

Islamic Society of North America (ISNA)

Towards Fair, Inclusive, and Efficient Health Care System

Executive Summary

The American healthcare system is in deep crisis, and reform is crucial to avoid a total collapse. The rapid and consistent increase in healthcare premiums has left millions of Americans out of healthcare coverage, and puts tremendous financial burden on millions more. President Obama's healthcare reform proposals are the subject of fierce debate that so far generated more heat than light. Healthcare reform proposals are detailed in a bill that is currently being considered by Congress. The bill includes provisions to ensure that all individuals and families have access to essential benefits, including hospitalization, prescription drugs, mental health services, preventive services, maternity care, and children's dental, vision, and hearing services and equipment. The provisions also help improve competition and reduce the cost of healthcare; and evaluate the quality of care and tracks system abuse. For this reason ISNA urges all Americans to stand behind the new legislation.

The Issue

The raging debate over the health care system does not focus on the need to reform it. Most observers agree that the existing healthcare system has become irresponsible to the needs of increasing number of Americans, and has stopped working for nearly 48 millions of them. The more sober observation is that the system is on the verge of collapse and needs an immediate fix. How to fix it is the contentious issue in the exchange between the supporters and opponents of the reform proposed by the Obama administration, and where the debate reaches its highest pitch and occasionally becomes abusive.

The debate has recently generated more heat than light, as the arguments focused on ideologically held positions. The critics focused on the government-run healthcare option, or the public option, presenting the whole deal as an instance of the federal government's attempt to grape more political power. This has led to accusations that the Administration is trying to introduce a "socialist" system and to set up "death panels" to decide the fate of the terminally ill. Consequently, the public is becoming more confused about the intent and nature of the reform as the debate heats up.

The debate has also been complicated by the fact that the healthcare bill introduced in the House of Representatives is very detailed and elaborate," stretching over 1017 pages. The

bill, introduced in the House on 14 July (HR 3200) -- "America's Affordable Health Choices Act of 2009" -- is filled with technical language, further complicating the debate and making it susceptible to interpretations and varying readings.

The Crisis

The American healthcare system is in deep crisis, and reform is crucial to avoid a total collapse. Not only that an increasing number of American families are left without any health coverage, but even those who have insurance are challenged with a rising portion of out-of-pocket payments, otherwise known as "deductibles". According to a study by the Center for Studying Health System Change, a nonpartisan research institute focusing on health issues, nearly one of every five families had problems paying medical bills last year. The study estimates that 57 million Americans live in families struggling with medical bills, and 43 million of those have insurance coverage.

The problem is caused by rapid and consistent increase in healthcare premiums and the rise in the portion of the medical bills that are being assigned to the insured in the form of deductibles. The rate of increase in premium, while varies across states, is prohibitive. For instance, family healthcare premiums in Maine rose between 2000 and 2009 from \$6,915 to \$13,927, an increase of \$7,013, or 101%, according to a report issued last month by Families USA, a consumer health organization. This increase amounts to 4.6 times faster than earnings for Maine workers, whose median earnings rose between 2000 and 2009 from \$22,163 to \$27,060, an increase of \$4,900, or 22%.

Similarly, healthcare premiums rose 5.3 times faster than earnings in North Carolina from 2000 through 2009. For family health coverage provided through the workplace in North Carolina, the average annual insurance premium, combining employer and worker share of premiums come, rose in the period of 2000-09 from \$6,649 to \$13,083, an increase of \$6,434, or 96.8 percent. The situation in Maine and North Carolina is representative of that of other States, and depicts a healthcare system on the verge of collapse if nothing is done to reform it.

The Debate

For almost two decades now, the Democrats have been calling for overhauling the healthcare system to provide universal health coverage. The push for a universal healthcare occupied the early years of the Clinton administration in the early 90's. The Clinton administration's effort to reform the healthcare system failed in the face of widespread fear that the federal government involvement in the healthcare would put bureaucrats in position to decide what doctors' patients can see and what treatment they can undertake. The same arguments are being used against the current effort by Obama to overhaul the healthcare system. President Obama counters that the insurance companies are already deciding on how medical treatment can be dispensed to customers, even denying treatment

on irrelevant technical ground, and refusing coverage for patient with certain ailments and diseases.

The Obama administration outlined a plan to address current flaws in the system based on the following elements:

- Provides universal coverage of all Americans by requiring employers to provide health insurance to their employees, and mandates that all children have health insurance.
- Outlaws the practice of insurance companies rejecting people because of pre-existing health conditions. It will make insurance premiums the same for everybody regardless of health status.
- Provide a one-stop marketplace, called National Health Insurance Exchange, for customers to compare and shop for insurance plans.
- Sets a government-run health insurance option to provide low-cost, affordable health insurance for everybody, spur competition.

The last component, known as the public option, has been the proposed plan's most controversial element, forcing President Obama to suggest during a New Hampshire town hall meeting on 16 Aug. that his supporters confront the opponents. . Rather than easing criticism, Obama's hesitation on the public option brought some of his most advent liberal supporters to the camp of critics. Many supporters of the healthcare reform see the public option as the most important element for keeping healthcare cost competitive.

Indeed, all the four elements outlined in the plan are essential for the success of healthcare reform particularly the universal coverage and the public option elements.

Universal Coverage

Universal coverage is crucial for healthcare reform not only because it is the right thing to do, but also because it will arrest the skyrocketing rise in healthcare costs. One important factor behind the rapid rise in costs comes from fact that providers shift the cost of caring for the uninsured to those who are with insurance. Data released in 2005 by the Census Bureau shows that the number of uninsured Americans stood at a record 46.6 million. It also shows that the number of uninsured children rose from 7.9 million in 2004 to 8.3 million in 2005. Lacking coverage, the uninsured are forced to delay medical care until they become very ill and requiring emergency care. They often end up in the emergency room suffering serious illnesses that require more care than they would have had they been visiting a doctor on a regular basis.

The increase in cost transferred by providers from the uninsured to the insured is staggering. This increase amounts to a hidden tax that was estimated to add in California \$455 per person or \$1,186 per family every year. The New American Foundation reported that shifting the cost of the uninsured to those who have insurance "results in an

approximate 10 percent increase in premiums for Californians. More specifically, the average California family with health insurance will pay an additional \$1,186 in premiums for 2006. Individuals purchasing insurance will spend about \$455 annually in additional premiums." (Peter Harbage and Len M. Nichols, Ph.D., "A Premium Price: The Hidden Costs All Californians Pay In Our Fragmented Health Care System," New America Foundation, 12/2006)

With the increased healthcare costs, fewer employers offer healthcare benefits to their employee, thereby reducing the pool of insured individuals and families. According to a report by the Alliance for Health Reform (Jan. 2006), the increase in the number of uninsured was largely the result of a decline in the percentage of Americans with job-based coverage. That number dropped from 60.4 percent in 2003 to 59.8 percent in 2004. The number of uninsured increased among both full-time workers (from 20.6 million to 21.1 million) and part-time workers (from 5.9 million to 6.3 million). The number of both groups who were uninsured increased by 17.5 to 17.8 among fulltime workers and by 23.8 to 25.0 among part-time workers.

The "America's Affordable Health Choices" Bill that cast the reform into concrete terms sets forth a number of provisions to extend healthcare protection to all Americans. It prohibits the exclusion of preexisting condition. An insurer cannot deny coverage because an applicant suffers from severe or terminal health conditions. It also provides for guaranteed coverage to all individuals and employers and automatic renewal of coverage. It further prohibits rescission of health insurance coverage without clear and convincing evidence of fraud.

These provisions will ensure that all individuals and families have access to essential benefits, including hospitalization, prescription drugs, mental health services, preventive services, maternity care, and children's dental, vision, and hearing services and equipment. They further limit annual out-of-pocket expenses to middle and upper income individuals and families to \$5,000 and \$10,000 respectively, while providing the poor with free health care coverage by expanding Medicaid services.

The Public Option

At the core of the reform bill is a provision for establishing Health Choices Administration (HCA) as an independent agency to be headed by a Health Choices Commissioner. HCA is tasked with establishing the Health Insurance Exchange in order to provide both employees and employers access to health insurance coverage choices, including a public health insurance option. The way the Insurance Exchange works is by contracting health providers to offer health benefit plans through to eligible individuals, and providing affordability premium credit and an affordability cost-sharing credit for low-income individuals and families participating in the Exchange.

The Exchange will bring a level of competitiveness that is currently lacking in the private industry, as insurance companies tend to offer the best rates to employers with large pool of employees, while raising premium for individuals and small employers. It will also create a market where Americans can have a one-stop shop to help them identify available plan, compare benefits and prices, and choose the plan that best suit their needs. The system is already used by the federal government, including members of Congress, to find plans that address their particular needs.

To further help people evaluate different plan and health services, the reform bill requires that the Secretary of Health and Human Services (HHS) establish a Center for Comparative Effectiveness Research to be tasked with health quality research. The Center should to conduct and support healthcare services effectiveness research, and develop a system to measure the quality of the health care services delivered by different providers.

One area the bill has not addressed, and we believe it must urgently address, concerns the tort reform that relates to malpractice compensation. Many doctors are forced to pay for high malpractice insurance to protect themselves against malpractice lawsuits. With the rising number of law suits filed against practicing physicians, the premiums for malpractice insurance quadrupled in the last 10 years. The average premium for obstetricians and neurosurgeons, for instance, is now close to \$100,000 for obstetricians and neurosurgeons. Their were suggestions that Congress address tort reform as part of the current healthcare reform bill, but it decided to address in a later legislation. Tort reform is urgently needed to ensure that doctors are not hit with unfair and exploitative malpractice suits. Not only physicians but all Americans stand to benefit from tort reform as reducing malpractice insurance is bound to bring down healthcare cost for insurers and patients.

Conclusion

So where to go from here? The choice is clearly a system that: provides essential coverage to all Americans; improves competition and, hence, reduces the cost of healthcare; and evaluates the quality of care and tracks system abuse. Such a system is outlined in the Bill being currently considered by Congress. The American people need to stand behind the new legislation, and silence the voices of fear and special interests.

Dr. Louay Safi
Director of Communications and Leadership Development