I am very pleased to be here to speak on a topic that is close to my heart, namely, what is happening at the state level in terms of health initiatives. I thought it made sense for me to give you a perspective on these state initiatives from the federal level. My perspective comes from having represented health care providers where one gets to see, up close and personal, the real breakdown of the health care system in all sorts of ways. I became convinced that the health care system in the United States, for all its wonderful attributes, particularly in terms of the very high quality of care that some can afford to get, is nevertheless fundamentally broken.

Today, we are moving past the question of whether we should have universal health care coverage in this country to where everyone, for the most part, is agreeing that this is what we need. If you keep your eye on the news, you know, for example, that not only are these statewide initiatives coming forward, but there are going to be marquee CEOs out of the business community and private industry stepping forward calling for universal health care. At the federal level, there are many in Congress who see this as a moment in time when we have to leap to that conclusion as well. So the debate is narrowing, and no longer whether, we should move toward universal health care. Those of us who have been in the health care field for years should take some comfort and satisfaction in that, and keep the energy moving forward.

Now, how do we get there? I will talk about two things in terms of the relationship between a federal initiative and what is happening at the state level. First, all of these proposals at the state level include an expectation of resources coming from the federal government. Most of them are premised on the notion of increasing Medicaid eligibility by raising the federal poverty level percentage that qualifies individuals for care. Of course, when that happens, it creates expectations that the federal government will provide more dollars at a time when the deficit is such that the current administration is looking for funds wherever it can get them, which sometimes includes from government health care spending. The federal government must be a full partner in these state-led health care initiatives if they are going to work.

The second potential source of friction between the federal government and state initiatives has to do with the regulatory framework. The Wal-Mart case [Retail Industries Leaders Association v. Fielder] in Maryland is a perfect example of this. The law requiring employers with more than 10,000 employees to provide the appropriate amount of health care in terms of the percentage of its payroll in this case was challenged and struck down because it interfered with the regulatory scheme under ERISA. Whether Congress will step in and be more flexible with federal impediments and allow these kinds of state proposals to come forward remains to be seen.

My perspective of what can be done at the federal level, and my vision, is to enhance and expand the federal health care reform model. From a political standpoint, if one comes in with a health care proposal that is too grand in its scope, there will be a group of people who support it and another group of constituencies who resist it. Hence, a proposal, such as the Clinton proposal, dies of its own weight. The question is: What can we bring forward that politically has a chance at viability and is still substantive that will solve the health care crisis?

In my view, there are three major components to the health care system that we have now: Medicare, Medicaid, and the employer-based coverage model that sits in the middle. If we can resource the Medicare system properly by making sure that the reimbursement formulas are adequate and are such that providers have the incentive to stay in the plan, and that the right kinds of care are rewarded so that they are tailored in the direction of preventive care, for example, then we can look at expanding the coverage that the Medicare system can offer. There are a number of ways to do this. One idea is to lower the age eligibility, which would tackle the group of persons who now fall between the end of employment, in terms of the health care coverage they have, and the beginning of Medicare coverage. In the same way that we took on the issue of uninsured children through the SCHIP program, we could identify this other population as one that is at risk and try to tackle that. At the same time, we need to look at the Medicaid program and what we can do to strengthen this program to expand
the eligibility requirements and bring in millions of people who are uninsured. As advocates on behalf of those who are part of the Medicaid system, the states can become allies in this cause to tackle the health insurance crisis.

When left with the beast in the middle, the employer-based coverage system, it is fair to be as creative as we possibly can. I am always anxious of proposals that invite people to opt out of the system instead of encouraging them to opt in. Otherwise, at the end of the day, we will be creating a two-class health care system where healthy people with the means to opt out are able to do it, leaving a pool that is sicker and less well off to cover its cost and its risk. Instead, we should be creating a system that invites people in so that we can share the costs and share the burden and risk. The business community wants and needs most of all a healthy and educated workforce. For their benefit, we ought to be investing in health care and education so as to channel back into the economic vitality and competitiveness of the society. Thus it is in the interest of the business community and individuals to tackle this problem and to do it creatively. Applying a new structure will be very difficult to accomplish politically, but strengthening and expanding what the current models offer will soon create a system that covers everybody and reduces administrative overhead.

Finally, the goal is to create a health care system that has some sanity to it. In hospitals, people either receive care at the highest end of the system in emergency rooms of community hospitals or they do not have health insurance coverage. Many have waited so long that their condition has reached a point where the treatment required is more expensive than if it had been treated at the front end. Hence, you are treating a lot of people whose condition has progressed to a more costly point along the spectrum, at the point in the system that has the highest cost. We can move toward a system weighted in the direction of preventive care that covers everybody at the same time. The way we do that, and the states are taking the lead on this, is by designing a basic benefits package that has significant components of preventive and primary care built into it. By doing this, we can have a saner, more cost-efficient health care system and recover a lot of the costs that have been leaking out.

There is a universal desire in America for universal health care coverage. The question is, how do we do it? This is where we have to put our minds together and be as creative as we possibly can.

As advocates on behalf of those who are part of the Medicaid system, the states can become allies in the cause to tackle the health insurance crisis.