

## Taking America's Pulse on Health Care Reform

**T**HE NUMBER OF AMERICANS WHO LACKED HEALTH INSURANCE COVERAGE climbed to 46.6 million in 2005. According to the U.S. Census Bureau, the uninsured rate rose from 12.9 percent in 1987 to a high of 16.3 percent in 1998, before dipping down to 14.2 percent in 2000 and rising again to 15.9 percent in 2005. And the percentage of people covered by employment-based health insurance was down slightly in 2005, while the percentage and number of children lacking health insurance increased between 2004 and 2005.

Combine these uninsured statistics with escalating health care costs, lack of standard quality measures, a looming Medicare financing crisis, barriers to health care access and affordability, and public health concerns such as obesity and a potential bird flu pandemic, and the future seems bleak on the health care front. Is our health care system headed toward a perfect storm?

Fortunately, there are numerous proposals at both the state and federal levels intended to improve the situation by addressing different aspects of health care, from provider payments to health care quality to expanded coverage options. To avoid a repeat of the failed comprehensive overhaul that was tried in the 1990s, many of the proposals offer incremental system improvements. That approach hasn't worked so far, however, in curbing high health care costs or standardizing health care quality.

One of the most recent and significant changes in the health care system has been the addition of prescription drug coverage under Medicare. But even as it eases the financial burden of America's senior citizens, the prescription drug benefit further strains a public program that is already heading toward a financial crisis.

### Assessing the Public Will

These concerns led members of Congress to include a provision in the Medicare Prescription Drug Improvement and Modernization Act of 2003 that established the

Citizens' Health Care Working Group. The law directs the group to initiate a dialogue among U.S. citizens about "the services they want covered, the health care coverage they want, and how they are willing to pay for coverage."

The goal of this historic effort is to give ordinary citizens a voice in the health care debate so that any changes will represent the desires of the people. Part of this effort also includes soliciting input from organizations, such as the American Academy of Actuaries, that can provide some of the technical expertise needed to make this effort a success. Will this monumental effort provide the impetus for real change in the health care system?

The Citizens' Health Care Working Group consists of 14 individuals with diverse backgrounds representing various aspects of the health care system, plus the secretary of the U.S. Department of Health and Human Services, Michael Leavitt. The working group held numerous hearings and meetings in communities across the nation over the past year to engage citizens in this debate. The working group also solicited comments from the public through an online questionnaire on health care issues.

In October 2005, the working group published "The Health Report to the American People," and in June 2006, it released its interim recommendations. At the time this article was written, final recommendations to the president and Congress were expected by the end of September, at which point Congress would be expected to hold a series of hearings on the issues addressed in the recommendations. The



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interim recommendations include:

- Guarantee financial protection against very high health care costs.
- Support integrated community health networks.
- Promote efforts to improve quality of care and efficiency.
- Fundamentally restructure the way palliative care, hospice care, and other end-of-life services are financed and provided, so that people living with advanced incurable conditions have increased access to these services in the environment they choose.
- Make affordable health care for all Americans a public policy.
- Define a core benefit package for all Americans.

These interim recommendations are quite broad and are based on feedback from the national community. While they address the desires of the public, it's clear that implementing such reforms would be a substantial task. It would be ideal for citizens to have improved access to affordable health care and health insurance benefits, but how can we get from the current system, with its 46.6 million uninsured individuals, to one that removes the barriers to health insurance and provides access to affordable care for all?

### Academy Input

There are many questions that remain and innumerable issues to consider in such an undertaking. The Academy's Federal Health Committee highlighted some of these issues in an August 24 letter ([http://actuary.org/pdf/health/coverage\\_aug06.pdf](http://actuary.org/pdf/health/coverage_aug06.pdf)) to the Citizens' Health Care Working Group. The committee offered to provide an actuarial perspective on key issues, including the underlying drivers of health care costs; the nature and operation of risk pools; the causes and impacts of risk selection and adverse selection on health insurance costs and markets; the mechanics of health care financing; and the roles of medical reinsurance, disease management, and social vs. private vs. employment-based health benefits, just to name a few.

While the committee members wrestled with what they could say given the broad nature of the interim recommendations, their approach demonstrated that there is a broad range of interrelated issues to consider that exemplify just how complex and challenging it will be to transform the health care system. None of the issues above can be considered on their own without regard to their effect on other issues and aspects of the health care system. There are many moving parts when it comes down to enacting real change in the system from financing to the role of insurance to the effect on providers, consumers, employers, etc.

As individuals who are uniquely qualified in the health care arena, committee members also stressed their desire to be part of the discussions as the working group finalizes its recommendations and as Congress begins to explore them. Actuaries have a particular niche in assessing risks, contingencies, and health care financing, all crucial considerations in any health care reform proposal.

The Federal Health Committee has taken an important step in inserting actuaries into the discussions of the Citizens' Health Care Working Group, but more work lies ahead as Congress will be directed to hold hearings on the final recommendations of the working group. It's here that the Academy can play a key role by being available to provide an objective actuarial perspective as congressional staff delve into these issues, a role the Academy has gotten increasingly better at over the past several years.

Earlier this year, for example, Academy members engaged in ongoing discussions with congressional staff regarding S. 1955, The Health Insurance Marketplace Modernization and Affordability Act, introduced by Sen. Michael Enzi (R-Wyo.). Ultimately, through these discussions and a comment letter on the bill, the Academy's Small-Group Market Task Force facilitated a better understanding of the

nuances of the issues in the bill and the potential unintended consequences that could result.

Our hope is that Academy members will not only serve as a resource but also will be called to testify at congressional hearings, as we have in the past, to provide a unique and unbiased perspective on issues related to the working group's final recommendations.

The Citizens' Health Care Working Group has undertaken a historic effort and a daunting task to garner the input of the American people on a health care system that many say isn't working and others say sadly underachieves. The Academy commends its efforts and hopes to be part of the process moving forward as legislators take over the reins.

The public hasn't been shy about its opinions, and Congress must at least explore those suggestions. Will this be enough to jump-start a transformation of the system? Nobody can predict the future and so many questions remain. Will Congress take the necessary steps to enact real change that will benefit the public, especially in a year when political control could change? Are individuals, employers, or the government willing to take on the financial responsibility needed to fund such changes? Can the desired changes be made through the current employer-based system? Will public programs need to be expanded or new programs created?

Only time will tell, but actuaries can play a key role as the unbiased experts in risk assessment and health care financing to help minimize unintended consequences as we move toward potential reforms.

Academy staff continues to work through the Federal Health Committee and other relevant work groups under the Health Practice Council to be part of the health care debate, at both the federal and state levels. The HPC will also continue to publish relevant and timely issue briefs on topics such as risk pooling, health care quality, health savings accounts, etc., and to proactively reach out to Congress and others to give a voice to the actuarial community in the public policy arena. ●