



Committee for Economic Development

For Immediate Release

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CED Challenges Business and Congress to Support a Fundamental Restructuring of the U.S. Healthcare System

Washington, D.C. October 19, 2009 – The Committee for Economic Development (CED) today sent an open letter to Members of Congress and the Business Roundtable urging comprehensive reform of the U.S. healthcare system – reaching beyond what the Congress and major business lobbies have supported thus far.

“Good ideas like Senator Wyden’s Free Choice Amendment, which would inject choice and competition in the health-care reform package, have not been seriously considered -- leaving only an expansion of the status quo,” said William Lewis, CED Trustee & Founding Chairman Emeritus of the McKinsey Global Institute.

“The business community has not decided that it is ready for change. Contrary to what you hear from the largest business lobby groups, the majority of business leaders (62%) believe that the employer-based system is unsustainable. We need a market-based solution to hold insurance companies and health-care providers accountable. In its own interest, as well as that of our entire society and economy, the business community should get on board,” said CED President Charles Kolb.

The CED letter states in part:

What we need is a fundamental change of incentives plus stern competition against the fee-for-service system. Consumers must have choices of insurance plans and bear the additional cost if they choose more-expensive plans; such systems have been tried here and abroad, and they work.

Instead, with limited exceptions, the bills reported by Congressional Committees thus far take the current collapsing system as the starting point, and then expand it. Rather than changing incentives, these bills purport to change provider and consumer behavior through government command and control. This approach is fundamentally flawed; if incentives point to higher spending, providers will seek and find ways around the best-intended rules. With a quantum increase in the number of insured in the same unsound system, costs will race even further beyond our society’s ability to pay.

CED is a non-profit, non-partisan organization of more than 200 business leaders and university presidents. Since 1942, its research and policy programs have addressed many of the nation’s most pressing economic and social issues, including education reform, workforce competitiveness, campaign finance, health care, and global trade and finance. CED promotes policies to produce increased productivity and living standards, greater and more equal opportunity for every citizen, and an improved quality of life for all. For more information on CED’s work on health-care reform, please visit www.ced.org.