**U.S. HOUSE OF REPRESENTATIVES**
**ENERGY & COMMERCE SUBCOMMITTEE ON HEALTH**
Hearing on "Proposals to Achieve Universal Health Care Coverage"
Testimony of Congresswoman Pramila Jayapal (WA-07)
DECEMBER 10, 2019

Chairwoman Eshoo, Ranking Member Burgess, and distinguished members of the Subcommittee on Health: Thank you for holding this important and historic hearing on proposals to achieve universal health care, in particular, H.R. 1384, the Medicare for All Act of 2019—the bill I'm proud to lead, alongside my esteemed colleague, Congresswoman Dingell and 117 other co-sponsors.

It's important to start by acknowledging the dedication of the Medicare for All coalition, which has been working for decades to make universal, guaranteed, comprehensive health coverage a reality. The list is long: Physicians for a National Health Program, National Nurses United, Public Citizen, Social Security Works, the Labor Coalition for Single Payer, the disability rights coalition, a strong racial justice coalition, women's groups and so many more—worked very closely with me for over six months to make sure H.R. 1384 is the most comprehensive and bold proposal to fix our broken health care system. We simply would not be where we are today without their leadership.

Every day, people feel the weight of our health care crisis. They feel it when they have to decide between paying their rent or rationing their insulin; feeding their families or paying off medical bills. They feel it when their wages stagnate because employers have to cut back on employee salaries to pay private insurance premiums for plans that cover less and less and cost more and more; and, they feel it when they are forced into bankruptcy or start a GoFundMe to beg for money from family and friends because their insurance does not cover the care they desperately need.

Our nation's health care system is, by far, the most expensive in the world. By the end of this year, we will have spent almost $3.9 trillion, or 18 percent of our GDP.[1] Our current system will cost us about $55 trillion over the next 10 years. And what does this astronomical spending buy? The highest maternal and child mortality rates among our peer countries, and the lowest life expectancy. More than 34 million adults who have lost someone in the last five years because their treatment was too expensive.[2] Five-hundred thousand Americans forced into bankruptcy because of medical costs.[3] And 70 million people who remain uninsured or underinsured.

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[1] https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected

[2] https://news.gallup.com/poll/268094/millions-lost-someone-couldn-afford-treatment.aspx

[3] https://www.cnbc.com/2019/02/11/this-is-the-real-reason-most-americans-file-for-bankruptcy.html

So, the first question we must ask is why can every other major country guarantee universal healthcare, generally for half the cost of what we spend on healthcare?

It comes down to the profit-making motives that are baked into our system; a system that puts profits over patients; a system that has a very expensive set of middlemen that stand between Americans and good quality, affordable health care. Twenty-five to 30 percent of all health care expenditures in our system go to administrative costs.[4] Some of those costs are necessary to administer any health care system, but much of it is wasted on an overly complex claims system that denies necessary care, paying for advertisements and maintaining CEO salaries. In 2018 alone, the top 62 health care CEOs made $1 billion in take-home pay while over 70 million people remained uninsured or underinsured.[5]

Any health care plan that seeks to address this crisis must do three things:
- First, it must cover everyone. Not just expand coverage for some, but guarantee health care for everyone.
- Second, it must expand the kind of benefits provided so that everyone has comprehensive, high quality health care when they need it;
- And finally, it must take on the out-of-control costs, administrative waste, and profit-motive of the current system and bring down costs for the vast majority of American families.

**Medicare for All is the only plan out there that does all of these things.** My bill ensures that every American has access to the health care they need by transitioning to a single-payer, government-financed, guaranteed health insurance plan for all Americans that provides comprehensive benefits, including long-term care. My bill eliminates cost-sharing, which would lower health care costs for families. And, my bill eliminates the middleman and curbs administrative waste, which would save hundreds of billions of dollars and lower costs for the overall health care system.

**Medicare for All improves upon the overwhelmingly popular and successful Medicare program** to include benefits such as vision, hearing, dental, mental health and, of particular importance, long-term care that is essential for seniors and people with disabilities—and then it expands Medicare to cover everyone with a guaranteed government insurance plan. It does all of this with no copays, private insurance premiums or deductibles. The American people will have more choice than ever before with Medicare for All—because all doctors and hospitals will be in-network, private insurance companies would no longer cannot limit Americans' choices or stand between them and the care they need. Private insurance companies are allowed to provide supplemental insurance for benefits not covered under Medicare for All.

**My bill also includes important cost-containment measures to ensure that we reign in health spending while guaranteeing everyone in the U.S. can get the care they need.** My

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[4] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5839285/
[5] https://www.axios.com/health-care-ceo-salaries-2018-3aff66cd-8723-4ec8-abe8-dd19edd24390.html

bill includes a global budgeting system, which reimburses hospitals and providers for their operating costs upfront to allow them to focus on value and efficiency, while ensuring health care dollars spent reflect actual health care costs. Global budgets allow a level of transparency that will ensure hospitals have the funds they need to provide for their communities but are also incentivized to focus on the health of their patients—not on profit or excessive administrative costs. This has worked in Canada and Australia, where their administrative costs are less than half of what the we spend in the United States[6]. Global budgeting will significantly lower the 25 percent of revenue hospitals currently spend on administrative costs, and streamline the billing process, because they would no longer be billing hundreds of insurance plans. My bill also reins in escalating drug prices by finally allowing the government to negotiating reasonable prices for all drugs—using the stick of licensing generics if drug manufacturers refuse to participate.

**Studies have shown that a Medicare for All system costs less than our current system.** Therefore, the whole cost and financing debate surrounding Medicare for All is disingenuous at best, and deeply misleading at worst. You cannot look at the cost of Medicare for All without thinking about what we currently spend today. A typical American family of four with the most common employer-sponsored health plan can expect to spend more than $28,000 on health care in 2018, with employers sharing only some of that cost.[7] One comprehensive study found that Medicare for All could save our health care system $5 trillion over the next 10 years.[8] Even a think tank funded by the conservative Koch Brothers estimated that Medicare for All would save our system $2 trillion over the next 10 years.[9] Therefore, when people ask "how will we pay for it," we must remember that Medicare for All costs *less* than what we currently pay for a system that costs so much and performs so poorly. Under our plan, the average American family will pay 14% less than they currently pay in healthcare costs. Bottom line? American families will save money on health care through Medicare for All *and* have guaranteed comprehensive care.

**Medicare for All means everyone is covered.** Regardless of whether a person has a job, gets fired or is let go, or wants to start a business, they will have insurance, guaranteed. People will no longer have to worry about rapidly rising premiums and out-of-pocket costs or narrowing provider networks that can limit their ability to find a doctor. Also, a Medicare for All system would allow us to leverage health care dollars for public health crises and invest in addressing social determinants of health and a "preventive care" system instead of our current "sick care' system.

**Medicare for All provides universal long-term care** for individuals with disabilities and older Americans with no cost-sharing.[10] It is past time we take care of our seniors and people with

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[6] OECD. Tackling Wasteful Spending on Health. OECD Publishing, Paris (2017), p. 241.

[7] https://www.beckershospitalreview.com/finance/28k-the-average-price-healthcare-will-cost-a-family-of-4-in-2018.html

[8] https://peri.umass.edu/publication/item/1127-economic-analysis-of-medicare-for-all

[9] https://www.mercatus.org/system/files/blahous-costs-medicare-mercatus-working-paper-v1_1.pdf

[10] https://www.kff.org/medicaid/issue-brief/key-questions-about-medicaid-home-and-community-based-services-waiver-waiting-lists/

disabilities so that they can live their lives with dignity in the setting of their choice and with their loved ones. My bill also switches the default from institutional care to home and community-based care so that the 700,000 Medicaid recipients currently waiting for waivers for home-based care services can be cared for outside of nursing homes.[11]

**Medicare for All will bolster rural hospitals and hospitals that mostly care for people who are poor and low-income.** Between 2010 and 2016, 72 rural hospitals shut down leaving thousands of people without local access to the care they need.[12] Today, rural and safety-net hospitals often cannot collect anything for the care they give to low-income and uninsured patients. Medicare for All levels the playing field and makes sure that everyone gets care, not just the wealthy. That means that all hospitals, including the ones that care for the poorest patients today, would have the funds needed to operate—and even expand—because everyone would have health insurance. Furthermore, my bill contains special provisions to help rural hospitals and critical safety net hospitals stay open and begin to thrive again.

**Medicare for All will end the vice-like grip of health care on businesses and our global economic competitiveness.** Currently, people are unable to take entrepreneurial risks or have to stay in a job that they hate because they cannot risk losing their employer insurance. Employers cannot invest in their businesses or employees' wages because they must pay staggering health insurance premiums, which only continue to rise. Our peer countries learned a long time ago that you cannot leave health care to for-profit industries, nor should health care be tied to something as impermanent as employment. That's why over 250 economists sent a letter to Congress, stating that Medicare for All will give the United States a much needed competitive advantage, with American companies no longer bearing such high costs of insuring employees.[13] Economists from across the country know that when American families, workers and employers no longer have to bear the responsibility of navigating an incomprehensibly complex insurance system or pour significant amounts of their time, money and resources into obtaining unreliable coverage, we promote well-being, stronger social and business networks and greater economic growth.

**The Medicare for Act of 2019, H.R. 1384, is a big, bold, comprehensive plan.** The for-profit health care industry is doing everything it can to maintain the status quo. The industry lobby has been pouring hundreds of millions of dollars into killing this bill, perpetuating misinformation to try to convince Americans that we cannot afford a health care system that works for everyone. They cannot bear the idea of giving up enormous profits they are making for their CEOs and shareholders. So, let me make one thing perfectly clear: What we can't afford, is our current health care system. Big Pharma CEOs and shareholders are lining their pockets while millions of people go without health care. We are facing not only a moral, but also economic imperative to fix our health care system. Medicare for All gets rid of wasteful spending and makes sure no

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[11] https://www.kff.org/medicaid/issue-brief/key-questions-about-medicaid-home-and-community-based-services-waiver-waiting-lists/
[12] https://www.kff.org/report-section/a-look-at-rural-hospital-closures-and-implications-for-access-to-care-three-case-studies-issue-brief/
[13] https://www.nesri.org/sites/default/files/Economists_for_Medicare_for_All_0.pdf

more lives are lost because people cannot access health care. It is time we stand up against corporate interests and stand up for a health care system the American people deserve. It is time for Medicare for All.