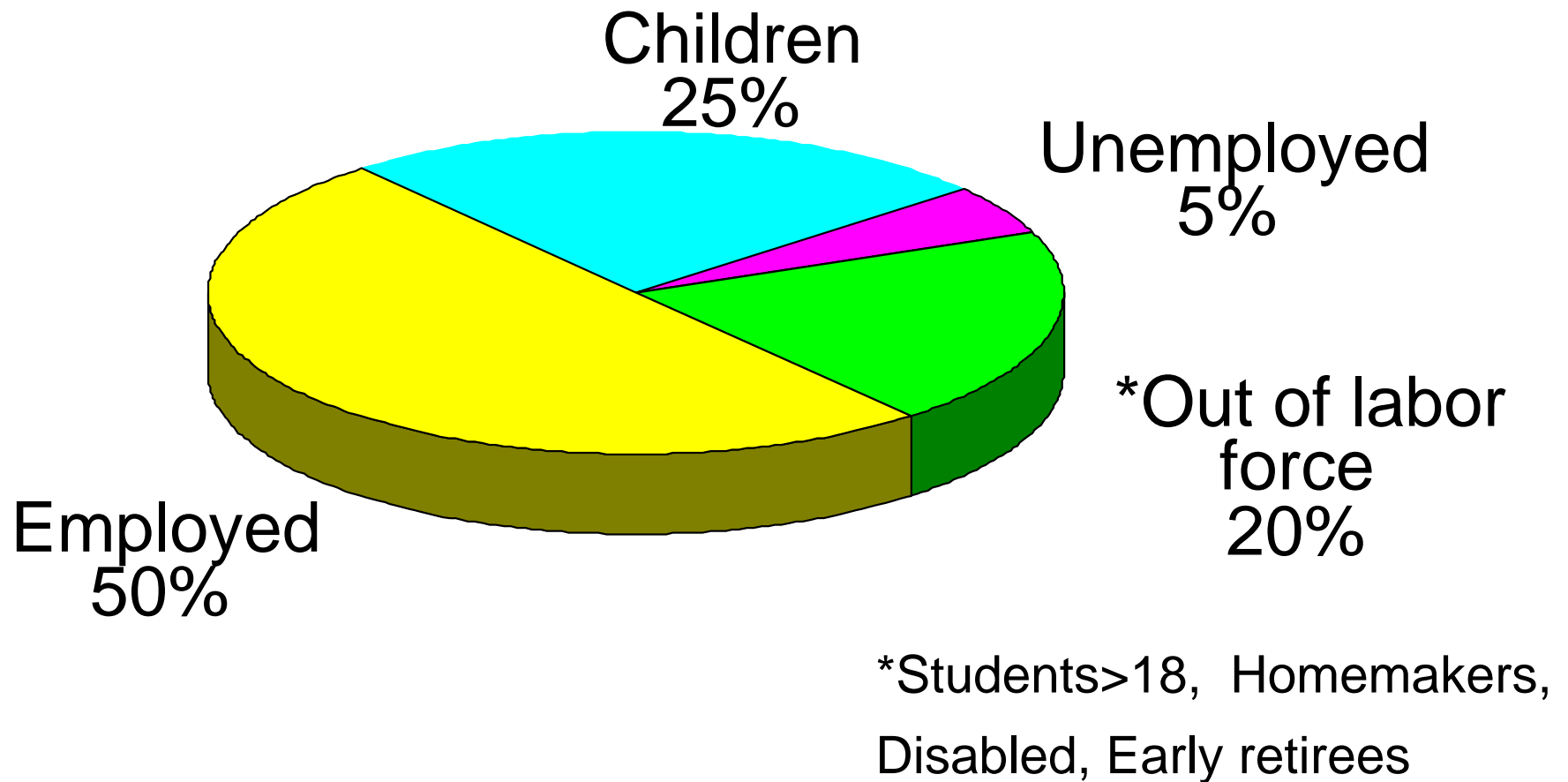
38<sup>th</sup>

Adults(18-64 yrs) with health insurance

44<sup>th</sup>

- Children(0-17) with health insurance
- Prenatal Care
- Vaccinations for children (19-35 months)

# Who Are The Uninsured?





# U.S. Uninsured

## Premature Adult Deaths

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Age Group

Deaths

25-34

1,930

35-44

3,431

45-54

4,734

55-64

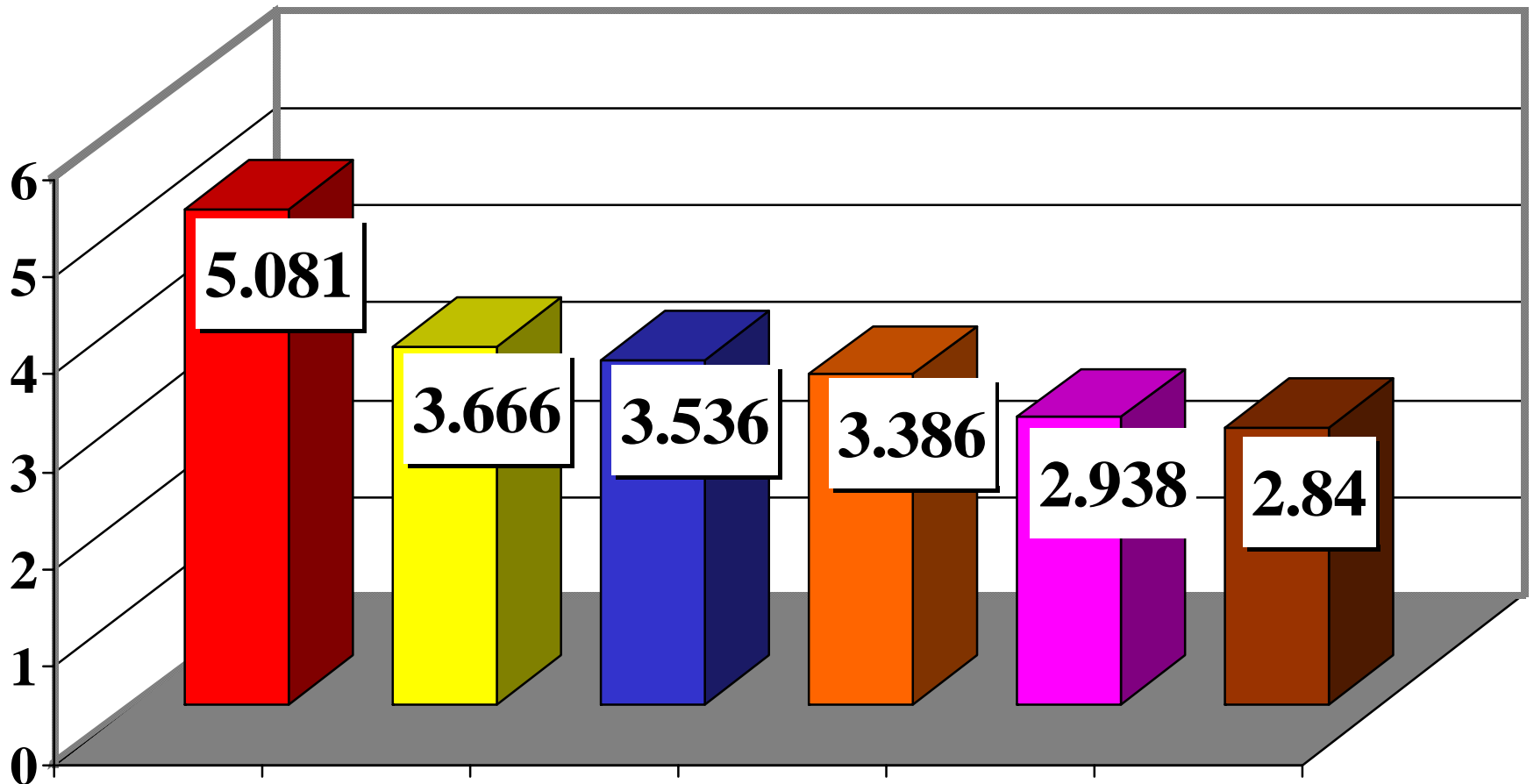
8,219

Total

**18,314** Annually

# Potential Years of Life Lost Per 100 People for All Causes premature death preventable at any age

■ U.S. ■ Germany ■ Canada ■ Australia ■ Sweden ■ Japan



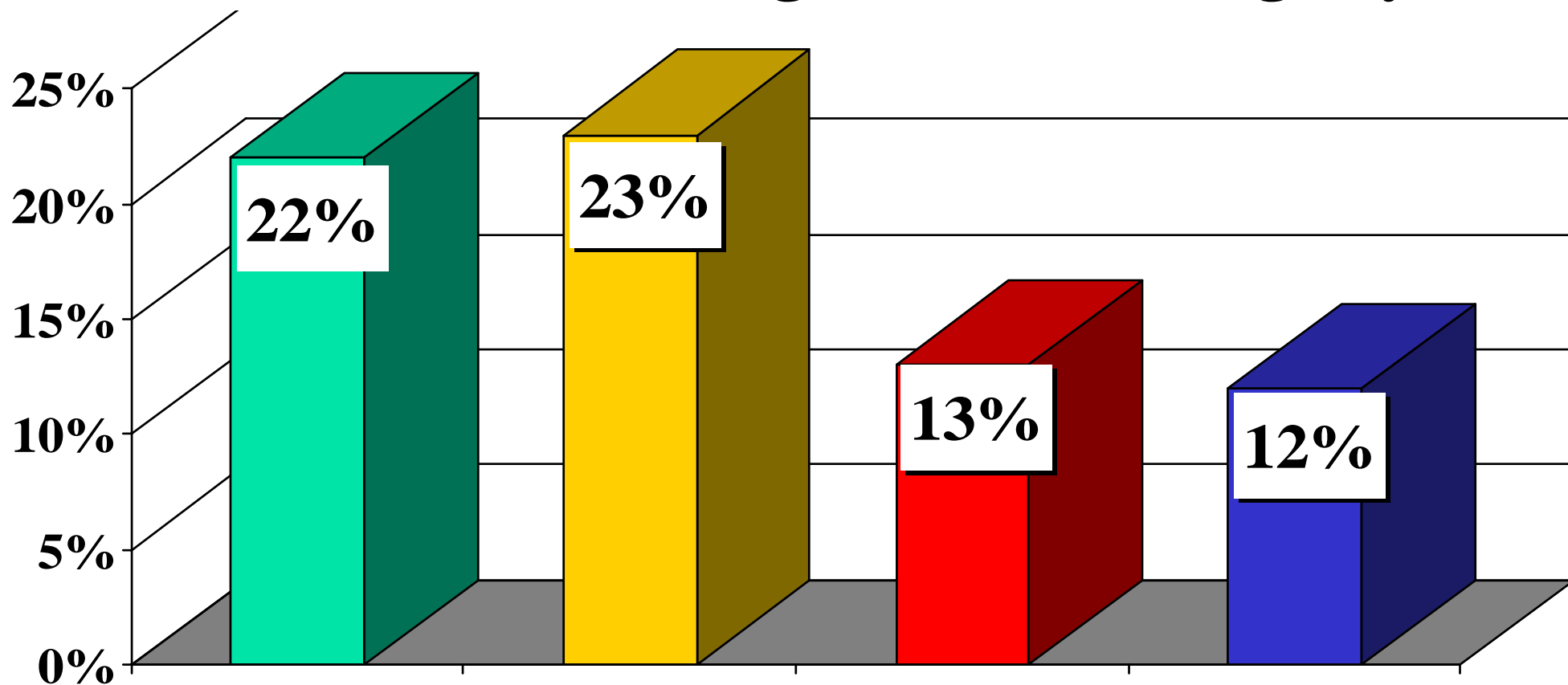
# Access Problems for Middle Class Families (Income \$25,000-\$49,999)

**Postponed Needed Care**

**Problem Paying Bills**

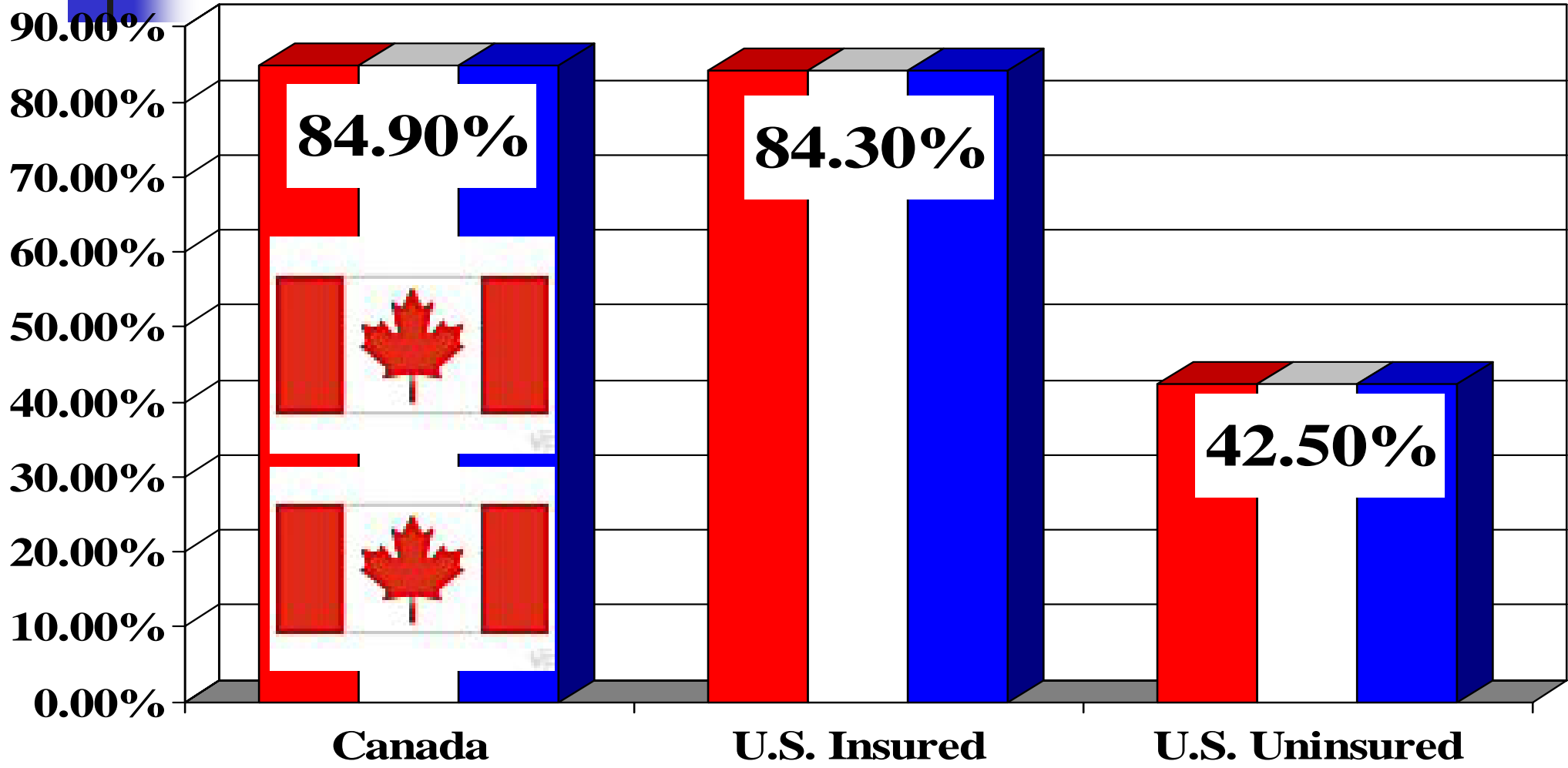
**Didn't Get Needed Drug**

**Collection Agency Call**

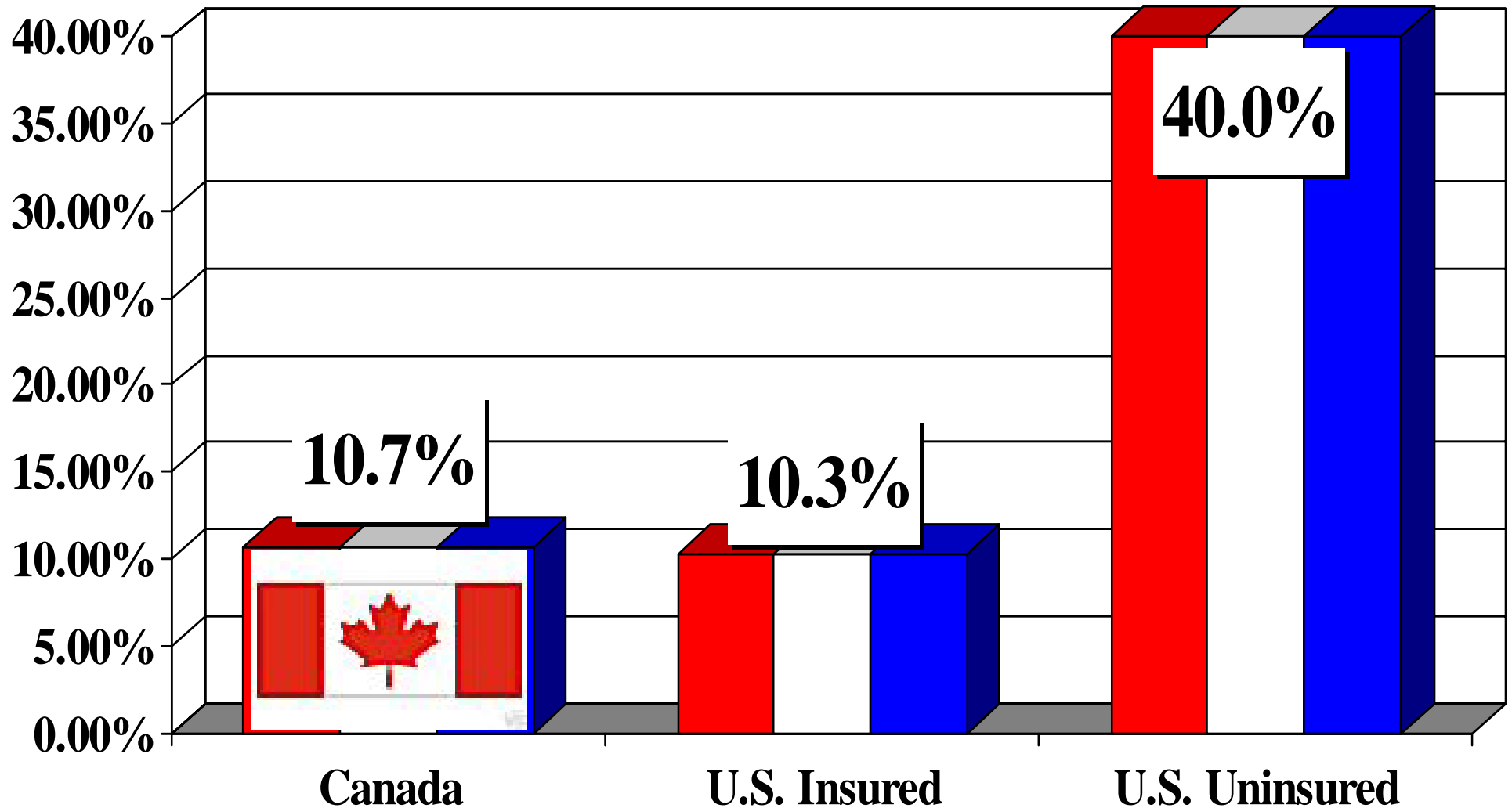


# Regular Doctor

Canadians and U.S. Insured are Similar  
% of People



# Unmet Health Need % of People





# Current System

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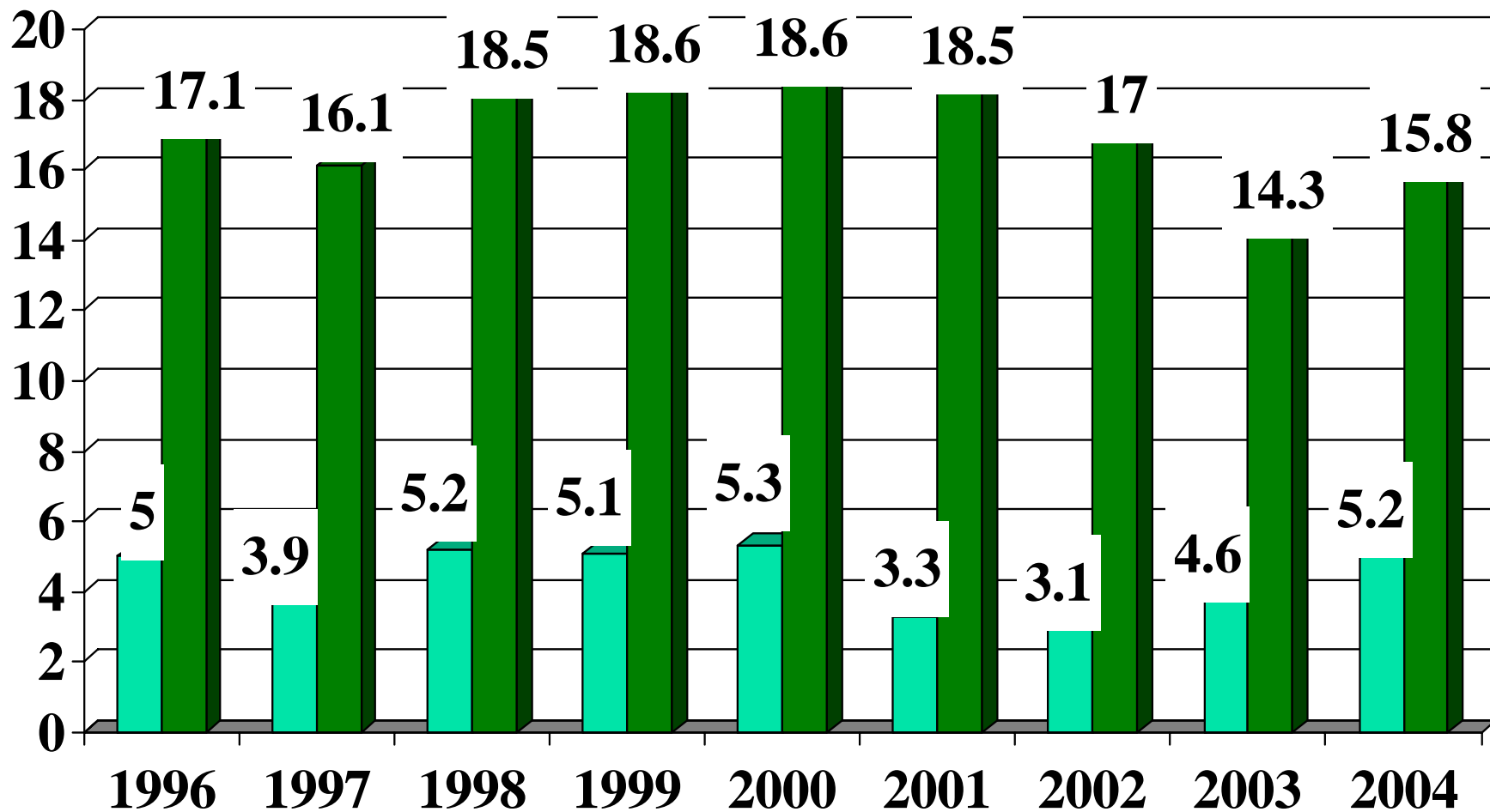
Who Profits?

# Drug Companies Profits 1996-2004

% Return on Revenue

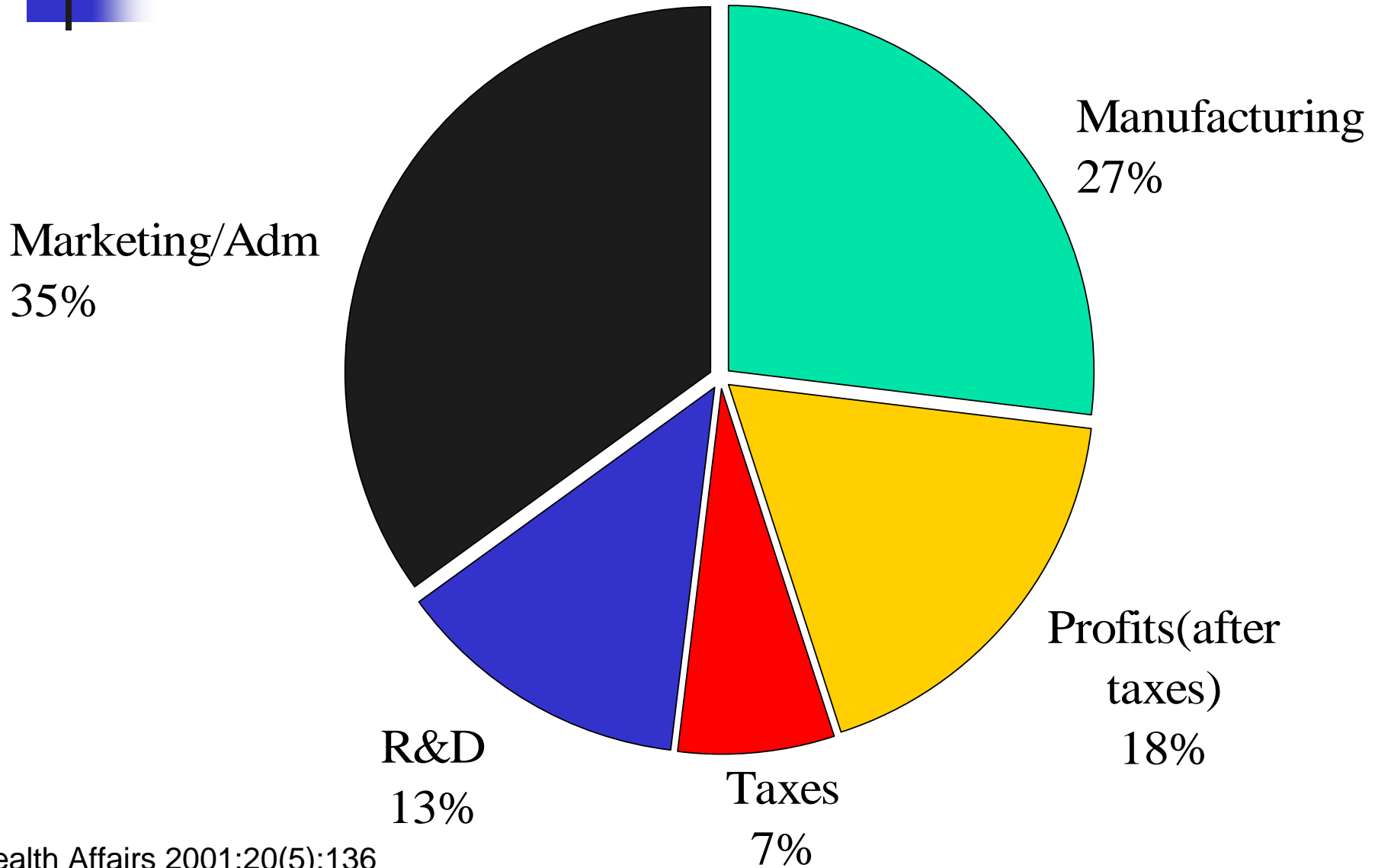
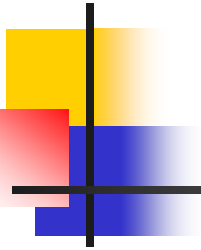
■ Fortune 500 Median

■ Drug Companies



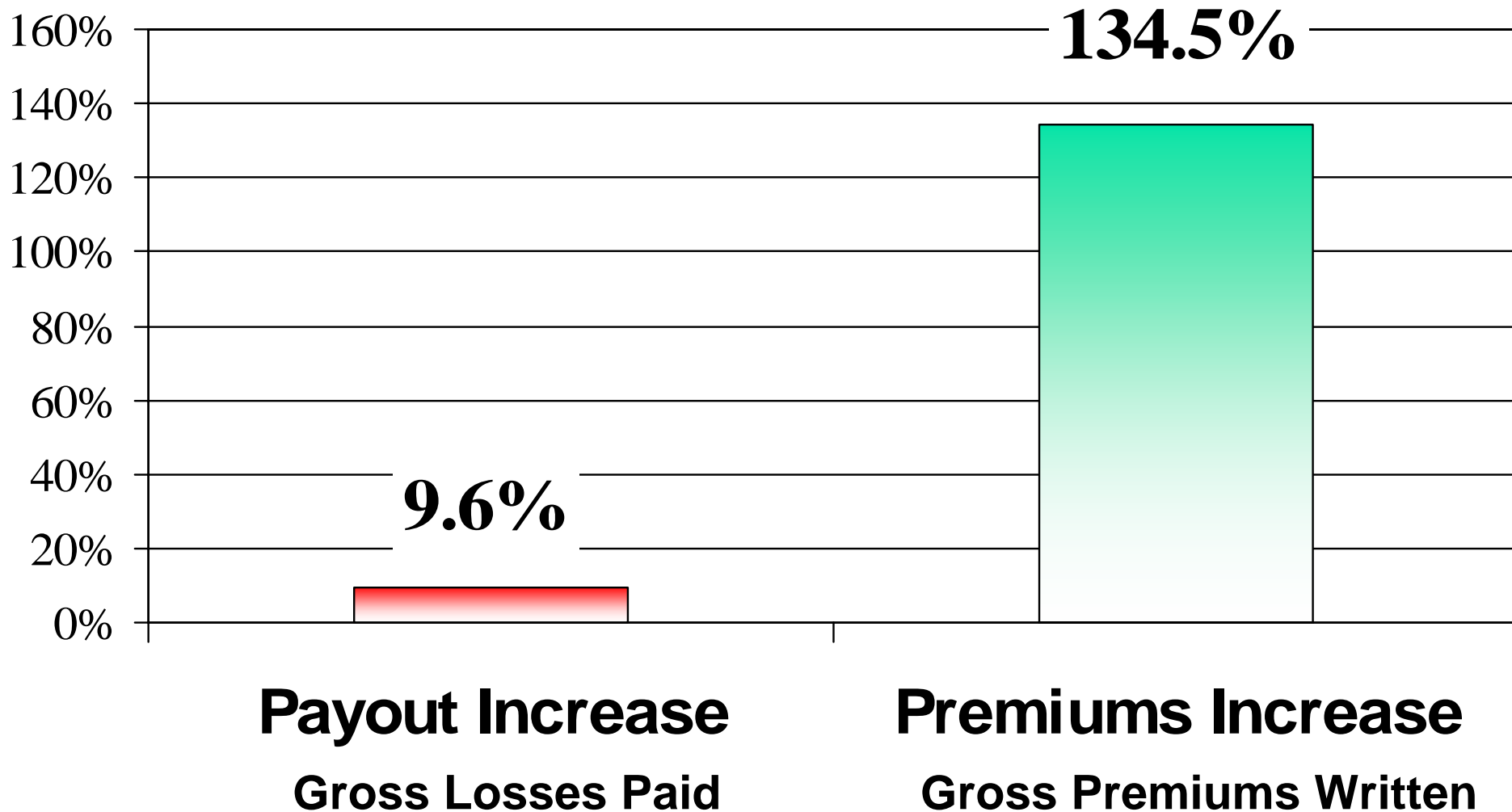
Fortune 500 rankings for 1995-2004

# Drug Companies' Cost Structure

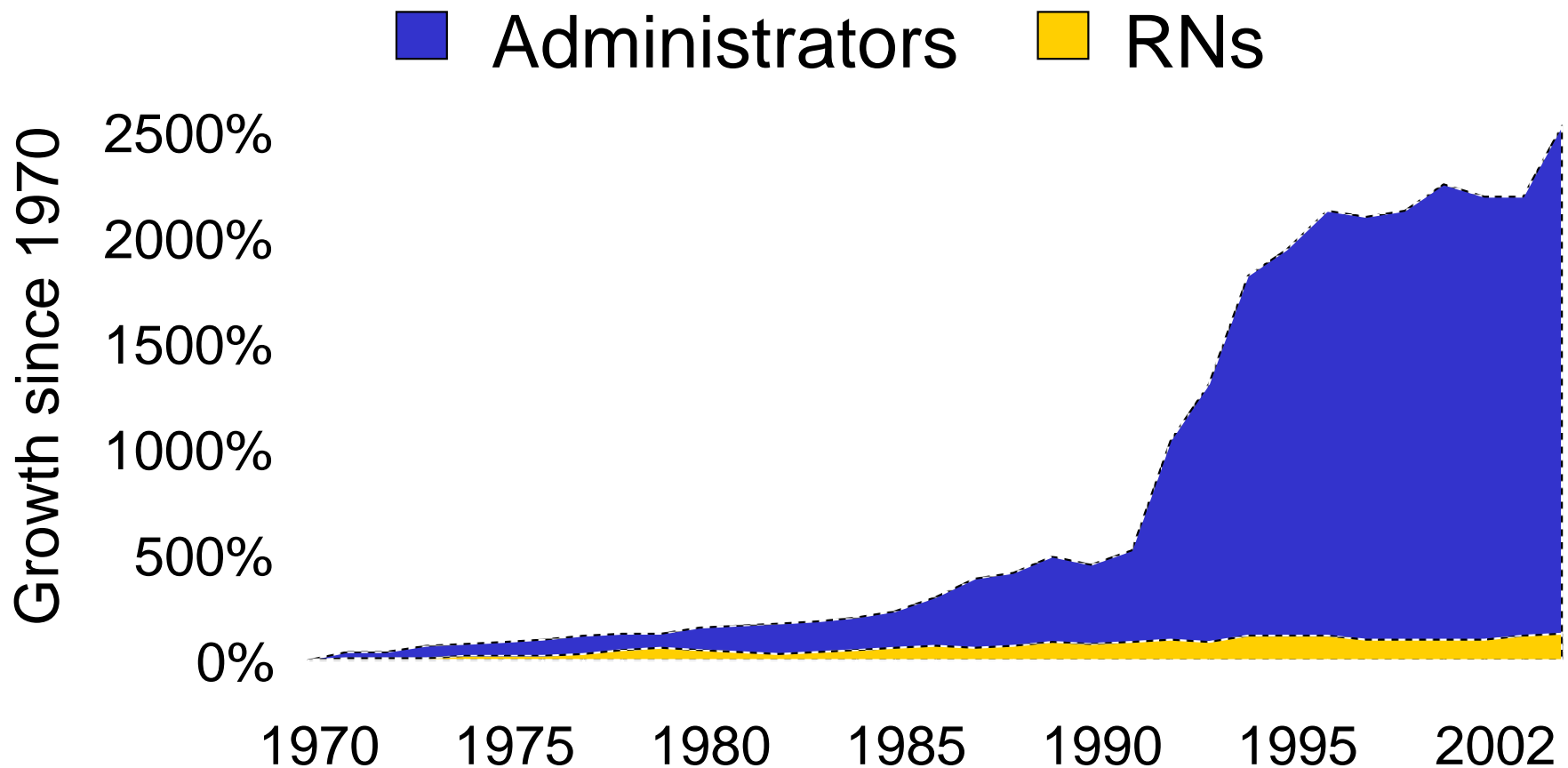


# MEDICAL MALPRACTICE INSURANCE

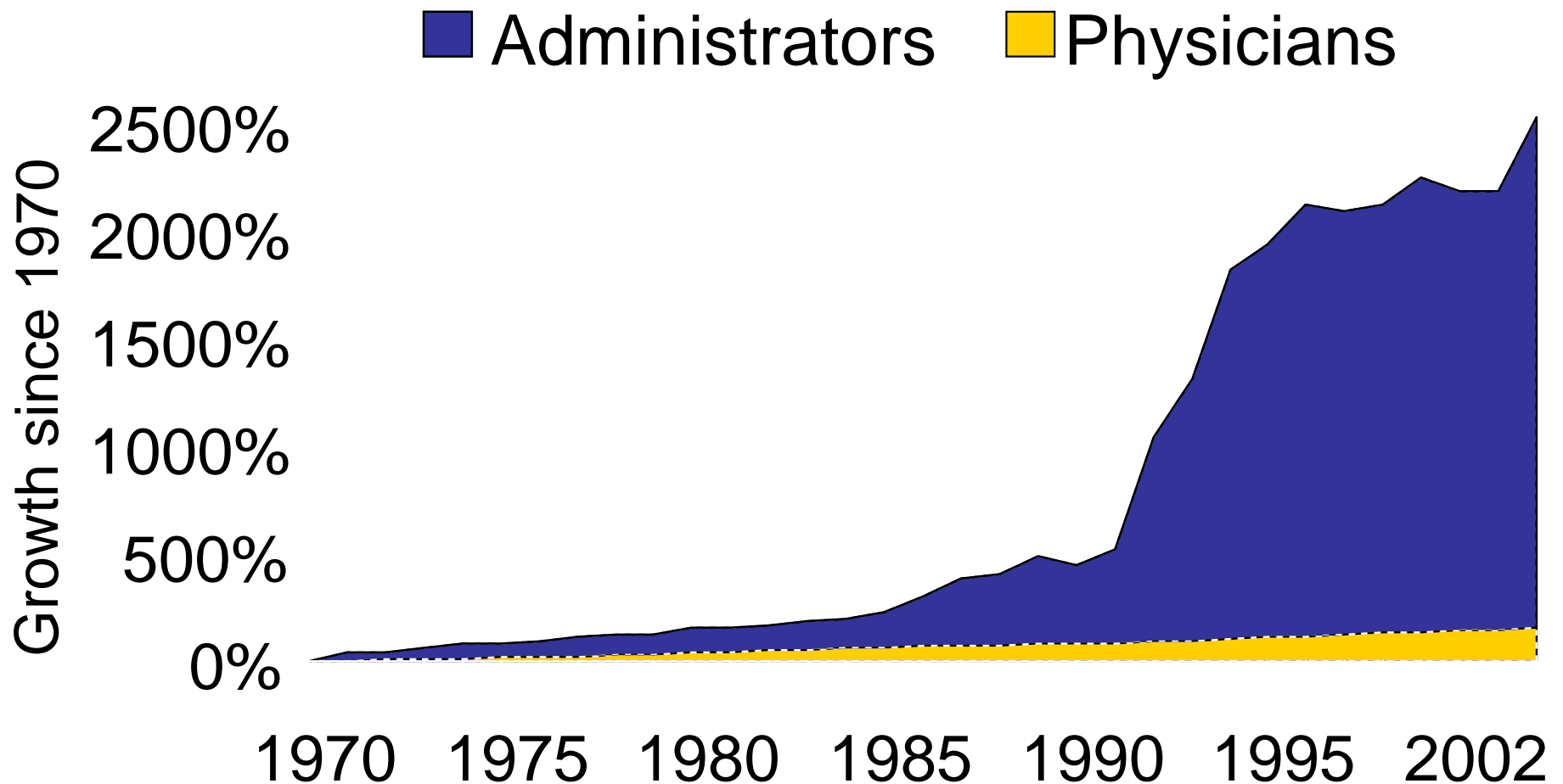
2000-2004



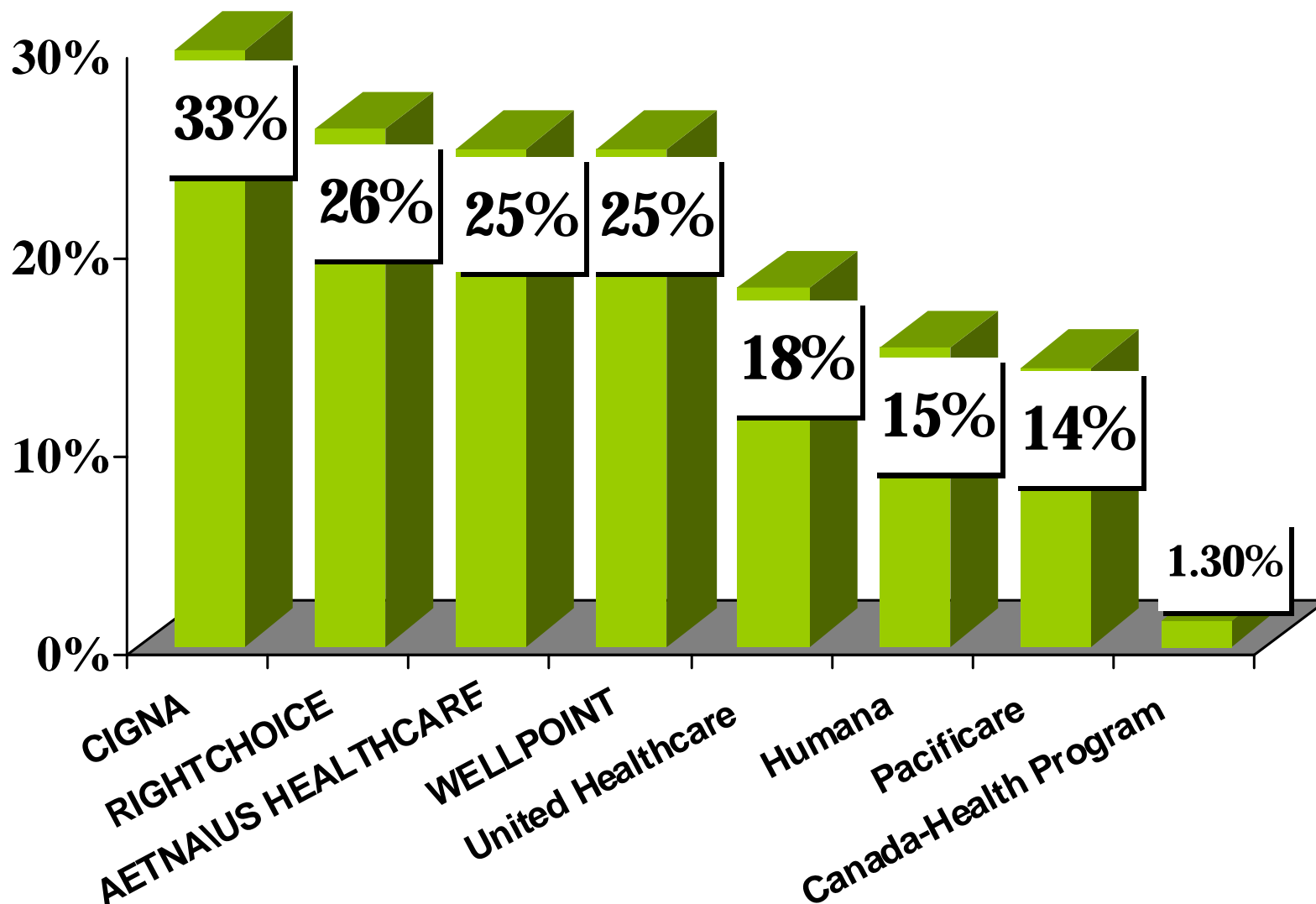
# Growth of Registered Nurses and Administrators, 1970-2002



# Growth of Physicians and Administrators, 1970-2002



# Administrative Expenses & Profit % of premium 1998



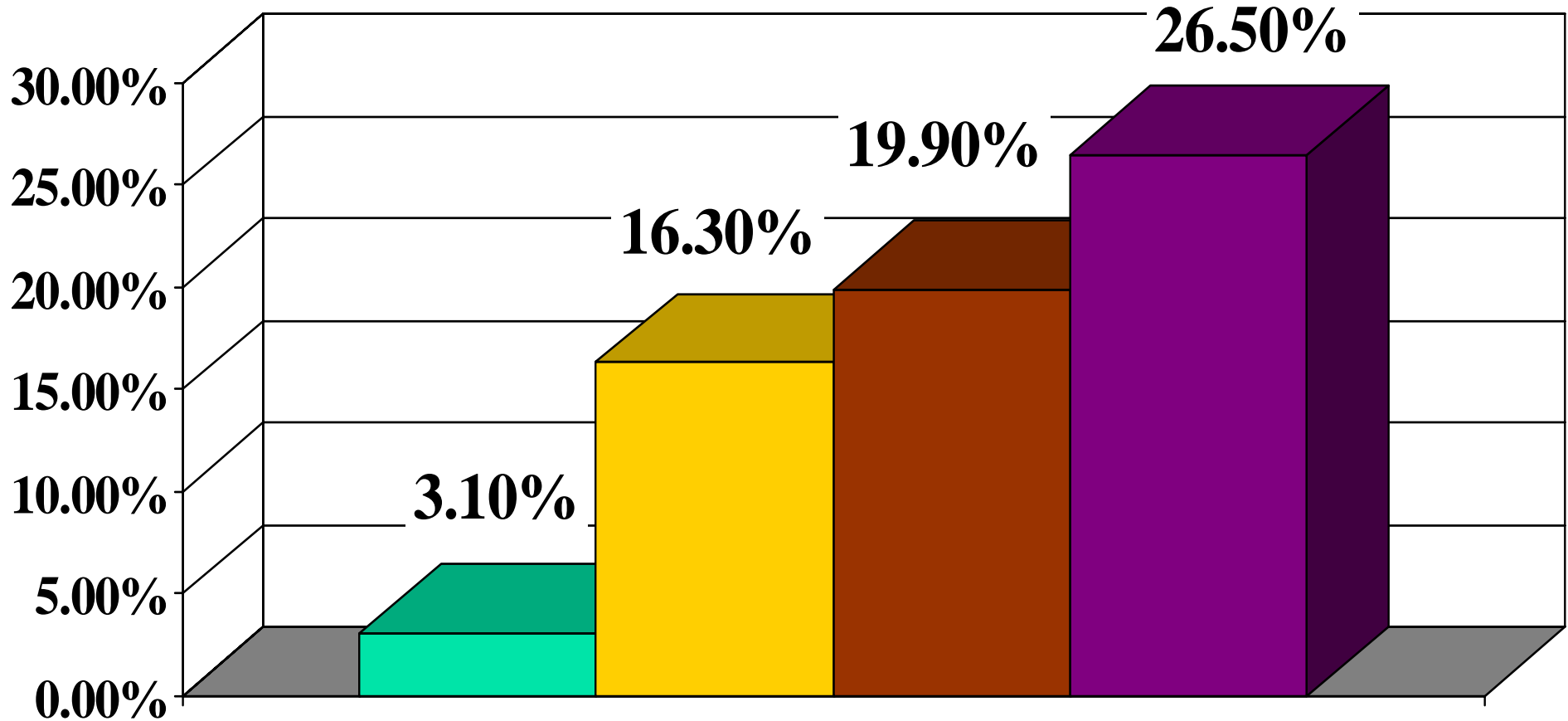
# Administrative Expenses & Profit % of premium 2000

Medicare

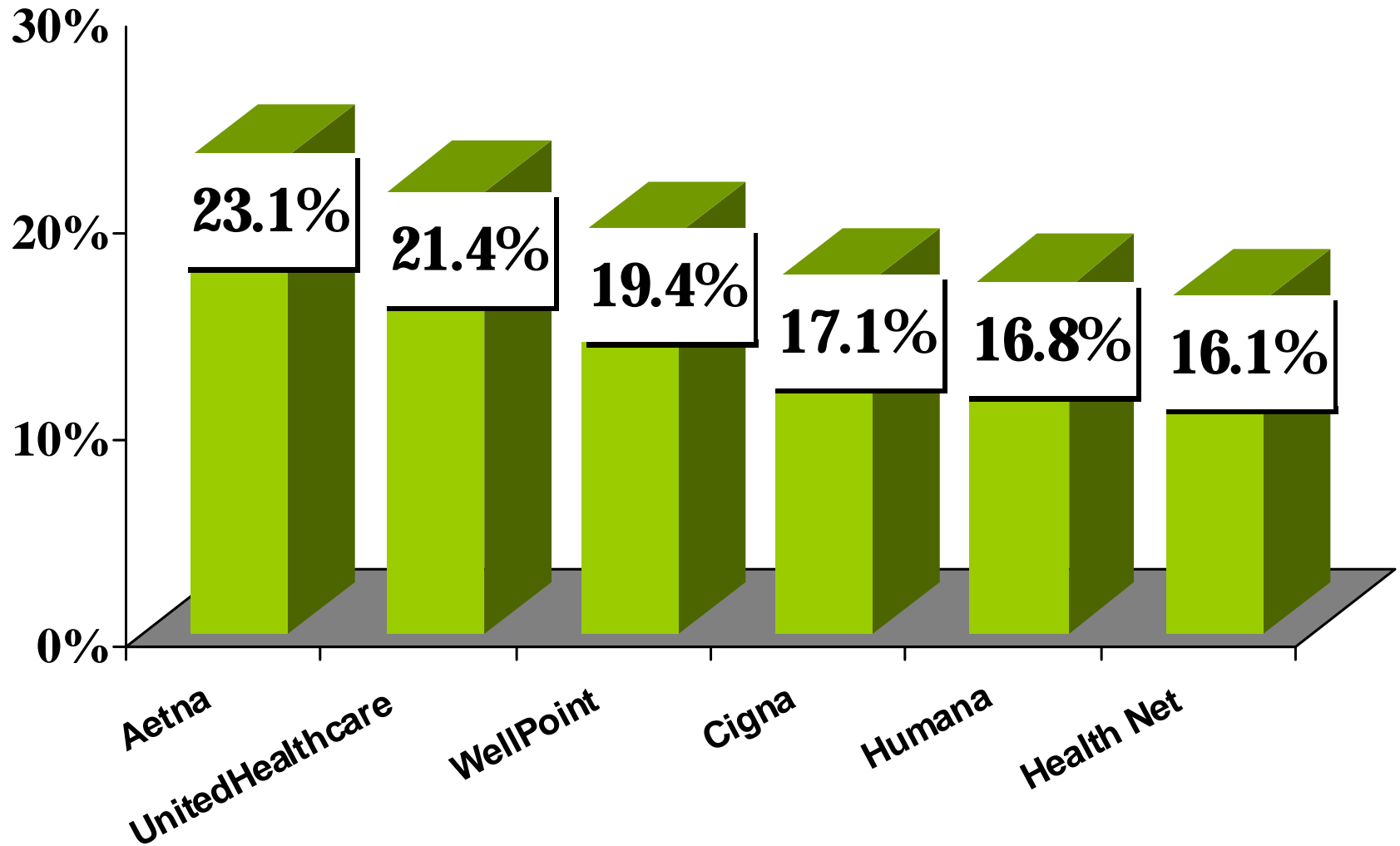
Non Profit Blues

Commerical Carriers

Investor Owned Blues



# Administrative Expenses & Profit % of premium 2005





# Health Insurance

2005

Revenue

Profit

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\$ Million

1. UnitedHealth	\$45,365	\$3,300
2. WellPoint	\$45,136	\$2,464
3. Aetna	\$22,885	\$1,635
4. Cigna	\$16,684	\$1,625
5. Humana	\$14,418	\$309
6. Health Net	\$11,941	\$230

# CEO's Total Compensation

Salary+options exercised

2004      5-Years

\$ Million

1. UnitedHealth McGuire	\$124.8	\$342.3	William
2. WellPoint Larry Glasscock		\$25.0	\$46.8
3. Aetna John Rowe		\$22.2	\$57.8
4. Cigna H Edward Hanway		\$13.3	\$62.8
5. Humana Michael McCallister		\$2.4	\$12.9



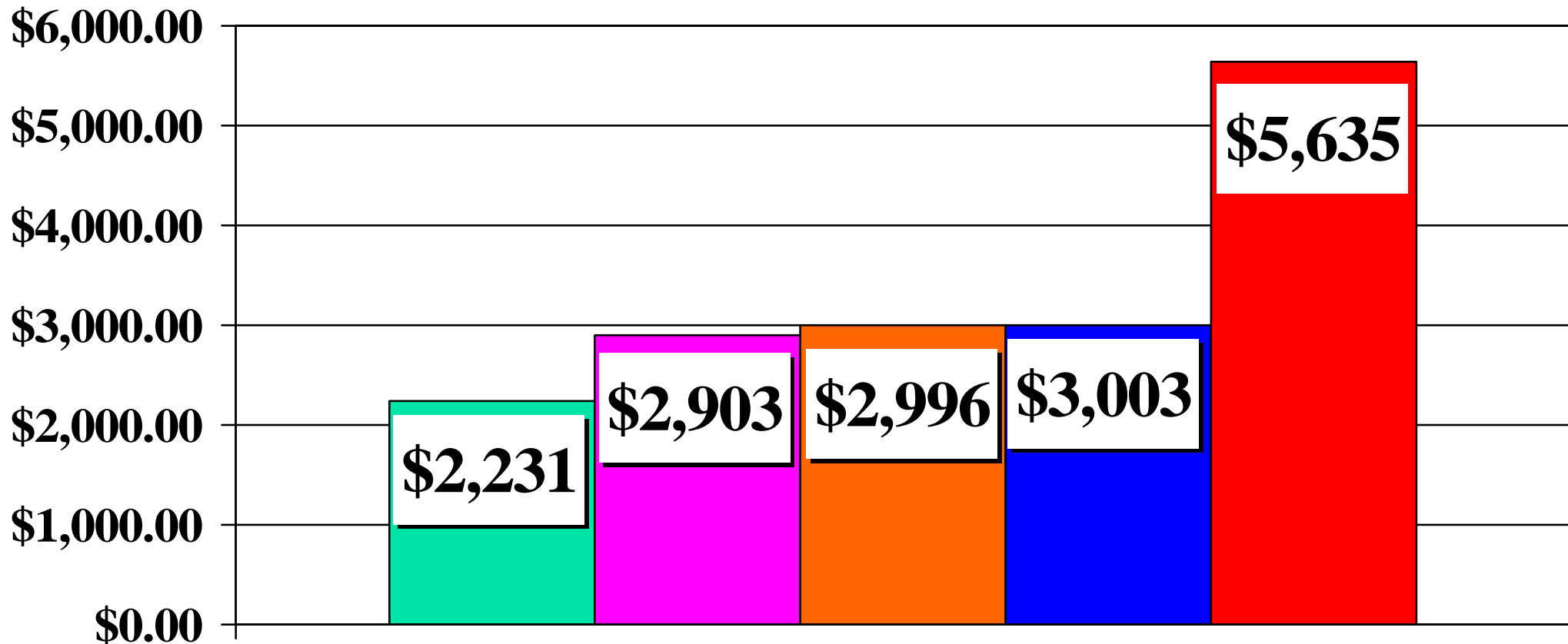
# Current System

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Cost

# Nations Health Spending per person 2003

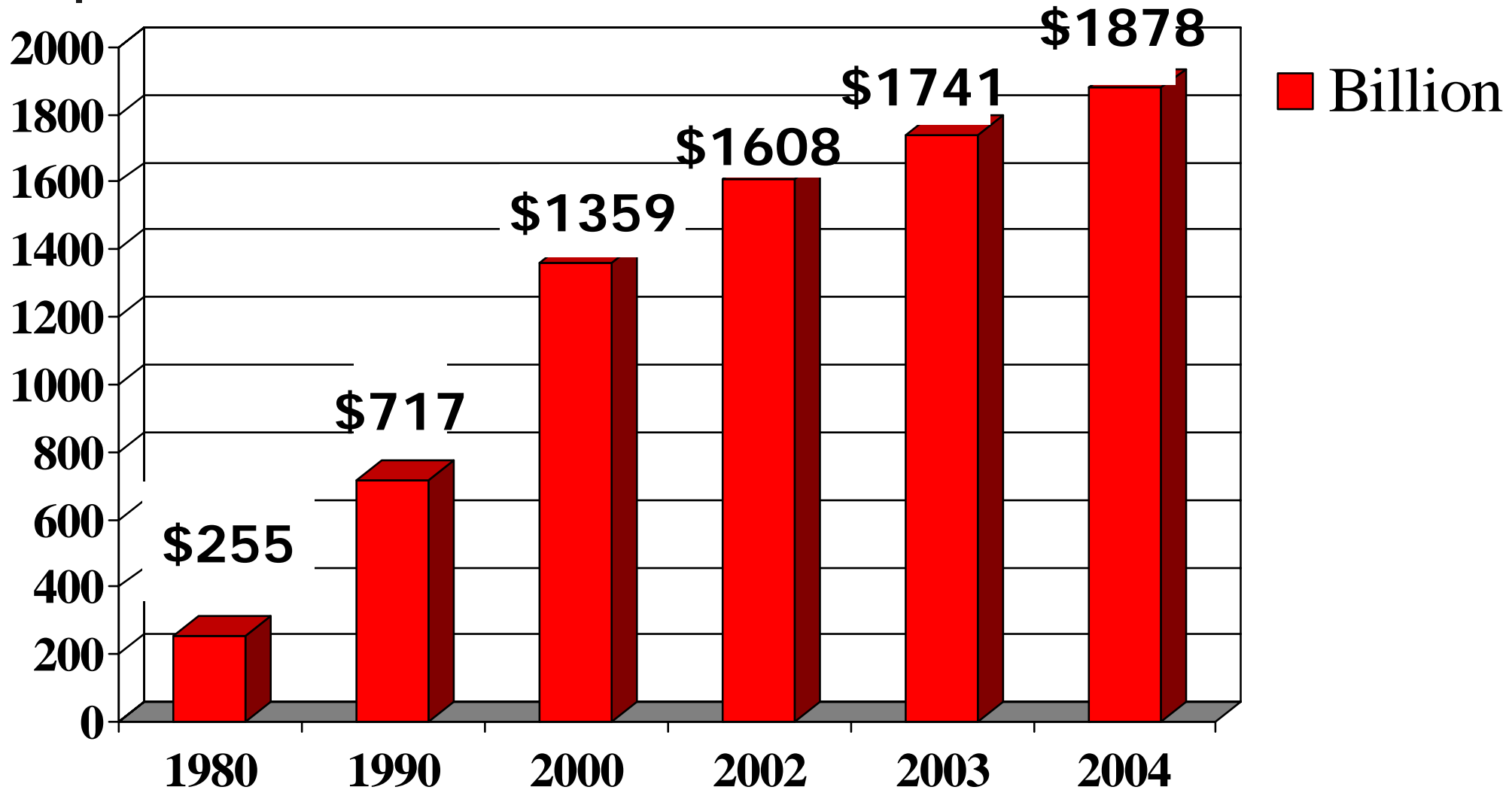
■ U.K. ■ France ■ Germany ■ Canada ■ U.S.



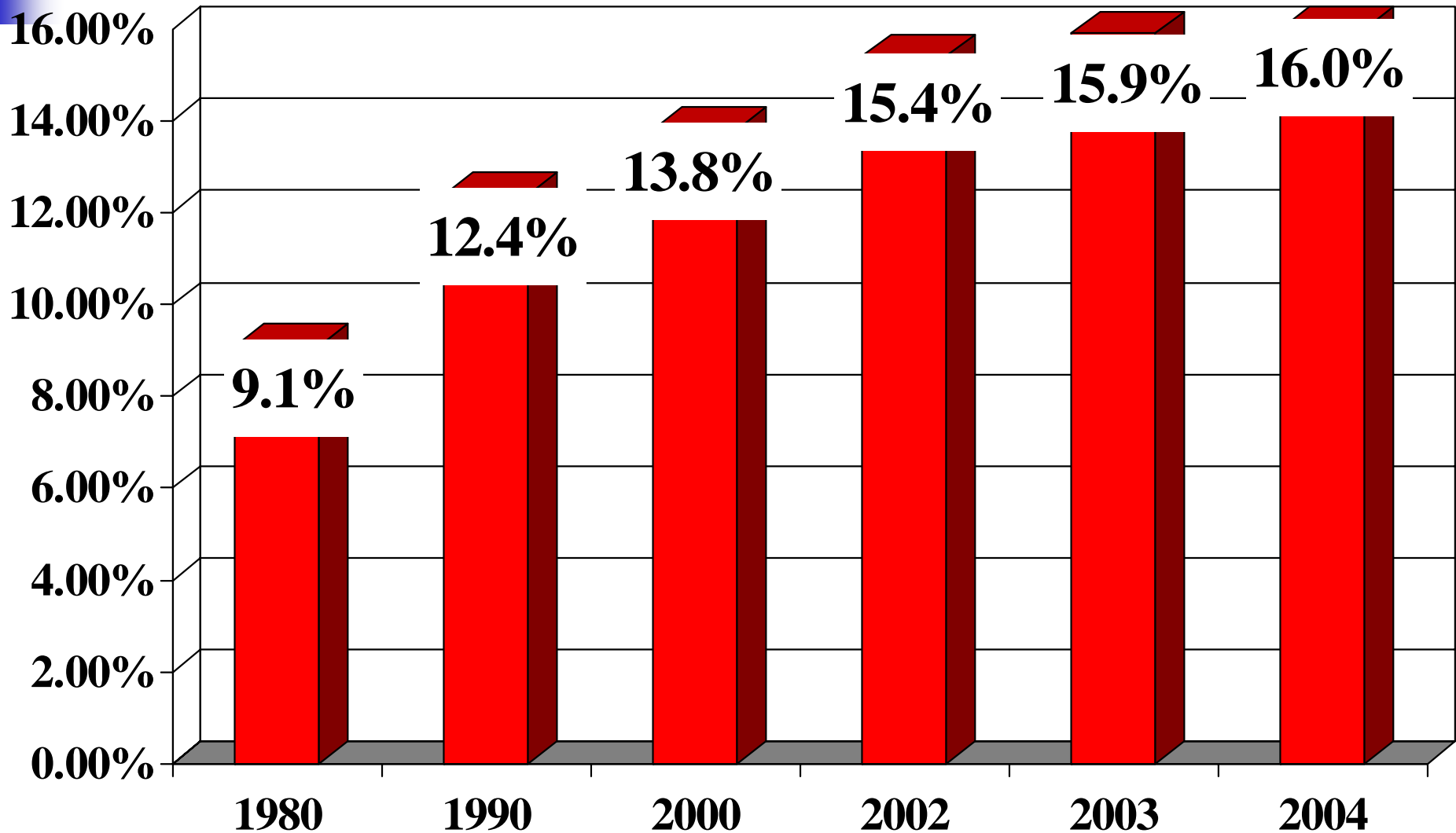
OECD Health Data 2005, OECD, Paris, 2005.

per capita

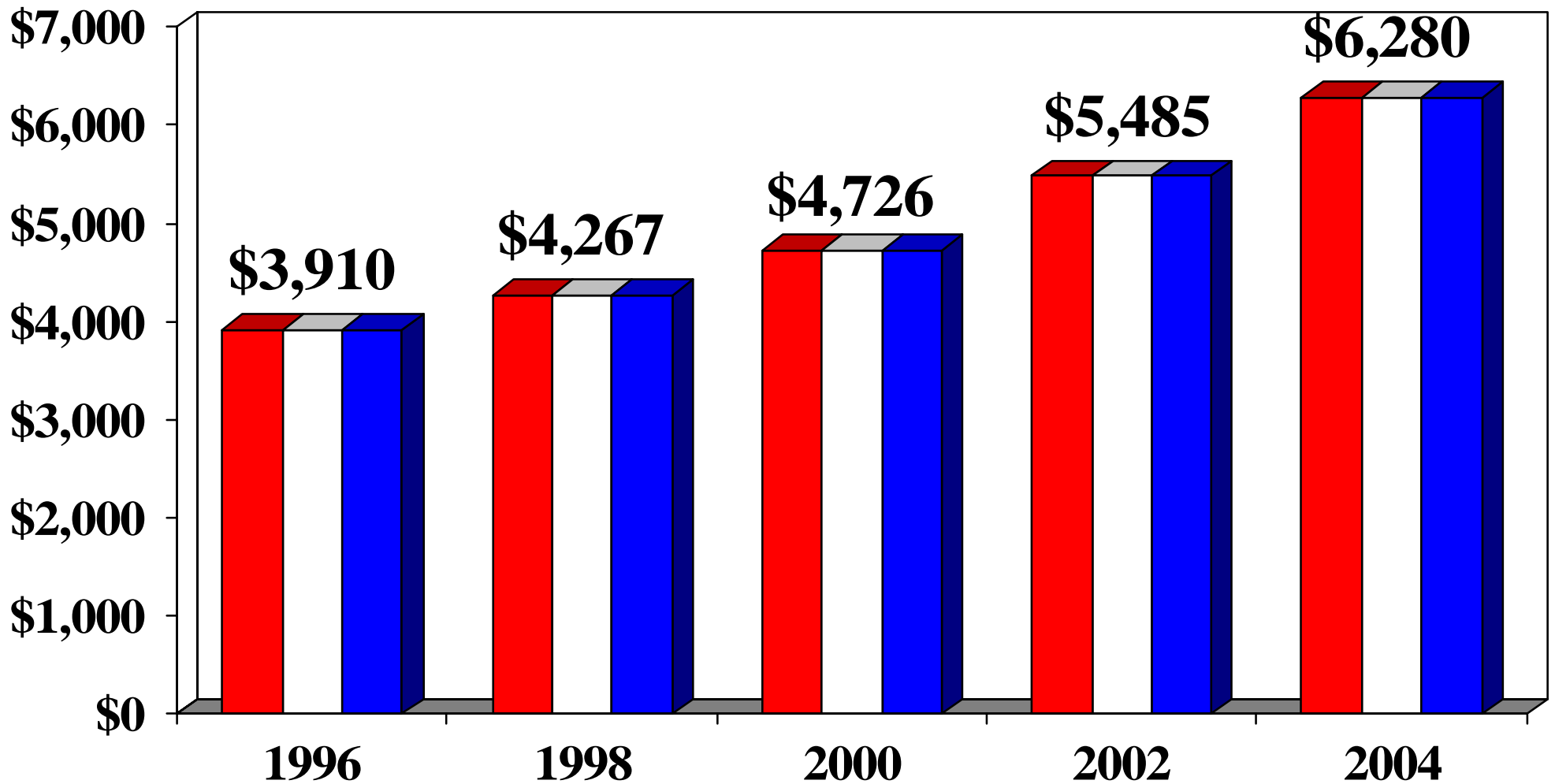
# U.S. Health Spending



# U.S. Health Spending % of Gross Domestic Product

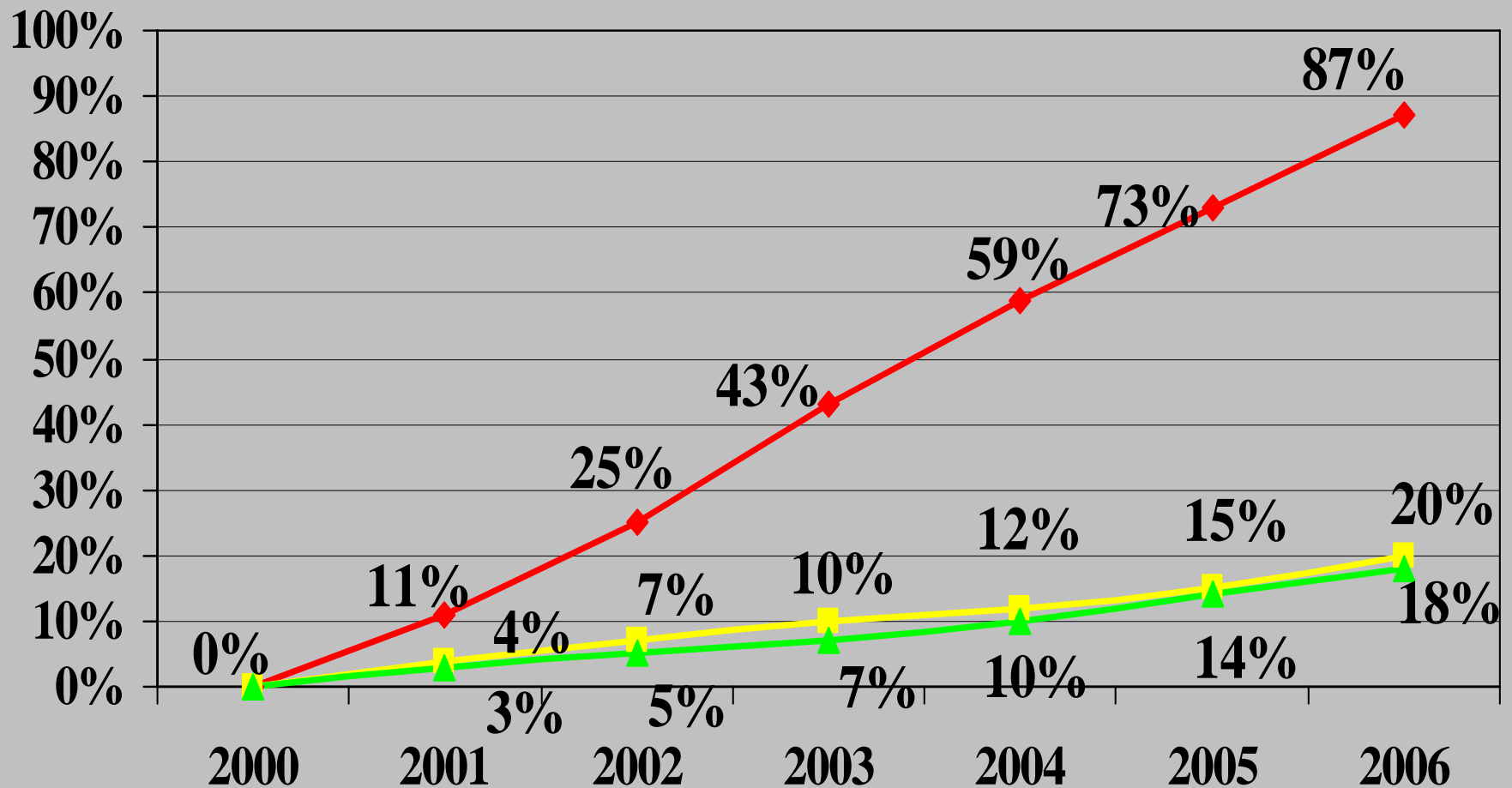


# U.S. Health Spending per person



# Employer Health Benefits Cumulative Changes 2000-2006

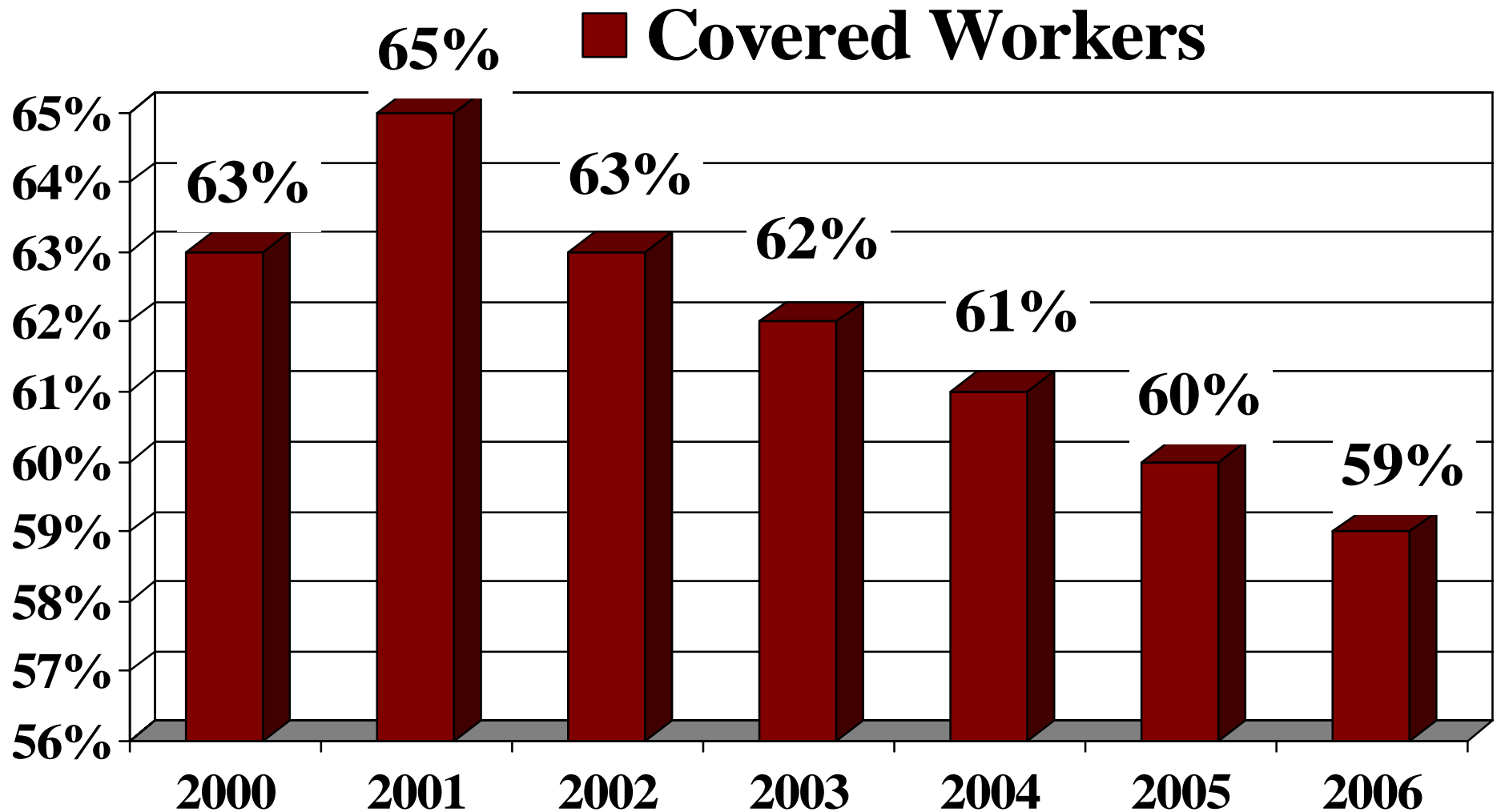
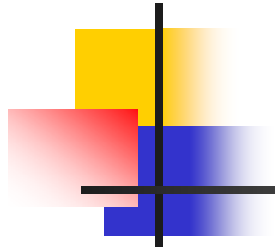
◆ Health Ins Premium    ■ Overall Inflation    ▲ Workers' Earnings



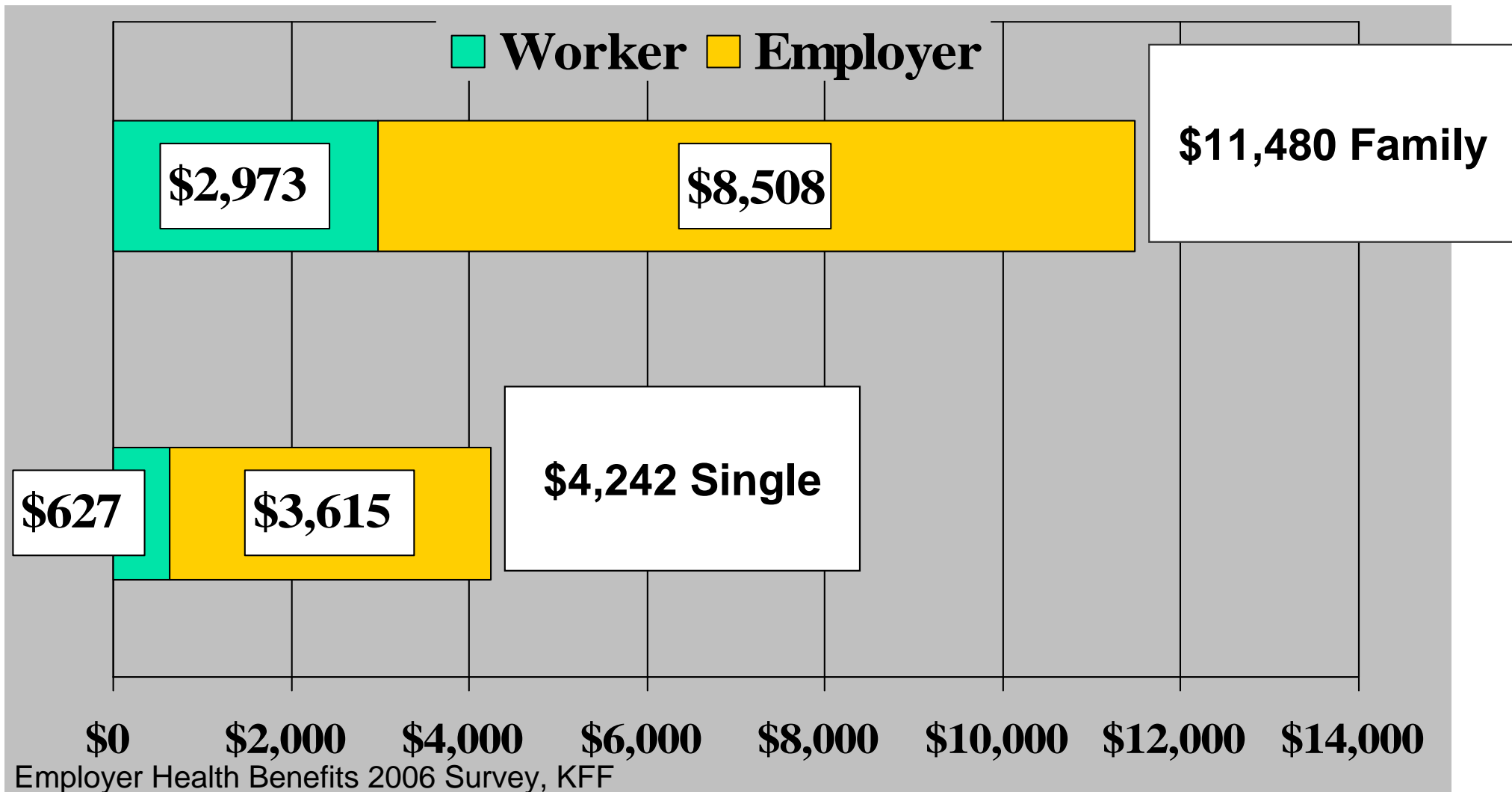
Employer Health Benefits 2006 Survey, KFF

# % of Workers Covered

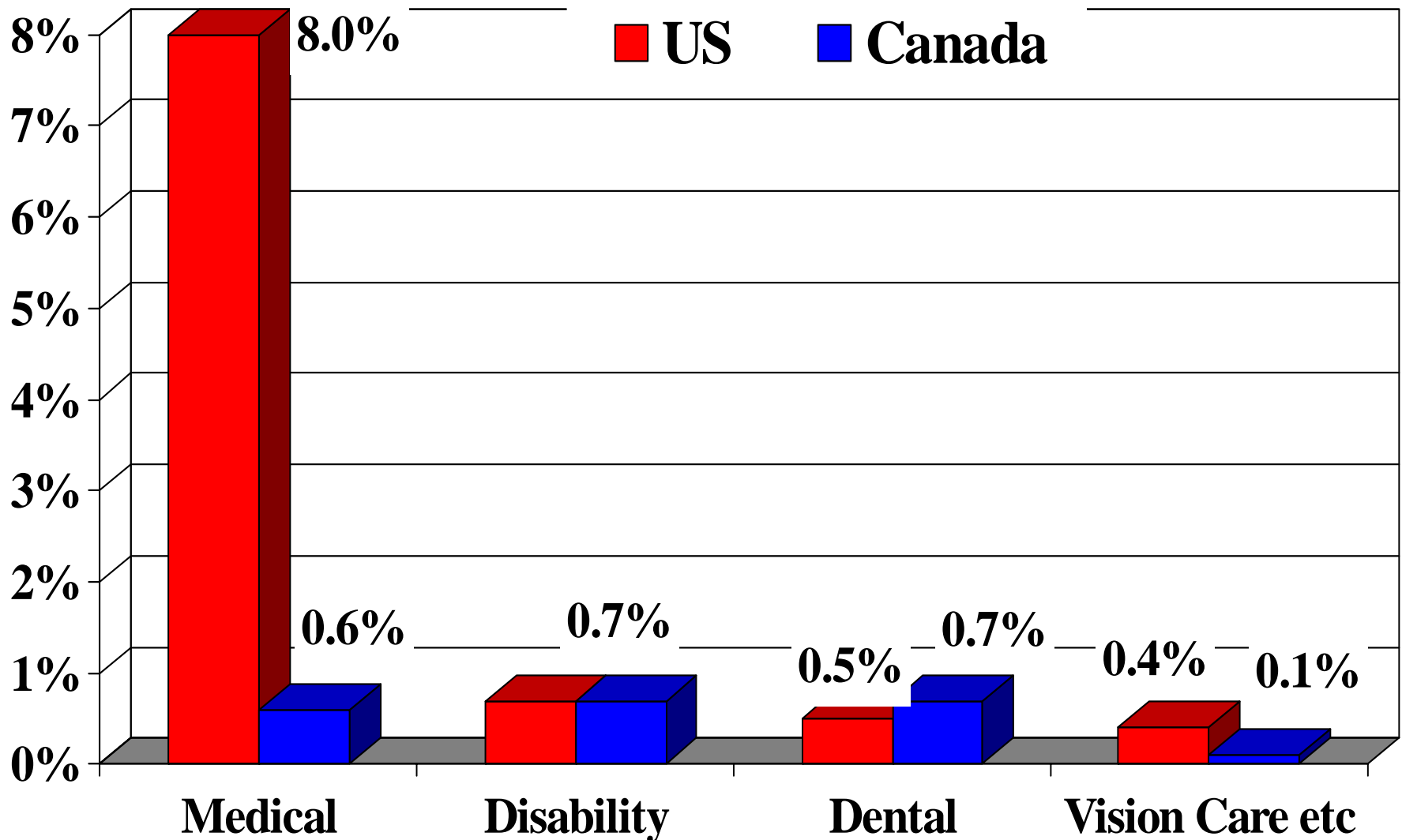
Offering & Not Offering  
Employers



# Average Annual Premium Contribution 2006

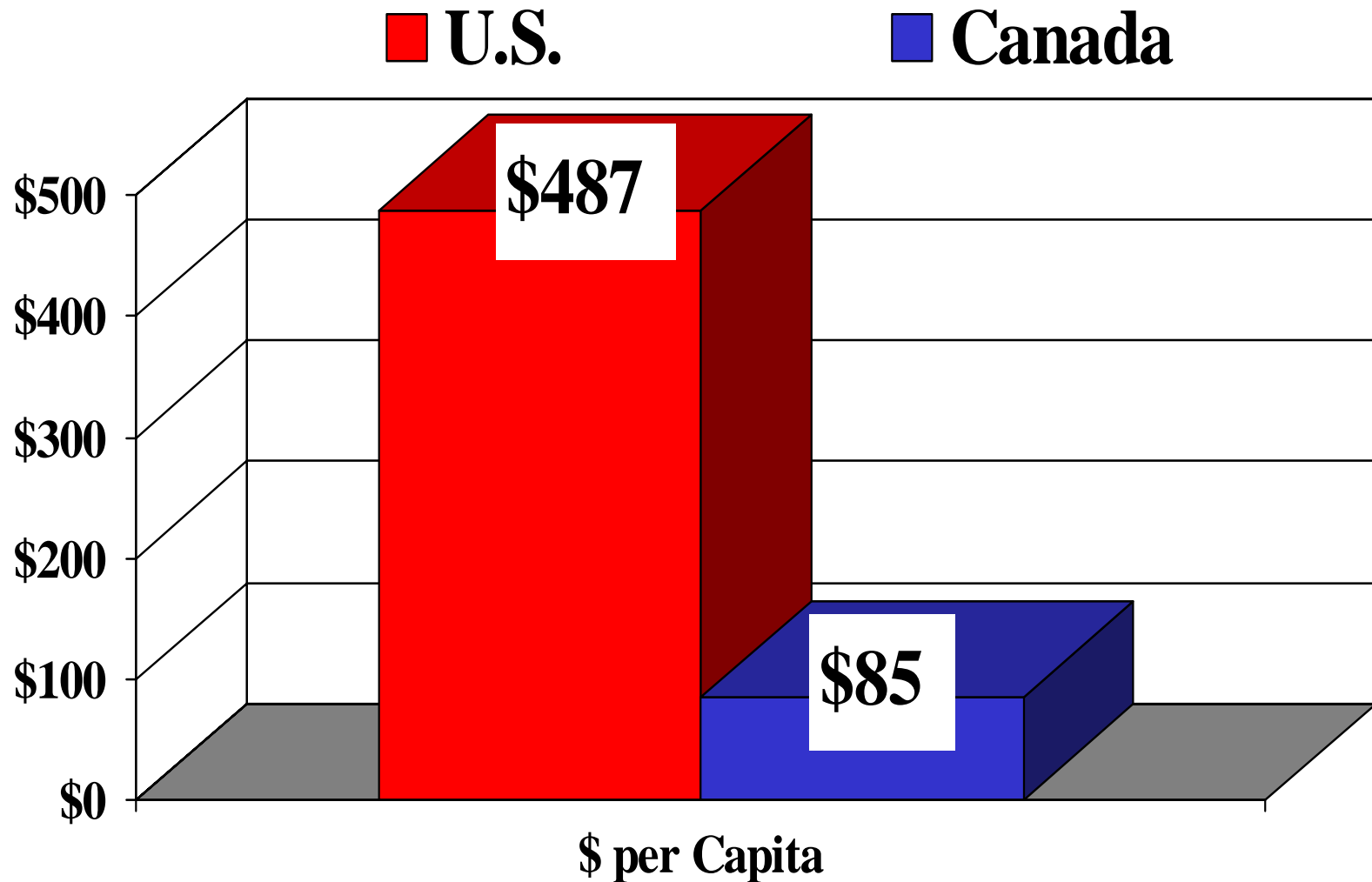


# Employers' Health Benefits Cost U.S. Vs. Canada % of Salaries and Wages



# Hospital Billing & Administration

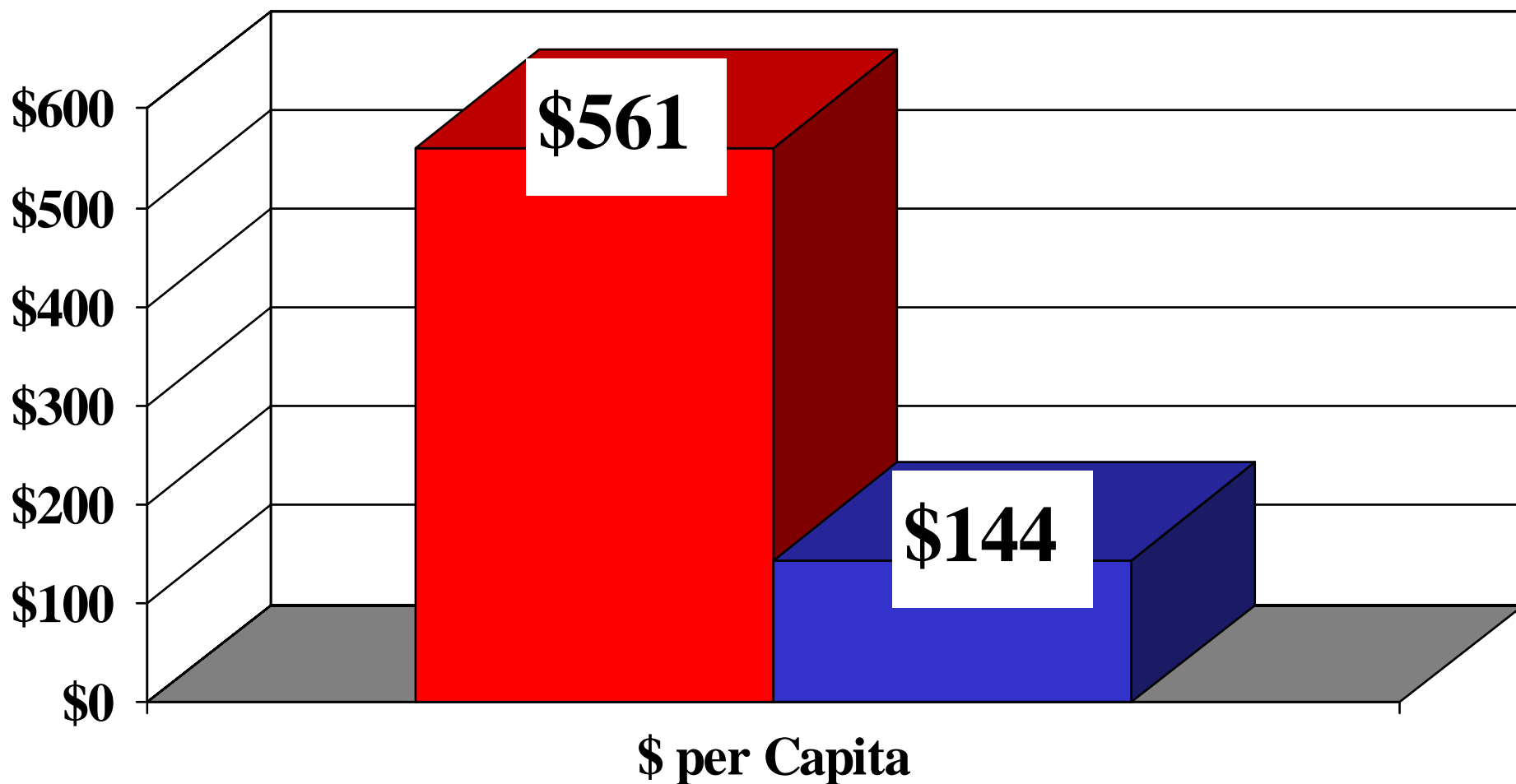
## U.S. Vs. Canada



# Physicians' Billings & Office Expenses U.S. Vs. Canada

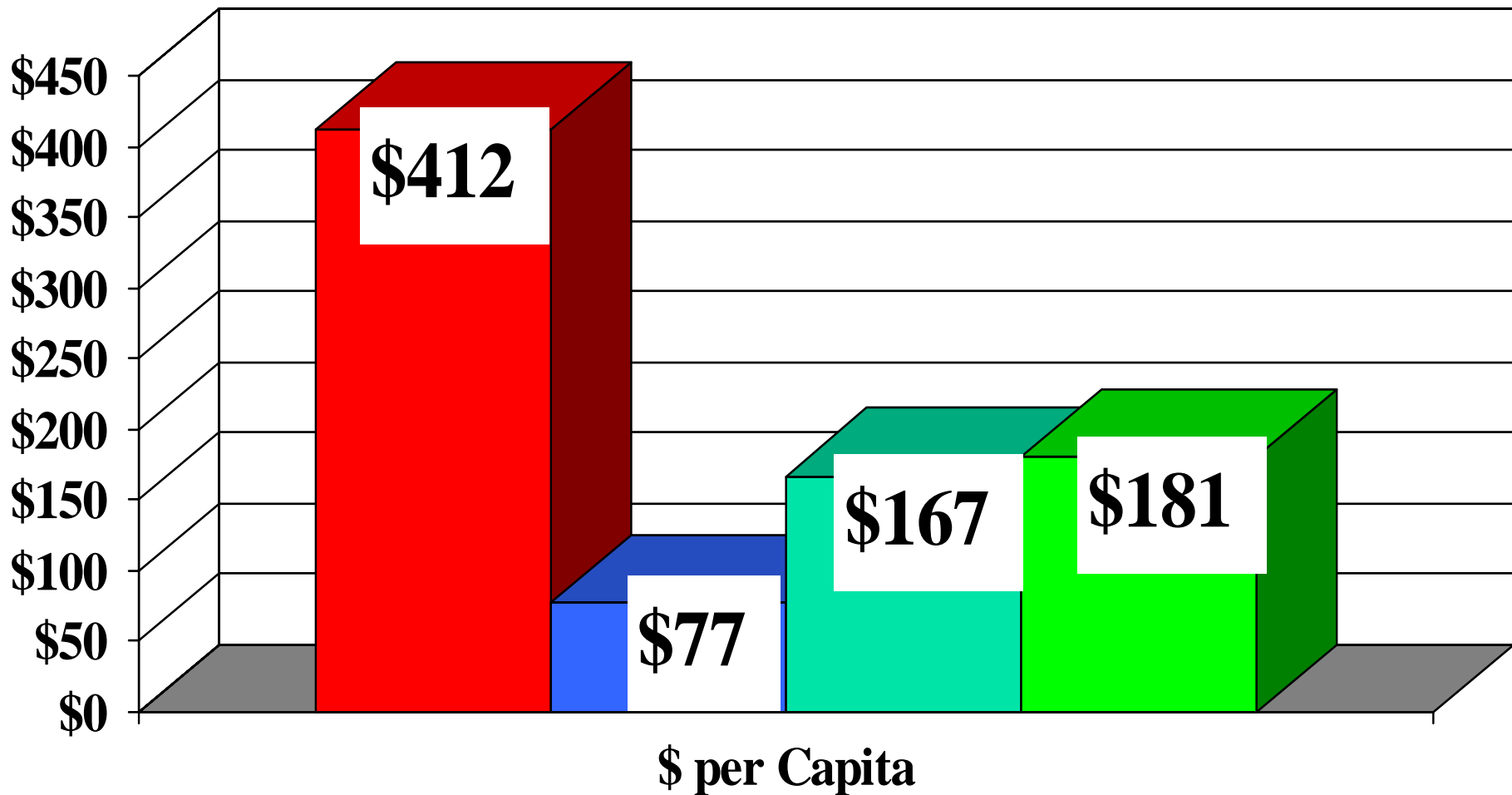
■ U.S.

■ Canada

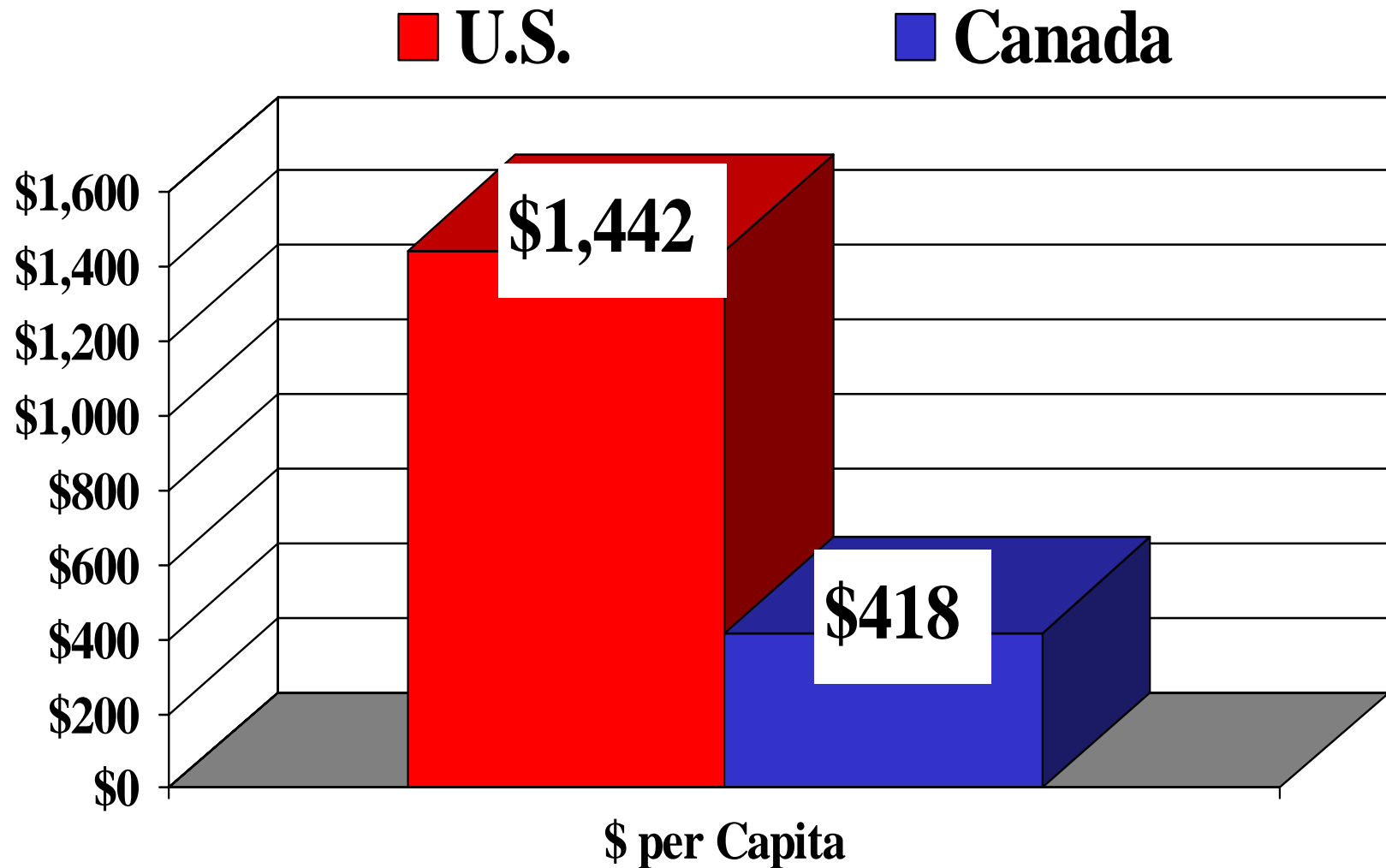


# Insurance Administrative Expenses

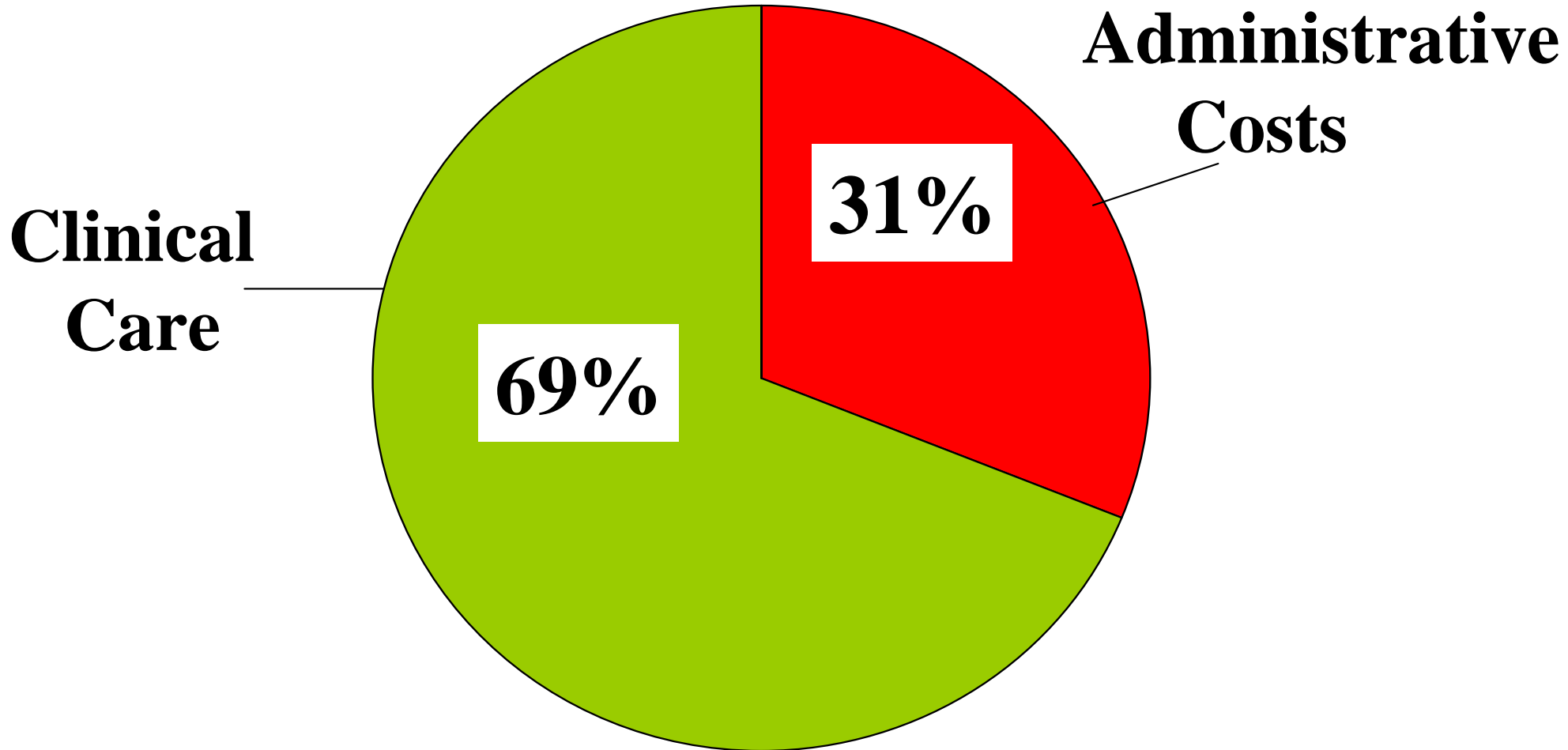
■ U.S.   ■ Canada   ■ Germany   ■ Switzerland



# Overall Administrative Costs



# Health Care Administrative Costs in the U.S.





# Current System

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Who Pays?



# Who Pays for Health Care?

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	Amount in 1998(billions)	Percent
Government	\$736.8	64.1%
Medicare	<b>\$216.2</b>	
Medicaid	<b>\$170.6</b>	
Employee Premiums	<b>\$67.3</b>	
Tax subsidy/private ins	<b>\$124.8</b>	
VA/NIH/pub hosp etc.	<b>\$157.9</b>	
Private employer	\$216.5	18.8%
Individuals	<u>\$195.8</u>	<u>17.0%</u>
Total	\$1149.1	100%



# A Major Cause of Bankruptcy

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Over 50% of personal bankruptcies caused by illness and medical costs

75% of those bankrupted by medical bills had insurance at the time they got sick



# Health Coverage

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## Single Risk Pool



# Current System

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- 1/3 of Americans are uninsured or underinsured
- Denies care to millions with illnesses
- Premature death rate higher than other wealthy countries
- Cost double Canada's, Germany's, or Sweden's and rising faster
- Executives and investors making billions
- Destruction of the doctor/patient relationship



# Current System

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- Hospitals with empty beds
- Enough well trained professionals but rural areas inadequately served
- Excellent research
- Current spending could cover everyone



# Advantages of Single Risk Pool Health Care

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- Comprehensive Health Coverage for everyone -all needed care,no co-pays or deductible
- Greater choice of provider
- Health decisions made by patient and provider
- Public accountability for quality and cost, but minimal bureaucracy
- Eliminates the high overhead cost of multiple private, for-profit insurances. Reduces administrative costs from up to 33% to 1-5%.
- Fee for service with simplified negotiated fee schedule- simplified reimbursement
- Improved Health Planning



# Funding For a Single Risk Pool

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## Revenue

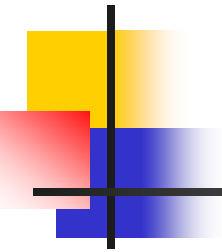
- Federal funds designated for Medicare & Medicaid
- State & local government funds
- Employer / Employee taxes

## Reimbursements

- Hospitals, operating & capital
- Healthcare Providers
- Home care agencies
- Long term care

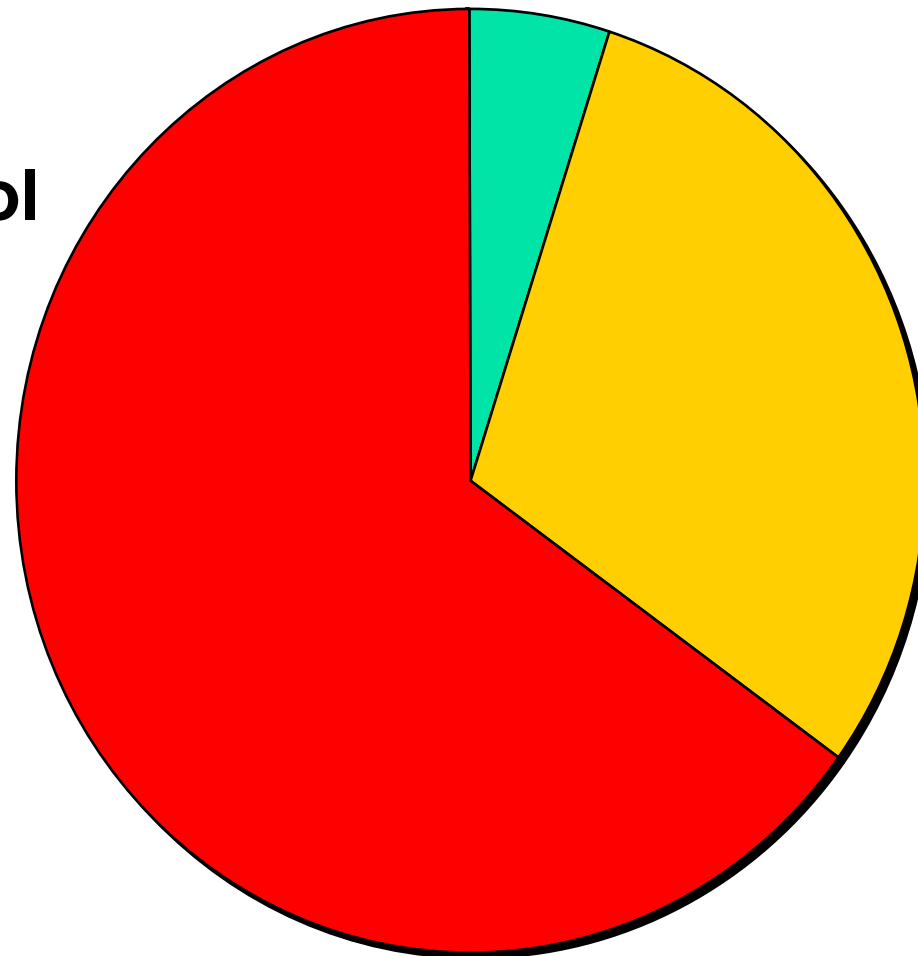
# 2005 Poll Preference

Financed by Taxpayers  
Single Risk Pool



**5% Don't Know**

**65% Single Pool**



**30% Current**

# Employee Advantages

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- Choice of employer not based on health care coverage
- Employer concerned with job performance not your health condition
- Health coverage not based on location

# Employer Advantages

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- Employer would not be responsible for employee health coverage
- No bargaining with labor unions over health benefits
- No competing on health benefit costs



# U.S. Business Competitiveness

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- In 1994, Jack Smith, former CEO of General Motors, said he "personally favored the Canadian system" of health coverage.
- Auto manufacturers and other companies are voting for single-risk pool health care by moving plants to Canada (e.g., Toyota, Ford, General Motors & Microsoft Support).
- In 2005, it was reported that the cost of employee health care to manufacturers adds \$1,500 to the cost of a U.S.-made car.



# National Coalition on Health Care Report

## Impacts of Health Care Reform

### Projections Of Costs And Savings (2006 to 2015)

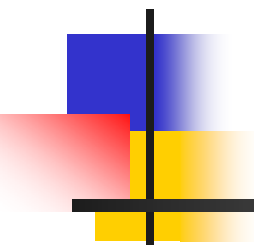
#### 4 Alternative Solutions

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- Employer & individual mandate:  
**total savings= \$320.5B**
- Expansion of existing public programs for the uninsured:  
**total savings= \$320.5B**
- Creation of new programs for the uninsured:  
**total savings= \$369.6B**
- Establishment of a universal publicly financed program:  
**total savings= \$1,136B**

# A Colorado Proposal

To provide comprehensive health  
care coverage for all residents of the  
State of Colorado



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DR. ROCKY WHITE M.D.  
Republican Physician and  
Rancher  
ALAMOSA, CO

# Colorado Health Services Program (CHS)

## Colorado Health Services Governing Board

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- **Oversees and implements the healthcare program**
- **Consists of individuals with experience in the healthcare industry**
- **One board member from each state senatorial district**
- **Governor appoints the chief administrator, CHS Secretary**
- **The Secretary appoints 5 regional directors**
- **Establishes a process of open forum to the public for the purposes of grievances, appeals, and recommendations**



# Eligibility and Benefits

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- All individuals residing in Colorado
- All medically necessary services
- Any Colorado licensed health care provider
- Anywhere in Colorado
- Emergency care anywhere in the United States
- No deductibles, co-payments, coinsurance
- Cost sharing for goods or services exceeding basic benefits
- Health insurer cannot sell health insurance for covered benefits

# Finances -The Colorado Health Services Trust



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- Funds for the general operating budget
- Reimbursement for benefits
- Education and primary preventive services
- Capital expenditures for construction health care facilities
- Major equipment purchases deemed necessary
- Support of professional education
- Re-education and job placement of those who have lost their jobs during transition, limited to the first 5 years



# Funding & Administration

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- Tax revenues designated by the General Assembly
- Pre-tax Payroll deductions
- All federal monies designated for health care
- Public and private Grants
- Pay all health care providers and health delivery systems on a fee-for-service basis
- 5 regional districts for local administration, billing processing, and medical directorship
- Negotiate the prices of pharmaceuticals and durable medical goods

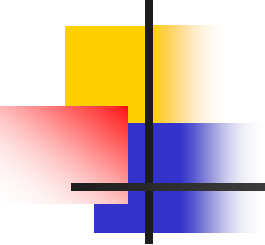


# Colorado Estimated Savings

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**Based on projected 2003 expenditures**

Projection based on last state data available (1998) from the Office of the Actuary, National Center for Health Statistics and national increases since 1998.



# Administrative Waste in the Health Care System in 2003 with State-Specific Estimates of Potential Savings

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## Administrative Spending Categories

- employers' costs to administer health benefits
- hospital administration
- nursing home administration
- practitioners' overhead
- insurance overhead
- home care agency administration



# Administrative Waste in the Health Care System in 2003 Single Risk Pool Savings

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**Colorado Potential Savings**  
**\$3,802M**

**19.4% of total health expenditures**

2003 total health expenditures	19,568M
	100%
2003 administrative expense	5,231M
	26.7%
Est. single pool admin expenses	\$1,429M
	7.3%

# Federal Reserve Note





# Eldon Van Der Wege, MBA HCAC Member

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Why wouldn't you want the most efficient, secure, stable, cost saving healthcare financing system possible? The Federal Reserve System was created out of such a crisis. What we are talking about is guaranteeing payments to hospitals and physicians for providing services for everyone. The Federal Reserve System has served this country well. Now is the time for a new way of **financing healthcare.**



# Thomas Jefferson

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*“It is more honorable  
to repair a wrong than  
to persist in it.”*



# Martin Luther King, Jr.

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"Of all the forms of inequality, injustice in health care is the most shocking and inhumane."

# What can you do?

## Colorado

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- In 2006, Colorado SB 208 created a commission comprised of 24 health care providers, consumers and business representatives
- The purpose of the commission is to hold hearings and make recommendations for improved health care access for all by Nov 2007
- Public hearings are to be held in each Colorado congressional district
- Testify in support of public-payer, private-provider, single-risk-pool health care financed by taxpayers
- Information: [www.healthcareforallcolorado.org](http://www.healthcareforallcolorado.org)

# Affordable Health Care for All A New Approach



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## Questions & Answers



# Massachusetts' New Healthcare Law

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- **Requires the uninsured to buy their own private coverage**
- **Assumes that private insurers will offer affordable, comprehensive policies**
- **Costlier than promised**
- **Out of reach for most of the uninsured**
- **Increases the cost of state subsidies to the poor**
- **Cost will force more employers to drop coverage**
- **The program is simply not sustainable**

David U. Himmelstein, M.D.  
Steffie Woolhandler, M.D.  
Cambridge, Mass., April 6, 2006

# Canadian Healthcare System



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- Canadian doctors are in private practice. Doctors are guaranteed payment by the provincial government according to the standard fees.
- Services not covered or only partially covered such as prescription drugs, dentistry and optometry are paid by the private sector . Many Canadians have private health insurance, often through their employers, that cover these expenses.
- Private clinics offer some of the same services as the public system such as hip replacements and MRI scans. Selling private health insurance that could cover these procedures is legal in several provinces.



Health Savings Account

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VS

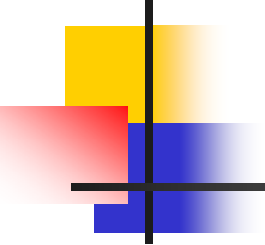
Comprehensive



# Health Savings Account (HSA)

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- Plans with very high deductibles-\$2000 to \$15,000/family per year
- High coinsurance rate-25% to 35% after deductible
- Tax free HSA to pay deductible and coinsurance
- Only covered services count toward deductible



# Early Experience with Health Savings Account

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## HSA Health Plan with deductible

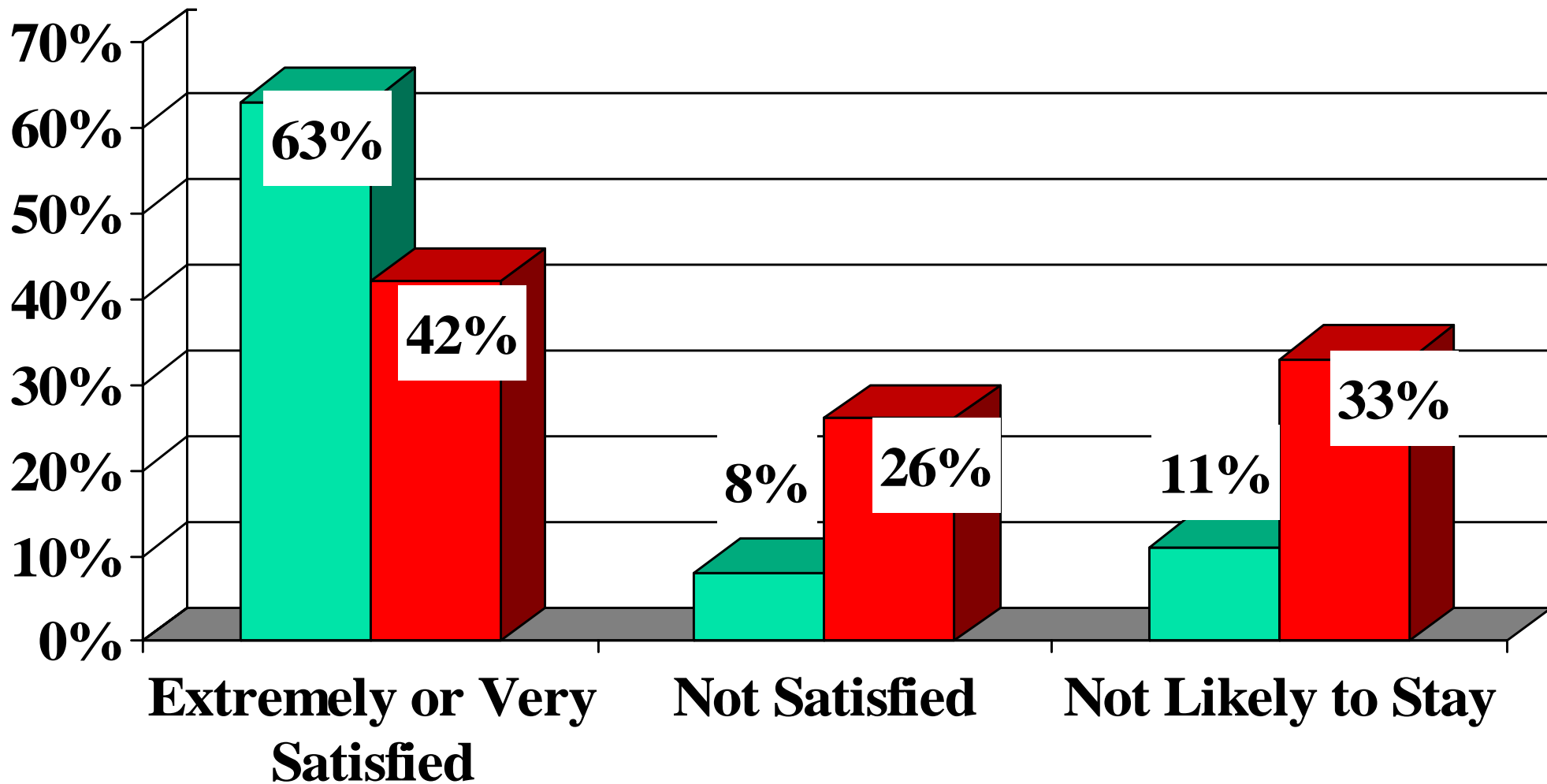
Individual	\$1000+
Family	\$2000+

## Comprehensive Health Plan with no deductible or less than Individual

	\$1000
Family	\$2000

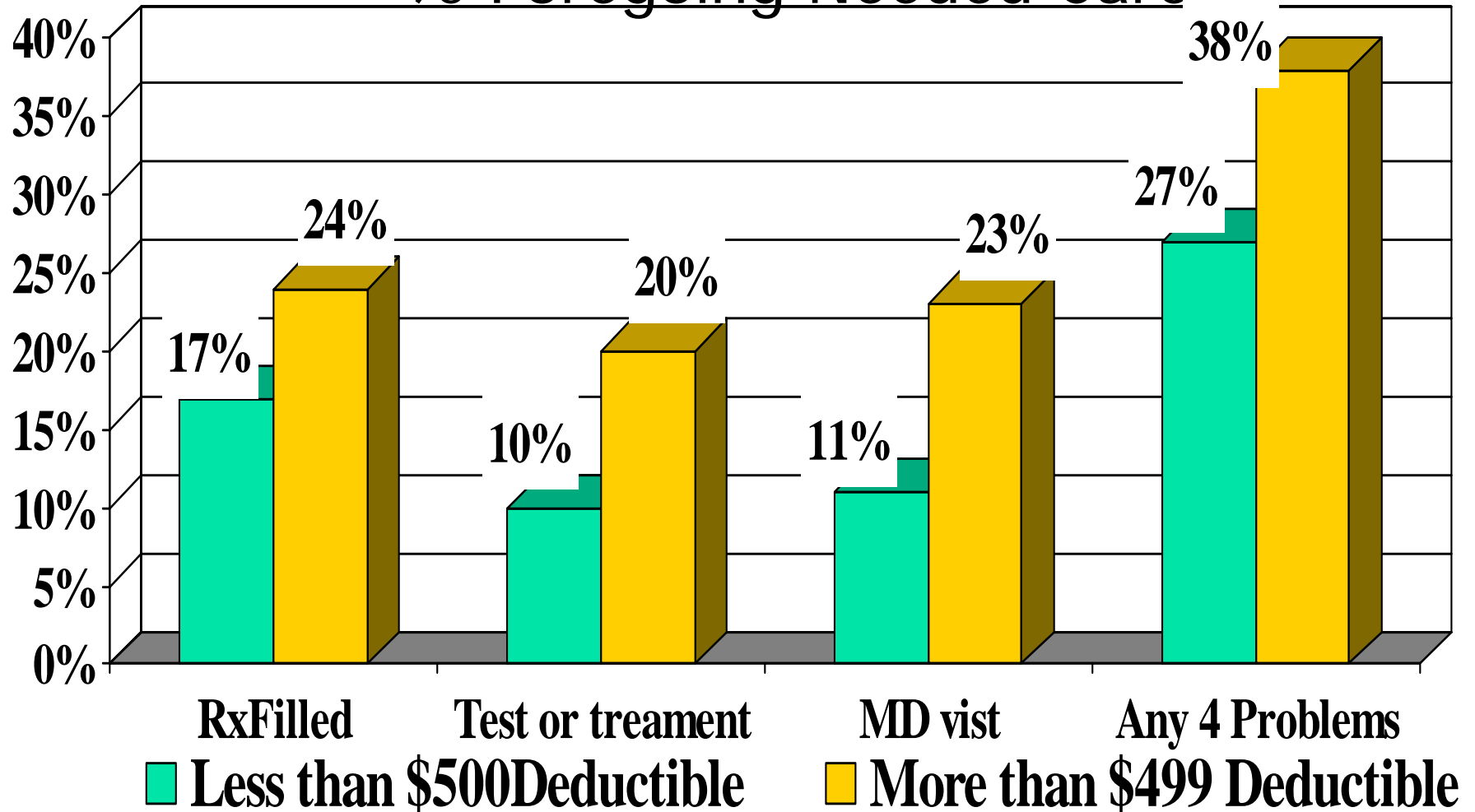
# Satisfaction With Health Plan

■ Comprehensive      ■ Health Savings Acct.



# HSA Health Plans Worse Access

% Foregoing Needed Care



# Problems with HSA Health Plans



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- Must have a health plan before qualifying for a health saving account
- Decreases necessary care
- Discourages preventive care/early intervention
- Very high administrative cost
- Many unable to pay ruinous medical bills
- Makes the current health care crisis worse
- Enriches a few people
- 2005-Only 1% of health plans have HSA