

Senator Joseph I. Lieberman: Congressional Statement for the Record on the Healthy Americans Act (S.334)

Mr. President, today, I join a bipartisan group of Senators in support of the Healthy Americans Act. This legislation marks the beginning of what I hope will be a growing bipartisan effort to address one of our most daunting domestic challenges – health care reform. Historically, the issue of health care and how to solve our growing crisis has divided us, but we must find a way to come together and provide leadership on an issue that is central to the lives and finances of millions of Americans.

There are over 47 million uninsured people in America today; another 16 million are underinsured. Diminished health and shorter life spans due to lack of health insurance cost an estimated \$65 to \$130 billion annually. Meanwhile, an estimated \$35 billion in uncompensated care is delivered to uninsured individuals annually.

The ever-rising costs of health care are being felt by all Americans, not only those who are uninsured. When I speak to constituents in my home state of Connecticut, I am struck by the number of currently insured families who worry about maintaining that coverage. With premiums rising more rapidly than wages, it is increasingly difficult for these families to continue to afford their coverage.

And the costs are certain to continue rising. Health spending between 2006 and 2015 will total \$30.3 trillion and will grow at an average rate of 7.2% -- 2.3% higher than the average annual GDP growth rate. To bring the growth in health care spending into line with the annual GDP growth rate, we would need to decrease health care spending by \$3 trillion over this period.

But while we spend more than any other nation in the world on health care, Americans do not receive the highest quality of care. A 2003 study published in the *New England Journal of Medicine* found that in the U.S., appropriate medical care is provided to individuals approximately 50% of the time.

It is clear that we must work across party and ideological lines to cover those that are uninsured in this nation, provide health security to those hardworking families with insurance, bring the rising costs of health care under control, and provide high quality care to all. In the past, I have advocated for, and have proposed, targeted reforms to our health care system. I proposed the creation of a program called MediKids to insure all children in America from the moment of their birth to 25 years of age. Families would choose from a menu of private health care plans and pay based on their income. And for the millions of uninsured adults in the U.S., I proposed the establishment of a program called MediChoice, which would create large pools of coverage to bring the cost of health insurance down, and would provide the uninsured, the self-employed, and small business employees with affordable private health insurance options. In addition, my plan would have included a new program called FairCare to reduce racial disparities, increased the number of school-based health centers around the nation, reinvested in our public health infrastructure, and provided new funds and incentives for the improvement and adoption of health information technology. Lastly, my health care proposal included a new strategic investment in promising breakthroughs in biomedical research to bring new treatments, diagnostics, and cures to the public. I will continue to support these incremental reforms as we move forward.

But as our health care system shows increasing signs of strain and growing numbers of Americans join the ranks of the uninsured, I also believe that we must seriously consider comprehensive, systemic reform to achieve the goal of quality, affordable health care for all Americans.

For that reason, I am proud to support the Healthy Americans Act, a strong proposal that provides this Congress with a bipartisan starting point on health care reform.

The Healthy Americans Act has the potential to offer universal coverage while using a fiscally responsible approach, which I believe, are the keys to moving forward in a bipartisan manner. The legislation would reform the tax code in a well-thought out manner to make comprehensive health care reform a true possibility. By realigning key provisions in the tax code, this legislation would achieve universal coverage without adding yet another burden to the federal budget. The

legislation would also shield American business from ever-rising health care costs and, by unleashing market forces, protect the economy by reining in overall health care costs -- all while reassuring our families that their health care will always be there.

An independent health care consulting group found that through new revenues, savings, and the restructuring of tax credits, the Healthy Americans Act would not result in new Federal spending. The group also projects that the proposal would reduce the annual health spending growth rate by 0.86%, totaling a savings of \$1.48 trillion from 2007-2016, or 4.5% of total spending over that time period. Lastly, the group estimates that the proposal would cover 99% of all Americans.

The Act would establish a centrally financed system of private health insurance for all Americans. Comprehensive coverage policies would be available through new insurance pools, which would harness the power of a reformed health insurance marketplace that would provide individuals with choice and value. The plan would be paid for by eliminating the current employer health benefits tax exclusion, which is estimated to cost the Federal government approximately \$200 billion per year. Instead, subsidies would be provided to lower-income and working families to purchase comprehensive coverage. Employers, in turn, would convert the health benefits they currently provide to employees into higher wages that employees would use to buy health insurance. Lastly, individuals would also receive a new health insurance premium tax deduction to prevent tax increases in middle-income workers resulting from the higher wages.

This proposal embodies both the foundation and architecture for building a health care system that will achieve universal coverage. Each of the stakeholders in our health care system -- from individual Americans, employers, to insurance companies, health care providers and hospitals -- will gain something under this plan. I believe this legislation offers crucial benefits for all stakeholders while calling on them to make equitable, economically efficient contributions to the shared effort of achieving health security for all Americans.

As we move through what I hope will be a successful legislative process, I will be working with my colleagues to ensure that we perfect the balance this bill strives to reach. That effort will be crucial for my home state of Connecticut. First, nearly 60% of Americans currently receive coverage through their employers, and in Connecticut, more than 60% of our workers are covered through employers. We must move cautiously and ensure we protect coverage for those currently a part of the system that has served us for decades, and provide American businesses with the support necessary to make short-term changes in benefits, in exchange for long-term cost savings and increased competitiveness. At the same time, moving away from a primarily employer-based system of coverage would provide individuals with true portability and stability of coverage, while, again, protecting competitiveness of American businesses against runaway health care coverage costs, in this new global economy.

Second, the legislation as currently drafted would mandate that employers provide employees higher benefits equivalent to the amount that employers currently contribute for employee health care benefits. We should consider the prudence of safeguards following a mandate period in order to prevent employees from facing wage cuts that would reduce their capacity to purchase comprehensive coverage.

Third, a new health premium tax exemption will be created by this legislation so that most workers are not paying higher taxes with the increase in wages, which are to be used for the purchase of health insurance. But in many states, such as mine, the cost of living and cost of health insurance are higher than in other parts of the nation, placing unique pressures on residents of those states. Therefore, I plan to work with Senator Wyden and the other sponsors of the Act to move in a direction that will take account differences in health insurance coverage costs, as well as in cost of living.

Lastly, the proposal would transition Medicaid and CHIP beneficiaries into the new program. Given the complex health needs of many Medicaid beneficiaries, we must ensure that they have the necessary levels of coverage under any new system. I look forward to working with my colleagues on each of these issues.

I applaud the efforts of my colleagues, Senators Wyden and Bennett, and of the bipartisan group that is supporting this legislation, and I am proud to join them. If we put aside partisan politics and muster political will, we can provide the American people with true leadership on this most important domestic policy issue, and can succeed in bringing quality health care to all Americans.