The Future of Health Care in Oregon

A statement as part of the testimony on HB 3260 for Oregon State House Health Care Committee

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A society's health care system is an integral part of its social institution, rather than merely a service system organized either by the government or free market. As such, a society's health care system reflects the nature and characteristics of its people. If we treat our health care system as our social institution, we would want this system to represent our values, compassion, and caring capacity for the sick and unfortunate.

For centuries we have treated our health care system as a free market enterprise where individuals access health care services according to one's means. That leaves out those who do not have adequate means with inadequate or no access to health care services. In 2011, there were 22.1% uninsured among Oregonians age 18 to 64. Besides causing inadequate access to health care, our current system also contributes to both high costs and waste in health care service spending. Between 1999 and 2010, while average wage increased 42%, health insurance premium for family coverage increased 138%. [Commonwealth Fund 2011] This continuing widening gap between health care costs and wage increase is unsustainable, which is also strong evidence that our current system is failing us. Further, despite being the most expensive health care system in the World, U.S. ranked near or at the bottom among Organization of Economic Cooperation and Development (OECD) nations in most indicators of health care access or outcome. For example, when sick or needing medical attention, only 43% of U.S. adults were able to have same or next day appointment, while 80% of Dutch, 71% of New Zealanders, 62% of French and 61% of British have such access. All these nations have government funded universal health care. [Commonwealth Fund 2011] In 2009 the U.S. spent $531.5 per capita on health insurance administration, while Japan spent only $53.6. [Commonwealth Fund 2011] As for health care outcome, in a comparison of mortality amenable to health care among 16 OECD countries, U.S. ranked at the bottom with a statistic of 96 per 100,000 deaths amenable to health care in 2005-2006, compared with 55 for France and 60 for Italy. [Commonwealth Fund 2011]

All of these indicators suggests that our current system is the most expensive and the most inefficient and inequitable health care system among OECD nations. Not something we can feel proud of, or to reflect the characters of our people and

society. There is little doubt that we are urgently in need of significantly reforming our health care system. The question is to which system shall our health care system transforms into.

As a health policy professor at Oregon State University, I urge the House Committee on Health Care to consider and advance HB3260. While the Affordable Care Act (ACA) attempts to mitigate some of those problems described above, it is widely acknowledged to provide only a patchwork of solutions that leaves more fundamental structural problems intact. These problems are complex, yet critical to the well-being of our state and nation. National health expenditures consume 18% of GDP and are only projected to rise. These financial pressures exist alongside innumerable testimonies of individuals and families whose lives have been negatively impacted by a system that has failed to provide the opportunity for affordable care. The myriad burdens within our current system that will remain even after full implementation of the ACA warrant a commitment to thoroughly exploring potential solutions. HB3260 represents the type of tangible research that is needed to allow policy-makers to weigh various approaches to these pressing challenges. This information-gathering will critically illuminate strengths and weaknesses across a spectrum of various courses, thereby enabling legislators to fulfill their mandate of governing in the best interest of their constituents.

The ACA reforms are characterized by a piecemeal approach of subsidies and taxes that fail to establish a comprehensive system of cost containment, while neglecting more core issues of health system financing that profoundly impact overall system costs. While the insurance mandate will expand the number of people in insurance risk pools, the segmented nature of our health insurance system will continue to be problematic. High costs associated with the fragmented system will remain, including administrative demands, costs of negotiating rate setting, marketing, and more. The cost-shifting that characterizes this fragmentation will continue to obscure the financial burdens throughout the system and impede needed systemic improvements. Of special concern, the ability of insurance companies to segment members by risk through offering plans of different coverage will continue to lead to those with the highest need for medical care paying significantly more for their care. As long as there is differentiation in risk pools within and beyond the Exchanges, affordability for those who are less healthy will be a persistent problem. The Congressional Budget Office maintains that higher-risk groups will likely still incur higher costs despite risk adjustment. Once the ACA is fully implemented, while access will be improved, we will still be a long distance from achieving affordable, quality health care for all. Further, under the ACA, despite the persistence of these problems negatively impacting access to and financial burden of health care, no one can be held accountable.

The proposed study will critically enable Oregon's ability to assertively address the remaining problems we currently face. Without reliable and rigorous research, these decisions can only be based on speculation or ideology, coupled with endless debates. It is vital that we conduct research so that we can ground our policy decisions on sound data. This is a matter that merits, indeed demands, active investigation. Without invoking a foundation of reliable research, the resulting inaction will

continue to become the default support for the status quo system. On the other hand, the established cost projections are capable of incentivizing action.

The good news is that there is significant potential for improvement to be felt. Analyzing options in our health system financing has the potential to reduce costs for individuals, businesses and government, while increasing access, and reallocating resources to improve quality. We will not know how to achieve these goals if we do not engage in the investigations around various questions. The current system of health financing not only poses severe budgetary challenges, but is also a question of the well-being of our families, neighbors and communities. This is a story of fiscal efficiency, but also of how sickness and health, life and death are distributed in our society. Health care reform is among the most urgent priorities of our time. Our current system is fiscally unsustainable and, it can be argued, ethically untenable.

As a health policy professor, I have to believe that the government is a conduit through which we can engage in deliberative action to improve our society. Moreover, that this process is characterized by a pursuit of reliable information and community input that can enable dialogue and build a rational foundation for assessment. HB3260 directly speaks to the health of our communities and of our fiscal stability – valid concerns respectively and especially urgent collectively. Oregon is a model for innovation in health policies, and for creating opportunities for an exceptionally high quality of life for its residents, including healthy communities. Support for HB3260 is entirely in keeping with our commitment to well-being and innovation at the state level to engage evidence-based approaches to address the health care crises we collectively face. It is also the first step towards promoting a health system that can improve Oregonians' health in an efficient, equitable and sustainable way; and a system that reflects the fine character of Oregonians.