

**Remarks of Transition Health Policy Team Leader Tom Daschle
Colorado Health Summit – hosted by Senator Ken Salazar
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Denver, Colorado**

Thank you very much, Ken, for that wonderful introduction and thank you all for your warm reception. It is such a pleasure to be here. In politics you get introduced in so many wonderful ways and sometimes hyperbolic. I remember that time when I was introduced as a model United States Senator, and a model South Dakotan, and a model leader and a model person overall, my wife Linda was with me and later showed me the word model as its defined in the dictionary as a small replica of the real thing. Ken chose not to use that word and I appreciate it very much. I don't know about you, but I get moved every time I hear stories like we've just seen this morning. Compelling personal stories. You can read statistics until your eyes glaze over and I'll be throwing out statistics in my remarks this morning. But what really matters is that, what really matters is the impact that those numbers have on real people. And I'm sure that all of us as diverse as we may be in this room this morning have our own stories, either family stories, stories relating to friends, maybe personal, but we can all relate to stories like that. And so we're gathered here because I would like to believe that a few years from now we won't have to hear stories like that from people. A few years from now I would like to hear stories that are much more optimistic and much more persuasive that we can do a better job as Americans in providing basic healthcare for every single American regardless of circumstance.

And so, first and foremost let me thank my very special friend. I know you know this, but I think it takes someone from outside of Colorado to tell you, you have one of the finest United States Senators any state has every sent to Washington in Ken Salazar and I am very grateful that you have. He and I have become very close personal friends, we get together for dinner from time to time and talk over all kinds of things. He was one of the first people with who I shared my book before it was printed. We've had many good conversations. He cares deeply about prevention and wellness. He's talked to me about it very passionately about it very passionately and articulately. We've talked about the problems of chronic shortages in doctors and nurses and other providers. He and I share a common commitment to rural healthcare in particular. So many parts of our two states are underserved as a result of the lack of providers today. So we have a lot in common.

And the eloquence and the passion that you heard as he made his remarks this morning are the same passionate expressions of concerns that I hear from the heart every time he and I talk about healthcare. He also, as you probably have recognized is going to be one of the key Senators as a member of the Senate Finance committee working on healthcare. The Senate Finance Committee is that committee designated with the primary responsibility along with the health education and labor committee to move this legislative agenda through the Senate. So he will be right in the room when a lot of these decisions are made. So your presence here this morning is making history. This is the beginning of a process, hopefully a successful process that will ultimately bring us to a conclusive and successful effort in the not too distant future to bring meaningful health

reform to people all over this country. So I am grateful to each of you for participating and I'm grateful to our sponsors, those who helped make this possible for bringing us all here today. And I'm so proud and pleased to be a part of it.

President-Elect Obama has made health reform one of his top priorities. He did it in the campaign and I am here to tell you that his commitment to changing the health care system remains strong and focused. The potential for healthcare in our country is enormous. The disease that once threatened so many lives in America in many cases are now curable, conditions that were once devastating are now treatable, and we have the knowledge to extend and improve lives in ways we never felt possible just a few decades ago.

But the system as the stories again remind us today is flawed and failing. Healthcare costs are skyrocketing, outpacing economic growth and that of wages. One half of all bankruptcies, one half of all home foreclosures are related to medical costs. Business are caught between a rock and a hard place as they balance the need to provide healthcare with the need to stay competitive. And rising healthcare costs are now recognized as the nation's number one long term economic and budget challenge.

There's no question that the economy is going to be directly related to our capacity and our ability to reform the healthcare system in the months ahead. So our goal I think can be clearly stated. The goal must be to build to a high performance health care system providing every American with higher quality, greater access, and lower costs. One that in the words in one American who recently participated in our online discussion transition website –“shifts the paradigm from a focus on sickness to focus on wellness.”

But before we define the solution, I think it's important that we define the problem. It's important that we're all on the same page, that we agree what the problem really is. Before we define the problem we have to destroy the myth. And the myth in our country has long been that we have the best healthcare system in the world. Why else would kings and leaders all around the world, people of prominence come to the United States?

Well to a certain extent that is true. But for every king who may come to the United States, there are thousands of people who leave the US to get medical care elsewhere. They call it now medical tourism. Thousands of people leave the United States because the quality and the cost is better in other countries. So how do we explain, well we explain by simply stating that we have islands of excellence in a sea of mediocrity.

We are 29th in the world when it comes to infant mortality. 29th. We are 24th in overall women's health. We rank 31st in life expectancy. On Pine Ridge Indian reservation the life expectancy of an Indian male is 47 years. The same as what it is in Botswana. We rank 37th overall in outcomes. 37th. Below Costa Rica and just above Slovenia. And I would ask how long would this country stand for being 37th in the Olympics? We wouldn't stand for it long.

So we recognize just those numbers that we have a long, long way to go to be the best health care system in the world. Well if we're going to be that best healthcare system, it seems to me we have three very distinct categories of problems we have to solve. I notice the charts on the side of the room over there that outline them well.

The first is cost. To a large extent cost is driving many of the problems we are facing today. We pay for our healthcare in one of three ways, but all of us pay in all three ways. We pay through taxes, we pay through premiums, and we pay an out of pocket expense.

The aggregate of taxes, premiums, and out of pocket expenses exceeded for the first time \$7,500 for every man, woman and child in the country. 16% of our GDP. Over 40% more than the second most expensive country in the world. General motors spends more on healthcare than they do on steel. Starbucks spends more on healthcare than they do on coffee. Business more on healthcare now than they make in aggregate profit. Costs are a huge problem. And if we do nothing, all the analysts tell us that over the course of the next ten years those costs are going to be exacerbated. That's \$7500 is expected to double by the year 2015 if we do nothing.

So let us recognize that the status quo could be the most costly option of all.

The second category is access. We saw some examples of the problems with coverage and access with these powerful stories. 47 million people have no health insurance. If we go to 7.5% unemployment, we're going to pick up 2 and a half million additional uninsured in the country and that's just with 7.5% unemployment. But as these stories so compellingly articulate that's just the beginning of the problem. The problem is far more consequential than that because over 40% of the people in this country are under insured. According to common wealth and so many other studies over 40% of the people who think they have insurance when they need it find out that when it comes to getting the treatments required, they fall short. And so access becomes a problem not just to those who have no insurance, but those who have insurance as well and that doesn't even tell the story, because we still don't have mental health parity in this country. Those who don't have the ability to access their needs for mental healthcare are totally under insured and have very little access. Long term care and dental care are also significant problems and if you live in certain rural parts or an Indian reservation the problem is more exacerbated than you find in some third world countries today. So we have a horrific problem that has to be addressed.

Finally we have a quality problem. The quality problem is related in part to cost. It's related in part to access, but it's also related to the system itself. The congressional budget office has estimated that of the more than 2 trillion dollars we spend on healthcare, 700 billion could be unnecessary. That's about a third may be unnecessary. Part of the reason could be because we have a 21st century operating room with all of the sophistication we can envision in those incredibly complicated rooms but we have a 19th century administrative room. We are still driving this huge part of our economy by paper. And that paperwork is costing our country a bundle. Anywhere from 15-25% of all healthcare costs are now attributed to the administration of our system. We also don't

have the transparency we need. My best illustration of that would come in the following little story.

God forbid a plane crash occurs in some airport involving a 747. What happens? Well in this country, the 747 crashes the national transportation safety board is on site within hours and within weeks or months we have a full report as to why it was that these 450 people on that plane were killed. We know because there was extraordinary record keeping. We know because there is extraordinary transparency. We know because there is a framework in place to examine these mistakes and fix them. A combination of the FAA and the NTSB and the transparency that comes with the laws involving aviation and we fix the problem. It's why we have one of the safest aviation systems in the world.

I am getting healthcare myself these days with a little cold. But what happens in our health care system. Well the equivalent of a 747 about 450 people die every day and a half because of medical mistakes. And we don't have any way to fix it. We don't have any transparency. We don't have any mechanism by which to adjust to deal with that reality. And we've got fix it. We've got to come to some realization. And until we fix it, we will never have the best healthcare system in the world. All healthcares in this country is a little bit like a pyramid, where at the base of the pyramid you have primary care.

The base of the pyramid you have primary care and you work your way up until you get to the most sophisticated type of care at the top: heart transplants, MRIs all of the most sophisticated technology we can apply to healthcare today. Every country starts at the base of the pyramid and they work their way up until the money runs out. And the money does run out. This country starts at the top of the pyramid and works our way down

And so what happens today is millions of Americans go without high-value preventive services, from cancer screening to immunizations. And we're facing an epidemic of chronic disease today.

Increasing the number of Americans who die needlessly because of diseases such as obesity, diabetes, heart problems, cancer HIV/AIDS. One in 3 Americans—about 133 million Americans today suffer from a chronic disease. But what is all the more compelling to me is that one out of every three children today in America will acquire diabetes sometime in their lifetime. One out of three. The obesity epidemic that is now affecting children in this country will cause them to have a lower life expectancy than ours. If that isn't the most compelling argument to make for prevention and wellness, I don't know what is.

So what do we do? So what do we do? First I think we have to agree that we need to build a system that will address all three categories—the problems I have outlined. The cost problems, the access problems, the quality problems. Second and this is where President-elect Obama feels very strongly, we need to use the public-private framework that is already in place. If you like what you have, you ought to be able to keep it. But if

not we ought to pool the resources of those who aren't in a system they like and offer them the same plan of options that members of congress have. And I believe that in a sense it's really like our federal aviation system. Our job in government is to get everybody from here to there safely. You can fly coach, business or first class, but we want to make sure however you fly you get there safely. The same can be said for healthcare. We want to get you from the beginning of life to the end of life in as healthy a condition as you possibly can be. And in order to do that we need to build a framework within which that can be done. And in part that will require protecting and strengthening the public programs like Medicare and Medicaid and the state children's health insurance program. Third, we have to make the system affordable. I already talked about the paperwork. We can do so much by incorporating a new information technology system,. System wide we've already seen what the Veteran's administration has been able to do by incorporating their information technology system so effectively and we can apply that across the country and we will.

Secondly, we've got to recognize the importance of chronic care management. When 75% of the health care dollars are spent managing and dealing with chronic care today we know we can do a better job. Third we need payment reform. We've got to get away from payment based on volume to payment based on value.

And finally, we need to ensure that we provide the kind of financial assistance to those who simply have no capacity to pay for themselves.

Fourth we need to shift the paradigm. We need to shift it away from sickness and on to wellness. We need to recognize that there are cost and quality implications with all of this. But we also need to recognize that this can't just happen within the healthcare system. And that is why we need to coordinate across our whole society. I think it's time we teach nutrition in schools, that we have the kind of physical education in schools that is so critical to good health. That we deal with the meals that children receive and the junk food that is available to them and make sure that we make schools places of good nutrition and good health from the very beginning.

We also need to [inaudible] the workplace making sure that employers have opportunities to do what they need to do at the workplace to stay healthy as so many good businesses are doing already.

Fifth, we need to cover everyone. We need to end pre-existing conditions and the adverse selection that goes on today. Everybody needs to be part of the system. That would go a long way to end the cost shifting that costs so much for those of us who pay today. Cover everyone.

Sixth, we need to improve quality. And there are a lot of things we need to do to do that. Evidence based medicine and best practices especially. Continuity of care. Recognizing we can coordinate our care so much better with medical homes. Using more transparency and recognizing the role that nurses can play in so many ways that they aren't playing today. We need to do that and we'll improve quality across the board.

Seventh, we need to address the medical workforce shortage. WE have a huge problem with regard to providers today. We've seen a precipitous drop in primary care students and we have a shortage of nurses almost country wide. We need to [inaudible] people to come back into medical care. WE need physicians assistants, nurse practitioners, primary care doctors. We need them all. And we need schools to recognize the important role that they can play. No one should every have to apologize for wanting to graduate as a primary care provider in the United States of America. And we need to encourage and incent that across the board.

Finally we need to create a more efficient decision making infrastructure. There are many ways in which to do that but I think the decision making and the need to make our private-public system more compatible is so critical. And we'll get into ways with which to do that as we go into the meaningful health reform discussions we'll have.

So as we prepare for this historic undertaking the goal of our transition team is to gather information on a bi-partisan basis across the capital, across the country with consumers in the corporate world and to reach out in as many ways as we possibly can. One of the most important ways to reach out is at the grass roots level. With full transparency as you can see with the many cameras that are here today. President-elect Obama says he wants CSPAN to cover this and I as understand it they are. We want an open process which was the hallmark of the Obama campaign and our transition effort which is why this conference is so critical as we now begin. I'm proud to report that the transition team is reaching out aggressively already. Over the last two weeks we have done a numbers of things to begin that outreach including working with the media team to kick off a new feature on our transition website which some of you may know is called change.gov.

And the title of our new program is called join the discussion. The day before Thanksgiving two of our valuable team members did a video for this website where they encouraged people to give us their own view as to what they considered to be the biggest problem facing our healthcare system today. We really didn't expect too much given the fact that it was the Thanksgiving day weekend, but incredibly more than 3,500 people commented in the first weekend alone.

We followed up with another review providing some report on the degree to which people had already commented using what we call word cloud using the phrases and concerns that came together the most often and asked people to further comment on that.

And now just in the last week, we've had 10,000 comments, including more than 100 from people in Colorado alone. So what's next? We want to take this whole process to the next level. And what's next is you are. What we want to do now is to move to a discussion across the country. And I'm proud to announce that next week the transition team will hold healthcare community discussions all across this country for two weeks in December, beginning the 15th through the 31st. We want your views on what we need to do to build a better system. We want your exact ideas. What do you think we need to emphasize. What specifically should we be incorporating in this new reform effort. And we want to take as many of those discussions as possible into the living rooms.

We're going to model these health care discussions after the successful platform meetings that we used during the campaign. So if you're interested we encourage you, and I hope many of you will actually do this, go to change.gov, sign up for a discussion in your home, sometime between the 15th and the 31st. We're going to providing hosts with moderator kits. We will have tools for discussion that will enable anybody that wants to participate in one of these discussions to take place.

The healthcare policy team then will assemble all of the information that you provided and do two things with it. First of course we'll present it to the President elect, but secondly we will post all of this detailed information in summary form on our website for everyone to see as part of this transparent process. And I am currently planning to attend one from the list of people who sign up online. And so I'm looking forward to that as well.

But whether this succeeds or not depends in part on you and whether you're willing to take it to the next level. And I certainly hope that some of you will take us up on the invitation to join us for some of those important discussions during that two week period.

I have many heroes in my life. Some of them are very quotable. Two of them are especially quotable and relevant today. One is Winston Churchill. If you're like me you've admired his extraordinary leadership in times of adversity. Churchill once said, he thought Americans would always do the right thing after they've exhausted every other possibility.

Nelson Mandela also said something of extraordinary import. He's my hero too and if you've never read his book "Long Walk to Freedom" it is one of the single best auto biographies I could ever recommend. Nelson Mandela once said, "many things seem impossible until they are done." We've exhausted virtually every other possibility, and for a long time this seemed impossible. But with your help, with the leadership of a Ken Salazar, with our President elect I believe for the first time in American history, healthcare reform will be done. Thank you all very much.