

Urban Institute

Health Care Town Hall Debating Points

Emotions are flaring as constituents speak their minds to members of Congress home for August recess. That's to be expected, since health care is both a personal and public issue, but let's not forget to debate the basics:

“Health Reform: The Cost of Failure”

- The cost of doing nothing is high. Without reform, the number of uninsured Americans will swell from a projected 49 million in 2009 to 62 million in 2019, according to the intermediate economic case.”
- Employer spending on health insurance premiums would rise from \$430 billion in 2009 to \$847 billion in 2019, while individual and family spending on health care would jump from \$326 billion to \$521 billion. And government spending on Medicaid and the Children's Health Insurance Program would go up 82 percent to \$458 billion, necessitating higher taxes.

“Beyond the \$1.6 Trillion Sticker Shock”

- The Congressional Budget Office's \$1.6 trillion estimate for 10 years of health care reform is less than 1 percent of estimated gross domestic product—and a tiny fraction of expected health care spending for the period. Eliminating the costs of caring for the uninsured once coverage is near universal brings the total price tag down to \$1.2 trillion.
- Without reform, health care spending will total an estimated \$33 trillion from 2010 through 2019. The added \$1.2 trillion cost of reform signals an increase of just 3.5 percent.
- There is no health care money tree, but there are many ways to save and many revenue sources available. Savings from health care cost cutting and investments would be \$853 billion over 10 years. Of that, \$627 billion would be government savings.

“How We Can Pay for Health Reform”

- Medicare and Medicaid cost savings could come from reducing the pricing edge of Medicare Advantage, Medicare payments to doctors for some services, payment rates to hospitals and post-acute care readmissions within 15 days, and funds for safety net providers no longer needed under near-universal coverage.
- Targeted investments in the following would help curb health care spending growth: chronic care management and coordination, new approaches to end-of-life care, diabetes and hypertension prevention, health-information technology, malpractice reform, “medical homes” that coordinate a patient's care, and technology-effectiveness research.

- Ways to pay for broader coverage and more efficient care include sin- or income-tax hikes, an assessment on every employer of 10 or more workers that doesn't provide health insurance, and caps on tax breaks individuals get from employer contributions to health insurance. Capping tax breaks would also be fair since this benefit now disproportionately subsidizes the wealthiest Americans.

“Is the Public Plan Option a Necessary Part of Health Reform?”

- A public plan can make a key contribution to containing health care costs. With fewer players in the insurance and hospital markets, competition deteriorates, so there is less incentive to control costs. A public plan could save health care dollars through lower administrative costs and lower provider payment rates. This approach would prod private insurance companies to become more efficient, but wouldn't drive them out of business.
- A public plan could also protect chronically ill patients denied coverage by private insurers.