

If Reform Fails

As the fierce debate on President Obama's plan for health care reform comes to a head, Americans should be thinking carefully about what happens if Congress fails to enact legislation.

Are they really satisfied with the status quo? And is the status quo really sustainable?

Here are some basic facts Americans need to know as Congress decides whether to approve comprehensive reform or continue with what we have:

HOW REFORM WOULD WORK: Let's be clear, the changes Mr. Obama and Democratic leaders in Congress are proposing are significant. But, despite what the critics charge, this is not a government takeover. And the program is not only fully paid for, it should actually reduce the deficit over the next two decades.

Under the new system, all people would be required to have health insurance or pay a penalty. If you are poor or middle class you would also get significant help through Medicaid coverage or tax credits to pay the premiums.

The legislation would create exchanges on which small businesses and people who buy their own coverage directly from insurers could choose from an array of private plans that would compete for their business. It would also require insurance companies to accept all applicants, even those with a pre-existing condition. And it would make a start at reforming the medical care system to improve quality and lower costs.

46 MILLION AND RISING: If nothing is done, the number of uninsured people — 46 million in 2008 — is sure to spike upward as rising medical costs and soaring premiums make policies less affordable and employers continue to drop coverage to save money.

The Congressional Budget Office projects 54 million uninsured people in 2019; the actuary for the federal government's Centers for Medicare and Medicaid Services projects 57 million.

It should be no surprise that people without insurance often postpone needed care, and many get much sicker as a result. That is morally unsustainable. It is also fiscally unsustainable for safety net hospitals — which foist much of the cost on the American taxpayer when the uninsured end up in the emergency room. As the number of uninsured rises, that bill will rise.

The Senate's reform bill would reduce the number of uninsured by an estimated 31 million in 2019. The Republicans' paltry proposals would cut the number by only three million.

BUT I HAVE INSURANCE: While most Americans have insurance, many pay exorbitant rates because they have no bargaining power with insurers.

That includes many of the tens of millions who buy their own insurance — the unemployed, the self-employed, and those whose employers do not offer insurance. The recently announced plan by Anthem Blue Cross in California to raise annual premiums by 35 to 39 percent for nearly a quarter of its individual subscribers is a chilling harbinger of what is to come if reform fails.

There are another 48 million people who work in relatively small firms that often cannot get the better rates of large-group coverage. All of these groups should be able to get a better deal if they can buy their insurance through new, competitive exchanges.

If current trends continue, the number of underinsured Americans — those who have coverage too skimpy to pay substantial medical bills or protect them from high out-of-pocket spending — will also rise from an estimated 25 million in 2007 to 35 million in 2011, according to the Commonwealth Fund, a respected research organization.

That will increase the risk that this group will forgo needed care and will expose many more of them to potential bankruptcy if they cannot pay huge medical bills. Some 72 million adults currently have medical debt or problems paying their bills even though most of them have insurance. Reform would help them by setting minimum standards of coverage and providing subsidies to tens of millions of low- and middle-income people to help pay their premiums.

BUT I LIKE MY INSURANCE: Most Americans get their insurance through large companies, with large group bargaining power. While they complain about premiums and paperwork, most seem satisfied with their coverage.

For them the real fear is what happens if they lose their jobs or decide to change jobs. Will they be shut out of coverage because of a pre-existing condition or forced to pay high rates to buy their own insurance?

For this group, the real advantage of reform is security. If they get laid off, decide to be self-employed or switch to a smaller employer that offers no insurance, they will still be guaranteed coverage — even if they are a cancer survivor or have heart trouble or any other pre-existing condition. And they will be able to buy insurance on the exchanges.

I'M JUST WORRIED ABOUT COSTS: You should be. The cost of medical care is rising far faster than wages or inflation. And despite all of the talk about reform “bending the curve,” no one is yet sure how to do that.

Many reforms that people instinctively believe should cut costs — computerization of medical records, paying doctors for quality not quantity of services, and prevention programs to promote healthy living and head off costly illnesses — cannot yet be shown to lower costs.

Pending reform legislation, specifically the Senate bill, would launch an array of pilot projects to test reforms in delivering and paying for care. It would also create a special board to accelerate the adoption of anything that seemed to work. That seems a reasonable way to go and a lot better than standing by as costs continue to spiral out of control. The Republicans' proposals — including their call to cap malpractice awards — would make only a small dent in the problem.

WHAT ABOUT THE DEFICIT?: Republican critics of health care reform have done an especially good job of frightening Americans with their talk of bankrupting the Treasury. The truth of the matter is that the pending reform legislation has been designed to generate enough revenue and savings to more than offset the substantial cost of expanding Medicaid and providing subsidies to the middle class.

The Congressional Budget Office estimated that the Senate bill would reduce deficits over the first 10 years by \$132 billion and even more in the second decade.

What critics certainly do not talk about is what happens to the deficit if Medicare costs continue their relentless rise. That is something that should keep Americans up at night.

The pending reforms would cut the growth in Medicare spending per beneficiary in half — from 4 percent a year to 2 percent — by demanding productivity savings from Medicare providers and cutting unjustified subsidies to the private plans in Medicare.

There is some skepticism that Congress will stick to its guns if health care providers say they cannot survive on the reduced rations. But Congress has stood by most previous Medicare cuts (physicians excepted) and should have its spine stiffened by new pay-go rules requiring that any Medicare increases be offset by other savings or taxes.

If reform is defeated, it seems likely that most of the proposed experiments designed to cut costs — first within Medicare and then throughout the rest of the health care system — will die as well. The legislation needs to be passed to establish a structure to force continuing improvement over the years. That is the best chance of restraining soaring medical costs that threaten the solvency of families, businesses and the federal government.

Any change as big as this is bound to cause anxiety. Republicans have happily fanned those fears with talk of “dangerous experiments” on the “best health care system in the world.” The fact is that the health care system is broken for far too many Americans. And the country cannot afford the status quo.