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.

When you attend your Deliberation Week event, we will be interested in learning more about what you—not the “decision-makers”—think are the most important national issues in healthcare, and how you think they should be addressed. These issues surface in different ways in different parts of the country. At your Deliberation Week event, you will also consider some of the most important healthcare concerns in your local community. This discussion guide covers the national issues. A separate backgrounder will lead you through your local conversation.
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.

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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?

Now we invite you to turn to your attention to your local healthcare conversation.

ADDITIONAL INFORMATION: For more information on the By the People project, visit our website at http://www.pbs.org/newshour/btp. It is not necessary for you to do any additional reading. However, if you are interested, you will find suggestions for further reading on our website, as well. You can access this site from your personal computer or those at your local library.

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