



JOINING THE CONVERSATION → 2005 Healthcare Backgrounder



Nine communities participating in [Deliberation Week](#) focused on healthcare. They considered national issues as well as local topics ranging from wellness to rural healthcare.

Our [teacher resources](#) include lesson plans for student conversations on a range of healthcare issues.

What is the nature of the education challenge facing the nation? By the People's [education backgrounder](#) considers this question. It served as the basis for Deliberation Week healthcare-focused forums.

By The People Backgrounder: National Healthcare Issues

This discussion guide served as a jumping-off point for our fall 2005 Deliberation Week conversations. Most participants in By the People healthcare forums received a copy of this backgrounder from their event hosts. Even if you do not attend one of our discussions, we invite you to read on, learn more about these healthcare issues, and think about how you can join or start a conversation in your area.

What is the Nature of the Healthcare Challenge Facing the Nation?

Our nation has some of the finest doctors and medical facilities in the world, yet a large majority of Americans says our healthcare system needs fundamental changes. The cost of healthcare continues to rise. On any given day, about 45 million Americans are without health insurance, and this number has risen by more than five million since 2000. Many more Americans have some insurance but not enough to cover their healthcare needs. And our government's healthcare safety nets, Medicare and Medicaid, face serious long-term challenges.

Healthcare is also a major factor in our global competitiveness. The growing cost of providing healthcare poses challenges to our businesses, large and small. The cost of healthcare to employers climbed 12.4%- about five times the rate of inflation- between 2002 and 2003.

Healthcare Issues on the Table

Right now, the national discussion on healthcare—the discussion driven by lawmakers in Washington, D.C., and state capitals, and by media and decision-makers—centers on two questions: 1) how to control the rising cost of healthcare and 2) how to insure all citizens. The dialogue on cost includes the high price of prescription drugs and of emergency room and urgent care. The insurance discussion encompasses the uninsured and underinsured, the aging baby boomer generation, Medicare, and Medicaid.

Running through these debates are concerns about how to maintain quality healthcare, as well as how to share the financial burden. Another common thread in the discussion is the responsibility that government, businesses, and individuals should have.

Tackling the Rising Cost of Healthcare

Healthcare costs have been rising at double-digit rates for many years. By 2014, total costs to individuals, businesses and government-- already the highest per person in the industrialized world-- could reach \$3.6 trillion. Yet many would argue that the U.S. is not getting as much for its money in healthcare as countries with different healthcare systems.

Some say patients should shoulder more of the healthcare burden by taking on greater responsibility for health insurance costs through higher deductibles and co-pays. In this way, they suggest, patients will become more efficient healthcare consumers, getting only necessary treatments, buying lower-cost generic drugs, and thus lowering overall system costs. Critics warn that people, especially the poor, would delay or skip preventative and needed care, entering the system at its most expensive point—emergency care— and ultimately increasing costs.

Others say we should rely more on managed care, which lowers costs by limiting choices of doctors and drugs, promoting prevention, and reducing system inefficiencies through coordinated care. Critics worry that patients and doctors will lose decision-making ability and warn that the quality of care will suffer.

Still others say we should restrict government resources given to the system and force providers to become more efficient. Critics say the burden of these cuts may fall on the patients or lower the quality of care provided.

Finally there are those who suggest that the best way to reduce costs is through government involvement, either in the form of price controls or by introducing a national insurance system. Critics say that profit motives, competition, and individual ingenuity have always led to greater cost control and effectiveness than would be possible under a government-run system.

The Insurance Challenge: Responsibilities of Citizens, Business, and Government

Two-thirds of the group we call "the uninsured" come from low-income families, many of whom are minorities and young adults. A large number are low-income workers who are not offered employer-sponsored insurance.

Half of Americans say they worry a great deal about the number of uninsured people. Yet, we are still searching for solutions to the problem of providing Americans with coverage without sacrificing quality or overburdening our resources.

Some say government, not employers, should provide healthcare for all citizens. Supporters of this approach think we should move to a "single-payer" system, like the one in Canada.

Under this type of system, one government-run organization would collect all health care fees from individuals, and pay out all health care costs. Supporters say this would guarantee total coverage, relieve the burden on businesses to provide insurance, and save administrative costs. Critics warn this gives government too much control, and say that quality will suffer.

Others think there should be employer-mandated coverage so that all workplaces help cover their employees' health insurance costs. Critics note this would leave out the unemployed and self-employed. Large businesses say they are already overburdened by healthcare costs for their employees, and this approach would further negatively affect employment and their competitiveness in world markets. Small businesses say they would not be able to afford the new costs. (See text box below.)

Another option is individual-mandated coverage, which would require individuals to secure minimal coverage, perhaps funded with a tax credit. Critics warn that

enforcement will be costly and the unemployed will require more government subsidies.

Another group believes that to continue covering the greatest number of Americans, our first priority should be to fix our troubled Medicare and Medicaid "safety net" systems. Medicare, the government system for covering the elderly and disabled, faces possible collapse. And Medicaid, the joint federal-state public system for the poor, is now the largest government health care program and is projected to cost \$2.6 trillion over the next ten years. (See text box below.)

Finally, there are those who believe government, businesses and individuals should share responsibility for healthcare. While keeping the basic employer-as-insurer model, government could provide tax incentives for low-income families to make coverage affordable. Government could also be responsible for catastrophic care or other measures. And individuals not employed by large companies could be required to purchase minimal coverage.

Medicare and Medicaid

The Aging Population and Medicare: In 2003, 37 million Americans were over the age of 65. By 2050, that number is expected to reach 82 million. The cost of caring for this group will only increase as more people live longer. Against this backdrop, Medicare, our system for taking care of the senior population, faces a serious challenge. When the 77 million-member baby boom generation retires and there are fewer workers to support Medicare recipients, one of three things will have to happen -- payroll taxes on the working population will need to be increased, the government will need to pay a greater share, or the government will have to limit or change benefits. Recent attempts to fix and upgrade Medicare, including a new drug benefit scheduled for 2006, have fallen short of serious structural reform.

Medicaid is the joint federal-state public program providing health care for the poor. Many people on Medicaid do not have access to employer-based coverage. Others, who are offered insurance from their workplace but qualify for Medicaid, choose Medicaid instead because it is free or nearly free. The program has grown significantly in recent years, from covering 34 million people in 1999 to 47 million in 2004. Some want to encourage more individuals to sign up for Medicaid as a way to cover more Americans. Critics of this approach say Medicaid is getting too big and too costly for states to maintain. Some suggest that the program should be scaled back.

The Healthcare Impact on Business Competitiveness

A number of corporate executives, as well as heads of small businesses, have complained recently that they are losing the ability to compete in the global marketplace because of the growing cost of health insurance benefits. General Motors Corp. chairman Richard Wagoner recently noted that GM adds \$1,500 to the price of every single vehicle to cover healthcare, making the company less competitive with carmakers from other countries, many of which have national healthcare systems. Heads of smaller businesses, including start-ups, note the rising healthcare costs can be a barrier to their survival. Many executives have called on Congress to focus attention on healthcare to address these issues.

Discussion Questions

- What should be the responsibility of citizens, business and government in paying for our healthcare?
- Which of these or other healthcare challenges is most important to you? Why?
- Are the decision-makers in Washington and elsewhere talking about the healthcare issues that matter to you?
- How can the public more effectively be a part of the conversation about these challenges?

Additional Reading:

If you are interested in learning more about these issues, we recommend considering the following transcripts and reports from the Online NewsHour.

Online NewsHour: Health Spotlight

Online NewsHour background report: The Medicare System

Online NewsHour Transcripts:

June 7, 2005 -- **Making Changes in the ER** Studies show that more than half the nation's emergency rooms are facing overcrowding, a problem that has led to patients being turned away at the door and one that may cause avoidable deaths, according to some doctors. Health Correspondent Susan Dentzer reports.

May 3, 2005 -- **Budget Proposes Medicaid Cuts** The U.S. House and Senate passed new federal budget plans last week that will cut Medicaid spending by \$10 billion over the next five years. A Senator and governor discuss the proposed cuts with Senior Correspondent Ray Suarez.

May 2, 2005 -- **Tennessee Struggles with Medicaid Cuts** Proposed cuts in funding to Tennessee's Medicaid program to help ease a state budget crisis stands to leave more than 323,000 people facing the possibility of losing health care coverage. Health Correspondent Susan Dentzer reports.

March 9, 2005 -- **Disparities in Treatment** Dr. Adewale Troutman, director of the Louisville Metro Health Department, discusses a new study he co-authored on racial and ethnic disparities in medical care with Ray Suarez.

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