

## **An Urgent Case For Fixing Health Care**

By David S. Broder  
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Nothing is more likely to be overlooked than news that breaks on a day when something totally unexpected occurs. That is exactly what happened last week when Senate negotiators struck the last-minute deal that averted a showdown vote over the "nuclear option" on judicial filibusters.

Earlier that day, the National Coalition on Health Care released a report on the potential savings to business, individuals and government from comprehensive reform of the beleaguered medical-insurance-hospital system.

The figures are startling -- a projected saving of anywhere from \$320 billion to \$1.1 trillion in the first 10 years, even while insurance coverage is extended to every American and stronger quality measures are put in place.

Were it not for its source, this would seem like pie in the sky. But the organization that sponsored the briefing is one of the largest groups in the health care field, a coalition of 90 organizations with 150 million members or employees, ranging from AARP and the AFL-CIO to Blue Shield of California and such corporate giants as AT&T, Verizon and the Principal Financial Group.

The man who ran the numbers is Kenneth Thorpe, the former top economist at the Department of Health and Human Services and now chairman of the Health Policy and Management Department of Emory University in Atlanta. Few experts command broader respect in this field.

Thorpe took the principles laid down in the coalition's blueprint for health reform - - universal coverage, cost management and improved quality -- and applied them to four "scenarios."

One built on the existing employer-financed system, supplemented by requirements for individuals to self-insure. A second envisaged expansion of Medicare, Medicaid and other public programs. A third was a new program, with a variety of insurance options modeled on the current federal employees' health benefits plan. And the fourth was a single-payer, government-financed design, similar to Canada's or Britain's.

The additional costs -- primarily caused by covering the 45 million Americans currently without health insurance -- run in the range of \$75 billion a year. But the net savings -- after deducting those costs -- by the 10th year of such reforms range from \$125 billion to \$182 billion annually.

When everyone is insured, health problems can be dealt with at an early stage or prevented altogether, thus helping society avoid the expensive treatment that patients now find in emergency rooms or lengthy hospital stays. Universal coverage also can bring savings in administrative costs and, along with the introduction of information technology and systematic measurements of treatment outcomes, greatly increase the efficiency of health care delivery.

Underlining the advantage of systemic reform are Thorpe's calculations of the likely consequences of doing nothing to change the current system. Without fundamental change, by 2015, the United States is likely to have 54 million uninsured -- 20 percent more than today -- and be spending 19 percent of its gross domestic product on health care, compared with 15.6 percent today.

Testimony from two top executives showed that this is not just an academic exercise. George Diehr, chairman of health benefits of the California Public Employees' Retirement System (Calpers), whose \$4 billion annual expenditure makes it the third-largest purchaser of health care in the nation, said that despite its bargaining power "we have been able to improve quality and control costs only at the margin." Its costs are rising 10 percent a year.

S. Gary Snodgrass, executive vice president of Exelon Corp., one of the country's largest public utilities, said health coverage for its employees and retirees is its fastest-growing expense. Between 2001 and 2004, he said, those costs rose 70 percent, forcing the company to shift more of the burden to its workers. "What I am here to tell you is that the steps we have taken are not enough" to fix "a health care delivery system that we perceive to be fundamentally broken. It will not be fixed by the incremental or piecemeal proposals that are on the table today" in Congress or the Bush administration.

More and more business leaders, academics and politicians are coming to the same conclusion. The Center for American Progress, a liberal think tank headed by former Clinton White House chief of staff John Podesta, recently outlined one approach to comprehensive health care reform. It would combine two of the scenarios tested in Thorpe's analysis, with subsidies and cost controls for insurance policies purchased by employers and individuals and an expansion of the federal employees' health care system to enroll outsiders.

When I interviewed Podesta recently, I told him that I thought that any such systemic reform would have to wait for a new administration. But Thorpe's calculations, which I had not seen at that time, make the case for action now both more urgent and more practical.

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