

United States Senate

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STATEMENT ON COMPREHENSIVE HEALTH REFORM

Senator Al Franken

Mr. President, I rise today to talk about health reform. This is my first speech from this floor on this subject, and I have a lot to say.

By now, we've all heard the stories — at least those of us who have been listening. The stories of those who have fallen through the cracks, or more accurately, the gaping holes.

We know why those stories are important – they remind us that there are human beings behind the awful statistics.

Since 2001, 6.6 million Americans have lost their health insurance. Many millions more are underinsured and have seen their health coverage become more and more expensive and less and less adequate. People suffer because of this.

They lose their homes, they go bankrupt, they don't get the health care they need, they get sicker, they experience pain, and they can't care for their children. They suffer because of this.

During my campaign for the Senate, I went to an event in Fergus Falls, a lovely town in Otter Tail County in west-central Minnesota. A woman came up to me. She had a story to tell. She told me that her father had gotten diabetes and that he died pretty quickly, but that wasn't the worst part of her story.

She told me her dad had received a lot of supplies from Medicare that he hadn't used. And she knew of a woman in town who had diabetes herself and so she drove the stuff over to this woman's house. And she asked the woman if she could use any of the test strips and orthopedic shoes and other items. And the woman said, "Oh, yeah! I could use them!" And this woman told her that her 24-year-old son had diabetes too.

He had had juvenile diabetes as a kid and now he couldn't afford insurance because he had a pre-existing condition. So, this woman from Fergus Falls, Minnesota, this woman with diabetes, shares her insulin with her son.

A diabetic mother, and a diabetic son, sharing insulin because he can't afford health insurance. In our country. In our country. Is this the kind of country we want to be? Well, the answer depends on what we do right here, right now.

Now, as we talk about reforming our health care system, I want to break that phrase – “health care system” – apart for a second. We’re really talking about two different things. The truth is we have some really great health care in this country, and a really terrible system.

We have dedicated, smart doctors and nurses and researchers and health professionals in this country. They do amazing things. And if you’re a member of the Saudi Royal family, you get on your private jet and come to my state for the best health care in the world.

The Saudi Royal Family is willing to travel 7,500 miles to Rochester, Minnesota to get great care at the Mayo Clinic. For a woman in Fergus Falls, Minnesota, and her adult son, both with diabetes, that same great care is less than 300 miles away... but it’s really a world away.

That’s because if you’re an American, you can get great health care, too. But only if you can make it through the terrible system, and only if you can afford it.

As I travel around Minnesota, when someone comes to talk with me about health care I always get asked about three things:

First, they say health insurance costs too much. What are we going to do about that?

Second, they ask: What am I going to do if I get sick, or my kid does, or my spouse does, and then someone in our family has a pre-existing condition... and then I lose my job, or I want to change my job, or start a business? How am I going to get health insurance then?

And third: If something bad happens to me, am I going to lose everything? Am I going to go bankrupt?

In my view, the answer to those three questions comes down to two major changes. First, we need to reform our health insurance system, so that it provides security for every American. Secondly, we need to reform our health care system, by putting more focus on prevention, and by changing the way health care providers deliver health care, so that they provide high quality care at a lower cost.

We can do this. We know we can do this. So let me take a moment to talk to the skeptics.

One of the arguments I often hear from the opponents of health reform is that the majority of Americans are happy with the coverage they have. And they are. Because the majority of Americans are healthy. *Right now.*

The truth is this: even those who are happy with their coverage aren't going to be happy for long.

Right now the average cost of family health insurance premiums, including both the employer and family's shares, is \$13,375. That's outrageous – it's double what it was ten years ago. And if we do nothing, these premiums will double again in the next ten years. Which means a family could be paying more than \$30,000 per year for health insurance.

And as premiums rise, businesses are forced to drop employees, drop wages or drop coverage to keep up with costs. So, even if you're happy with "the coverage you have".... it may suddenly become "the coverage you *no longer* have," because your employer can no longer provide it.

And that's exactly what has happened. As premiums go up, so do the number of uninsured Americans. In my state, 355,000 Minnesotans lost employer-based coverage between 2001 and 2008.

And there's another problem with the coverage *you have*. Often you only find out what is actually covered *when you get sick*. And you only find out how hard it is to switch or get new coverage once you've **been** sick. That's why we need insurance reform that provides true security. It's at those difficult times – when you're nervous, and vulnerable, and want to focus on dealing with your health issues – that you realize how little security you have under our current system.

Let me tell you about Liz MacCaskie, who lives in Minneapolis. Liz lost her job in September. She's 58 years old. My age. She's been living with diabetes, and was just diagnosed with kidney failure. Liz was denied private coverage because of her preexisting condition. The only insurance she could get came with a \$5000 deductible and an \$800-\$900 monthly charge to maintain coverage.

How does paying close to \$20,000 a year for insurance count as insurance? Well, it doesn't. Especially when Liz is trying to live on \$1,000 a month while she takes job training courses and does part-time domestic work.

And as a result, Liz and her husband have been borrowing money from Liz's brother-in-law to make payments on their house. This is unconscionable.

Right now, if you've been sick, insurance companies can refuse to cover you or charge you exorbitant premiums. As an older woman told me at the State Fair this summer, "At my age, everything is pre-existing."

Well, under our health reform bill, we will stop insurance companies from denying you coverage or charging you more because of pre-existing conditions. That's a really important, really good thing.

Right now, if you're a woman who has had a C-section, or you've been a survivor of domestic violence, health insurance companies can deny you coverage. Because having had a C-section or being the survivor of domestic violence is considered by some insurance companies to be a pre-existing condition. Isn't that amazing!? Is this the kind of country we want to be? The answer depends on what we do right here, right now.

Under our health reform bill, we will end discrimination against survivors of domestic violence and stop insurance companies from charging women more for their health coverage –

just because they happen to be women. Which health insurance companies are allowed to do now.

(pause)

Right now, if you get sick, your insurance benefits can run out when you need them most.

Recently, I was contacted by a Minnesotan named Kathy. A few years ago, she was laid off and had to buy her own insurance. She was able to keep up with the costs until October 2005, when she was diagnosed with Hodgkin's Lymphoma.

To pay her medical bills, Kathy exhausted her IRA and had to file for bankruptcy. Kathy's cancer is under control, but her medical costs are over \$10,000 each year. She makes \$22,000 working part-time at a small CPA firm. This isn't just an individual tragedy; it's a national travesty.

Fifty percent of personal bankruptcies in this country are due to a health crisis. And 80 percent of those health care bankruptcies are people who have health insurance.

I know that people are surprised to find out that Europe has been doing this better than we have. So I have to ask: do you know how many personal bankruptcies there are in France, in Germany, and in Switzerland because of health care? Zero.

Under our health reform bill, we will eliminate annual and lifetime caps on benefits. Americans will be able to access affordable health care and avoid going bankrupt when they get really sick. That's important. And really good.

This bill guarantees secure coverage that will be there for all Americans, and stay there when people need it.

Now I know you might be thinking – gee, covering every American. Isn't that going to be expensive? Well, consider this. We already pay for the health care of Americans who don't have insurance. We just pay for it in the most inefficient way possible.

Right now, people without insurance go to the emergency room for health care – the most expensive possible way to deliver care. And those of us who do have insurance pay for it. It costs every insured family more than \$1,100 a year in additional premiums.

Now, this cost shift occurs for two reasons: people are using the emergency room for primary care, meaning they're going there whenever they get a cold or an ear infection, which is ridiculously inefficient.

Or more likely, they're waiting till they really get sick. In which case, it often means their health condition has progressed to the point that it's really expensive to treat, and maybe ultimately tragic. According to a Harvard study, nearly 45,000 people die in America every year

because they don't have health insurance. Is this the kind of country we want to be? The answer depends on what we do right here, right now.

The fact is that our irrational health insurance system not only hurts our families, it also hurts our economy in so many different ways. I recently received a letter from James Solie, from Moorhead, Minnesota. He was an Air National Guard member for 32 years. During that time, his daughter was covered under TRICARE, the Department of Defense's health care program for members of the uniformed services, their families and survivors.

Now that she's on her own, she gets health care through her employer, one of the "big box" stores. Her children were born with cystic fibrosis. Because of their significant health care needs, she can't leave her job.

As James wrote to me: "My daughter is presently a hostage of her family's health insurance needs." He said she'll keep working at that same store until the law is changed. This is so common that there's actually a term for it: "job lock."

If this woman had a brilliant idea for a new business... or even just wanted to move to a better job, her need for health coverage would prevent her from doing so. That's not just bad for her. Multiply it across millions of people, and you see how bad it is for our economy.

We are supposed to be the most entrepreneurial society in the world. But because of our health care system, innovators are prevented from starting their own businesses. Talented or

ambitious workers are prevented from moving into more satisfying, more challenging, more productive jobs. And we put at risk the very entrepreneurial spirit that defines us.

German Chancellor Angela Merkel spoke today before a joint session of Congress. She was born in East Germany. When she was a kid, people smuggled in books and movies from the United States. What was she inspired by the most? The American Dream.

We are denying millions of Americans their shot at the American Dream because of our irrational health insurance system.

This bill guarantees that you and your family always have access to stable, portable health insurance – even if you lose your job or get sick or both – and will end the job lock that handcuffs so many Americans.

Of course, guarantees of coverage and portability are hollow promises if they're not accompanied by something else: affordability.

Over the last decade, the average annual health insurance premium for American families – including both the employer and worker's share – has risen from just under \$5,800 to nearly \$13,400. That's an increase of \$7,600, or 131 percent.

That's more than three times faster than Americans' average wages rose, in that same time period. Even if you stay healthy, these trajectories are unsustainable.

And even if you have coverage, you could still be only a diagnosis or an accident away from bankruptcy.

This has to change. Right now, if your work-based health plan is expensive, you have no other option unless you qualify for Medicaid. Under this bill, you will be able to get subsidized insurance if your coverage through work costs you more than a certain percent of your income.

Right now, if your employer doesn't offer you a health plan or you are unemployed, it's prohibitively expensive to buy it on your own. Under this bill, you will be able to access a range of affordable insurance options through a health insurance "exchange".

This exchange will be like a Travelocity for health insurance. All the plans have to meet basic standards, and you can match them up and compare them, side by side, so you can pick the best one for you and your family.

This isn't going to help just individual Americans; it's going to help small businesses. Right now, if you're a business with, say, eleven employees, and one of them gets sick or maybe has a baby, your premiums are going to go up dramatically. That's because your risk pool is eleven people. But when you choose from a policy on the exchange, your risk pool can be a million or two. That's the point of insurance: to spread the risk over the most people possible.

In addition, small businesses will also be eligible to receive tax credits to help them purchase coverage for their workers; in Minnesota alone, over 72,000 businesses would be eligible for this assistance.

That's what the subsidies and the exchange are all about: increasing the availability of insurance and making it more affordable for families and small businesses.

That's also what so much of the debate surrounding a public health insurance option is about. A public option creates more choice for consumers, and more competition in the marketplace. People who are happy with their current plan wouldn't need to change it. But millions of people who didn't have health care options before would finally have an affordable choice. This is what the overwhelming majority of Americans want. It's the right thing to do. And I would say to anyone who's against a public option – don't choose it for yourself, but don't deny other Americans that choice.

I remain steadfast in my support of a public option. But we should also recognize that a public option is just one of several ways that this bill seeks to control health care costs.

All these changes – which will create security and promote affordability – will provide necessary and meaningful reform to the health insurance system. But we need to remember that the goal is not just a better insurance system. It is better, more affordable care. And that requires not only changing the way insurers behave. It also involves changing the way we behave... and the way our health care providers behave.

Total spending on health care in the economy has doubled over the past thirty years, and is now about 16 percent of our GDP. That's almost double the average for western, industrialized nations, which are at 8.9 percent.

The CBO estimates that the percentage of our GDP spent on health care will double again over the next 25 years – to 31 percent of GDP.

If we do nothing.

Fortunately, we have the opportunity right now to act. And we know how to do it. We need look no further than Minnesota.

If my colleagues will indulge me in a bit of home-state pride here, Minnesota has taken a national lead in many areas, including cost containment and community health. Part of that is because 90% of Minnesotans are covered by non-profit health plans.

It's also because we have models like the Mayo Clinic, Allina, and HealthPartners, where physicians are paid to be part of a team, providing integrated care, centered on the patient as a patient, not as a profit-center.

Patient-centered care is the key. See, the point isn't just better, more efficient treatment for patients – it's that people don't want to be patients at all. The goal of health care is to prevent illness, to actually make people who are sick healthier, and then to keep them healthy.

To those ends, we need to see reform in three areas – incentives for better care, more focus on prevention, and a real commitment to contain costs. Let’s start with incentives.

Right now, Minnesota providers are punished under Medicare for providing high-quality care at a low cost. According to the most recent data, Minnesota receives \$6,600 per Medicare beneficiary per year and is second in the country for quality of care. Texas averages more than \$9,360 per beneficiary with some of the worst health outcomes in the country. So Minnesotans are effectively paying doctors in Texas for excessive treatments and lousy outcomes.

Consider an innovative program I’ve seen in my home state: the Cardiac Care Program at Duluth St Mary’s Hospital. They aggressively manage patients with heart disease by helping people make lifestyle changes and making sure people get the follow-up attention they need.

As a result, they reduced hospitalizations by 80 percent and saved \$1 million in one year.

But because the current system doesn’t incentivize value, Duluth St. Mary’s received no reward for these cost-savings. In fact, a hospital that lets its cardiac care patients go unchecked until they need another procedure gets paid a lot for performing that procedure, even though their patients are less healthy.

Under the current Medicare reimbursement system, the good care gets punished, and the less effective, more expensive care gets rewarded. We’re not providing health care in this country; we’re providing sick care. We need incentives for providers to reduce hospitalizations and commit time and resources to prevention. That starts with Medicare payment reform.

This isn't an issue of state vs. state – if we can get better outcomes at lower costs it will be better for the whole country, because it's the only way that we'll finally be getting a handle on the runaway cost of health care.

And that's why I'm thrilled that this health reform bill includes a provision to fundamentally improve the way we pay doctors. Thanks to the efforts of Maria Cantwell and my colleague Amy Klobuchar and others, for the first time ever, we will include what's called the "value index" in the Medicare payment structure.

Doctors who provide high quality care at a reasonable cost will no longer be punished. Instead, they will be rewarded for being effective partners in their patients' care.

That brings me to lifestyle and prevention. One of the most disturbing trends – for our health and our health care system – is the massive increase in obesity in this country. We know that this increase in obesity will lead to increased heart disease and diabetes... and increased health care costs for our country. But that future isn't inevitable.

Today, Minnesota spends \$1.7 billion per year on hospital costs for heart disease. But the residents of New Ulm, Minnesota have decided that they're not going to contribute to those statistics any more. New Ulm is a beautiful town in the heart of the Minnesota River Valley, about 90 miles southwest of the Twin Cities.

The town is partnering with Allina Hospitals and Clinics and has made a commitment to reduce heart attacks by 25 percent over the next ten years. To do this, the residents of New Ulm are working to bring down their high blood pressure and cholesterol, manage their diabetes, stop smoking and start exercising.

They've got community cooking classes, workplace wellness initiatives and free health screenings. I visited New Ulm during the August break to see what these folks are doing, how determined they are to make changes in their lifestyles.

This dedication to prevention and wellness will keep individuals in New Ulm living longer, healthier lives. It will also save the health care system about \$10 million over the next ten years. When it comes to wellness, self-interest and the national interest are aligned.

This bill we are debating right now guarantees that routine checkups and preventive care like colonoscopies and mammograms are covered by all insurance plans at no cost. And we need to invest in those things that sometimes seem peripheral to good health, but are central to it: access to healthy foods and a safe environment for physical and social activity to address the alarming rise of obesity and the epidemics of diabetes and heart disease.

I want to thank my friend Tom Harkin for his leadership in making sure the Prevention and Public Health Investment Fund is in the health reform bill. This Fund will help Americans

make the lifestyle choices that lead to better health. These investments will help Americans stay healthier – and save money – in the long run.

Another way to improve care and bring down its cost is to make sure that a greater percentage of every health care dollar actually goes to health care, not wasteful administrative costs or duplicative services.

While national health plans spend less than 87 cents of the health care premium dollar on health care, Minnesota's nonprofit plans lead the nation in keeping administrative costs low, spending 91 cents of every premium dollar on health care. Four cents might not seem like a lot, until you remember that it's four percent of \$775 billion in private health insurance premiums a year.

This percentage is called the "medical loss ratio" – it's a measure of how much of each health care dollar actually goes to health care. The medical loss ratio for insurance plans in Minnesota is 91. Many individual and small group health plans across the nation are closer to 60 – meaning that 40 cents of every health care dollar goes to administration, advertising, and profits – all things that don't make you healthier.

That's why I've introduced legislation, the Fairness in Health Insurance Act, to mandate that 90 cents of every premium dollar must go to health services, not to unnecessary administrative costs, or advertising, or bloated executive salaries. This builds upon the important

work of my colleague, Jack Reed, who pushed for disclosure of this information in the HELP Committee bill.

My House colleague Keith Ellison from Minnesota's 5th District has introduced similar legislation. The House has made progress on this issue by requiring a medical loss ratio of at least 85 percent for the small and large group insurance markets.

And because administrative costs constitute such a high percentage of health costs, I want to go even further. Right now, there are hundreds of different private insurers who have hundreds of different claim forms and codes. Why so many different forms?

Because the more complicated it is, the more different each form is, the more likely it will be filled out with an error. Remember, a form filled out with an error allows the insurer to deny the claim.

That's why I've called for every insurer use a standard form for claims. Minnesota has done this on the state level and it's saving money and preventing the headaches that providers had trying to navigate hundreds of different forms. Nationally, this is a simple way to save a lot of money and a lot of paperwork.

You know who will like this? Doctors! Physicians reported spending the equivalent of three workweeks each year dealing with health care plans and having to devote additional resources to hire extra staff – not to provide care for patients, but to do extra, endless paperwork.

When time is converted to dollars, the national cost to physician practices of dealing with health plans is between \$23 billion and \$31 billion each year. If we had a uniform billing and claims system, we could save up to \$70 billion per year. Wow!

And by moving to electronic medical records, we will reduce the number of duplicated tests. We would make it cheaper and easier for you to stay healthy and out of the emergency room. We'd be on a path to lower costs for everyone by making health care patient-centered, not profit-centered.

I'm proud of what we're doing in Minnesota – with institutions that are delivering care efficiently and effectively. But I recognize that the truth of something one health economist said to me at a health care roundtable I held in Minneapolis. He said, “Minnesota gets an “A”.... but only because we're grading on a curve.” There is huge room for improvement all across America.

And that is why this is an incredible moment of opportunity – for those of us here in this chamber, and for our nation.

As I said when I rose, we have great health care in this country but a lousy system. And if we don't fix the system, millions more Americans will lose the health care.

Yes, this is complex stuff. And that is why it is particularly important that nobody here injects into this debate misinformation that engenders fear. There's been too much of that

already, and it hasn't resulted in anyone getting better care, or any of us moving closer to a consensus.

So let's remember that behind the numbers we talk about are people – real people who urgently need our help. As the saying goes: statistics are people with the tears wiped off.

This is our chance to confront the single biggest threat to America's future... and the greatest unmet moral obligation in our history... all rolled into one. That's what health care is.

This is our chance to answer those questions Americans are asking. Our chance to make life better for Liz MacCaskie, and James Solie's daughter, and Kathy... we have a chance to keep costs down for people who have insurance, and finally provide coverage for those who don't.

This is our moment of opportunity to meet this great moral and economic challenge.

So let us finish our work and overcome whatever legislative challenges remain.

We want to look back on this day... from an America in which everyone has stable, secure, affordable health care... and say: it wasn't the easiest thing... but it was the right thing. And together, we were able to get it done.

There's so much more to say, on health disparities, on fraud and abuse in the system, on mental health parity, on chemical dependency treatment, on chronic care, on rural health, on workforce issues like the need for primary care physicians – and on so many other important topics. This was just a start, and I will certainly be back to say more.

I yield the floor.