

**Pennsylvania Senate Banking and Insurance
Testimony of Chuck Pennnacchio, Ph.D.,
Executive Director, Healthcare for All
Pennsylvania, a 501(c)3 and (c)4 citizen
education and advocacy organization**

December 16, 2009

**Good morning Chairman White, Vice Chairman
Stack, distinguished members of the
Pennsylvania Senate Banking and Insurance
Committee.**

**Thank you sincerely on behalf of Healthcare
for All Pennsylvania's more than 10,000
members - citizens from every walk of life and
from every corner of Pennsylvania - for this
opportunity to present our case for adoption
and passage of Senate Bill 400, the "Family and
Business Health Security Act of 2009."**

**My name is Chuck Pennnacchio. I have met and
spoken with many of you about Senate Bill
400. But for those I have not personally
visited, I am executive director of Healthcare
for All Pennsylvania, a resident of rural Bucks
County, a college teacher in Philadelphia, a**

professional historian, a husband of twenty years, a father of two school-age children, a member of the Lower Bucks Chamber of Commerce, and a former aide to four United States Senators and one member of the U.S. House of Representatives.

Given the unfortunate course of healthcare discussion and development in Washington, D.C., over the last several months, Healthcare for All Pennsylvania's 10,000 members trust that this is only the first significant step in an evidence-based process designed not only to cure Pennsylvania's healthcare system, but also to inspire the adoption, across each of America's individual states, the only proven, uniquely American, centrist healthcare reform: the 'One Payer system,' sometimes known as 'Improved Medicare for all,' or the 'Single Payer Solution.' That's 'Everybody in, Nobody out.' Cost cutting. Life saving. Job generating. Bureaucracy shrinking. Hospital preserving. Business attracting. Community building. Physician and nurse retaining. Civilized healthcare for all.

Through state modeling, therefore, Pennsylvania is, as we were in 1776 and 1787, strategically positioned to fix the healthcare system of the United States.

Why? Because, politically, Pennsylvania is closer than any other state to passing the One-Payer solution in early 2010. Unlike in any other state, our governor is committed to signing SB 400 into law. Second, unlike any other state, we have built a non-partisan and bi-partisan coalition of legislators and citizens across the political spectrum and across the state. Third, unlike any other state, the funding mechanism is embedded in SB 400 itself, meaning there is no need for a special funding referendum. And fourth, public opinion polls, like Quinnipiac, identify two-thirds or more Pennsylvanians support the One Payer solution, the highest numbers in the nation. (Quinnipiac Poll, May 1, 2008: 68%)

What do we know and what can we anticipate coming out of Congress this or next year? First, we know that President Obama's healthcare package won't go into effect until January of 2013, assuming passage. Second,

we know that the so-called public option is dead. Third, we know that each American will be mandated under law either to purchase health insurance or pay a sizeable fine.

Fourth, we know that states and municipalities will be on the hook financially for many, if not most, of the new mandates for purchasing, subsidizing, or otherwise absorbing insurance and delivery costs. We are, of course, talking about unfunded and/or under-funded federal mandates coming down the pike.

Because of these compelling realities, we citizens see an opportunity where others see crisis. We citizens see challenge where others choose to wait, to ignore, or to hide from what we know is coming. We citizens choose to act where others recede into ideology, careerism, or cynicism. We citizens researched and wrote Senate Bill 400 in 2004. Senator Ferlo introduced it in 2005, again in 2007, and again in 2009. We citizens are now putting our research findings to the test through an economic impact study with the most credible healthcare economy think tank in the nation, the Lewin Group. If you, as individual citizens,

want to help finance such a study, we welcome your assistance.

Senators, today you will hear from three other supporters of Senate Bill 400: an emergency room nurse, a family physician, and a former state legislator who runs his own business.

The nurse, Patty Eakin, and the doctor, Dwight Michael, daily witness, and endure, the calamity of a healthcare delivery system that has been high-jacked by profit-first health insurance companies - predatory health insurance companies whose waste, fraud, abuse, excess profit, extravagant marketing campaigns, reckless Wall Street investments, unconscionable executive salaries, and systematic non-payment of medical services cause unnecessary pain, suffering, and death. Economically, the profit-first health insurance funding mechanism fosters debt and hardship, hospital closures, and an alarming exodus of doctors, nurses, and private businesses.

The so-called rules and regulations of the profit-first health insurance industry are driven not by clinical evaluation, but by top-

down, profit-centered executives and boards, formulated by insurance underwriters, and executed by salary-incentivized private sector bureaucrats whose own compensation increases with each denial, or partial denial, of payment for services.

At the same time, these profit-first health insurance companies represent a constant headache for healthcare professionals whose own army of bureaucrats are forced to spend limited time, energy, and resources negotiating mostly incomprehensible and constantly shifting “rules” that dictate the delivery of, payment for, and non-payment for medical services.

This battle of bureaucracies not only consumes 35-cents out of every healthcare dollar (compared to 3.1-cents for Medicare), it also infects that most critical of relationships, the patient-provider relationship and, in turn, contributes to mutual fear, mistrust, anger, and, yes, a rise in medical malpractice insurance costs and lawsuits.

The profit-first health insurers also systematically drive down reimbursement rates for highly skilled medical professionals at the same time that they dramatically drive up the premiums, co-pays, and deductibles on businesses, governments, families, and individual health insurance purchasers. Moreover, more than 95% of insured Pennsylvanians are in imminent danger of medical bankruptcy because of lifetime caps, or limits, on health insurance payouts. Some 60,000 working Pennsylvanians declare medical bankruptcy every year because of medical bills they simply cannot pay. My sister and brother-in-law are one such case, due to my 14-year-old niece's rare stomach disorder that has forced frequent hospitalization and care, not to mention a 20% weight loss and near-constant pain since March of 2009.

For one-third of Pennsylvanians – that's four (4) million of our neighbors, friends, and family members – who are either uninsured or under-insured, between five (5) and six (6) unnecessarily die each and every day, according to Harvard Medical School's most recent findings. That's 1,760 Pennsylvanians

and 44,000 Americans who die annually from lack of adequate healthcare. My mother is one such story. Quite simply, she passed away on February 29, 2008 because she could not afford the blood pressure medication to keep her alive.

Now, for the good news. Pennsylvania Senate Bill 400 (and its companion, House Bill 1660) provide(s) a practical, affordable, patient-first, clinically-centered, publicly-funded, privately-delivered, job-generating solution to our healthcare crisis, in particular, and to our economic crisis, in general. Senate Bill 400 resolves each of the problems stated above.

After a brief overview of the attached power point handout, and the oral and written testimonials of Patty Eakin, Dwight Michael, and Dave Steil, we will welcome your questions and continuing dialogue.

Thank you.

Additional points:

Accounting only for the four [4] Blue Cross/Blue Shield consortiums that control 86% of the health insurance market in Pennsylvania, this industry sits atop \$18 billion worth of medical non-payments.)

Rural hospitals, according to the Hospital Association of Pennsylvania, are more at risk of closing than other group of hospitals. Whereas, more than 50% of PA hospitals are running in the red, the percentage of rural hospitals that spend more in services than they receive for compensation is closer to 70%.