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.

This backgrounder was prepared for By the People by MacNeil/Lehrer Productions. By the People (BTP) is organized by MacNeil/Lehrer Productions with primary funding from the William and Flora Hewlett Foundation, and additional funding from the Rockefeller Brothers Fund and the Corporation for Public Broadcasting. BTP's national partners include the Center for Deliberative Democracy at Stanford University and the Institution for Social and Policy Studies at Yale University.

© 2005 MacNeil/Lehrer Productions. All rights reserved. Any publication or use of this material without the express permission of MacNeil/Lehrer Productions is strictly prohibited.
In addition to education, Deliberation Week participants considered national healthcare issues including the rising cost of healthcare and the uninsured in America. Read the discussion guide for these conversations.

By the People's education backgrounder served as the basis for a national opening conversation during each of the 16 Deliberation Week events.

Our teacher resources include lesson plans for conversations on a number of education issues.
Supporters of this approach think schools work best when teachers and students know what is expected of them and society has a way to measure how well those expectations are being met. Schools that lag behind are given clear guidelines for improvement.

Critics of this approach think it focuses too much on teaching to the test. As a result, schools may drop or de-emphasize subjects that aren’t on the test, like art, music, foreign languages, and creative writing. As a result, they say, overall learning may suffer.

Critics also worry that under this approach local control is sacrificed to state and national governments. Many believe that local communities, including parents and school officials, should decide on their own what to teach-- and whether and how to test-- their local student body. Others think government might offer suggestions or guidelines, but should not tell local communities how to run their schools.

**The No Child Left Behind Act**
Signed into law in 2002, the No Child Left Behind Act is viewed as the most sweeping federal education bill in more than 40 years. The law is based on four main principles:

1) States must develop their own academic achievement standards and benchmarks, to which the federal government will hold them accountable. A number of tests are already or will soon be federally required, including ones for reading, math and science at various points in grades 3-12.

2) Failing schools are designated as such, and parents may transfer a student out of a low-achieving or unsafe school to another public school.

3) States can transfer federal dollars between different grant programs to improve school progress.

4) Education programs must be based on NCLB-sanctioned scientifically-based research.

Supporters of the law say it reforms a failing education system. As evidence the law is working, supporters point to a recent study that shows black and Hispanic students are catching up with their white counterparts in reading and math at the elementary-school level. But critics say many of the gains could have come from changes made before the law was put in place. They further note that the law is bureaucratic and squelches creativity in favor of teaching to the tests. Critics, including state and local governments, also argue that it is too expensive to maintain without additional funding.

**Equal Educational Opportunity for All**
While we take pride in our commitment to offering education to all, we struggle with how to cope with troubled schools and the “education gap” that, while closing slightly according to recent studies, continues to separate the achievements of minority and white students.

Some say the best way to deal with these problems is to give children in underperforming public schools—schools that are often in poorer districts, populated by minority students—new schooling options, including the chance to get
vouchers to attend private schools or the choice to go to charter schools.

Supporters call this approach "school choice," and think our school system should operate like our economic market and allow consumers to hold public schools accountable. They believe that choice, not additional funding for public schools, is the answer to our education problem. They point out that while real per pupil education spending increased by 42% on average between 1981 and 2001, test scores remained stagnant.

They also believe that public schools that cannot attract and keep students do not deserve public money. Instead, they propose vouchers and magnet or charter schools, which they say will give parents more control over their children's education by providing options while forcing substandard public schools to improve.

Critics of this approach say vouchers and charter schools make the overall improvement of public education more difficult by draining valuable resources from our core public school system, which they suggest is the most important institution for educating most students. They believe we should focus on targeting funding to improve our most troubled public schools by reducing teacher/student ratios, providing targeted tutoring, boosting teacher pay to increase teacher quality, and improving facilities, from basic systems to the science and computer labs needed to train tomorrow's workers.

These critics also note that the poorest children do not always benefit from the current school choice options, as vouchers often do not cover the full cost of attending private schools. There are still others who think we should find a way to do both things at the same time: 1) allocate more money to underperforming schools and 2) provide educational choices for families, including vouchers and charter schools, even if this means raising taxes or finding other sources of revenue.

**Charter Schools and Vouchers**

Charter schools are publicly-funded schools that function independently of local school districts and are exempt from certain state regulations, as long as they meet state standards for student achievement. Supporters say they are positive alternatives to failing public schools. Critics say they have shown mixed results and take away mainstream public school's funding and best students. They also note that these schools can operate on a "for profit" basis and have incentive to minimize costs at the expense of quality.

School vouchers give parents the public money that would be spent on their child's education at a public school and allow them to apply this money toward tuition at a private school. Supporters say they create competition between schools that will force public schools to improve. Critics complain that, like charter schools, vouchers drain money and good students from the public system. Critics also say vouchers don't always provide enough money for students to pay for private schools, don't address special needs or transportation, and allow families to use public money to attend religious schools.

---

**Educating Workers for Global Competitiveness**
Many employers say that high school graduates have fair or poor abilities in core skills—math, writing, spelling and grammar—and that a high school diploma does not guarantee "the basics."

Increasingly, well-paying jobs require basic science knowledge and engineering skills, but the numbers of students earning degrees in those fields has fallen. And while companies used to hire foreign-born workers to make up the difference, since September 11, 2001, the government has made it more difficult for these foreigners to enter the U.S. to study and work. According to the U.S. State Department, the number of work permits issued to foreign-born workers dropped 20% in 2001 from the previous year.

Many business executives have been calling for the overhaul of our education system, noting that we have one of the highest high school and college dropout rates in the industrialized world, and arguing that the choices we make to educate the next generation will contribute to our nation's prosperity.

Discussion Questions:

- What should be the responsibility of individuals, local/state government, and federal government in our education system?

- Which of these or other education challenges is the most important to you? Why?

- Are the decision-makers in Washington and elsewhere talking about the education 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: No Child Left Behind

August 30, 2005 -- College Prep As new standardized test scores are revealed, are students prepared for college?

August 24, 2005 -- School Rules Connecticut on Monday sued the U.S. government over the No Child Left Behind law, saying the Department of Education has not supplied the necessary funds to implement the programs.

May 5, 2005 -- Free Tutoring John Merrow looks at how the No Child Left Behind law is affecting the growing number of free tutoring programs for students around the country.

April 26, 2005 -- Breaking the Pattern Spencer Michels examines efforts to lower Hispanic dropout rates in schools around the country.

April 14, 2005 -- Utah's No Child Left Behind Act Educators in Utah have devised a
new plan to improve school performance, one they say overrides the Bush administration’s “flawed” No Child Left Behind Act.

April 7, 2005 -- Newsmaker: Margaret Spellings Secretary of Education Margaret Spellings discusses some forthcoming revisions to the education law No Child Left Behind.

August 18, 2004 -- Charter Schools The American Federation of Teachers released an analysis this week of a Department of Education study, which found that fourth-grade students in public schools are more proficient in reading and math than their counterparts in privately run charter schools. Gwen Ifill speaks with Bella Rosenberg, special adviser to the president of the American Federation of Teachers, and Department of Education Undersecretary Nina Rees.

July 19, 2004 -- Underfunded Schools Decreased funding has caused many public schools across the nation to struggle to stay afloat. Spencer Michels reports on the detrimental effect budget cutbacks have on schools located in lower income areas in California.

This backgrounder was prepared for By the People by MacNeil/Lehrer Productions. By the People (BTP) is organized by MacNeil/Lehrer Productions with primary funding from the William and Flora Hewlett Foundation, and additional funding from the Rockefeller Brothers Fund and the Corporation for Public Broadcasting. BTP’s national partners include the Center for Deliberative Democracy at Stanford University and the Institution for Social and Policy Studies at Yale University.

© 2005 MacNeil/Lehrer Productions. All rights reserved. Any publication or use of this material without the express permission of MacNeil/Lehrer Productions is strictly prohibited.