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REMARKS BY HHS SECRETARY SYLVIA M. BURWELL
ON THE AFFORDABLE CARE ACT

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Welcome and Introduction:

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P R O C E E D I N G S

MS. RIVLIN: Good afternoon. I'm Alice Rivlin and I'm delighted to welcome you to the Brookings Institution. And I'm even more delighted to welcome Sylvia Burwell - Secretary Sylvia Burwell – to this event at Brookings. I've known Sylvia a long time, over 20 years. When I first encountered Sylvia in the Clinton administration, I thought of her as that friendly, competent young woman who worked for Bob Rubin at the National Economic Council. I learned that Sylvia was the go-to person and the can-do person and that was a very useful kind of person to have around. I also learned that she liked to keep in touch with real people out around America, not just in Washington, and that she grew up in West Virginia. And one day, I found myself in a hard hat, deep underground in West Virginia in a coal mine with Sylvia, Bob Rubin and Rich Trumka (Laughter). But I wasn't the only who noticed that Sylvia was competent and level-headed. The president noticed that, President Clinton, and by the end of the administration, she was the deputy director of the Office of Management and Budget.

She had a distinguished career in philanthropy, where she had major responsibilities in not one, but two big foundations. And then, President Obama had the good sense to bring her back to Washington to be director of OMB. I was delighted. I have a strong affection for the Office of Management and Budget, and I always feel better when I know that the agency is in strong, competent hands.

I also have a deep respect for the difficulties of that job, because it was the toughest thing I ever did. But apparently, it wasn't tough enough for Sylvia, because she let the president talk her into an even tougher one. The Department of Health and Human Services is a vital agency of government that literally affects every single American at some time in their lives, often, many times.

At any time in history, running HHS effectively is a huge strategic and

managerial challenge. But this may be the most challenging time of all, because it includes implementing the Affordable Care Act. The ACA is a far reaching, much needed piece of legislation that's already providing millions of people with affordable health insurance, and will impact the way Americans interact with their healthcare system for decades to come.

It's complex. We don't do things simply in the United States. It gives states a lot of flexibility. It will play out differently in different parts of the country. It will change as we gain experience with what works and what needs fixing. Now, people in the academic world and at think tanks like this one, often imagine that the hard job in government is making policy. No, it isn't.

After the political battles are fought and the compromises are made, after the bills are passed and signed, the really hard job is to implement the policy on the ground. And that is Sylvia Burwell's job right now, to make the Affordable Care Act work, and she's here to give us a progress report. Sylvia? (Applause)

SECRETARY BURWELL: Thank you very much, Alice. It's an honor to be introduced by someone that I have known and followed for so long. I'm sure most of you all know here that Alice was the original director of the congressional budget office, as well as the first woman to head of the Office of Management and Budget.

And as I aspired to follow in Alice's footsteps -- she was someone who has climbed many mountains, both literally and figuratively (Laughter), for those who know her, and so for whatever reason, in trying to aspire to do that, when I left the Clinton administration, I decided to climb Mount Kilimanjaro.

Brookings is a place that has a special place in the Burwell household. We like to read to our children. Our children are six and four, and it's a morning ritual at the Burwell household over breakfast. And sometimes, we read "The Magic Treehouse," and

other times, we read Brookings Institution reports. (Laughter) And when my six year old daughter found out that I was coming today -- I don't see Kemal Dervis here, but I do have a message from my six year old. And that is the fact on the whole aggregate GDP being a less good measure of economic progress, she doesn't agree (Laughter).

And while I'm not going to get in the middle of my daughter and a Brookings scholar and academic and leader, I do want to just skip to the fact that I have great respect for Brookings as an institution and the work they do examining all issues. They take both the long and the short-term view. They think about and analyze trends over time, conduct smart, systemic empirical research and focus on three words in the modem. Those three words are quality, independence and impact. And as a former OMB director, those words are music to my ears.

And I want to take this opportunity to apply that analytical framework to the issue of healthcare, and as we think about the question of how is the Affordable Care Act working. And then, I'd like to share with you a little bit about how I'm thinking about the steps as we go forward. As someone who's managed across business, government and large philanthropies, I've come to believe strongly in the importance of measurable impact. And when it comes to the Affordable Care Act, I think there are three basic measures. They are access, affordability and quality.

Are more people getting covered? Access and affordability. Are middle class families shielded from suffocating medical bills? Affordability. Are we spending our dollars more wisely, both quality and affordability. And to all of these questions, I would submit that the answer is yes.

When you consider the law through the lens of affordability, access and quality, the evidence points to a clear conclusion. The Affordable Care Act is working. And families, businesses and taxpayers are better off as a result. Four years after

President Obama signed the law, middle class families have more security, and many who already had insurance, have better coverage. Fewer Americans are uninsured, and at the same time, we're spending our healthcare dollars more wisely and we're starting to receive higher quality care.

As we walk through the evidence, I think it might be helpful to add a little historical context. As a country, we've been wrestling with these questions of how to cover the insured for as long as the Brookings Institution has been here; as a matter of fact, even longer. In 1912, Teddy Roosevelt's progress party platform called for universal healthcare, along with priorities like women's suffrage and a national highway system.

In the 1920s, women got the right to vote. In the 1950s, President Eisenhower delivered this nation a highway system. Eighty years ago, President Franklin Delano Roosevelt succeeded in creating Social Security, but was unable to make progress on the issue of a national healthcare system. Sixty-five years ago, President Truman asked Congress for a fair deal; a deal that included things like equal rights for all, an increase in the minimum wage and universal healthcare. Congress passed a minimum wage.

Fifty years ago, President Johnson signed Medicare and Medicaid into law. But a few years later, another president told the Congress, "Comprehensive health insurance is an idea whose time has come in America. There has long been a need to assure every American financial access to high quality healthcare." That president was Richard Nixon.

And in the 40 years since his address to Congress, our country has paid a hefty price for inaction on healthcare, even though presidents Ford, Carter, Bush and Clinton made this issue a priority. Costs spiraled out of control, and healthcare became unaffordable for millions of families and business alike. Taxpayers felt the effect as well.

Of those who weren't priced out of the healthcare market, many were locked out because of pre-existing conditions. And many who were fortunate enough to have insurance did not receive a very high quality of care.

By the time President Obama took the oath of office, our system had broken down to such a degree that we were spending far more as an economy on healthcare in both gross and per capita terms, than all of the other developed countries. In 2009, we were spending $2 trillion a year on healthcare, which was almost 50 percent more per person than the next, most costly nation.

These rising costs took their toll on family budgets. In 2007, a Harvard study led by a certain professor with a very bright future, Elizabeth Warren, found that 62 percent of personal bankruptcies were due to medical problems. What were we getting for the higher healthcare costs that we shouldered?

In 2010, the Commonwealth Fund benchmarked our healthcare system against six advanced industrialized nations. They looked at quality, access, efficiency, equity and healthy lives. We were dead last. While we were still not scoring well in these benchmarks, we're doing a lot better on some measures of quality.

By the time the Affordable Care Act was passed, tens of millions of Americans were uninsured. Millions more had coverage that wasn't there when they needed it, and everyone felt the impact. Too many Americans relied on the emergency room for the most basic medical care. Uninsured children, statistically, were more likely to have fewer immunizations and go without prescriptions, and uninsured adults were more likely to have chronic health conditions, many of which went undiagnosed.

The system was not working, either, for millions of Americans who had insurance. Seventy-eight percent of people who went bankrupt due to medical bills actually had health insurance. Just because you happen to have an insurance card, your

care wasn't necessarily affordable. If you got charged several thousand dollars for an ambulance ride, that wasn't covered.

Having an insurance card did not guarantee that you had access to the services you needed. Having an insurance card did not mean your doctors were effectively coordinating so that you wouldn't end up taking tests twice or getting procedures that you may not even need. Thanks to the Affordable Care Act, things are changing for the better.

Let's consider a moment the evidence on the uninsured where we're making historic progress. The Affordable Care Act addressed quality, affordability and access. It expanded Medicaid. It lifted barriers to coverage like pre-existing conditions as well as annual and lifetime caps. It allowed young adults to stay on their parent's policy until they were age 26, and it created the Health Insurance Marketplace, and insurance companies now can provide affordable coverage to consumers through that marketplace.

During the last open enrollment, consumers chose from an average of nearly 50 plans. And I have some news for you when it comes to choice and competition. Today, we're able to announce that in 2015, there's been a 25 percent increase in the total number of issuers selling insurance in the marketplace. There's already real evidence these plans are affordable.

Just last week, the Commonwealth Fund released a study showing that 70 percent of Americans with marketplace insurance plans feel they can now afford their care, and a majority say their premiums are affordable. It's no surprise, therefore, that when folks evaluate the success of the law, the marketplace receives much of that attention.

Back in March, news reports suggested it would take something close to

a miracle to reach six million people. Last week, we announced that 7.3 million people signed up for marketplace plans, paid their premiums and have access to affordable care; 7.3 million people, to borrow a phrase from the Vice President, is a big deal.

But I'm here to tell you, I don't think that's the number that we should focus on. Yesterday, we released another number, a significant number, and that's that eight million people enrolled in Medicaid or Chip since the October enrollment date, and that's an increase of nearly 14 percent in terms of the monthly increases before that time.

That's a significant number, but again, I don't think that's the most important number that we should focus on. The number that's even more important is that in just one year, we've reduced the number of uninsured -- adults that are uninsured by 26 percent. To translate that, since 2013, 10.3 million adults are no longer uninsured.

I firmly believe this is the key measure. We should look at it because it represents historic progress on something that has alluded our country for over a century. There isn't a business in America that wouldn't be ecstatic with that kind of growth. Ultimately, every number tells a story, and I want to share with you the story of Robert Mandler, Junior, a Floridian who was uninsured.

Robert's coverage -- he signed up for the marketplace and it took in effect on January 1st. On January 2nd, Robert went to see about a growth that he had on his tonsils, and I'm afraid that the diagnosis was bad. It was late stage cancer. After prayer, perseverance, radiation and chemotherapy, Robert is no cancer free.

Without health insurances, those treatments that saved his life would be $200,000. Under the Affordable Care Act for Robert, what we saw is he paid a $2,000 deductible, $1,500 in copays. And what was Robert's monthly premium? $118. And I want to read to you some words from Robert directly, in his own words. "I was not in favor of Obamacare," he said. "Last year, I was not going to get health insurance and I

was going to pay the penalty. I'm very grateful to be where I am now. I must be one of the luckiest people in the world. I'm going to live and work and be productive."

I would submit that Robert's story is not a story about politics. It's not a story of the left. It's not a story of the right. It's a story about affordability, access and quality. When it comes to Americans who already had insurance, I'll be straightforward with you. Those of us who support the Affordable Care Act haven't done a very good job of making the case that this was something that helped those people.

If you think about a mom or a dad sitting at their kitchen table, working out a family budget, it's a big deal that they're actually saving money, still getting better coverage and have financial security. Many middle class Americans have more money in their budgets because their insurance company is now required to spend at least 80 percent of their premiums on their healthcare.

Families have saved an average of $80 that they can put in their electric bill or back in their grocery budget. Meanwhile, millions of seniors are saving billions of dollars on their prescriptions, as we phased out the doughnut hole. More than 8.2 million seniors have saved $11.5 billion. Middle class families are benefiting from the real security that comes from knowing your health coverage will be there when you need it.

Families no longer need to worry about losing their homes or having their hard earned savings wiped away by an accident or an unexpected diagnosis. There's security in knowing that if you lose your job, you can purchase marketplace coverage, even if you have a pre-existing condition, and that you won't lose your insurance just because you get sick or get cut off, or if you need chemotherapy or some life saving operation.

A healthier and more financially secure middle class is good for business who benefit from a healthy workforce and consumers with more disposable income. The

Bipartisan Policy Center reported last week that businesses lose $576 billion each year because of an unhealthy population. As the new law makes our population healthier, we should be able to bring this number down.

Some of the biggest and most positive impacts that businesses and taxpayers feel from the law are actually in the area of costs. Since President Obama signed the Affordable Care Act, there's evidence that we have bent the cost curve when it comes to healthcare. We have now held down healthcare price inflation to the lowest level in 50 you're. Premiums for employer based coverage have been driven down, as well.

Earlier this month, Kaiser reported that this year's cost growth is the lowest on record. It's been projected that had premiums grown at the rate we saw over the previous decade, instead of the slower rate we've seen of the past four years, employer coverage would be $1,800 more today. If you're an employer, this means it's easier for you to hire workers. If you're an employee, it means you could be keeping more of that in your paycheck tomorrow. And if you're a taxpayer, it means a healthier economy.

Improvements to our health delivery system are also having an impact on cost to taxpayers, as we spend dollars more wisely. We've saved taxpayers $116 billion in spending Medicare dollars more wisely and by improving the quality of healthcare delivery. Or, in a further example, the accountable care organization models we're testing through Medicare are saving $370 million and counting. At the same time, they are delivering care that's more coordinated to beneficiaries and rewarding providers that do that. Taken together, I believe the evidence points to a clear conclusion. The Affordable Care Act is working.

My job as secretary is to lead our efforts to keep it working and to help it

work better. Like anyone in business, we want to learn from the things we got right and the things that we got wrong. We're taking that approach, and we have a four part strategy moving forward. First is improving access and affordability through the marketplace. In order to make sure that Americans continue to get access and affordable choices, we have to get healthcare.gov right.

To me, the formula for this is technology, management and prioritization. We're checking off from the outstanding items from last year's to do list, cleaning up the back end functionality and adding functionality for renewing and enrolling in coverage. We're prioritizing the most important issues and the areas to improve consistent with our deadlines.

We're focusing on giving ourselves the appropriate amount of time for testing and we're very focused on security. Anyone who ever managed a large scale technology project knows that these projects are challenging and often require tough choices. We're prepared to make those choices so that we can deliver the best consumer experience.

Second is improving the quality for patients and spending every dollar wisely. We're testing new modicums in Medicare and Medicaid and reaching out to the business community to find solutions that we can all benefit from. Changing incentives to move from volume based to a more impact based system, investing in tools that can expand our capacity for change in the healthcare delivery system, improving the flow of information so doctors can spend more time with patients and less time doing paperwork, and so they can coordinate more effectively with one another.

Third is expanding access by expanding Medicaid. One of the first meetings I did was a bipartisan meeting with governors, and I said to all of the governors, we want to work with you. We want to work with you to be flexible. We want to work with

you to expand access to Medicaid. In the time that I've been there, we have added Pennsylvania, a state with a Republican governor, and we're hopeful that we can work together to do more in that space.

Four is helping consumers understand how to use their new coverage, including the role of both prevention as well as wellness. Many of the folks who are newly covered haven't had health insurance in years, and some of them, even new before. We want to make sure that folks know how to use their coverage, and we're partnering with organizations across the country to help them do so.

I'd like to close with one final thought. As we work through these issues, I think we need a bit of a course correction when it comes to how we talk about these issues, and it starts with collectively turning the volume down. Surely, we can all agree that the back and forth hasn't really helped those that we're trying to serve in terms of delivering for the hard working families that we all try to serve.

I prefer a Brookings type approach: Quality, independence and impact. A small business owner from Texas named Betsy Furler wrote a blog for the HHS blog, and what she talked about in that blog is, she talked about what it was like to be uninsured. She's a small business owner. And then, she talked about what it was like to be insured, but not have a member of your family be covered, because her son had a pre-existing condition. And she wrote about how for her family, the Affordable Care Act is working. And I want to read to you a few of Betsy's own words.

"Recently, I was able to enroll my family. My entire family," Betsy wrote. "Not only is my son finally covered, our premium is only half of what we were paying before. I was shocked to learn my prescriptions, which used to cost $280 a month, now cost $5. My family now has the financial security and tremendous peace of mind that comes with coverage. I don't have to work for someone else just for the health benefits

anymore. I've launched my small business and can focus on expanding it."

Betsy, Robert, mom and dads across the country, they're counting on us. They're our boss, and they deserve this to work. So, let's move beyond the back and the forth and let's move forward together. Thank you. (Applause) I'm happy to take some questions. Yes?

SPEAKER: Thank you. I'm from the American Cancer Society, and obviously, people who have been touched by cancer and other serious diseases, they know how valuable insurance is. But I think the challenge for all of us has been making sure that people who haven't been touched by a disease, but may be at risk for it, know how the law could help them, as well as people who may have coverage through work; how the law bolsters that. What does HHS and what will CMS be doing to help educate those folks about the importance of the law?

SECRETARY BURWELL: I think in point four, when I talked about how we need to talk about the coverage and the issue of how to use the coverage, I think the point you raise is one not just for the newly insured, but across all, because I think many people don't realize the extension of benefits for prevention and wellness. And I think that's probably what you're referring to specifically.

And so, one of the things we will do as we do our education for the uninsured, is do that more broadly. The other thing is, in our conversations with the employers -- that's a place where we're having a lot of conversations, the good news is that I think many employers are ready to talk about issues of wellness and prevention.

And so, what we want to do is use our own messaging and our own conversations, but I think we actually know that in this case, things will move more through our partners, the stakeholders on the ground, people like your own organization who are delivering that message and are trusted sources. And so, whether that's the

employer, trusted sources like yours, we will partner with all to try and move that message out, and it is a very important one, both in terms of point four that I made, as well as the point that I made earlier, that I don't think we've done a very good job of helping people understand for the insured what the Affordable Care Act did. Yes?

SPEAKER: Hello. Thank you for your remarks. I'm with the Catholic Health Association, and a lot of our hospitals were deeply involved in getting people enrolled and educating them about new coverage options. For hospitals that weren't yet engaged in that or have hesitate because they're in states where the Affordable Care Act is not as popular, do you have any guidance for those in terms of just how they can work in their community and get people signed up?

SECRETARY BURWELL: First, thank you for all of the support and help. With regard to the states where the Affordable Care Act is not as popular, I think one of the things is making sure those states reach out to us. There are region offices all across the country for HHS, and where there are those hospitals, whether it's coming through our business organization here in Washington, D.C. or the through the regions that might be a little bit more familiar with the challenges that you're articulating, we want to work with folks so that they can do what they would like to do in the context in which they're in.

I think there's another point that we're hopeful about, which is that now that people can see -- last year at this time, we didn't have something to point to. We didn't have Robert's story. We didn't have those stories. And I think we're hopeful that that also will be an element that can create a better environment, but even where the environment still is touch, we want to work and work in ways that will work for the context that these hospitals are in.

We're working with hospitals, insurers, stakeholders, in terms of the

groups. This is an all hands on deck effort. Yes? In blue.

SPEAKER: One of the things is, we think the number of Latinos who are signing up for the law could be improved. And I'm just wondering your thoughts on how we can make a more concerted effort to get to that community and make sure our communities are covered.

SECRETARY BURWELL: So, I think it is a very important place, and we do believe that we can make progress -- even more progress this year. I think one of the things that we need to do is listen; listen to the feedback that we received last year about a number of challenges.

Some of those challenges were technological; some of the challenges came in other forms. And what we're trying to do is work through and make sure, whether it's through our navigators, through how we share information, through language issues, that there are a whole suite of things that we're working on to try and make it easier to engage in the system.

And second, to make sure that we're sharing the information so that people can understand what it means in terms of the benefit that it will mean, and then, work with the stakeholders that are closest to these organizations to help make sure whether it's how we phrase something, how we explain something -- often, those kinds of things are making a difference.

So, the thing that I think is important, and we have heard from, probably some of you all here on the issues that we're challenging, please keep letting us know. The ones that we can fix, we're going to work to do that, and do that as quickly as we can.

SPEAKER: Last question.

SECRETARY BURWELL: In the back?

SPEAKER: Thank you. I'm with the National Center for Transgender Equality. And with all of the great things that have been done, four years in, we still don't have implementing rules for the acts civil rights provisions. And I think most people still haven't heard of those provisions, including most providers that I talk to. We've delivered hundreds of stories of healthcare discrimination to the department, and I'd like to know, are we going to see Section 1557 implementing rules this year?

SECRETARY BURWELL: With regard to the timetable and the rules, that is something -- I think what we're most focused on is making sure, as we are getting the system up and running, that there -- if there are issues of discrimination, that we are working through those. If there are cases, folks should let us know. Thank you for doing that.

With regard to the question of the specific timing of the rule, not something that I am, at this point, ready to commit to a specific timetable on where we are on that. Consider the issue extremely important. I think you probably know the administration's commitment on a number of fronts to the issues around making sure that there is access, and that the access is not discriminatory.

That cuts across a wide range of issues. We want to continue to work to make sure that we're enforcing the law and understand the importance of the issue of that specific provision. Thank you. Thank you very much. (Applause)

MS. RIVLIN: On behalf of Brookings, I want to thank Secretary Burwell and thank all of you for coming and for listening out there, and good luck. We need this thing to work HHS, and we're counting on you to make it work. Thank you.

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CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

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