

Testimony of  
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Health Care Reform: An Economic Perspective

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Mr. Chairman, Senator Grassley, and Members of the Committee, on behalf of SEIU's 2 million members—including more than 1 million workers who went to work today in hospitals, nursing homes, and people's homes—thank you for inviting me to testify this morning. We recognize the significant challenges in addressing the economic problems of our country. But we also believe we have a once in a lifetime chance to address the economic insecurity of too many Americans by responding to the urgent need to address our nation's health care crisis.

We appreciate and applaud Senator Baucus in particular for your most recent proposals on how to take the next large steps to make our health care system have quality, control costs, and expand access—the holy grail of health care reform.

You'll hear a lot of facts and statistics today—if you haven't heard enough already over the years; yet the facts are truly alarming:

- 46 million uninsured.
- Annual premium growth that is *double to quadruple* the size of wage growth.

- US business spending on health care nearly twice as much per person as our OECD competitors, but our investment is not rewarded appropriately, as medical outcomes are no better and in many categories we're actually doing much worse than many other nations.

But the facts are for the head. To get to the heart of the matter, you simply need to hear the story of Paula Hall, a childcare provider and SEIU member in Spokane, Washington:

**In 2001, after Paula's husband was hurt working in a machine shop and lost his job, they both lost their health insurance. They couldn't afford COBRA payments, and they didn't qualify for state aid because they made too much money, so Paula and her family lived without health insurance.**

**Four years later, after open heart surgery and three angioplasties, Paula was left with \$250,000 in health care bills.**

**Now, Paula and her husband rent a much smaller house so Paula is only licensed to take care of seven children. Ironically,**

**because her income has fallen, Paula now qualifies for state aid and health coverage again.**

In the richest country on earth, bankruptcy, foreclosure, and lower incomes should not be the path to health coverage for Americans who work hard, and take responsibility for their families. America is better than that.

And if we are going to solve the economic insecurity crisis of working people living in fear in this country—of losing their jobs, of not being able to afford their health care or being just one illness away from financial ruin—the only cure is to fix health care.

Too many families are faced with impossible choices today. Do they pay their premium share or pay for groceries? Do they pay their mortgage or take their prescription every other day? Does fear of the future and increased co-pays mean postponing doctor visits and treatments? Do they take on credit card debt with outrageous interest rates or loans?

We see the alarming results: according to the Commonwealth Fund, there are now 72 million Americans struggling with medical debt, many of

whom thought they had insurance that protected them. Another study indicated that crushing medical debt accounts for half of bankruptcies.

And without a sense of health care security, families will not begin to spend at the levels we need to revive consumer spending in retail which dropped an astounding 2.8% in sales just last month!

With these kinds of choices facing working people today, it's hard to argue that health care *isn't* tied to the economic crisis. If we do nothing, health care will only continue to fuel the economic crisis for years to come.

Working families and our economy can no longer survive the status quo. Failure to act is a policy decision with dire consequences:

- According to the New America Foundation, if we fail to act to address the current trends, the full cost of a typical, employer-based family health insurance plan will rise 84% to more than \$24,000 by 2016, which will collapse the employer-based system. The full cost of paying for health care—that is, the worker's share and the employer's

share—could skyrocket to half of total income for one in two households by 2016.

- If we do nothing, our national health expenditures will double from more than \$2 trillion to more than \$4 trillion in less than ten years. And as we spend all that additional money, American businesses who we need to create jobs will become less competitive as they not only take responsibility for their own employees' costs but an even greater cost-shifting tax from other employers' workers who are not offered affordable insurance.
- Federal spending on Medicare and Medicaid accounts for 4% of our economy today. If we do nothing, spending on these programs will grow to 12% of our economy by 2050.

The single most important way to dramatically improve our economic and fiscal outlook is to take steps to put health care spending on a growth rate more closely in line with overall economic growth.

Chairman Baucus and members of the Committee, we have a moment here. Post-election polling by Lake Research Partners showed voters continue to name health care among their top issues—and those who cited

the economy as their top issue said health care was their number one economic concern.

As opposed to 1993, remarkably, voters, business, consumers, unions, the insurance and pharmaceutical industries are all ready to work for real change.

We understand this is not a Democratic or Republican problem, it is an American problem that threatens our country economically every day we fail to live up to our responsibilities as leaders—to find common ground and act as voters have demanded.

SEIU's millions of working families have been participating in coalitions with diverse and sometimes unlikely partners—including the Business Roundtable, NFIB, Wal-Mart, Intel, and Manpower—employers we may disagree with on a lot of other issues, but who all agree we need to fix health care now. In fact, Mr. Seidenberg and I come to you today as two of the partners of Divided We Fail. We stand ready to work with you, Mr. Chairman, and members of the Finance Committee, to get the job done.

That is why the Chairman's "Call to Action" last week was so timely, so bold, and such an important step to move this process forward. We were especially pleased to see strong support for access and coverage (including a public plan option that ensures coverage for every American), strategies for cost containment, payment and delivery system reform, transparency, and more options for long-term care. We agree that the only way to fix the problem is to address access, quality, and cost together.

Senator Grassley has a long record of supporting policies that ensure coverage for all Americans, and SEIU is proud to be working with him on transparency and long-term care. Senators Rockefeller and Hatch have shown great commitment to all of these issues. Senator Wyden has also shown true leadership and has been calling for action well before this economic crisis, and President-Elect Obama has promised voters that he will reach across the aisle to ensure we pass comprehensive health care reform. We urge all of you to work together and take action to ensure health care for every man, woman, and child in this country is enacted in the first 100 days of the new Administration.

When it comes to the health care crisis, we have to take a lesson from the economic crisis: the longer we wait, and the less we do, the worse it gets.

There are those who will say we can't afford to reform our health care system. But we say we can't afford not to. As you, Mr. Chairman, have said, if we try to fix the economy and don't fix health care, "America will just have more economic problems down the road."

Chairman Baucus and members of the Committee, it's time to fix the health care system so it works for Paula, for American businesses, and for our country. We look forward to working with you to build a stronger, healthier America.

Thank you.