

Senator Barack Obama's Speech on Health Care Reform

Delivered on May 29, 2007 at the University of Iowa

The following is the prepared text of Senator Obama's speech on health care, as provided by his campaign to the New York Times.

I want to thank the University of Iowa for having us here, and I want to give a special thanks to Amy and Lane Chicos for joining me today to tell their story.

A few hours north of here, in the small town of Decorah, Amy and Lane run a small business that offers internet service to their community. They were the very first company to provide broadband access in their remote corner of northeastern Iowa, and every day, hundreds of people count on the services they provide to do their jobs and live their lives.

But today they are on the brink of bankruptcy – a bankruptcy that has nothing to do with any poor business decision they made or slump in the economy they weren't prepared for. Lane was diagnosed with cancer when he was twenty-one years old. He lost a lung, a leg bone and part of a hip. Seventeen years later, he is cancer-free, but the cost of health insurance for him, his wife and his three kids is now over \$1,000 per month. Their family's premiums keep rising hundreds of dollars every year, and as hard as they look, they simply cannot find another provider that will insure them.

Amy and Lane are now paying forty percent of their annual income in health care premiums. They have no retirement plan and nothing saved. They can no longer afford to buy new clothes or fill up their cars with gas, they have racked up more credit card debt than they know what to do with, and Amy wrote to us and said that the day she heard the loan officer say the word "bankruptcy" was one of the worst in her life.

"My heart was in pain," she said. "This is not who we are. We have done everything right. We have done everything we were supposed to do. This is not who we are."

Amy Chicos is right. This is not who we are. We are not a country that rewards hard work and perseverance with bankruptcies and foreclosures. We are not a country that allows major challenges to go unsolved and unaddressed while our people suffer needlessly. In the richest nation on Earth, it is simply not right that the skyrocketing profits of the drug and insurance industries are paid for by the skyrocketing premiums that come from the pockets of the American people.

This is not who we are. And this is not who we have to be.

In the past few months, I've heard stories like Amy's at town halls we've held in New Hampshire, and here in Iowa, and all across the country. Stories from people who are hanging on by a thread because of the stack of medical bills they can't pay. People who don't know where else to turn for help, but who do know that when it comes to health care, we have talked, tinkered, and let this crisis fester for decades. People who watch as every year, candidates offer up detailed health care

plans with great fanfare and promise, only to see them crushed under the weight of Washington politics and drug and insurance industry lobbying once the campaign is over.

Well this cannot be one of those years. We have reached a point in this country where the rising cost of health care has put too many families and businesses on a collision course with financial ruin and left too many without coverage at all; a course that Democrats and Republicans, small business owners and CEOs have all come to agree is not sustainable or acceptable any longer.

We often hear the statistic that there are 45 million uninsured Americans. But the biggest reason why they don't have insurance is the same reason why those who do have it are struggling to pay their medical bills – it's just too expensive.

Health care premiums have risen nearly 90% in the past six years. That's four times faster than wages have gone up. Like the Chicos family, nearly half of all Iowans have said that they've had to cut back on food and heating expenses because of high health care costs. 11 million insured Americans spent more than a quarter of their salary on health care last year. And over half of all personal bankruptcies are now caused by medical bills.

Businesses aren't faring much better. Over half of all small businesses can no longer afford to insure their workers, and so many others have responded to rising costs by laying off workers or shutting their doors for good. Some of the biggest corporations in America, giants of industry like GM and Ford, are watching foreign competitors based in countries with universal health care run circles around them, with a GM car containing seven times as much health care cost as a Japanese car.

This cost crisis is trapping us in a vicious cycle. As premiums rise, more employers drop coverage, and more Americans become uninsured. Every time those uninsured walk into an emergency room and receive care that's more expensive because they have nowhere else to turn, there is a hidden tax for the rest of us as premiums go up by an extra \$922 per family. And as premiums keep rising, more families and businesses drop their coverage and become uninsured. It would be one thing if all this money we spend on premiums and co-payments and deductibles went directly towards making us healthier and improving the quality of our care.

But it doesn't. One out of every four dollars we spend on health care is swallowed up by administrative costs – on needless paperwork and antiquated record-keeping that belongs in the last century. This failure to update the way our doctors and hospitals store and share information also leads to costly errors. Each year, 100,000 Americans die due to medical errors and we lose \$100 billion because of prescription drug errors alone.

We also spend far more on treating illnesses and conditions that could've been prevented or managed for far less. Our health care system is turning into a disease care system, where too many plans and providers don't offer or encourage check-ups and tests and screenings that could save thousands of lives and billions of dollars down the road.

Of course, the biggest obstacle in the way of reforming this skewed system of needless waste and spiraling costs are those who profit most from the status quo – the drug and insurance companies

who pocket a growing chunk of the medical bills that people like Amy and Lane Chicos are going bankrupt trying to pay.

Since President Bush took office, the single fastest growing component of health care spending has been administrative costs and profits for insurance companies. Coming in a close second is the amount we spend on prescription drugs. In 2006, five of the biggest drug and insurance companies were among the fifty most profitable businesses in the nation. One insurance company CEO received a \$125 million salary that same year, and has been given stock options worth over \$1 billion. As an added perk, he and his wife get free private health care for as long as they live.

Now, making this kind of money costs money, which is why the drug and insurance industries have also spent more than \$1 billion on lobbying and campaign contributions over the last ten years to block the kind of reform we need. They've been pretty good at it too, preventing the sale of cheaper prescription drugs and defeating attempts to make it harder for insurance companies to deny coverage on the basis of a preexisting condition.

Look, it's perfectly understandable for a business to try and make a profit, and every American has the right to make their case to the people who represent us in Washington.

But I also believe that every American has the right to affordable health care. I believe that the millions of Americans who can't take their children to a doctor when they get sick have that right. I believe that people like Amy and Lane Chicos who are on the brink of losing everything they own have that right. And I believe that no amount of industry profiteering and lobbying should stand in the way of that right any longer.

That's not who we are.

We now face an opportunity – and an obligation – to turn the page on the failed politics of yesterday's health care debates. It's time to bring together businesses, the medical community, and members of both parties around a comprehensive solution to this crisis, and it's time to let the drug and insurance industries know that while they'll get a seat at the table, they don't get to buy every chair.

We can do this. The climate is far different than it was the last time we tried this in the early nineties. Since then, rising costs have caused many more businesses to back reform, and in states from Massachusetts to California, Democratic and Republican governors and legislatures have been way ahead of Washington in passing increasingly bolder initiatives to cover the uninsured and cut costs.

We've had some success in Illinois as well. As a state senator, I brought Republicans and Democrats together to pass legislation insuring 20,000 more children and 65,000 more parents. I authored and passed a bill cracking down on hospital price gouging of uninsured patients, and helped expand coverage for routine mammograms for women on Medicaid. We created hospital report cards, so that every consumer could see things like the ratio of nurses to patients, the

number of annual medical errors, and the quality of care they could expect at each hospital. And I passed a law that put Illinois on a path to universal coverage.

It's a goal I believe we can achieve on a national level with the health care plan I'm outlining today. The very first promise I made on this campaign was that as president, I will sign a universal health care plan into law by the end of my first term in office. Today I want to lay out the details of that plan – a plan that not only guarantees coverage for every American, but also brings down the cost of health care and reduces every family's premiums by as much as \$2500. This second part is important because, in the end, coverage without cost containment will only shift our burdens, not relieve them. So we will take steps to remove the waste and inefficiency from the system so we can bring down costs and improve the quality of our care while we're at it.

My plan begins by covering every American.

If you already have health insurance, the only thing that will change for you under this plan is the amount of money you will spend on premiums. That will be less.

If you are one of the 45 million Americans who don't have health insurance, you will have it after this plan becomes law. No one will be turned away because of a preexisting condition or illness. Everyone will be able buy into a new health insurance plan that's similar to the one that every federal employee – from a postal worker in Iowa to a Congressman in Washington – currently has for themselves. It will cover all essential medical services, including preventive, maternity, disease management, and mental health care. And it will also include high standards for quality and efficiency.

If you cannot afford this insurance, you will receive a subsidy to pay for it. If you have children, they will be covered. If you change jobs, your insurance will go with you. If you need to see a doctor, you will not have to wait in long lines for one. If you want more choices, you will also have the option of purchasing a number of affordable private plans that have similar benefits and standards for quality and efficiency.

To help pay for this, we will ask all but the smallest businesses who don't make a meaningful contribution today to the health coverage of their employees to do so by supporting this new plan. And we will allow the temporary Bush tax cut for the wealthiest Americans to expire.

But we also have to demand greater efficiencies from our health care system. Today, we pay almost twice as much for health care per person than other industrialized nations, and too much of it has nothing to do with patient care.

That's why the second part of my health care plan includes five, long-overdue steps we will take to bring down costs and bring our health care system into the 21st century – steps that will save each American family up to \$2500 on their premiums.

First, we will reduce costs for business and their workers by picking up the tab for some of the most expensive illnesses and conditions.

Right now, two out of every ten patients account for more than eighty percent of all health care costs. These are patients with serious illnesses like cancer or heart disease who require the most expensive surgeries and treatments. Insurance companies end up spending a lion's share of their expenses on these patients, and not surprisingly, they pass those expenses on to the rest of us in the form of higher premiums. Under my proposal, the federal government will pay for part of these catastrophic cases, which means that your premiums will go down.

Second, we will finally begin focusing our health care system on preventing costly, debilitating conditions in the first place.

We all know the saying that an ounce of prevention is worth a pound of cure. But today we're nowhere close to that ounce. We spend less than four cents of every health care dollar on prevention and public health even though eighty percent of the risk factors involved in the leading causes of death are behavior-related and thus preventable.

The problem is, there's currently no financial incentive for health care providers to offer services that will encourage patients to eat right or exercise or go for annual check-ups and screenings that can help detect diseases early. The real profit today is made in treating diseases, not preventing them. That's wrong, which is why in our new national health care plan and other participating plans, we will require coverage of evidence-based, preventive care services, and make sure they are paid for.

But in the end, prevention only works if we take responsibility for our own health and make the right decisions in our own lives – if we eat the right foods, and stay active, and listen to our wives when they tell us to stop smoking.

Third, we will reduce the cost of our health care by improving the quality of our health care.

It's estimated that poor quality care currently costs us up to \$100 billion a year. One study found that in Pennsylvania, Medicare spent \$1 billion a year just on treating infections that patients contracted while at the hospital – infections that could have easily been prevented by hospitals. This study led hospitals across the state to take action, and today some have completely eliminated infections that used to take hundreds of lives and cost hundreds of thousands of dollars every year.

Much like the hospital report cards we passed in Illinois, my health care proposal will ask hospitals and providers to collect, track, and publicly report measures of health care quality. We'll provide the public with information about preventable medical errors, nurse-to-patient ratios, and hospital-acquired infections. We'll also start measuring what's effective and what's not when it comes to different drugs and procedures, so that patients can finally start making informed choices about the care that's best for them. And instead of rewarding providers and physicians only by the sheer quantity of services and procedures they prescribe, we'll start rewarding them for the quality of the outcomes for their patients.

Fourth, we will reduce waste and inefficiency by moving from a 20th century health care industry based on pen and paper to a 21st century industry based on the latest information technology.

Almost every other industry in the world has saved billions on administrative costs by computerizing all of their records and information. Every transaction you make at a bank now costs less than a dollar. Even at the Veterans Administration, where it used to cost nine dollars to pull up your medical record, new technology means you can call up the same record on the internet for next to nothing.

But because we haven't updated technology in the rest of the health care industry, a single transaction still costs up to twenty-five dollars.

This reform is long overdue. By moving to electronic medical records, we can give doctors and nurses easy access to all the necessary information about their patients, so if they type-in a certain prescription, a patient's allergies will pop right up on the screen. This will reduce deadly medical errors, and it will also shorten the length of hospital stays, ensure that nurses can spend less time on paperwork and more time with patients, and save billions and billions of dollars in the process.

Finally, we will break the stranglehold that a few big drug and insurance companies have on the health care market.

We all value the medical cures and innovations that the pharmaceutical industry has developed over the years, but it's become clear that some of these companies are dramatically overcharging Americans for what they offer. They'll sell the same exact drugs here in America for double the price of what they charge in Europe and Canada. They'll push expensive products on doctors by showering them with gifts, spend more to market and advertise their drugs than to research and develop them, and when a generic drug maker comes along and wants to sell the same product for cheaper, the brand-name manufacturers will actually payoff the generic ones so they can preserve their monopolies and keep charging the rest of us high prices.

We don't have to stand for that anymore. Under my plan, we will make generic drugs more available to consumers and we will tell the drug companies that their days of forcing affordable prescription drugs out of the market are over.

And it's not just the drug industry that's manipulating the market. In the last ten years, there have been over four hundred health insurance mergers. Right here in Iowa, just three companies control more than three-quarters of the health insurance market. These changes were supposed to increase efficiency in the industry. But what's really increased is the amount of money we're paying them.

This is wrong, and when I'm President, we're going to make drug and insurance companies compete for their customers just like every other business in America. We'll investigate and prosecute the monopolization of the insurance industry. And where we do find places where

insurance companies aren't competitive, we will make them pay a reasonable share of their profits on the patients they should be caring for in the first place. Because that's what's right.

We are a country that looks at the thousands of stories just like Amy and Lane's – stories we have heard and told for decades – and realizes that our American story calls on us to write them a hopeful, happier ending. After all, that's what we've done before.

Half a century ago, America found itself in the midst of another health care crisis. For millions of elderly Americans, the single greatest cause of poverty and hardship was the crippling cost of their health care. A third of all elderly Americans lived in poverty, and nearly half had no health insurance.

As health care and hospital costs continued to rise, more and more private insurers simply refused to insure our elderly, believing they were too great of a risk to care for.

The resistance to action was fierce. Proponents of health care reform were opposed by well-financed, well-connected interest groups who spared no expense in telling the American people that these efforts were "dangerous" and "un-American," "revolutionary" and even "deadly." And yet the reformers marched on. They testified before Congress and they took their case to the country and they introduced dozens of different proposals but always, always they stood firm on their goal to provide affordable health care for every American senior. And finally, after years of advocacy and negotiation and plenty of setbacks, President Lyndon Johnson signed the Medicare bill into law on July 30th of 1965.

The signing ceremony was held in Missouri, in a town called Independence, with the man who issued the call for universal health care during his own presidency – Harry Truman.

And as he stood with Truman by his side and signed what would become one of the most successful government programs in history – a program that had seemed impossible for so long – President Johnson looked out at the crowd and said, "History shapes men, but it is a necessary faith of leadership that men can help shape history."

Never forget that we have it within our power to shape history in this country. It is not in our character to sit idly by as victims of fate or circumstance, for we are a people of action and innovation, forever pushing the boundaries of what's possible.

Now is the time to push those boundaries once more. We have come so far in the debate on health care in this country, but now we must finally answer the call issued by Truman, advanced by Johnson, and pushed along by the simple power of stories like the one told by Amy and Lane Chicos. The time has come for affordable, universal health care in America. And I look forward to working with all of you to meet this challenge in the weeks and months to come. Thank you.