

Telephone Town Hall 2009 : Addressing the gaps and inequalities of our health care system

Recently I held my third ever Telephone Town Hall on September 1st, 2009. We had over **six thousand people** join the call, and express their opinions on health care. I want to thank my constituents for their impassioned comments, and questions. Our nation faces many obstacles, but with all of us working together—I am sure that we will continue to meet the challenges ahead of us.

Learn more about our discussion:

- Download the [full call](#) .
- Listen to individual [questions & answers](#) from the call.
- Read several [follow-up questions](#) that we didn't have time to discuss during the call.
- Leave a [comment](#) .

Questions and Answers from the call

Listen to my answer by clicking the play button below each question.

Introductory Remarks

It is great when I can hear from so many of the civic minded people in our district...

- *Rep. Mike Honda*

Public Option, and Illegal Immigrants in Reform

Where do you stand on the public option? How will you go about solving the problem of illegal immigrants, which cause a lot of added expense to the system.

- *Lek from San Jose*

What are the hopes for reform?

The Insurance Lobby seems to be very powerful, well funded, and very much against health reform. Is there any hope for a credible bill to pass under this much pressure?

- *Cecilia from Santa Clara*

Timeline for Reform, is there a rush?

Why are we in such a rush for health care reform? It does not feel like we are taking a lot of time. Further, is it true that federal employees, and Members of Congress would not have to participate in the reform?

- *Jeff from San Jose*

Help for the Unemployed

What kind of help does the plan have for people who are unemployed, or those that will become unemployed? What kind of effect will this reform have on our taxes?

- *Yoon from San Jose*

Costs of Health care

We are very worried about the cost of health care delivery. What concrete cost reductions would you support?

- *Rich from Cupertino*

Preventative Care in Reform

What responsibilities will patients have in terms of taking care of themselves in health care reform?

- *Michael from San Jose*

Tort Reform

Will the reform include any solutions to the tort system affecting the health care industry currently?

- *Marion from San Clara*

Changes in Medicare

There are proposals to cut 500 billion from the Medicare fund, but yet Congress wants to add 47 million people to the system. All of this will happen without adding any doctors. How will the quality of medical care be maintained?

- *Ken from Cupertino*

Health Insurance Exchange

Who will participate in the Exchange?

- *Frank from Santa Clara*

Free Market in Reform

Are you aware of proposals put forward that encourage free market reform? Things like health savings accounts, which are already approved, but limited in size.

- *Edward from Santa Clara*

The Merits of the Public Option

A Wall Street Journal poll states that the majority of Americans are against a public option. Why are you going against, what I believe, is the will of the people in pursuing a public option in health care reform?

- *Deanna from Los Gatos*

Cost of Medicare, and Health care reform

Medicare is rapidly going broke, so I don't understand how more of the same is going to be an improvement. How can we add 47 million people to the system without increasing cost?

- *Frank from Cupertino*

Mental Health in Reform

What kind of help will health reform provide to those with mental health issues?

- *Arlene from Cupertino*

Necessity for Reform

I feel like there is something wrong with the bill, it gives me a bad feeling. It looks like something they have in Massachusetts where they have a 2 billion dollar short fall, or something in Portland where they just can't get people in the plans. My question is, why are we changing a system that most people like? Why are we spending money on Cash for Clunkers, instead of helping people like the constituent with the son who has juvenile diabetes.

- *Edward from Milpitas*

No Similarities to Single Payer System

I'm interested to know if health care reform will be similar to what they have in Canada or England? For example, where people reach a certain age they will deny people operations, or that they will deny medical care for certain situations. I don't understand what it is all about.

- *Norma from Milpitas*

Closing Remarks

I believe everyone has a right to health care, and that reform must guarantee that patients and doctors make decisions on what's best for the patient's health, not for the insurance companies' pocket books...

- *Rep. Mike Honda*

Followup Questions Submitted After The Call

Ron from San Jose & Mike from Los Gatos:

Ron thinks government should be kept out of healthcare and to let the free market take care of it. He asks: Can you please explain how the public option would help, versus a free-market solution? Who will participate in the exchange? Are members of Congress required to participate? Mike asks: How will Congress ensure that small business owners won't have to drop their health care coverage and be forced into the public plan?

REP. HONDA:

Unfortunately, many of our healthcare problems in this country have arisen as a result of the free market system going unchecked for so long. The free market has ruled the American healthcare market since the country's creation with little to no impediment from the government. During that time, access to healthcare has only gotten more difficult and expensive, and the U.S. has continued to fall further and further behind much of the world in our overall health. The United States is the only industrialized country with only a for-profit healthcare industry, and we have one of the poorest health outcomes as a result. Because of the largely unregulated, market-based approach, healthcare has become more about profits than it is about health. The free market has been given a long time to make healthcare better in this country, and unfortunately, it has only made things worse.

By improving and expanding insurance regulation and providing a public option, H.R. 3200 allows the market to work better for the American people. Private insurance companies will continue to exist, but now competition will not be just between insurance companies, who are focused on increasing their bottom lines, it will also be with a public option. This will help keep insurance companies from artificially raising prices, and will force companies to compete based on the quality of care that they provide. Nobody will be forced to choose the public plan, it will just provide one more option for the American public. Like all Americans, Members of Congress will have the option of choosing between the public plan and private ones, but nobody will be mandated to choose a specific plan.

All Americans' healthcare choices will be made more transparent and affordable by the creation of the Exchange. The Exchange will offer a government-regulated marketplace, where individuals can compare different insurance options, both public and private, and can choose the option that best meets their needs. This comparison will provide for health insurance what companies like Expedia and Travelocity provide for airlines and hotels: a way for consumers to easily see what each company offers and how much each policy will cost before purchasing insurance policies.

The Exchange will also allow individual Americans and small businesses to come together and purchase insurance at group rates, the way that large companies do when purchasing their employee benefit plans. This way, individual Americans and small businesses will be able to purchase insurance at affordable rates, even though they are not purchasing a large number of policies. As with many companies and other organizations which offer group rate insurance policies (like the House of Representatives), people purchasing insurance through the Exchange will be able to choose between a number of different private plans. Their choices will be increased by the addition of the public option, but nobody will be forced into any one plan.

Larry from Santa Clara:

Larry worries about help for the middle class and loopholes for insurance companies. He asks: You mentioned that there was a subsidy if you made less than 40K. What about the middle class? What help is there for them, and also people who have chronic conditions? Insurance companies always seem to get around this, so what safeguards are in place to ensure that insurance companies can't raise your premiums for having a pre-existing condition?

REP. HONDA:

One of the most important elements of H.R. 3200 is that it allows all Americans to work together to decrease rates and increase affordability, but it does not give anyone a free ride. In order for a system like this to work, everyone must contribute something, so we are invested in improving our nation's health.

In order to make sure that everyone can purchase insurance, incremental subsidies based on income will be provided to anyone making less than 400% of the poverty level. This means that subsidies would be provided to an individual making up to \$43,320, or to a family of four making up to \$88,200 per year.

In addition, the plan will build upon our current system of employer-based coverage by providing incentives for employers to provide insurance to their workers. The group rates offered by the Exchange will make it easier for small employers to purchase insurance, and tax incentives will motivate organizations of all sizes to provide employee healthcare coverage. Those individuals who continue to not receive coverage through their jobs, but who make too much to receive the subsidies, will still benefit from the lowered rates offered by the Exchange.

The plan also places new regulations on insurance companies, which will make it easier for

many people to access and purchase insurance. Sections 111 and 112 of H.R. 3200 specifically prohibit any discrimination based on pre-existing conditions, and prohibit insurance companies from rescinding anyone's coverage except in cases of fraud. Section 122 of the bill also prohibits any co-pays or cost-sharing for preventive care, which will make it easier and more affordable for people to manage chronic conditions before they become expensive.

Caroline from Cupertino

Caroline believes that the current cost of people's medication is too high. She asks: Will the new health plan provide affordable and adequate medication? People are going hungry to pay for prescriptions. Is it because they can't afford it in the first place or is their HMO putting a cap on their medication?

REP. HONDA:

Many people, especially those who are uninsured or on Medicare, struggle to pay for their medications in the current system; those with insurance face complicated formularies and cost barriers even though private insurance companies and large group insurers often negotiate with pharmaceutical companies for cheaper prescription drugs.

These high rates affect not only the elderly and poor but middle-class Americans and sometimes even the fairly wealthy when a medication is particularly expensive. Monthly prescriptions for drugs can be under fifty dollars or into the tens of thousands per month depending on the prescription and type of drug being taken. The high cost of many prescription drugs is the subject of intense debate in Washington and around the country. It is explained by consumer, industry, and other analysts as, variously, a result of the cost of research, development, price gouging, or the lack of large group purchasing power for individual health insurance consumers and small businesses, among other reasons. Private insurance companies may not offer certain medications in their formularies or charge the patients different rates depending on the cost of the drug and the agreement negotiated by the insurance provider with the manufacturer which results in uneven access to prescriptions and different prices between different formularies and drug plans.

Many Medicare patients also suffer from a coverage gap commonly known as the “donut hole”. Under current procedures, Medicare covers 75% of a patient’s prescription drug costs for the first \$2,700 of care. After that point, patients are required to pay all costs until they reach \$6,154, at which point Medicare will begin to provide coverage again. This coverage gap can be devastating for many seniors, including 8,000 seniors in the 15 th Congressional District, who each year are forced to choose between paying thousands of dollars out-of-pocket, or going without their prescription medications.

While the H.R. 3200, the health reform bill currently being debated in the House of Representatives, does not explicitly address the broad issue of the cost of pharmaceuticals, Section 223 of the healthcare reform bill makes it possible for the Secretary of Health and Human Services to negotiate cheaper prescription drug prices for the public insurance option, which will ensure many people who are currently uninsured access to affordable prescription drugs through their new insurance policies. H.R. 3200 will also eliminate the doughnut hole for seniors over the next twelve years beginning with a \$500 reduction in 2011, and continuing to phase it out gradually over the next 12 years.

These changes will make it much easier for American seniors, and for all Americans, to purchase prescriptions at a reasonable cost.

Benjamin from Santa Clara:

Benjamin believes that undocumented immigrants will exploit the system. He asks: You mentioned that undocumented immigrants are barred from eligibility. We don't need to pay for people who break our laws. I would appreciate your comments on what provisions and safeguards are in the bill to stop undocumented immigrants from using the system.

REP. HONDA:

The bill provides subsidies to help people purchase insurance, but these subsidies will only be accessible to people who can demonstrate legal status in the United States and who can show that they make less than 400% of the federal poverty level. Section 246 of the bill specifically excludes undocumented immigrants from taking advantage of the subsidies.

We have already imposed many stringent documentation requirements in order for people to access publicly funded programs like Medicare and Medicaid. None of these requirements are lifted or changed by this bill. The Senate Finance Committee health reform bill recently introduced by Mr. Baucus contains a provision that would specifically bar undocumented immigrants from not just accessing federal subsidies but from entering the health exchange to purchase private health insurance – even if they are doing so entirely with their own funds.

Under H.R. 3200, undocumented immigrants will only be able to get insurance the same way they can now: if they purchase it out-of-pocket from a private insurer.

Michael from San Jose

Michael believes that reform will cost more than has been projected, and that taxing the top 1% of Americans will not cover this. He asks: Can you please go into detail about the projections for the cost of the bill, how Congress plans to pay for it, and what the cost for health care will be if there is no reform.

REP. HONDA

The House bill will cost an estimated \$1.3 trillion over the next ten years. The other proposals range from a low of \$856 billion under the new Senate Finance Committee bill to about \$900 billion under President Obama's as yet un-revealed proposal. The House bill fully pays for itself through efficiencies in Medicare and Medicaid, closing tax loopholes exploited by businesses and individuals to shelter income offshore, a surcharge on the wealthiest 1.2% of Americans, and penalties paid by mid- and large- sized employers who do not provide health insurance for

their employees. The public option will be provided with only \$2 billion to start up and is required to pay back the initial federal investment after which it is expected to operate based on premiums and deductibles like any other private insurance plan.

Without reform, national health spending is expected to reach \$2.5 trillion in 2009, accounting for 17.6 percent of the gross domestic product (GDP). By 2018, national health care expenditures are expected to reach \$4.4 trillion—more than double 2007 spending. National health expenditures are expected to increase faster than the growth in GDP: Between 2008 and 2018, the average increase in national health expenditures is expected to be 6.2 percent per year, while the GDP is expected to increase only 4.1 percent per year. Over the last decade, employer-sponsored health insurance premiums have increased 119 percent. There is no reason to think that this trend will reverse without significant action to reform our health care system. In fact, many companies are facing premium increases of around 20% next year.

While there is disagreement about the best course to pursue in reforming our current health care system, the rate of medical debt and medical bankruptcies in our country, the innumerable stories of denials, complications, and deaths associated with the failures of our current system testify loudly to the need for reform.

Janice from San Jose

Janice is on Medicare and is very happy with it. She asks: Will Medicare premiums go up in any way or will services be limited by the health care reform? Is there any way for Congress to publish a summary of this bill to make it understandable to people?

REP. HONDA

Medicare premiums already increase yearly by about 3% because of inflation. By way of contrast, premiums in many individual and smaller plans increase about 20% per year. The

provisions in health care reform are aimed at improving services in Medicare. By closing the doughnut hole and eliminating waste, fraud, and abuse, the quality of services will improve. Additionally, the legislation eliminates the sustainable growth rate formula (SGR) which has presented significant barriers to provider participation in the Medicare program in many areas. The American Medical Association has come out in favor of H.R. 3200 – largely because of the elimination of the SGR. More physicians may choose to enter the Medicare program if the SGR were eliminated and physician payments stabilized.

The health reform bill is designed to strengthen all aspects of health care delivery in the United States. The quality of Medicare will not suffer with the improvements proposed by the House bill. In fact, the changes to Medicare are intended to strengthen the program and continue to make it viable for the years to come.

A section-by-section summary is available on multiple public sites including the Speaker's website and the Committees of jurisdiction.

Colby from Santa Clara

Colby believes there are other ways to address the reform. He asks: Is there any support for more deregulation through tort reform and health care portability across state lines. What is in the bill to address these two suggestions?

REP. HONDA

The President specifically addressed the issue of tort reform in his address to Congress on September 9 th, 2009. He did mention that tort reform should be examined for ways in which it can positively impact cost savings in the health care system. His suggestions, however, have not been fleshed out and tort reform efforts must be pursued carefully so as not to unduly infringe on the right of an individual to seek compensation for injury. The direct cost of medical

malpractice only makes up 1 – 3 % of overall healthcare costs, but they are frequently cited as a top cost for individual providers. Furthermore, there is some evidence that doctors, particularly those in high risk specialties, order imaging and diagnostic tests in order to avoid potential lawsuits – thus resulting in indirect increases to the cost of health care.

Insurance companies do not release malpractice and injury information willingly or often and hospitals are only required to release information on hospital acquired infections on a state by state basis. While tort reform may well be a part of the equation to take down health care costs, it is not the only way to drive down premiums. There is very broad agreement that competition lowers prices and that in many regions of the country select insurance companies have near monopolies on market share. The public option and the health exchange will introduce transparency and competition into a system currently mired in complexity and hampered by hugely powerful insurance companies and in some cases, very powerful provider groups.

With regard to the issue of portability, existing law granting states the sole right to regulate insurance present significant barriers to making that change. Doctors and providers already struggle with burdensome administrative costs related to dealing with multiple insurance plans and adding the additional complexity of other states' insurance regulations would only add to cost and confusion for providers. H.R. 3200 includes administrative simplification requirements that are aimed at simplifying payment processes so that providers can focus on providing care, rather than wading through paperwork.