

Chapter 9

RESPONSIBILITY

"My husband and I are 59 and 63 years of age, so we are not yet eligible for Medicare to help us...A brief summary of our health insurance costs over the last 4 years are:

1988- \$3,578 with \$500 deductible

1990- \$4,607 with \$2,500 deductible

1992- \$10,500 with \$2,000 deductible

"I have a pre-existing condition so I have to pay a penalty on the rates. Neither my husband nor myself, fortunately, has ever had a claim of any kind..."

"We do not want a 'free ride.' We are more than willing to pay our share, but these amounts are just too excessive."

*M.M.
Joliet, Ill.*

Responsibility is central to every one of the principles of the Health Security Act. As the President said in his address to the Joint Session of Congress, "We need to restore a sense that we're all in this together and that we all have a responsibility to be a part of the solution."

All those involved in providing health care will, for the first time, share collective responsibility for the quality of care patients receive, and for keeping patients healthy, not just treating them once they're sick. Health plans will have the responsibility of keeping the costs of

premiums reasonable -- there will be no more blank checks for health care. This newfound imperative for responsible health care will mean a change in the way some currently do business.

For insurance companies, responsibility means no longer denying people coverage if they get sick. For unscrupulous medical companies and laboratories, responsibility means an end to fraudulent

MEDICAL MALPRACTICE

Responsibility means bringing common sense to our medical malpractice system. Although experts believe that the direct cost of malpractice accounts for less than two percent of our spending on health care, reform of our existing system is badly needed. We must work to remove the threat of lawsuits that leads to so much “defensive medicine” and drives up costs for everyone. We must free doctors to do what they do best — care for patients — while protecting consumers at the same time. And we must take steps to let lawyers who profit from huge settlements know that they can no longer take advantage of the system.

In an effort to end frivolous lawsuits and protect doctors, the Health Security Act will change tort laws and develop new alternatives to resolve patients’ claims against providers before they get to court. The Act will require those who believe they have been the victims of malpractice to first submit their claims to an out-of-court panel to resolve the dispute. If the patient is still unsatisfied with the resolution, the case can be taken to court, but only after obtaining a “certificate of merit,” an affidavit from another doctor stating that the patient has good cause to pursue a claim.

billing practices. For lawyers, responsibility means no more filing of frivolous lawsuits. “In short,” as the President said, “responsibility should apply to anybody who abuses this system and drives up the cost for honest, hard-working citizens and undermines confidence in the honest, gifted health care providers we have.”

For employers — both large and small — responsibility means

The Act will also:

Limit attorneys’ fees to one-third of an award, and allow states to impose even lower limits;

Allow damages to be paid over a period of time rather than all at once;

Prevent injured patients from gaming the system and getting paid twice for the same injury — once by a doctor and a second time by a health or disability insurance plan; and

Promote progressive ideas such as a program in Maine that frees doctors from malpractice liability if they can demonstrate that they followed prescribed clinical practice guidelines.

Taken together, these steps represent the first serious national effort to take what has been learned in the states and apply it on a national level. Once implemented, these steps will help turn the incentives in our health care system right side up. By restoring responsibility to our medical malpractice system, we can also restore trust to the doctor-patient relationship which lies at the heart of health care.

following the lead of our nation's most successful businesses and helping contribute to the health security of every employee. For every American, responsibility means taking care of your health, rejecting behaviors that drive up health costs, and making a contribution to health coverage. "Responsibility," as the President said, "isn't just about them. It's about you, it's about me, it's about each of us."

Paying for Health Security

Even though our nation spends nearly one of every seven dollars on health care, tens of millions of American lack health security. More than 37 million Americans have no health insurance. More than 25 million Americans have inadequate insurance — so-called "bare bones" coverage or policies that don't cover them when they need it most. And nearly every American family — even those with health insurance — live with the fear and the hard fact that only one pink slip, one seriously ill relative, one misfortune could cost them a lifetime of savings and even their independence and dignity.

Providing all Americans health security will make our nation stronger and bring down health care costs. In the short term, it will take new funds to cover the uninsured and provide those who are now covered with rock solid security and comprehensive benefits. The question is how we will pay and who will pay.

The vast majority of funding for the Health Security Act will continue to come from where it comes from today: employer and employee contributions to the cost of health insurance. New funding will be drawn from three primary sources:

- Asking all employers and the 30 million Americans who work for them but do not have health coverage to contribute to their health care;
 - Increasing excise taxes on tobacco and requiring small contributions from large corporations who choose to form their own health alliance;
 - Limiting the growth in federal health care programs.
- These are the fairest and most workable sources to yield sufficient money and guarantee health security to every American.

Expanding the Current Employer-Based System

The principal way we pay to ensure health security for all Americans is by building on our current system and asking all employers and employees to take responsibility for paying for health coverage.

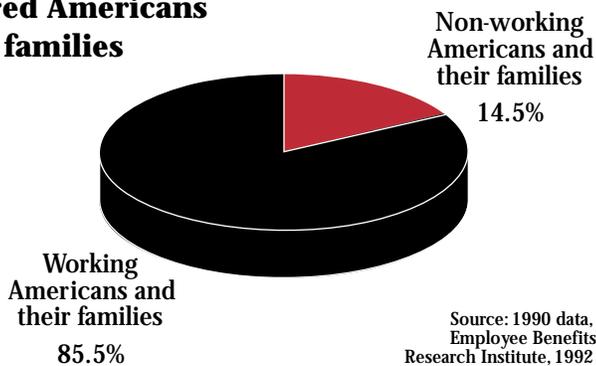
Today, nine out of ten Americans who get health coverage get it through their employer. It's a system that works for the vast majority of Americans. That's why the President rejected any kind of broad-based tax to pay for a government-run system — deciding instead to leave our health care system rooted in the private sector.

Today, most employers and employees contribute to the cost of health coverage, but not all do. Thirty million Americans in working families go without health coverage because they are not covered by their employers.

But these workers still get health care when they need it — often the most expensive kind of health care in the most expensive place: the emergency room. And the rest of us end up paying the bills — in higher premiums, higher taxes and inflated hospital charges.

This phenomenon — what academics call “cost shifting” — contributes to the high health care costs we all are forced to pay. This “cost-shifting” happens on every street in America where you'll find a supermarket, a dry cleaner, or a gas station that doesn't insure its workers. On the next block you'll find a supermarket, dry cleaner, or a gas station that does insure its employees. The businesses that insure pay higher premium costs because they are forced to pick up

85% of uninsured Americans are in working families



the tab for their competitors who are not paying.

The Health Security Act asks those who aren't paying to pay their fair share, lowering costs for the vast majority of companies and individuals, who will no longer see their premiums rise to pay for those without insurance. We'll save \$25 billion by providing coverage to everyone, because the government will no longer have to reimburse

HAWAII

A Model for Reform

Only one state in America has asked all employers to contribute to the cost of their employees' health care: Hawaii. And it has been able to achieve near-universal coverage while maintaining a thriving economy.

In many ways, the Health Security Act echoes Hawaii's experience. Hawaii passed a health reform plan in 1974 that required all employers to contribute to their workers health care. As part of the reform, Hawaii included special programs to ease the burden for small businesses. The result? A greater percentage of Hawaiians have health insurance, far more than in any other state in the country. Health care costs are significantly lower in Hawaii than elsewhere in the U.S. And only 2% of small firms have sought out a special program for small businesses struggling to provide insurance.

In fact, since Hawaii passed health reform, the unemployment rate there has dropped to one of the lowest in the nation (2.8% in 1991). Meanwhile, small business creation rates have remained high (the number of employers grew almost 200% from 1970 to 1991).

doctors and hospitals for the cost of caring for the uninsured.

While building on our current system ensures that 30 million working Americans will receive health coverage, requiring responsibility from all employers and employees does not alone provide true health security. Additional funding is needed to protect small businesses, provide long-term care and prescription drug coverage to older Americans, and ensure that no American — including those who lose their jobs — ever lose their health coverage.

To guarantee comprehensive benefits for all Americans, the Health Security Act requires the second and third primary sources of funding: a cigarette tax and corporate assessment, and savings from slowing the growth of federal health care programs.

The Cigarette Tax and Corporate Assessment

Cigarette taxes will increase by 75 cents a pack, raising revenue for health reform, and ensuring that those who smoke pay for the health costs that smoking causes. Higher tobacco prices may also have a significant impact in preventing teenagers from ever starting to smoke.

In addition, large corporations that form their own alliances will contribute to help support the backbone of our health care system — academic health centers, advanced medical research, as well as other elements of our health care infrastructure. Asking large corporations to pay one percent of their payroll will support those institutions that benefit every American.

Slowing the Growth of Federal Health Care Programs

The Health Security Act will also produce savings by slowing the skyrocketing growth of government spending on health care programs. Over time, the Health Security Act will slow the rate of growth in Medicare (the government program for seniors and the disabled) and Medicaid (the program that provides health care to the poor) from three times the rate of inflation to roughly two times the rate of inflation.

Upper-income people who receive Medicare — those individuals who earn more than \$100,000 per year — will be asked to pay a higher percentage of the cost of coverage than they do today.

People covered by Medicare will see an increase in their benefits under the Health Security Act. Elderly and disabled Americans will receive the prescription drug coverage they need, and a new long-term care program will provide options for home and community-based care.

Most Americans who now receive health care through Medicaid will be part of the same system as other Americans, paying what they can for their care but benefitting from discounts that make coverage affordable.

By controlling costs in both the public and private sector, these savings avoid hurting privately insured people. Today, doctors and hospitals often charge more to private patients to make up for shortfalls in what they are paid to provide care to people covered by Medicare and Medicaid. The Health Security Act slows the growth in federal health care programs as part of fundamental reform that controls the cost of all health care.

These are the three primary sources of private and government funding that will help pay for health security for every American — full responsibility from businesses and individuals, cigarette taxes and a small corporate assessment, and a slowdown in the growth of Medicare and Medicaid. This is a conservative approach that doesn't count on the billions in cost savings that can be achieved from the plan's new emphasis on preventive care, encouraging real competition among health providers, and cracking down on health care fraud. It is an approach that asks responsibility of everyone. In return, it guarantees every American comprehensive health benefits that can never be taken away.