

Testimony of Daniel Livingston, Chair CHART Foundation

Senator Handley, Representative Sayers, and members of the Public Health

Committee: My name is Dan Livingston, and although I wear many hats, I address you today as Chair of the Chart Foundation, the parent foundation of the Universal Health Foundation of Connecticut. I want to begin with words that heralded our last great victory in healthcare:

No longer will older Americans be denied the healing miracle of modern medicine. No longer will illness crush and destroy the savings that they have so carefully put away over a lifetime so that they might enjoy dignity in their later years. No longer will young families see their own incomes, and their own hopes, eaten away simply because they are carrying out their deep moral obligations to their parents, and to their uncles, and their aunts.

These were the words of Lyndon Johnson in 1965 as he signed Medicare into law, in the very same bill that also created Medicaid, which provided health care access for the poor. Thus ended almost two decades of struggle to recognize the government's crucial role in making sure every American had access to health care. Thus was created the three-legged stool upon which all of us rely for our health care today: For the older: Medicare. For the poor: Medicaid. For rest of us: Employer sponsored health insurance.

That moment in history, 1965, has a lot to teach us about our current healthcare crisis. First, then, as now, health care advocates joined by some elected leaders, were insisting on fundamental, not incremental change. Second, then, as now, they were opposed in their efforts by a potent coalition of the insurance industry and for-profit healthcare providers who clothed their self interest in the *status quo* in an argument that only incremental change was needed. Finally, while the change in 1965 was fundamental, it fell short of a sustainable solution, and thus it thus set the stage for today's healthcare crisis.

How did it fall short? Why is medical debt now the largest cause of personal bankruptcies, why do so many young and middle aged families see their hopes eaten away by their own illnesses or those of their children? Why does our small state have nearly 400,000 uninsured, another half a million or so woefully underinsured, and most of us one paycheck or so away from uninsurance? And why do the very poor covered by Medicaid find it nearly impossible to find a medical specialist willing to treat them?

The most obvious failing of the 1965 solution is that it relied upon the notion pushed by the private sector that competition would (1) force private employers to provide decent health coverage for workers; and (2) keep medical costs down among providers. This may have been a rational, if optimistic, assumption in 1965, but the spiraling costs of healthcare and the changes in the global economy have made it now demonstrably false. Competition among providers has no discernible impact in lowering medical costs, and competition among employers has come to favor irresponsible businesses like WalMart and MacDonalds that deny benefits to employees. Fewer and fewer small employers can afford health coverage for their workers, and its high cost is killing our large employers in their competition in the global economy. It is critical to understand the 1965 failing because the incremental approaches suggested by the insurance industry today rely upon the same assumptions and thus merely perpetuate that failure.

The second crucial way the 1965 changes failed was that they separated Medicaid from Medicare, meaning the system which covers the very poor is segregated from the system that covers (eventually) everyone. The result is that while we pay lip service to the notion that poor people need comprehensive health care, every time there's a recession, a revenue shortfall, a spending cap issue, we cut reimbursement rates for Medicaid providers, leaving them so low that many poor people have only theoretical access to health coverage.

A sustainable solution must combine healthcare for the poor with healthcare for the rest of us. Even a laudable onetime fix like raising Medicaid rates to match Medicare's will fail, because in the next budget crisis, and the next, nothing will stop us from untying the rates again, and balancing the budget on the backs of those least able to defend themselves.

So I say this to you today. Experts have already proven that it's *not* about the money; fundamental reform is in fact cheaper for the state than incremental reform, and the cheapest and most efficient of all is the most fundamental -- Medicare for All. Nor is this about trying to find common ground between all views. We should listen to and learn from those whose self interest dictates their attitude towards change, but just as Lyndon Johnson was not fooled in 1965, we must not be fooled. The legal duty of insurance company executives is to their stockholders and the bottom line, not to the public welfare. And that bottom line is increased by expanding market share, and by spending less of the premium dollar on actually providing health services. It should shock no one if every solution they propose does one or both of these things, and if they oppose every other solution, no matter what the public interest. Nor should we forget the self interest of organizations dominated by insurance companies, especially one such organization which profits directly from the status quo by offering its own wholly controlled small business pool. They should not be ashamed of their self interest, but they should not clothe it in the public good.

What this *is* about courage, integrity, and will. Let us learn the lesson of the last great achievement in our healthcare system, both what went right and what went wrong. Let's not tinker around the edges, and try to treat the symptoms, but let's make the fundamental changes the system needs to be cured. And let us create a system that is affordable, equitable, and sustainable for all of us.