

Hearing on Health Care Reform and Health Insurance Coverage
Senate Finance Committee
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Testimony of
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Mr. Chairman, members of the committee, I'm Dr. Jim Mongan, president of Partners HealthCare in Boston, a health care system founded by Massachusetts General Hospital and the Brigham and Women's Hospital. Relevant to this testimony, I also serve as chairman of the Commonwealth Fund's Commission on a High Performance Health System, and I am a member of the Kaiser Commission on Medicaid and the Uninsured.

If you would permit me a quick personal aside, I could not help but remember, as I entered this room this morning, the first time I entered this room 37 years ago this month, as a young physician, newly hired as a staffer for the Finance Committee, then under the leadership of Senator Russell Long and Senator Wallace Bennett. I was hired to work for both men on Medicare, Medicaid and national health insurance issues, and I stayed for seven years, over which time I developed tremendous respect for this committee and the responsibilities you face.

These health financing issues were difficult then, as they are now, and in fact sadly, with the passage of time, our situation with regard to health insurance has only gotten worse, not better. At our low point in 1976 we had 23 million uninsured or 11% of our population, today these numbers are, 47 million and 16%.

It is demonstrably long past time to act on this issue, and I applaud the committee for holding these hearings and initiating another, hopefully more fruitful effort to wrestle with this problem.

For many years now the Kaiser Commission on Medicaid and the Uninsured has issued reports and analyses on the issues surrounding lack of insurance. This past year the Commonwealth Commission released a framework statement and a scorecard rating the performance of our nation's health care system. The framework for a high performing health system included universal coverage as a key element. The scorecard documented our significant gaps in coverage. Both of these commissions are deeply interested in your committee's work and would be pleased to provide any assistance to your deliberations which you might seek.

In my testimony this morning I will address three key questions the nation should keep in mind as we begin what I hope will be more of a dialogue than a debate:

- First, why is health insurance important?
- Second, why has legislating on this issue been so difficult? and
- Finally, are there any general paths to success this time around?

First, why is health insurance important? It is important for reasons involving health, economics and simple justice. Although some believe the uninsured get care when they really need it, the definitive Institute of Medicine Report on the uninsured in 2004, by a committee I was privileged

to serve on, demonstrated that the uninsured are far less likely to have seen a physician in the past year, far more likely to postpone or go without care, and far less likely to receive preventive care. They are much more likely to be hospitalized for avoidable complications of asthma, diabetes, or hypertension. And uninsured working-age adults have a 25% greater risk of dying prematurely than insured adults after adjusting for demographic differences.

So health insurance is about health, not just about dollars. But it is also about economics, and the same IOM report in 2004 estimated that the annualized economic cost of the diminished health and shorter lifespans of Americans who lack insurance is between 65 and 130 billion dollars a year. These numbers include productivity losses and developmental losses due to poor health in children.

And finally expanding health insurance coverage is a matter of basic social justice – most families will never be free from fear of financial ruin without health insurance coverage.

So next, why has legislating on this issue been so difficult? It has been difficult for two reasons. First, expanding health insurance comes with a need for additional revenues – taxes in short. With regard to revenue, the Institute of Medicine subcommittee which I chaired in 2003 estimated that the price tag for services not received by the uninsured would range from 35 – 70 billion dollars a year, or about 3% – 5% of national health care spending – less than each year's annual increase in overall health care spending. Now the actual cost of any legislation would likely be higher,

anywhere from 70 - 100 billion dollars a year, because most bills would provide some subsidies to employers who offer coverage, state fiscal relief, or other support. In terms of our aggregate two trillion dollars of health spending, these numbers would not seem insurmountable. And in terms of federal taxation levels this revenue could be raised and still leave taxes at or below levels of the 1990's, tax levels which underpinned one of our most productive economic eras.

The second reason that legislating in this area is difficult is that we are quite divided as a nation ideologically, between those who favor a government approach and those who favor a market approach to health issues – especially cost issues. Neither side has seen much wisdom in the other's position and we have been stuck for 25 years on this point.

So now to my last question – are there any general paths towards success on this issue? My experience in Massachusetts this past year makes me somewhat optimistic that there may be. This is not because I think that the Massachusetts plan is the best or the only option, nor because I think states can ultimately deal with this issue on their own. Rather it is because as I watched and participated in the process in Massachusetts I saw legislators apply wisdom and commonsense in approaching the two difficulties, which I just described.

With respect to revenue, leaders in Massachusetts honestly faced up to the cost of expanding coverage, and addressed the revenue issue from a perspective of shared responsibility – everybody pays something. Federal funds, new state funds, preexistent insurer and provider taxes, new employer

contributions and mandated payments by individuals were all utilized. Is the resulting revenue package a perfect balance? Probably not. But we have made a good start, and the legislature can improve upon it in the future.

With regard to the stalemate between advocates of government regulation and advocates of market forces to control costs, Massachusetts leaders demonstrated some admirable intellectual humility. None of us has all the answers here. So the legislature crafted a package with pay for performance and other regulatory approaches, along side of increased price transparency and other market approaches. And they established a new administrative structure – The Health Insurance Connector, – which is both a regulatory agency and a market facilitator. Not knowing which camp was right our legislature tried to include the best thoughts from all sides.

So the path to success in Massachusetts, in my view, consisted of an honest appraisal of the problem, a shared commitment to solutions, a philosophy of sharing and fairness regarding revenue, and a sense of intellectual humility regarding philosophic approaches. I commend this formula to your attention as you begin your important and long overdue work on universal health care coverage.

Thank you for your attention.