

HEALTH CARE REFORM November 19, 2009

Introduction

Because of serious problems many of our members have had getting appropriate health care services in recent years, the RPEA Medical Committee and RPEA Board of Directors have been focusing on health care issues. We are particularly concerned about the possible impacts of proposed changes in the health delivery systems in Alaska as well as the Lower 48.

We recognize and respect that our members have different opinions when it comes to major issues such as health care reform. Our intention is to give members some basic information on this major issue, to let you know if RPEA has taken any stance (and why), and most importantly, to provide members with sources so you can check out the facts yourselves and make up your own minds.

Background on Health Care Reform

The last major reform of health care in the United States was the enactment of Medicare in 1965. Although a number of health care reform efforts have been attempted by presidents of both parties, most recently in the early 1990's, each major effort has failed. The skyrocketing costs of health care in the last decade seem to have motivated serious discussion and much more support for change than in previous decades. Major corporations say health care costs are making it almost impossible for them to compete in the world market. Small businesses and individuals are paying astronomical premiums for mediocre plans. Health care costs now account for about 17% of our U.S. Gross Domestic Product. Alaska health care premiums have increased by 90% this decade while wages are up only 17%. Over 60% of the bankruptcies in America are related to medical bills and the majority of affected patients HAD health insurance. Today even the pharmaceutical companies, the American Medical Association, some insurance companies, and other key stakeholders support health care reform.

We've been asked why we should consider supporting any changes since we have pretty good coverage. Good question. First, those of us that are insured are paying out well over a thousand dollars a year to pay for the health care for those who are uninsured. All of us on Medicare are paying higher premiums monthly to subsidize Medicare Advantage. Most of that premium money goes to extra profits for the insurance companies. Our public employee retiree health care coverage acts as secondary insurance to Medicare, making it unnecessary for us to buy a Medicare Advantage plan. The more unsustainable the health care costs are, the more talk we hear from legislators and others about changing the Alaska Constitution to dump our constitutionally-guaranteed benefits.

RPEA's Position on Health Care Reform

RPEA has not taken any position on any specific piece of legislation. Earlier this summer, the RPEA Medical Committee and the RPEA Executive Board spent considerable time looking at issues that we thought were critical to our members. In June, the Board approved language sent in a letter to our Congressional delegation. Quoted herein are the contents of our July 22, 2009 letter. We testified to these points at a hearing held by Sen. Begich on July 2. Our Board members have reaffirmed these points at meetings with Congressional staff since. Many of us have sent letters citing these points:

- We must ensure that employer-provided health care benefits are not taxed. Workers and retirees sacrificed needed pay increases for decades to keep affordable health coverage. Taxing those benefits now would penalize middle and low-income people and put an even heavier burden on older workers and retirees.
- We must establish an effective and comprehensive public plan option that will guarantee quality, affordable coverage. A public health insurance plan would hold down costs, force private companies to compete and guarantee that high quality, affordable coverage will be there.
- We must implement initiatives that will control and reduce the costs of prescription drugs. This should include allowing the negotiation of RX drug costs, importation of drugs when their safety is guaranteed, encouraging the use of generic drugs, etc.
- We must provide sufficient quality staffing to ensure that preventable errors are significantly reduced. Hundreds of thousands of hospital patients die each year as the result of preventable errors. Insufficient qualified staffing is a factor in these unnecessary deaths. We must change this.

Although the third bullet refers specifically to reducing drug costs, we strongly support efforts to reduce the costs in other areas of health care as well, where it will not diminish the choice or benefit to our members.

Where Does RPEA Get Information On Health Care Issues?

We RPEA volunteers read extensively from many information sources such as newspapers, journal articles, newsletters, magazine articles, Congressional Budget Office reports, e-mails from elected and association officials. We attend meetings in person and via teleconference. We research not-for-profit web sites that have a reputation for accurate, fair, balanced presentation of information. We get information from organizations that check the "facts" put forth by supporters and opponents of various facets of health care reform. At the end, we have to use our many years of experience and common sense to apply the collected information to our situation as Alaska retirees. I have personally attended over a dozen meetings/teleconferences with health care legislative and policy specialists in the last few months from the following groups: AARP, the American Federation of Teachers (our national affiliate), the

National Council on Teacher Retirement, AFL/CIO (AFT is affiliated with it), Alaska Legislature, and others.

So How Are Things Shaping Up?

There are some very positive signs. Most interest groups agree the anticipated increases in health care costs in the next ten years are unsustainable. Pressure is mounting to come up with some responsible ways to reduce costs of health care in the U.S. and to provide portability and coverage for more people. H.R. 3962 does many things to reduce costs. Many congressional staff and long term experienced staff from our affiliates are working to ensure change is positive and not harmful to current retirees. Bills have been redrafted numerous times and there have been huge compromises on some of the more controversial proposals. Congress has probably spent more time on this issue than almost any other in recent memory.

There are some large negatives. For every ounce of reliable, verifiable information on a specific issue, there seems to be pounds of hype, mischaracterization, misinformation, unsupportable insinuation, and outright fabrication in the mass media to try to sway citizen minds. Literally tens of millions of dollars are again being spent on all kinds of questionable tactics to influence voters. That is why we will be including information on a few sites where you can go to do the research yourself. We want our members to have the facts on which to base their positions.

RPEA will not support legislation that we think will hurt our members financially. Our experts advise us the House bill H.R. 3962 does NOT tax our medical benefits, DOES allow for the negotiation of drug prescription prices and other medical supplies, DOES allow physicians to negotiate Medicare reimbursement rates, establishes Health Insurance Exchanges to help reduce premium costs, and DOES provide a public option with the same goal of reducing premium costs. For a very short three page summary of H.R. 3962, go to www.govtrack.us/congress and enter the bill number. This is the site of the well respected Congressional Research Service, the nonpartisan arm of the Library of Congress. With more teleconferences expected soon, I'll pass on information from them once available.

Resources, Health Care Issues

We have used all of the following sites in the recent past and can recommend them to you:

Factcheck.org and politichack.org have been used by our members in past election campaigns to determine the accuracy and truth of many politician claims. They were very helpful this summer to gauge the accuracy (or not) of arguments when the media was obsessed with "death panels". They track health care issues.

KFF.ORG and RWJF.ORG are two very well respected organizations that provide insight on health care issues. The Kaiser Family Foundation (not affiliated with Kaiser

Hospitals) has an excellent comparison of proposed health care legislation with what we have today. I think the Robert Wood Johnson Foundation has similar information and is certainly a leader in health care policy issues nationally.

If you are interested in knowing what our affiliates and our friends think, check out the following sites. AFT.ORG is our national affiliate and is especially concerned with the impact of any proposed legislation on current workers and retirees. They are totally opposed to taxing the health care benefits of workers AND RETIREES. AFL/CIO.ORG is the web site of the AFL/CIO, supported by AFT and other public employee unions and trade unions. Their views are similar to AFT's. AARP.ORG refers to AARP. Although we sometimes vehemently disagree with AARP on some issues, they represent over 40 million seniors, age 50 and older, so their views are important to understand. AARP support for legislation greatly enhances the chances for passage. If you want to see the Obama administration's positions on health care reform, go to www.healthreform.gov. It is helpful to understand their perspective and goals.

Recent News

Now that H.R. 3962 just passed the U.S. House, RPEA may decide to look at the specific provisions of that bill and take a different stance. There are some good "fixes" in that bill, including a provision that would allow Medicare to negotiate prices with physicians rather than forcing doctors to take a 21%+ reduction in payments scheduled effective 1/1/10. Because of the recent passage of the House bill, we haven't had time to "fact check" this legislation ourselves. We plan to begin that soon and will send our findings. AARP and the AMA did come out in support of H.R. 3962 late last week, as did a number of other organizations.

The U.S. Senate assembled health package was released 11/18/09 by the Senate leadership. News sources say there may be a vote to put the bill on the Senate floor late this week. If that occurs numerous amendments are anticipated. Despite these developments, reforms of health care are not certain, nor are all reform plans beneficial. RPEA will not support any legislation without discussion in both our Medical Committee and in our Executive Board meetings. Only the Board has the authority to speak for RPEA.

We plan to send out the next update no later than early December, no matter how fast or slow legislation moves along in the Senate. Thank you for your interest and concerns. We always welcome your comments.

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