

What's Wrong with America's Health Care

In 2005, more than 46 million U.S. residents had no health insurance, and the numbers keep growing. Between 2000 and 2006, the number of uninsured under age 65 increased by six million, according to the [Henry J. Kaiser Family Foundation](#) (PDF). Eight of 10 uninsured Americans hold jobs or share households with someone who is employed.

Because employers increasingly are moving in the direction of providing Wal-Mart-style health coverage by shifting health care costs to employees, America's workers struggle to pay higher premiums, deductibles and co-payments—if they can afford such coverage at all.

Of the more than 46 million Americans without health insurance, nearly one-quarter or more than 10 million are children. [Read the AFL-CIO Executive Council's call for a universal health care system based on Medicare.](#)

Working families are experiencing double-digit increases in the costs of health insurance, more out-of-pocket costs for doctor visits and skyrocketing prices for prescriptions, forcing many to delay getting needed medical care or worse—to decline coverage for themselves or their families because of cost. Health care costs are rising [at five times the rate of inflation](#). According to the [Center for Studying Health System Change](#), health care spending rose 10 percent in 2002 and that followed a slightly more than 10 percent increase in 2001—the largest jump in more than a decade. In the first six months of 2003, health spending rose another 8.5 percent. Premiums for employer-sponsored coverage increased nearly 13 percent in 2002. As employers refuse to pay their fair share, this trend may result in [millions of workers losing their employer-based coverage](#) (PDF).

Employers are responding to growing cost pressures by shifting more and more health care costs onto workers, especially through larger co-pays and deductibles that must be paid at the time treatment is sought.



Employer's demands to slash health care coverage for workers was the major issue in the recent southern California grocery workers' strike and lockout in which nearly 60,000 workers saved affordable health care benefits and beat back employer demands to freeze pension funds after holding strong on the picket line for five months. Under grocery management's original proposals, a worker making slightly less than \$20,000 a year would have had to pay nearly \$5,000 to maintain the same level of benefits they had in the previous contract.

Other cost increases hitting workers include larger hikes in the cost of family coverage, less access to needed prescription drugs through stricter HMO formularies and higher prices for more comprehensive coverage. See the [Consumers Unions' Health Care Plans and Managed Care](#) (PDF).

Consumers are using more prescriptions, at younger ages and for more conditions, and substituting newer, more expensive medications for established products. *As a result, pharmaceutical spending increased by 17.4 percent annually between 1999 and 2000 and [another 16 percent from 2000 to 2001](#)* (PDF). Read how the drug industry keeps prices high in "What the Drug Industry Doesn't Want You to Know" in [America@work](#).

The lack of quality health care in the United States also stems from our system's lack of comprehensive quality measure and assurance programs, which unions now are establishing with community partners.

Our most successful public health insurance program, Medicare, is increasingly under attack at a time when the lack of access to health care is already a crisis in America. Most Americans ages 65 and older rely on Medicare, which serves more than 40 million beneficiaries in the United States. Instead of strengthening and modernizing Medicare to include a comprehensive, affordable prescription drug benefit for all seniors, the Bush administration in late 2003 strong-armed through Congress a Medicare prescription drug bill that moves Medicare toward privatization. The new Medicare bill also:

- Forces 32.5 million seniors and people with disabilities to pay higher premiums and other Medicare costs.

- Drops coverage for out-of-pocket expenses between \$2,250 and \$5,100.

- Prevents the federal government from negotiating lower drug costs and does nothing to rein in soaring prescription drug prices.

- Threatens the employer-provided drug benefits of millions of retirees.

Our health care system lacks safety controls that endanger front-line workers and patients. Staffing levels are dangerously low in hospitals, nursing homes and other health care facilities. As a result, medical errors are rising—and account for an estimated 44,000 to 98,000 needless death each year. See [Medical Errors and Patient Safety](#) and [20 Steps to Prevent Medical Errors](#) from the Agency for Healthcare Research and Quality.

How can we fix our health care system?



Require employers to pay their fair share. The U.S. system of providing health care coverage is employer-based. Unfortunately, this system leaves too many working families uninsured or underinsured. Fifty-six percent of uninsured workers worked full-time in 2002. New incentives and rules can change this. Sen. Edward Kennedy (D-Mass.) has proposed legislation to require employers of more than 50 workers to provide employees with health insurance, and in 2003, [California passed a state law](#) (PDF) that requires employers to provide insurance for workers or pay into a state fund to insure workers. With little federal action on health care, more states are addressing health care issues.

Beware of new "defined contribution" health care coverage. Shifting health care costs onto working families already is creating hardship at the doctor's office and the bargaining table. Now, many employers are talking about passing most or all of the risk of rising health care costs onto employees by adopting "defined contribution" plans (also described with terms including "vouchers," "consumer driven health care," "tiered benefits" and "fixed premiums").

These defined contribution plans can come in many shapes and forms, but they share one feature that makes them different and more harmful to working families than the traditional "defined benefit" plans, which guarantee a certain amount of coverage. In a defined benefit plan, employees are guaranteed a fixed package of health insurance benefits. But in a defined contribution plan, the employer pays a fixed amount toward the premium, regardless of how much it costs, leaving it to the employee to pick up the rest. So under a defined contribution plan, a worker in poor health or someone who has a family member with medical problems would have to shoulder a much larger financial burden than a healthier person. Learn more about these plans through [health care research group](#) websites.

[Provide coverage for all children](#). To expand health coverage to the more than 10 million children in America who today lack health insurance, Congress in 1997 passed the State Children's Health Insurance Program (SCHIP) to work with the Medicaid program to cover low- and moderate-income families. Bringing eligible families into the program requires [extensive education and outreach, and unions are playing a key role](#). But states are facing their biggest budget crisis since World War II. Confronted with three-plus years economic downturn, and the Bush administration's cuts in state aid, coupled with larger financial burdens imposed by new and under-funded federal mandates, states are cutting back on health care programs such as Medicaid and SCHIP.

Help curb runaway prescription drug prices by supporting state legislation that gives lawmakers the power to negotiate drug discounts with pharmaceutical companies just as HMOs and insurers do. States then can pass savings to seniors covered by Medicare and to working families who lack drug coverage and make less than 300 percent of the poverty level.

Everyone loses when health care workers are forced to work overtime and are exposed to life-threatening diseases because of unsafe equipment. After years of struggle, health care workers won federal legislation to require safer needlesticks in 2000 and 24 states now have safer needlestick laws on the books. States can pass their own legislation mandating safety devices for needles.

Other Good Sources of Information:

The [Families USA website](#) is a comprehensive source of information on health care issues affecting children, seniors and other family members and provides opportunities for action. The Uninsured includes separate sections on the general population, children and immigrants. The site also features [Proposals to Expand Coverage](#) and an [Advocate's Corner](#) that offers media tips, a legislative action center and other resources and tools for advocacy in the area of health care reform.



The [Robert Wood Johnson Foundation](#) is the largest U.S. foundation devoted to improving the health and health care of all Americans. A related site describes the [Covering the Uninsured Campaign](#) comprising 12 national organizations working together to seek solutions of the problems of the uninsured and help state coalitions enroll more eligible families in SCHIP and Medicaid.

The [Children's Defense Fund](#) provides useful information about the SCHIP and Medicaid program eligibility rules and way to boost outreach and enrollment.

The [National Partnership for Women](#) helps women navigate various aspects of the health care system.

[The National Health Law Project](#) website is one of the most extensive resources for health care consumers and advocates. It's a particularly good resource on health care issues affecting low-income families and the uninsured and links to a comprehensive list of organizations and agencies around the country.

See [Consumers Union](#): Health for information on a variety of health policy issues, including on [Health Care Affordability](#), [Health Care Reform](#), [Health Care Plans and Managed Care](#), [Medical Savings Accounts](#) and [Medicare](#).

[The National Coalition on Health Care](#) is a broad alliance of unions, employers and advocacy organizations working to improve America's health care. It's an excellent source for policy studies on health care in the United States.

[The Henry J. Kaiser Family Foundation](#) has conducted many studies on health care in America and its website contains a wealth of information, particularly from the [Kaiser Commission on Medicaid and the Uninsured](#). It also offers a [news service](#) providing updates on critical health policy developments.

[The Center for Studying Health System Change](#) is a nonpartisan policy research organization that designs and conducts studies focused on the U.S. health care system to inform the thinking and decisions of policymakers in government and private industry. Its studies contribute to the body of health care policy research that helps decision makers to understand change and the market forces driving that change.

[The National Senior Citizens Law Center](#) website covers Medicare, Medicaid, long-term care, nursing homes and other issues affecting seniors.