



ANDREW L. STERN
International President

ANNA BURGER
International Secretary-Treasurer

MARY KAY HENRY
Executive Vice President

GERRY HUDSON
Executive Vice President

ELISEO MEDINA
Executive Vice President

TOM WOODRUFF
Executive Vice President

Statement for the Record of

Andrew L. Stern
International President
Service Employees International Union

Senate Finance Committee Health Care Summit
June 16, 2008

SERVICE EMPLOYEES
INTERNATIONAL UNION
CTW, CLC

1800 Massachusetts Ave NW
Washington DC 20036

202.730.7000
TDD: 202.730.7481
www.SEIU.org

Thank you, Chairman Baucus and Ranking Member Grassley, for inviting SEIU to participate in today's important discussion about health care. Senator Kerry and Senator Smith, we are pleased that you are focusing on the role of employer-based health care coverage and our challenge to modernize that coverage to meet the needs of both workers and employers as forces such as technology and globalization transform the nature of work and our work lives.

Prepare to Launch; Prepare to Win

The title of this day-long discussion, "Prepare to Launch," suggests you recognize that fixing the deep flaws in coverage, cost, and quality of health care will require a sustained and historic campaign on a national scale. The attendance by so many Senators of both political parties here today signals that you are making a commitment to finding solutions. Voters are ready for action on health care; indeed, they are demanding it. They are ready for change, looking for solutions that embrace the future, and engaged at levels we have not seen for many years.

At SEIU, we know a few things about campaigns, and we have learned that to win, we must prioritize, plan, launch, and execute the nuts and bolts of grassroots organizing enhanced with new tools offered by technology. To win affordable health care for every man, woman, and child in America, we are dedicating unprecedented resources and entering into new alliances to make sure the new President and Congress hear from voters before and after this historic election.

A few years ago, SEIU launched the Americans for Health Care campaign, which mobilizes health care voters to demand that candidates who want their votes first put forth solutions to our health care crisis. In Massachusetts, SEIU has worked both to enact and implement that bold and successful reform. We fell short of our goal in California, but helped bring together a new coalition of business, insurers, providers and consumers who remain committed to finding solutions. Most recently, we have launched the "road to health care" (www.roadtohealthcare.org). We are touring the battleground states during this Presidential campaign year to give voice to voters who are failed by and frustrated with the current health care system, and demanding change. We are working in coalitions with organizations and employers who share many of our principles for fixing our broken health care system. We are raising the price to be paid by those who would seek to derail progress or stand in the way of commonsense, comprehensive solutions.

Chenelle Grant is a voter and student we met recently in Michigan. Chenelle is studying to become a nurse—and surely we need more nurses. But as millions of people who seek to improve their future find out, our employer-based health care system makes it very difficult for workers who return to school to do so without losing their health care. In Chenelle's case, after she turned 26 years old she no longer qualified for coverage on her mother's health plan, yet could not afford a plan on her own. She developed kidney stones which required hospitalization, and now has several thousand dollars in credit card debt and her credit rating is in jeopardy.

It's About Choices; Choose to Fix Health Care First

In 2009, Congress has a clear choice to make. Will you stand with Chenelle and millions like her to help her achieve the American Dream of education, hard work, and a better future by addressing the health care crisis that is stealing the dreams of millions of families?

You must decide to make fixing health care a top priority and an urgent priority. The effort must be bipartisan, with the kind of leadership that was demonstrated in the "No Child Left Behind" law. It must be incorporated into your budget and chosen over expiring tax cuts for the wealthy. You must resist the pressure to legislate every detail.

Health care must be fixed for the future, not the past. That means we must avoid the temptation to focus primarily on shoring up job-based health care, and also put energy into creating affordable alternatives to job-based health care that will provide more predictable costs to small business owners, workers, students, the temporarily unemployed, early retirees, and others. The new options should allow consumers to compare plans, to understand what is covered, and offer coverage that both protects against catastrophic costs and promotes health and prevention. Low and moderate income people should receive assistance with premiums and out-of-pocket costs.

Under the new options, insurers should not be allowed to discriminate on the basis of health status, age, or other factors. They should demonstrate that they can deliver care as efficiently as Medicare does, and should report quality and outcome indicators alongside premium and co-pay costs so that consumers can make good choices for themselves and their families. New options such as the "health insurance exchange" described in Presidential Candidate Barack Obama's plan could accelerate adoption of health information technology by requiring that participating plans and providers be linked in electronic health networks that allow all the parts of the delivery system to communicate with each other and with the patient.

The purchasing power of the federal government must be used more effectively to promote better health care value for our dollar. Job-based coverage and public coverage must work together to send strong and consistent signals to health care providers. Former Majority Leader Daschle suggests that Congress do this in part through better coordination across the federal health care programs, and by delegating some decisions to an appointed entity that could best carry out this coordination. In other words, you must create a real health care *system* that can be accountable on cost and quality to replace the fragmented health care *sector* we now have.

In conclusion, while the job-based health care benefits we rely on today cover 160 million people, labor leaders such as Walter Reuther of the United Auto Workers recognized the inherent flaws in this approach more than 50 years ago. In an article entitled, "The Risk Pool", author Malcolm Gladwell described the predicament Reuther found himself in when in 1950 General Motors CEO Charles E. Wilson offered to set up a pension fund and health care fund for GM employees.¹ "Reuther had his doubts," Gladwell writes. "His inclination was to fight for change that benefited every worker, not just those lucky enough to be employed by GM." Reuther went along with Wilson's proposal because he thought agreeing with Wilson was the surest way to get other captains of industry to agree with him, according to Gladwell.

¹ Malcolm Gladwell, "The Risk Pool", The New Yorker, August 28, 2006.

Almost 60 years later, we are challenged to honor the legacy of Walter Reuther and the brave men and women of the UAW, and fight for change that will benefit every worker. The majority of the 47 million uninsured are people who work or live in a household with a person who works. Workers with health insurance are experiencing wage stagnation, and their health care coverage is growing both more expensive while offering less coverage. Together with a new President and Congress, with pragmatic and visionary business leaders, with health care providers ready to improve health care delivery, and with other leading consumer advocates, we are obligated to create new health care institutions and approaches that will enable all workers to achieve the American Dream, and allow American companies to compete, innovate, invest, and give back to communities.