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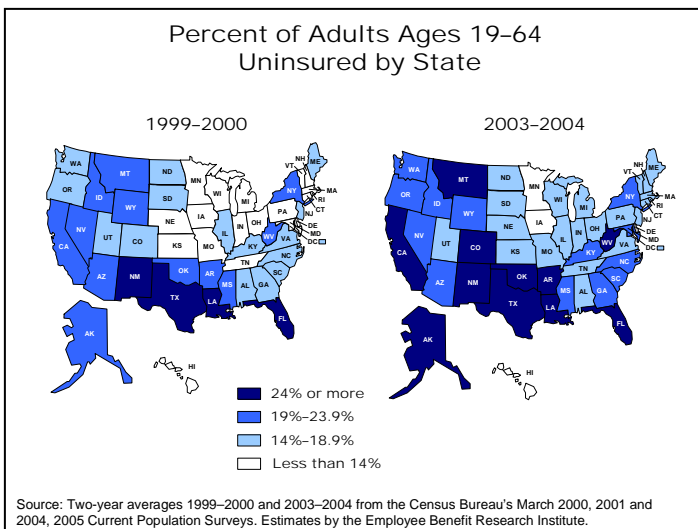
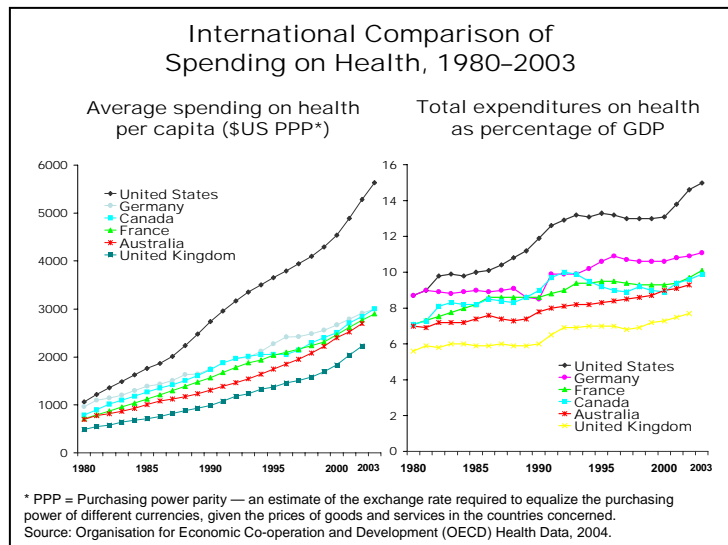
To: Health Care Reporters and Editors

From: Karen Davis, President, The Commonwealth Fund

Re: Perspectives on health care proposals in the State of the Union Address

President Bush is expected to outline several strategies to reform the U.S. health care system in the State of the Union Address on January 31st. Recognizing the need to improve the affordability and availability of health care is an important step toward a health care system that works for all Americans. However, the proposals the President has indicated he will put forward do not go far enough to reverse the alarming trends we have seen in recent years.

Our health care system is indeed in crisis. While the U.S. spends far more than other countries, we do not get commensurate value for our health care dollar. Health expenditures have grown from \$1.3 trillion in 2000 to \$1.9 trillion in 2004, and the portion of gross domestic product consumed by the health sector over that period has increased from 13.3 percent to 16.0 percent.



The number of Americans without health insurance has continued to rise, from 40 million in 2000 to 46 million in 2004. Thanks to expansions in public coverage, the rate of children with health insurance remained stable during that time. All of the increase in the uninsured has been among working-age adults.

Rising health care costs are straining U.S. businesses, both large and small. Underinsurance and burdensome

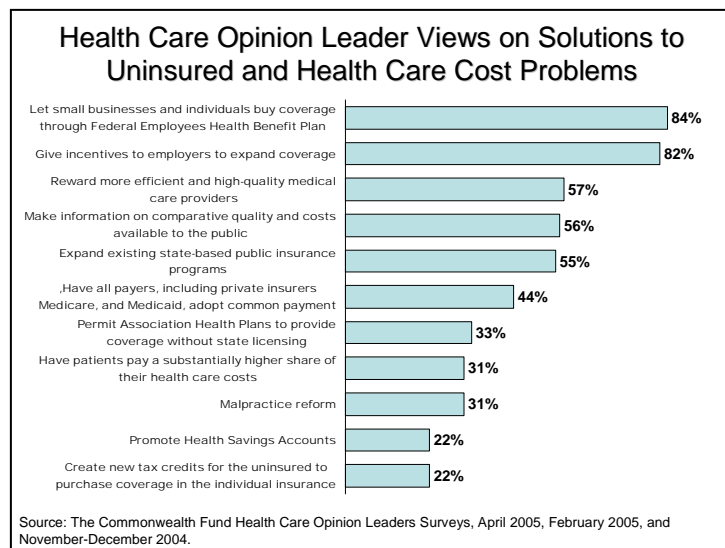
medical debt are a growing threat to the health and financial security of American families. An estimated 16 million Americans are underinsured and unprotected from catastrophic health costs, and about 77 million adults struggle with medical bills, have recent or accrued medical debt, or both.

Increasing the already high health care cost burden for consumers is not going to make our health system work better, and tax breaks to purchase health insurance will not provide assistance to the half of the uninsured whose incomes are too low to owe taxes.

Rather than leaving it up to patients—who may be too sick to comparison-shop for care—to find the best bargain for health care, even if they are able to get price information, a more promising alternative is to promote collaboration between private insurers and government to leverage their purchasing power in the health care marketplace. Another promising strategy is to give incentives to health care professionals and organizations to provide care more efficiently.

We need to transform the U.S health care system to one that is efficient, effective, safe, patient-centered, equitable, and universal. The Commonwealth Fund has established a Commission on a High Performance Health System with the goal of identifying elements of a high-performing health system, setting realistic goals, and tracking progress.

To achieve this will take bold action, but it is indeed possible. A recent Fund survey of health care leaders found that respondents were surprisingly unified in their opinions of what strategies are most promising, such as letting small businesses and individuals buy coverage through the Federal Employees Health Benefit Program; giving incentives to employers to expand coverage; rewarding more efficient and high-quality providers; and making information on comparative cost and quality of health care publicly available management.



We have posted on our [website](#) several Commonwealth Fund publications and Fund-supported research to provide perspective into some of the pressing problems in the U.S. health care system, the effectiveness of strategies for reform, and promising innovations to move towards a truly high performance health care system.