



Health Care That Works For All Americans

Executive Summary

Citizens' Health Care Working Group

**HEALTH CARE
THAT WORKS FOR ALL
AMERICANS**







Executive Summary

Americans want a health care system that works for everyone. But the reality is that the health care system that captures vast amounts of America's resources, employs many of its talented citizens, and promises to both promote health as well as relieve the burdens of illness is failing far too many of us.

Over the past year, the number of uninsured has grown by more than one million, and tens of millions more are underinsured, and at immediate risk of financial ruin if they are seriously ill or injured. Individuals, families, employers, and every level of government are feeling the financial pressure of rising health care costs. More often than not, people do not receive the best care that science has to offer. Many are bewildered by the complexity of health care and insurance coverage. As one citizen voiced to us, you cannot "*navigate the health care system without luck, a relationship, money and perseverance.*"

The need for change is clear, but transforming health care so that it works for all Americans is a daunting prospect. It will involve difficult decisions about how health care is organized, delivered, and financed. Years of stalemate on health reform prompted a bipartisan call to go back to the American people, to explore their values and aspirations for the health care system, and to provide the energy needed to sustain real health reform.

The Citizens' Health Care Working Group was established by Congress to "*engage in an informed national public debate to make choices about the services they want covered, what health care coverage they want, and how they are willing to pay for coverage.*"

What we heard was that many Americans believe that public policy designed to address the growing crisis in health care cannot succeed unless all Americans are able to get the health care they need, when they need it.

Public Dialogue

Following six regional hearings held in 2005 with experts, stakeholders, scholars, and public officials, the Working Group issued *The Health Report to the American People*, a report intended to facilitate a national dialogue on health care reform. In addition, the Working Group made the presentations from its hearings available to the public via the Internet, at www.CitizensHealthCare.gov.

The Working Group then began its conversations in communities all across America. This required an extraordinary effort to reach out to diverse communities representing a full spectrum of the American public. This also included a review and analysis of policy and research literature, national polls and surveys, and special analyses of health data; live one-on-one conversations and community meetings; expert research; and mass





Values and Principles

In developing recommendations, the Citizens' Health Care Working Group believes that reform of the health care system should be guided by principles that reflect the values of the American people:

- **Health and health care are fundamental to the well-being and security of the American people.**
- **Health care is a shared social responsibility. This is defined as, on the one hand, the nation or community's responsibility for the health and security of its people, and on the other hand, the individual's responsibility to be a good steward of health care resources.**
- **All Americans should have access to a set of core health care services across the continuum of care that includes wellness and preventive services. This defined set of benefits should be guaranteed for all, across their lifespan, in a simple and seamless manner. These benefits should be portable and independent of health status, working status, age, income or other categorical factors that might otherwise affect health-insurance status.**
- **Health care spending needs to be considered in the context of other societal needs and responsibilities. Because resources for health care spending are not unlimited, the efficient use of public and private resources is critical.**

Recommendations

Based on these values and principles, the Working Group proposes six recommendations – organized into three sets – to accomplish its central goal, stated in Recommendation 1: **Establish public policy that all Americans have affordable health care.**

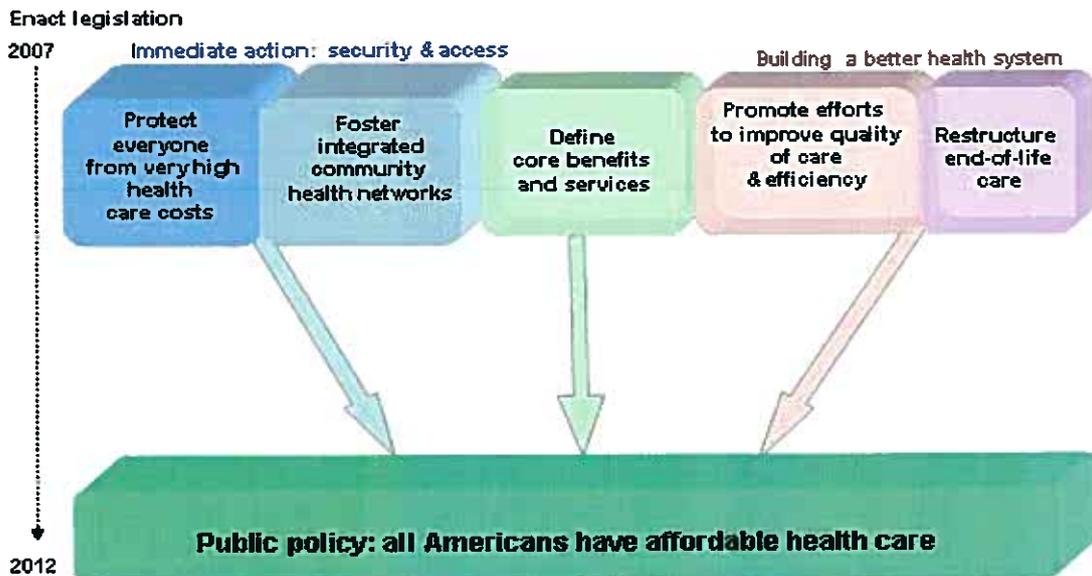
A clear majority of participants in community meetings, as well as those who responded to a variety of national polls conducted over the past few years, are in favor of a national system that provides universal coverage. However, “universal coverage” means different things to different people. The values and preferences being expressed did not lead the Working Group to conclude that there was only one particular model for ensuring that all Americans have access to high quality health care. Several approaches need to be analyzed and debated.

What is clear is that all Americans want a health care system that is easy to navigate. They want to have stable coverage when circumstances change, such as when they change jobs, get married, or move to different state. People want decisions about what is and what is not covered to be made in a participatory process that is transparent and accountable. It should draw on best practices, resulting in a clearly defined set of benefits guaranteed for all Americans. The overwhelming majority of Americans that the Working Group heard from also want health care system change to begin now. The Working Group is therefore recommending immediate action with a target of 2012 for ensuring a core set of benefits and services for all Americans.





Health Care that Works for All Americans



The Working Group proposes a five-year transition with the immediate first step to address serious threats to health security – very high costs, and gaps in access to basic health care, preventive services, and health education at the community level. This step combines two recommendations.

ONE: Immediate action to improve security and access

Recommendation 2 calls for creating a program that could be implemented in the relatively short term that would provide a basic level of financial protection to everyone: **Guarantee financial protection against very high health care costs.**

The program the Working Group is recommending would provide some level of immediate protection for everyone, and also has the potential to stabilize existing employer-based health insurance markets and expand the private individual and small group health insurance market to more Americans. More important, it will provide the foundation for providing core benefits and services to all Americans called for in Recommendation 1. This program could be structured in a number of ways, using market-based or public social insurance models.

Recommendation 3 addresses serious concerns we heard across the country related to a lack of primary-care providers; the inability to access specialty care; and, difficulties in navigating a complicated system, especially for those with chronic conditions: **Foster innovative integrated community health networks.**





Citizens in multiple locations spoke highly of the continuity of care and easy access to needed services they receive from comprehensive delivery systems. The goal is to help communities build programs where health care providers at the local level work together to ensure that more people can have a “medical home” and access to primary care, mental health, and dental health care, and improve the effectiveness and efficiency of health care delivery.

TWO: Define Core Benefits and Services for All Americans

Perhaps the most challenging component of the Working Group’s strategy is Recommendation 4: **Defining the core benefits and services that will be assured to all Americans.**

The conversations in each and every community meeting demonstrated how difficult the task of defining basic health care coverage will be for policymakers. Many people expressed concerns about what they view as the arbitrary exclusion of benefits or services from coverage. As was the case in many deliberations, the public was aware of the political challenges involved in making such decisions and the virtues of independent commissions in helping policymakers with such choices.

To define core benefits and services for all Americans, the best methods must be applied in a transparent process. Consumer participation is critical to ensuring public trust in the process and essential for ensuring that personal values and preferences are taken into consideration in coverage decisions. The group making decisions should be established as a public/private entity to insulate it from both political and financial influence. The group should be an ongoing entity with stable funding, to guarantee its independence and to assure that the benefits continue to reflect advances in medical research and practice. Evidence used to make decisions about coverage can contribute to improvements in the overall efficiency of health care delivery and help patients and providers make informed decisions. Identifying core benefits can help make all health care more effective and efficient, helping to control health care costs overall.

THREE: Build a Better Health System

A message that resonated throughout the public discourse centered on how America could do a better job with its \$2 trillion a year spending on health by achieving greater efficiency and improving quality.

Recommendation 5 reflects the urgency of creating the tools and infrastructure to support a more efficient and effective health care system: **Promote efforts to improve quality of care and efficiency.**

Concerted efforts in some integrated health care systems have demonstrated how care can be improved and waste largely eliminated. Continuous improvement methods have reduced costs by managing chronic conditions, providing tools for informed decision-making, reducing preventable care-associated patient injuries, and designing coordinated





systems of care delivery that reduce hassle and the need to redo tests and procedures. However, continuous improvement efforts rest on fundamental changes in medical practice and culture – a difficult, long-term, proposition. Widespread improvement will require a much better understanding of how to “do it better” (investment in health care delivery research), restructured training programs, significant organizational restructuring, and investment in aligned health information technologies and systems.

The federal government is a dominant purchaser of health care. It also plays a significant role in the research and evaluation of the delivery of health care services. It is well positioned to provide leadership in these areas. A variety of federal programs could be used for development, demonstration, and dissemination. Federal health programs run the full range of design possibilities, making them particularly useful for the “beta testing” of new ideas. Recommendation 5 focuses on advancing the pace of the work that needs to be done to build a health care system that works better for everyone.

Recommendation 6 focuses on an especially difficult, often expensive aspect of health care that, in many ways, reveals some of the most serious problems with our health care system: **End-of-life care should be fundamentally restructured so that people of all ages have increased access to these services in the environment they choose.**

Many end-of-life issues are intertwined with effectiveness, quality of care, clinical decision-making, and patient education addressed in Recommendation 5. The concerned and thoughtful attention to end-of-life issues that emerged through its public dialogue made clear to the Working Group that change is needed.

Currently, the policy development is hampered by a lack of useful information about patients’ needs and use of services. The development and use of standardized instruments for collecting demographic, epidemiological, and clinical information, careful evaluation of emerging care models, and the dissemination of best practices are all needed to improve care for the dying. The Working Group acknowledges that end-of-life issues are often difficult, painful, and complicated and thus not conducive to quick or easy fixes. This recommendation seeks to better define, communicate, and make available at individual, family, community, and societal levels the support needed and wanted in one’s last days.

Public and private payers should integrate evidence-based science, expert consensus, and linguistically appropriate and culturally sensitive end-of-life care models so that health services and community-based care can better handle the clinical realities and actual needs of patients of any age and their families.





Concluding Remarks

Adopting these strategies simultaneously enables the American health care delivery and financing systems to take several important steps toward universality. It sets in motion a plan that responds to overwhelming public support for a new dynamic in American health care where everyone is protected, not just select portions of the population.

In the recommendations that follow, the Working Group acknowledges that while improvements in health care organization and delivery can yield savings over time, implementing these recommendations will likely require new resources. It has identified principles that any new funding source should meet and offers examples of options already part of the policy debate that meet these criteria.

More detailed information, including background on the state of health care in America, analysis from the community meetings, comments and opinions provided to the Working Group, and relevant data from national polls and surveys, is provided in *Health Care That Works for All Americans: Dialogue With the American People and Report to the American People (Revised 2006)*.





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September 29, 2006

The Honorable George W. Bush
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

The United States spends nearly two trillion dollars on health each year. Yet, the health care system that captures vast amounts of America's resources, employs many of its talented citizens and promises to both promote health as well as relieve the burdens of disease is failing many Americans.

Beyond the well published numbers of uninsured, everyone in the system, from hard-working Americans and their employers, to the government agencies that strive to support them is feeling the financial pressure of rising health care costs.

Of equal significance, Americans are confronted with a system that has become disconnected from the health and protection of citizens in the event of sickness. Many people are bewildered by its complexity. As one citizen voiced to us, you cannot "navigate the health care system without luck, a relationship, money and perseverance."

The legislation that created the Citizens' Health Care Working Group emphasizes the need to listen to the views of everyday Americans. In previous health care reform efforts, too little has been heard from the public about several key issues. The Citizens' Health Care Working Group did hear from the public and developed goals, values and aspirations they wish to be at the heart of the health care system's mission. These should be considered in addressing current health care financing and delivery issues.

Through our public meetings, online surveys, and research, a panoramic picture has been sketched of the American health care experience. Mr. President, in the spirit of giving a greater voice to everyday people, we deliver the recommendations and ask for your leadership and support in making health care work for all Americans.

Respectfully Yours,

Patricia A. Maryland, Chair
Citizens' Health Care Working Group





Working Group Members

Mission

The Citizens' Health Care Working Group is comprised of 14 citizens from diverse backgrounds who were selected to represent an informed cross-section of the American people, in addition to the Secretary of Health and Human Services. The Working Group was authorized by the Medicare Prescription Drug, Improvement and Modernization Act of 2003, to develop recommendations for the President and Congress that will result in "*Health Care that Works for All Americans.*"

The nonpartisan group was tasked with engaging the public in a nationwide discussion of options to address the current crisis in health care and improve the health care system in the United States. By listening to citizens from communities across the country, the Working Group has developed recommendations to transform the nation's health care system while addressing runaway costs, unaffordable care, and unreliable quality.

Chair

Patricia A. Maryland

Vice Chair

Richard G. Frank

Members

Frank J. Baumeister, Jr.

Dorothy A. Bazos

Montye S. Conlan

Joseph T. Hansen

Therese A. Hughes

Brent C. James

Randall L. Johnson

Michael O. Leavitt, Secretary of HHS*

Catherine G. McLaughlin

Rosario Perez

Aaron Shirley

Deborah R. Stehr

Christine L. Wright

* As Secretary of Health and Human Services, Michael Leavitt serves as the 15th member of the Working Group by law. Secretary Leavitt has neither participated in the development of the Working Group's recommendations nor has he endorsed them. When referred to HHS for review, he will carefully consider them and take appropriate action.





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- HEALTH REPORT TO THE AMERICAN PEOPLE







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Public Dialogue

Following six regional hearings held in 2005 with experts, stakeholders, scholars, and public officials, the Working Group issued *The Health Report to the American People*, a report intended to facilitate a national dialogue on health care reform. In addition, the Working Group made the presentations from its hearings available to the public via the Internet, at www.CitizensHealthCare.gov.

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communications through the Internet and press. Over nearly eighteen months, the Working Group engaged thousands of Americans, including:

- About 6,650 people attending 84 community meetings across the nation as well as meetings organized by individual Working Group Members and other organizations by the end of May, 2006, and input from over 700 people attending 14 meetings after the Interim Recommendations were published on June 2nd.
- Over 14,000 responses to the Working Group Internet poll; and another 6,000 sets of responses to open-ended questions about health care in America
- Over 500 descriptions of experiences with the health care system submitted via the Internet or on paper, and about 400 email letters, handwritten notes, letters, essays, and copies of reports that people sent to the Working Group.
- About 7,300 individual email and written comments on the Working Group's Interim Recommendations

The Working Group recognized that many people attending the meetings or providing input in writing are apt to be especially interested in health care. Because of this, the Working Group held a variety of special topic meetings, some in collaboration with partner organizations, and also worked with a range of organizations to encourage their members to complete the Working Group poll or to write in comments. Among these were meetings organized by, or with the help of, groups including local Chambers of Commerce, The National Association of Realtors, The Consolidated Tribal Health Council, a consortium of Big Ten Universities, local chapters of the League of Women Voters, professional nursing associations, organizations serving homeless persons, unemployed persons, people with disabilities, and elderly persons. Several national corporations and national labor unions encouraged members to attend meetings and provide input via the Internet, and both the Catholic Health Association and the United Church of Christ were particularly active in eliciting input to the Working Group.

The remarkable consistency of findings across many communities and between the poll data obtained through the Working Group Internet site, the University Town Hall Survey, and the community meetings provides support for the view that was heard from a significant segment of the American people. The consistency with findings from recent national polls and surveys provides even stronger support for the findings. We do not claim that we know, with complete certainty, the health care values and preferences of all Americans. Rather, we based our deliberations on a careful assessment of input from as many sources as feasible, including tens of thousands of people from all across the United States, taking into account the gaps or biases that may be reflected in the data.



What We Heard

In every venue, we heard from Americans who are deeply concerned about access to health care, and the rising costs of care and insurance. While Americans recognize that health care costs are a major problem for businesses, industry, and government as well as families, many believe that the tremendous amount of resources now being spent on health care should be enough to ensure access to quality care for everyone, if these resources were allocated more efficiently. At the same time, people consistently emphasized the importance of shared responsibility and fairness – a clear willingness to pay a fair share, to try to do a better job of taking care of themselves, and to accept limits on coverage if based on good medical evidence. Many believe that health coverage should be comprehensive enough to ensure people can get the care they need, when they need it, without having to negotiate or hurdle complicated administrative barriers. They told us they want health care to be available where people need it, in their communities. Finally, people told us that they want interactions with health providers to be based on mutual trust and respect.

The Working Group heard a variety of preferences regarding how a national system of health care should be organized -- from support for an entirely federal system with no private health insurance at all, to state-based single payer systems, to private sector participation in a system with established standards for benefits, coverage, and cost with minimum government involvement in day-to-day operations, to entirely free-market approaches. There was, however, overwhelming support for a plan that covered all Americans. In addition, there was considerable discussion at many meetings about interim reforms that could increase coverage until comprehensive changes could be made. Opinions about incremental reforms were sharply divided, and varied considerably from community to community. The overriding message, however, was consistent across every venue we explored:

Americans should have a health care system where everyone participates, regardless of their financial resources or health status, with benefits that are sufficiently comprehensive to ensure access to appropriate, high-quality care without endangering individual or family financial security.

People also conveyed a sense of urgency and wanted changes to start immediately.



Values and Principles

In developing recommendations, the Citizens' Health Care Working Group believes that reform of the health care system should be guided by principles that reflect the values of the American people:

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Recommendations

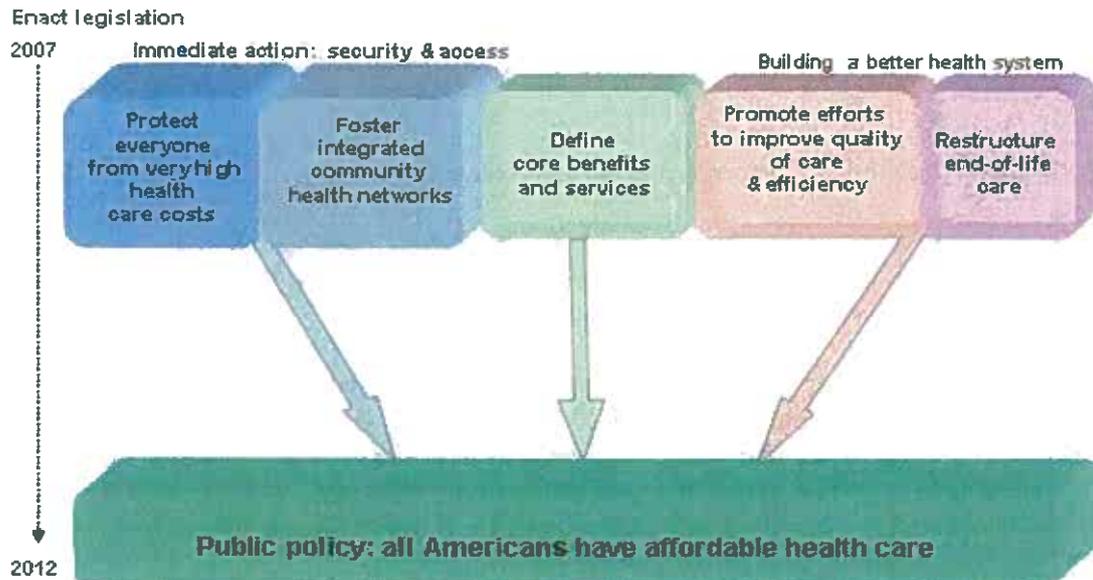
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TWO: Define Core Benefits and Services for All Americans

Perhaps the most challenging component of the Working Group’s strategy is Recommendation 4: **Defining the core benefits and services that will be assured to all Americans.**

The conversations in each and every community meeting demonstrated how difficult the task of defining basic health care coverage will be for policymakers. Many people expressed concerns about what they view as the arbitrary exclusion of benefits or services from coverage. As was the case in many deliberations, the public was aware of the political challenges involved in making such decisions and the virtues of independent commissions in helping policymakers with such choices.

To define core benefits and services for all Americans, the best methods must be applied in a transparent process. Consumer participation is critical to ensuring public trust in the process and essential for ensuring that personal values and preferences are taken into consideration in coverage decisions. The group making decisions should be established as a public/private entity to insulate it from both political and financial influence. The group should be an ongoing entity with stable funding, to guarantee its independence and to assure that the benefits continue to reflect advances in medical research and practice. Evidence used to make decisions about coverage can contribute to improvements in the overall efficiency of health care delivery and help patients and providers make informed decisions. Identifying core benefits can help make all health care more effective and efficient, helping to control health care costs overall.

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Currently, the policy development is hampered by a lack of useful information about patients’ needs and use of services. The development and use of standardized instruments for collecting demographic, epidemiological, and clinical information, careful evaluation of emerging care models, and the dissemination of best practices are all needed to improve care for the dying. The Working Group acknowledges that end-of-life issues are often difficult, painful, and complicated and thus not conducive to quick or easy fixes. This recommendation seeks to better define, communicate, and make available at individual, family, community, and societal levels the support needed and wanted in one’s last days.

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In the recommendations that follow, the Working Group acknowledges that while improvements in health care organization and delivery can yield savings over time, implementing these recommendations will likely require new resources. It has identified principles that any new funding source should meet and offers examples of options already part of the policy debate that meet these criteria.

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An American Dialogue

Bipartisan legislation created the Citizens' Health Care Working Group to go to the American people, to explore their values and aspirations for the American health care system, and to bring their ideas and energy for health reform back to Washington.

A Working Group as Diverse as America

Appointed by the Comptroller General of the United States, the Citizens' Health Care Working Group is a nonpartisan body made up of 14 citizens plus the Secretary of Health and Human Services — **all from very different backgrounds, experiences within the health care system, and communities across the nation.** A complete list of members is available at the end of this report.

Charged to Open a Discussion

Enacted in the Medicare Prescription Drug, Improvement and Modernization Act of 2003, section 1014, the Citizens' Health Care Working Group was charged to open a discussion about health care for every American and to “engage in an informed national public debate to make choices about the services they want covered, what health care coverage they want, and how they are willing to pay for coverage.” More specifically, the statute requested that the following questions be addressed:

- What health care benefits and services should be provided?
- How does the American public want health care delivered?
- How should health care coverage be financed?
- What trade-offs are the American public willing to make in either benefits or financing to ensure access to affordable, high quality health care coverage and services?

Following six regional hearings held in 2005 with experts, stakeholders, scholars, and public officials, the Working Group issued a report entitled *The Health Report to the American People*, to enable the American public to become informed participants in a national debate on health care reform. The Working Group then began its conversations across America.

How the Working Group did its work:

Community forums
 Over 28,000 citizen responses via the Internet
 One-on-one discussions in personal encounters with individual Americans
 Individual essays and stories
 Blogs, message boards and other on-line dialogue
 Research, including a review of all national polls from 2002 - 2006
 Expert hearings
 Media coverage
 Internet message boards



Overall, this public dialogue required an extraordinary breadth of effort to reach out to diverse communities representing a full spectrum of the American public. Working Group members participated in discussions ranging from one-on-one conversations and community meetings, to expert research and mass communications through the Internet and press. For nearly eighteen months, the Working Group engaged America through town-hall meetings, thousands of Internet communications, hearings with experts, analysis of national polls and personal face-to-face conversations, including many deliberations among the Working Group members themselves. In turn, these efforts attracted unsolicited essays, an extensive array of written comments and other communications. The Working Group carefully reviewed public input and available literature employing an inclusive, transparent, and accessible process.

Following the drafting of initial recommendations based on accumulated public and expert input, the Working Group issued Interim Recommendations which were made available for a 90-day comment period which ended on August 31, 2006. More than 6,000 individuals responded and over 100 organizations, representing millions of Americans, issued formal statements in response to these recommendations.

Outlining Broad-Based Change in American Health Care

The American people spoke about creating health care that works for everyone with remarkable consistency. Across many communities the views we heard based on community meetings, the Internet polls, and national polls formed the basis for the recommendations in this report. The Working Group does not claim to know, with complete certainty, the health care values and preferences of all Americans. Rather, deliberations were based on a careful assessment of input from many sources taking into account the gaps or biases that may be reflected in each type of information obtained.

The report that follows is a product of all these efforts – a product that is being presented to the President and United States Congress, where five committees will hold hearings.

The final recommendations from the Working Group outline both a vision and a plan for achieving broad-based change in the delivery and financing of health care in America. The Citizens' Health Care Working Group recognizes that the issues involved are complex and challenging, and that it will take time, technical expertise and, especially, a great deal of political will to implement these strategies. The American people, who have called for these changes, will, in the end, be the ones to sustain this new vision.

For more information on the findings of the Citizens' Health Care Working Group, visit www.CitizensHealthCare.gov.



Values and Principles

The Citizens' Health Care Working Group believes that reform of the health care system should be guided by principles that reflect the values of the American people. In community meetings across the nation, the following principles were identified as important to most Americans:

- Health and health care are fundamental to the well-being and security of the **American people**.
- Health care is a shared social responsibility. This is defined as, on the one hand, the nation's or community's responsibility for the health and security of its people and, on the other hand, the individual's responsibility to be a good steward of health care resources.
- All Americans should have access to a set of core health care services across the continuum of care that includes wellness and preventive services. This defined set of benefits should be guaranteed for all, across their lifespan, in a simple and seamless manner. These benefits should be portable and independent of health status, working status, age, income or other categorical factors that might otherwise affect health-insurance status.
- Health care spending needs to be considered in the context of other societal needs and responsibilities. Because resources for health care spending are not unlimited, the efficient use of public and private resources is critical.





THREE: Build a Better Health Care System

Promote Efforts to Improve Quality of Care and Efficiency

Recommendation 5 centers on how America can do a better job with the two trillion dollars spent every year on health by achieving greater efficiency and improving quality. Building on innovative strategies from both the marketplace and government to improve the quality and efficiency of the health care system and enhance the ability of individuals to receive high quality care will help to control health care costs. To date, most early successes have come in integrated delivery systems which have the concentrated resources and organizational structures to address waste and inefficiency. These resources and efforts should grow with implementation of the integrated community networks described above. The federal government, as a dominant purchaser of health care, has the ability to play a significant leadership role in promoting research and the development, demonstration, and dissemination of quality improvement efforts.

Fundamentally Restructure End-of-Life Care

As a part of improving the health care system and in response to the issue being raised persistently by the public, Recommendation 6 addresses the need to restructure end-of-life care. The American health care system must find ways to help individuals, families, and health care professionals deal with complex medical and supportive care needs more effectively by improving access to more appropriate and better care at the end of life. The Working Group acknowledges that end-of-life issues are often difficult, painful, complicated, and thus not conducive to quick or easy fixes. This recommendation seeks to better define, communicate, and make available at individual, family, community, and societal levels the support needed and wanted for one's last days.

Proposed Financing

Implementing these recommendations requires considering how to pay for them. There may be important opportunities to reallocate existing funds spent by state and federal governments. In addition, some of the actions proposed here may yield savings to the health care system in the long term, although it is unlikely that health system improvements will yield sufficient savings over the next few years to pay for the immediate actions recommended. In response to the potential need for new resources, the Working Group has identified principles which any new funding source should meet and offers examples of options which are currently part of the national policy debate and meet these criteria.

More detailed information, including background on the state of health care in America, analysis from the community meetings, comments and opinions provided to the Working Group, and relevant data from national polls and surveys, is reported in *Dialogue With the American People* and *The Report to the American People (revised 2006)*.



1. Establish Public Policy that All Americans Have Affordable Health Care

- **Americans should have a health care system in which everyone participates, regardless of their financial resources or health status, with benefits that are sufficiently comprehensive to provide access to appropriate, high-quality care without endangering individual or family financial security.**
- **This public policy should be established immediately and implemented by 2012.**

Context

In the discussion of underlying values and perceptions that began each community meeting, 94 percent of all participants agreed with the statement, “It should be public policy [written in law] that all Americans have affordable health care.” Additionally, most respondents to the Working Group’s Internet poll strongly agreed (80 percent) or agreed (12 percent) with that statement. People at many of the community meetings expressed the desire for “cradle to grave” access to health care, guaranteed in law.

A clear majority of participants preferred that all Americans receive health care coverage for a defined level of services. Currently, health coverage – whether one has it and what is covered – depends on various characteristics, such as age or employment status. Between 68 and 98 percent of participants at the community meetings said that some defined level of services should be provided for everyone. In the Working Group’s Internet poll, 85 percent of participants also opted for a defined level of services for everyone. These findings are consistent with national polls conducted that show a clear majority expressing the view that all Americans should have health insurance. For example, a national poll conducted in September 2005 found

that 75 percent of U.S. adults strongly favored (52 percent) or somewhat favored (23 percent) health insurance that covers all Americans.

Americans Share Their Vision of a New System

Americans clearly want a system that guarantees health care for everyone. The most important considerations expressed focused on people having access to affordable health care and on coverage being reliable and secure.

In addition to reliable, affordable care, people want a system in which everyone is covered for most health care costs. They want a plan that, unlike many existing health insurance plans, cannot be cancelled or lost because of a change in employment status, be priced at unaffordable levels, or exclude those with pre-existing health conditions or ongoing health problems. This health care system would provide coverage for treatment of illness and injury, as well as preventive and palliative care.

Many Americans want to choose their health care providers and be able to communicate openly with them so that they can make good decisions about their care. They also believe that a simpler, more seamless system could



provide coverage to everyone more efficiently than the current system.

The implications of this vision for a new health care system are very important: **Many Americans hold the view that public policy aimed at the growing crisis in health care costs cannot succeed unless all Americans are able to get the health care they need when they need it, and that all Americans pay their fair share.**

Defining a Comprehensive National System

The Working Group heard from people supporting a wide variety of approaches ranging from enhanced free market choice to a totally public program as a way to ensure access to health care. A clear majority of Americans are in favor of a national policy ensuring universal coverage. However, “universal coverage” means different things to different people.

Some of the approaches advocated could be administered by private sector health plans, others could be organized through employer-sponsored coverage in the group market, and others could be run directly by the government. Many cited Medicare or the Federal Employees Health Benefits Program as models for a national system. Some identified the Veterans Health Administration (VA) system as another possible model, while others suggested that existing large integrated private health care systems could provide the best models. People pointed to these programs not only as examples of how to provide coverage, but also as systems that can better control costs and provide the infrastructure and resources needed to

improve the quality and efficiency of health care delivery.

In addition to reflecting on existing systems in America, people who attended the community meetings frequently asked why other nations could provide universal coverage and still spend less per capita on health care while producing higher quality and better health for their citizens. They called attention to the strengths of these systems and many talked about their own positive experiences with a foreign health care system. Other participants pointed to problems to avoid within health care systems of other nations such as the lack of provider choice. For many, difficulties with cost and access to health care in America suggested a failure to apply widely held principles of fairness, careful management of resources, and shared responsibility.

The message clearly emerged that Americans want a health care system that is easy to navigate. They want to have stable coverage when circumstances change, such as when they graduate from college, change jobs, get married, or move to a different state. People want decisions about what is and what is not covered to be made in a participatory process that is transparent and accountable. These decisions would draw on best practices and be responsive to innovation in the marketplace, resulting in a clearly defined set of benefits and services for all Americans.

An important step in realizing this vision is establishing an ongoing mechanism for identifying and updating core benefits and services that would ensure access to appropriate health care for all Americans. This “core,” described in



Recommendation 4, does not limit Americans to these benefits and services alone. However, it will describe a set of basic benefits that everyone should have. Most importantly, this mechanism would employ the best available evidence and promote the use of efficient, high-quality care rather than create barriers to it.

Setting a Timeline for Realizing Change

The overwhelming majority of Americans that the Working Group

heard from want health care system change to begin now. Consistent with timeframes associated with other major health system reforms, the Working Group is proposing immediate action to establish the policy that all Americans have affordable health care, with a suggested target of 2012 for both implementing core benefits and services and making substantial progress in ~~implementing the improvements that are~~ needed to support it.



2. Guarantee Financial Protection Against Very High Health Care Costs

No one in America should be impoverished by health care costs. A national public or private program must be established to ensure:

- **Participation by all Americans**
- **Protection against very high out-of-pocket medical costs for everyone**
- **Financial assistance to pay for this coverage to families and individuals based on ability to pay**

Context

Devastating injuries and serious illness can cost families and individuals hundreds of thousands or even millions of dollars in health care expenses. As one participant said, *“homes and savings can be lost in the blink of an eye.”* Out-of-pocket costs of treating an injury or illness can bankrupt not only those with little or no health insurance and modest incomes, but also many insured or wealthy families.

Many Americans already have coverage that protects them against these high costs. However, protecting all Americans against impoverishment from high health care costs is not just a simple matter of providing some form of standard coverage, because catastrophic costs are experienced relative to income and wealth.

Coverage that protects against high out-of-pocket medical costs can be designed in many ways. A number of states have designed re-insurance programs that cover the highest health care costs in the small group or individual insurance markets. Others have set up high-risk pools designed to provide coverage for people who cannot get insurance in the private market. These programs are intended to help open up private insurance markets to more people by

limiting the risk that insurers face if people incur very high health care costs. Policy experts and professional organizations have proposed different types of federal programs to provide re-insurance or to protect individuals from very high out-of-pocket costs.

Stabilizing Employer-Based, Individual & Small Group Markets

Currently, many employers facing high and rising premiums are reducing their level of support for health insurance coverage to their employees. This in turn exposes more Americans to the potentially devastating financial impact of getting sick or injured. The expectation is that a policy requiring all Americans to be covered for high out-of-pocket costs would help to both stabilize existing employer-based health insurance markets and expand the private individual and small group health insurance markets. This would result in the ability to offer protection to Americans who are currently uninsured or underinsured. High-cost coverage protection would also result in lower premiums for “front end” individual, small-group, and large-group health insurance products.

If new requirements for insurance coverage are put into place, whether in a



private, public, or private/public blended program, incentives to employers and individuals would change. Some employers may reduce the coverage they offer because their employees would be able to obtain this new high-cost protection coverage on their own. However, many employers who were intending to drop or reduce health insurance coverage as a fringe benefit ~~would now participate in the purchase of~~ high-cost protection coverage for their employees. This would result in an expansion in coverage over what would occur under current market conditions.

Relief for Public Programs

In addition to helping stabilize private health insurance markets, a federal program providing high-cost coverage could shift some burdens among federal and state programs. For example, although the federal government would have to spend more to subsidize the costs of the new coverage, it could eliminate some payments it now makes for unpaid health care bills. High-cost coverage could also provide significant relief to some public programs, including Medicaid, which in turn would give states the opportunity to redirect funds to expand coverage for low-income individuals or families or others who are uninsured or underinsured.

Ensuring Everyone Can Get and Keep Coverage

Although there are important differences in the ways that approaches to catastrophic coverage could work in a national program, any solution will have to address the basic issue of making sure everyone is able to get and keep coverage, regardless of health care status, need for services or ability to pay. Building a system that protects all

Americans from very high medical costs will offer immediate help to people at serious risk. In addition, it will offer lessons on how to structure broader coverage of core benefits and services.

Features of Universal Protection:

- Everyone participates, with households, businesses, and government sharing in the financing.
- Regulations ensure
 - community rated premiums
 - benefit standardization
 - guaranteed reissue provisions, and
 - the organization of risk pools.
- Government-financed subsidies be made available based on ability to pay.

After listening to and analyzing the needs and ideas of the American people and discussing the topic with experts, the Working Group developed two possible frameworks that would meet the requirements of universal protection and guard against very high health care costs: The Market-Based and the Social Insurance models.



The Market-Based Model

The basics of the market-based model are as follows:

- All Americans would have to obtain coverage against high out-of-pocket costs.
- Individuals would be offered a choice of standardized high-cost insurance products, whose details would be easy to understand and **easy to compare**.
- The products would offer protection at different levels of out-of-pocket costs to individuals.
- Individuals would be free to purchase the policy that best suits their needs. Since individuals with the lowest incomes also face impoverishment with all but the most expensive plans, premium subsidies would be provided based on ability to pay, and would diminish with increasing income levels.
- Employers would retain a role in paying for or providing health plans.

The Market-Based Model: An Example

For illustrative purposes only, consider three policies covering the same set of services:

- Policy A with a deductible of \$4,000 in out-of-pocket expenses prior to full coverage of covered services
- Policy B with a deductible of \$12,000, and
- Policy C with a deductible of \$30,000.

These deductible levels are similar to policies currently offered in the individual insurance market. Based strictly on coverage offered, Policy A would have the highest premium, Policy C the lowest premium.



The Social Insurance Model

A second approach is based on a social insurance model:

- All Americans would be required to participate in a federal government program protecting against very high out-of-pocket costs.
- The program, like Medicare, would be administered by the ~~federal government through~~ private-sector contractors.
- The program would be funded through a combination of premiums and earmarked federal revenues. Premiums would be structured to be fair and affordable, based on a sliding scale or surcharges related to income.
- Federal subsidies, based on ability to pay, would be provided to pay premiums.

The Social Insurance Model: An Example

In an illustration of this coverage approach, protection would be provided against out-of-pocket costs for covered services that exceed some ~~percentage of income—such~~ as 20 percent of taxable income above the federal poverty level—or that exceed a fixed dollar amount of individual liability—such as \$30,000—whichever is lower.