Reforming Health Care for the 21st Century

The White House
National Economic Council
February 2006
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My fellow Americans,

America’s health care facilities and medical professionals are the best in the world. Keeping our Nation competitive requires affordable and available health care. Our government has a responsibility to provide health care for the poor and the elderly, and we are meeting that responsibility. For all Americans, we must confront the rising cost of care, strengthen the doctor-patient relationship, and help people afford the insurance coverage they need. All Americans deserve reliable, high-quality, and reasonably priced health care that will be there when we need it.

To meet these challenges, my Administration has developed policies that will improve the Nation’s health care system by making it more affordable, transparent, portable, and efficient. We will strengthen Health Savings Accounts and continue to call on Congress to pass Association Health Plans, so all Americans can have the same advantages when buying insurance. We will do more to make insurance coverage portable, so workers can change jobs without having to worry about losing their health insurance. We will make wider use of health information technology to help reduce costs, save lives, and improve quality of care. And to stem frivolous and wasteful lawsuits that are driving too many good doctors out of practice, I am calling on Congress to pass medical liability reform this year.

My Administration will continue to pursue innovative ways to make sure our health care system meets the needs of all Americans. These efforts will help Americans continue to benefit from the greatest medical system in the world.

GEORGE W. BUSH
THE WHITE HOUSE
February 15, 2006
The State of Health Care

“Keeping America competitive requires affordable health care. Our government has a responsibility to provide health care for the poor and the elderly, and we are meeting that responsibility. For all Americans, we must confront the rising cost of care, strengthen the doctor-patient relationship, and help people afford the insurance coverage they need.

“We will make wider use of electronic records and other health information technology, to help control costs and reduce dangerous medical errors. We will strengthen Health Savings Accounts – making sure individuals and small business employees can buy insurance with the same advantages that people working for big businesses now get. We will do more to make this coverage portable, so workers can switch jobs without having to worry about losing their health insurance.”

– President George W. Bush, State of the Union Address, January 31, 2006

Every American deserves reliable, high-quality, and reasonably priced health care that will be there when needed. This means health care has to be affordable, transparent, portable, and efficient. Health care in the United States is second to none, but it can be better. Our Nation’s health care facilities and medical professionals are the envy of the world, yet our system still has too many preventable medical errors. The cost of finding new health insurance locks some workers into their current jobs if they or someone in their family is chronically ill.

Americans spend an increasing share of their income on health care. Health care spending in America has increased from 5 percent of GDP in 1960 to 16 percent in 2004, and is expected to increase to 18.7 percent in 2014. Insurance competition from HMOs and other types of managed care plans temporarily slowed the increase in spending.
during the 1990s, but since then, spending has continued to climb at a rate several times faster than either personal income or inflation. In recent years, insurance premiums have risen at double-digit rates.

This increasing burden of health spending on the U.S. economy is unsustainable. Higher spending on public programs like Medicare and Medicaid strains state and Federal budgets. Higher insurance premiums pose a challenge for employers and burden workers with higher health costs and lower wage increases.

Only part of this increase in spending can be explained by changing demographics. A substantial portion is due to the direct and indirect effects of our insurance system itself. Health insurance gives people valuable protection and peace of mind that they will have help paying their medical bills should a major illness arise – but our tax system penalizes people who purchase routine care on their own. Over time, the percentage of health care paid by insurance has increased, while the percentage paid by consumers out of their pockets has declined – from over half (approximately 55 percent) to approximately 15 percent of all health care spending.

Because third parties such as insurance companies, employers, and government finance the vast majority of health care spending, most Americans do not know – and do not have access to information about – the cost of health care services before they decide whether or not to receive those services.

Favorable tax treatment of employer-sponsored health insurance has hidden from employees much of the growth in insurance premiums. This tax subsidy actually encourages insurance coverage of spending on routine care because out-of-pocket spending on health care is rarely tax-free. In addition, the tax code discriminates against those who do not have access to employer-sponsored insurance. This means many small
business employees, the self-employed, and unemployed Americans paying for health care and health insurance on their own do not receive the same tax benefits as people working for companies that sponsor insurance.

Giving Americans the information and ability to make their own decisions will lead to better use of health resources. Some might suggest that the only way to reduce spending is through price controls and government rationing. On the contrary, there is strong evidence that consumers can and do make smart purchasing decisions when they have opportunity and information and are operating on a level playing field.

The President supports empowering consumers to play a greater role in making health care decisions. In his State of the Union Address, President Bush proposed an agenda to make health care more affordable, transparent, portable, and efficient. With appropriate reforms, our health care system can supply affordable care to Americans while continuing to lead the world in cutting edge medicine.

**Making Progress for America**

Since taking office, President Bush has proposed and implemented commonsense reforms designed to reduce health care costs, expand health care coverage, and improve the quality of care. Many of his initiatives are predicated on the idea of returning greater control and choice to patients, their families, and their doctors. Health Savings Accounts (HSAs), established by the Medicare bill signed into law by the President in December 2003, permit individuals to combine the security of a comprehensive health insurance policy that covers preventive care and larger medical bills with a tax-free account for all other health care expenses. HSAs provide Americans with more control over how their health care dollars are spent and empower consumers to take more control over their health. HSAs are making health insurance more affordable and are helping companies lower their health costs. More than three million Americans now have HSAs.

The President has also implemented much-needed reforms to help speed the introduction of generic pharmaceuticals into the market. Generic drugs provide a more cost-effective way to deliver much-needed medicine to patients, but in the past, generics often faced obstacles to getting to the market. The President’s actions mean that generics are now much more likely to reach the marketplace without delay, saving American consumers billions of dollars each year.

Through his Community Health Centers initiatives, the President has made access to primary and preventive health care services for vulnerable populations a priority. The Administration has funded more than 800 new or expanded centers, and will fund approximately 400 more over the next two years. New funding has allowed Community Health Centers to build the capacity to serve more than 3.5 million additional Americans, with nearly 2 million more to be served in the next two years.
In 2004, the President launched an initiative to make electronic health records available to most Americans within the next 10 years. This technology will help to link together doctors, patients, and hospitals in seamless, digital environments, making it possible for a patient’s records to be transferred quickly and accurately and with all necessary privacy protections. The technology has already developed to the point that many hospitals and medical systems can track patient records, lab tests, drug administration, and follow-up care, but more must be done to improve consumer access to this technology. Widespread use of electronic health information will help Americans receive high-quality medical care, save lives, and prevent medical errors. The use of health IT by the Department of Veterans Affairs and the private sector has already led to significant cost savings, reduced errors, and improvements in quality of care.

**The President’s Vision**

In an ideal system, Americans would be able to choose their health care based on their individual needs and preferences. Information about the range, price, and quality of available health care options would be readily available and easy to use. Purchasing decisions would be made by consumers, not by employers, insurers, or the government. Health insurance would be portable (meaning you can take it with you when you move or change jobs) and affordable. Competition and market forces, rather than government price controls, would be relied upon to improve the quality and efficiency of health care and to reduce the growth of health care costs.

The President’s reform agenda can make the health care system more efficient, while ensuring that it continues to lead the world in cutting-edge medicine. The President proposes to limit the unsustainable increases in our health care spending through initiatives that will inject consumer involvement back into the health care system.

The President believes that empowering consumers is essential to improving value and affordability in American health care. Americans should be able to choose their health care based on individual needs and preferences. Americans should be able to easily obtain understandable information about the price and quality of health care. Medical providers and insurance companies have a responsibility to provide this information to all Americans prior to the time of service or treatment.

The introduction of HSAs is leading to a major shift in health care in America. More employees are able to afford high-deductible health insurance combined with HSAs, allowing them to gain control over their health care dollars. In addition, HSA-based insurance allows more workers to have insurance for major medical events, which will reduce the financial burden currently carried by various government and non-profit entities. Expanding HSAs will strengthen the doctor-patient relationship and lead to better value in health care.

Insurance should be affordable and provide increased stability and peace of mind for working families across the country. The President has proposed the creation of
Association Health Plans (AHPs), which will allow employers, especially small businesses, to band together and purchase health insurance across state boundaries. By purchasing coverage for thousands of employees at a time across many different small businesses, association members can pay lower premiums for better coverage, as some large companies can today.

Americans should not have to worry about changing doctors, learning a new insurance bureaucracy, having their premiums go up if a family member is sick, losing their insurance tax advantage when leaving employment-based plans, or being subject to more costly mandates. The President believes Americans should be able to purchase health insurance across state lines and take it with them wherever they go.

President Bush continues to call for medical liability reforms that would help protect both doctors and patients. These reforms would reduce the likelihood that doctors and hospitals order more tests or procedures than are clinically necessary to help protect against liability claims. Such defensive medicine drives up health care costs but has little or no medical benefit. Medical liability reforms would protect a patient’s access to the courts but place reasonable limits on the extent of potential awards.

Our government has a responsibility to promote access to quality affordable health care for the poor and chronically ill. The President’s proposals would provide important assistance to these vulnerable Americans, extending extra financial assistance to low-income Americans; encouraging states and employers to help the chronically ill obtain affordable health coverage; and allowing individuals to purchase affordable insurance through their civic, community, and religious groups. Promoting these initiatives, and continuing to increase support for Community Health Centers, will ensure health care is available where it is needed most.

Finally, President Bush believes that active prevention is critical to achieving a better and longer life, and should play a central role in any effort to control the costs of health care. He has therefore made the adoption of a healthy lifestyle a high priority and has encouraged Americans to take responsibility for making wise choices that point toward fitness and health. His Administration has worked to give all Americans the tools, skills, and motivation to improve their health and wellness.

**Achieving the Vision**

The President’s vision will be achieved through:

- **Leveling the playing field by making the same tax relief available to individuals and employers.** Americans who purchase HSA-qualified insurance policies on their own should have the same tax advantages as people who obtain insurance through their employer.

- **Eliminating all taxes on out-of-pocket spending through HSAs.** Americans with HSAs should be able to pay for all of their care tax-free.
• **Making health insurance portable.** Americans should be able to own the insurance policy that goes along with their HSA, and keep it when they change or lose their jobs without worrying about paying higher premiums if they become sick.

• **Strengthening the buying power of America’s small businesses.** Small businesses should have the same access to price efficiencies as large businesses when purchasing health insurance.

• **Passing medical liability reform.** Limit costly and frivolous lawsuits that waste scarce resources, increase health care costs, and drive doctors out of business.

• **Improving adoption of health information technology.** Electronic health records that reduce costs and improve the efficiency and effectiveness of medical treatment should be widely used.

• **Empowering consumers through information.** All Americans should be able to obtain easy-to-understand information about the price and quality of the health care they receive from their medical provider and insurance carrier.

• **Providing affordable coverage for vulnerable Americans.** Americans with low incomes and persistently high medical expenses should receive additional assistance.

• **Promoting prevention, wellness, and fitness.** The President encourages all Americans to lead a healthy lifestyle to prevent disease and improve their overall quality of life.

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**Equal Tax Benefits for Individuals and Employers**

The Federal tax code’s treatment of medical care has shaped the development of the private third-party system of financing health care in the United States. The tax code treats the self-employed, unemployed, and workers at companies that do not offer health insurance (most of which are small businesses) less generously than it treats workers at companies that do offer health insurance. Employer-based insurance receives a tax subsidy that individually purchased insurance does not.

**Proposal:** Give Americans who purchase their own HSA policies outside of the workplace the same tax advantages as those with employer-sponsored insurance. Premiums for HSA-compatible insurance would be deductible from income taxes when purchased on the individual market. In addition, an income tax credit would offset payroll taxes paid on these premiums. This will level the playing field for those who currently do not have access to employer-sponsored insurance, including the self-employed, unemployed, and workers for companies that do not offer health insurance. For Americans who are not working, especially early retirees, premiums for the purchase of non-group HSA plans would now be allowed tax-free from an HSA account.
Remove the Tax Bias Against Consumer-Directed Care

The tax code currently subsidizes health care purchased through insurance but generally does not subsidize health care paid for out-of-pocket. This encourages excessive reliance on third-party insurance for even predictable, non-catastrophic care, which in turn reduces consumer sensitivity to the cost of health care.

Proposals: The President proposes reducing the tax bias against consumer-directed care by:

- **Allowing Americans to cover all their out-of-pocket expenses through HSAs.** The President proposes allowing Americans with HSAs and their employers to make annual contributions to their HSAs up to the maximum amount that their insurance policies require people to pay out-of-pocket for their health care expenses, not just their deductible, as provided under current law. This will allow patients to cover all their out-of-pocket expenses under their HSA-compatible insurance policy, not just their expenses subject to their deductible.

- **Eliminating all taxes on out-of-pocket spending through HSAs.** This will allow patients to cover all their out-of-pocket expenses tax-free through their HSA. The new proposal would also provide a credit for payroll taxes paid on all HSA contributions, not just contributions made through an employer.

Portable Health Insurance

Americans should have the option of taking their health insurance with them when they change jobs, move, become self-employed, or leave the labor force, and should be able to shop for better insurance deals in other states. They should not be forced to change doctors, learn a new insurance company’s rules, lose their insurance tax advantage, face higher premiums because someone in their family has fallen ill, or be subject to more costly mandates. Americans should be able to find the best policy for them in any state, and then keep that policy wherever they live.

Make Health Insurance Portable

Most health insurance is not portable today. Employer-based group insurance usually does not provide truly portable health insurance when employees change jobs or stop working. People changing jobs usually must change insurance policies to receive any health benefits from their new employer. State regulations and benefit mandates limit cross-state portability and increase costs.

Lack of portability results in “job lock” – if anyone in the family is in less-than-perfect health, workers become hesitant to leave their jobs to work for an employer who does not offer insurance, work for themselves, or retire. A less flexible labor market is a drag on economic growth.
Proposal: Enable Portable HSA Insurance Policies

- New national Portable HSA insurance plans. Employers would have the option of offering workers a Portable HSA insurance policy. Employees would own and control the insurance policy, just like they already own and control existing HSAs. The policy would be exempted from onerous multiple state mandates.

- Lifetime guaranteed renewable premiums, always tax-free. Employees enrolled in a Portable HSA insurance policy could take the policy with them wherever they go, just like they currently can with their HSAs. Their premiums would be tax-free, whether they changed employers or paid the premiums on their own. And their premiums would not go up based on their health at the time they changed jobs, left the labor force, or moved.

- Employer flexibility. Employers would have the option of contributing to new employees’ Portable HSA insurance policies – no matter where the policy was originally purchased. Employers would have the freedom to decide whether or how much to contribute to these plans, but whatever they contributed would be tax-free.

Allow Health Insurance to be Purchased Across State Lines

One of the best ways to give more Americans access to quality, affordable, and portable health insurance is to remove the artificial regulatory barriers that limit access and choice. Currently, people can only purchase insurance offered in their home state and cannot shop for better deals in other states. Individuals and businesses in many states have only a few options for health insurance because each state is a separate health insurance marketplace.

State rating regulations and benefit mandates are elaborate and costly. In fact, 20 states have more than 30 separate mandates each, and six states have more than 50. While benefit mandates make health insurance coverage more comprehensive, they also make it more expensive by requiring insurers to pay for care that consumers previously paid for out of their own pockets or chose not to consume. Mandated benefits increase the cost of basic health coverage, pricing insurance out of the reach of many Americans who must then go uninsured. They also make it very expensive for insurers to operate in multiple states.

Proposal: The President supports permitting the purchase of health insurance policies across state lines.

- This would allow Americans to buy the best health insurance for them, based on their own circumstances, instead of being limited to only the policies available in their state.

- This proposal would allow competition among health insurance plans from different states, which will ultimately benefit consumers.
A Level Playing Field for Small Business Employees

Small businesses are the growth engine of our economy, but they are at a real disadvantage in providing health benefits for their workers. Partly because they buy coverage for relatively small numbers of workers at a time, small businesses pay much higher costs for similar health benefits than large employers or labor unions. One sick worker can lead to a large premium increase for a small business employer.

- Small businesses are less than half as likely as large employers to offer health benefits to their workers. While 95 percent of employers with more than 50 employees offer health benefits, only 43 percent of employers with fewer than 50 employees do so.
- Small businesses pay as much as 30 percent more than large employers for similar health benefits. According to the Government Accountability Office, insurers incur higher marketing, underwriting, and administrative costs when providing health care coverage to small employers than to large employers – costs that insurers pass on to small firms.

Large employers and unions are able to pool their employees and members together across state lines, enjoying economies of scale, purchasing clout, and regulatory efficiencies. By contrast, small employers have to try to purchase health benefits for far fewer workers at a time on a state-by-state basis. As a result of different benefit mandates and policy approval processes across the 50 states, small businesses generally are not able to join together across state lines. It is expensive and difficult to develop an insurance policy that meets the requirements of many different states, and the resulting costs from this complexity tend to make such policies unaffordable.

Association Health Plans (AHPs)

Proposal: The President’s proposal would make it easier for small businesses to provide health care for their employees by allowing small businesses to form Association Health Plans. AHPs let small businesses join together through their bona fide trade and professional associations to purchase health coverage, giving them the same advantages of economies of scale, administrative efficiencies, and negotiating clout enjoyed by big businesses and labor unions. By purchasing coverage for thousands of employees at a time, association members would pay lower premiums for better coverage. Strong, bipartisan AHP legislation has passed several times in the House of Representatives (most recently in July 2005) and is pending in the Senate.

Medical Liability Reform

President Bush continues to call for proven reforms to make the medical liability system more fair, predictable, and timely. Skyrocketing medical liability insurance rates force physicians to restrict their services or close their practices. To avoid frivolous lawsuits, medical providers often feel compelled to practice “defensive medicine” – ordering unneeded tests and procedures solely to guard against potential malpractice claims. The cost of a broken legal system also gets passed on to patients through out-of-pocket
payments and insurance premiums. Medical liability reforms would secure an injured patient’s ability to get quicker compensation for economic losses, while reducing junk lawsuits and excessive jury awards that jeopardize patients’ access to care.

**Proposal:** The President calls on Congress to pass proven liability reforms to make the system fairer and more predictable while reducing wasteful costs. The President’s strategy for addressing the medical liability crisis includes common-sense reforms such as: (1) reserving punitive damages for egregious cases where they are justified and limiting non-economic damages to reasonable amounts; (2) ensuring that old cases based on old claims cannot be brought to court many years later; and (3) providing that defendants pay judgments in proportion to their fault. Although the House has passed these reforms three times, some Senators have thus far prevented the Senate from following the House’s example.

**Health Information Technology**

In 2004, the President launched an initiative to make electronic health records available to most Americans within the next ten years. Realizing the promise of health IT will help transform our health care system by lowering costs, reducing medical errors, and improving quality of care in a more efficient and hassle-free environment. Greater reliance on electronic health records means that information needed to treat patients effectively will be a few computer clicks away, no matter where the patient is receiving care. The Department of Veterans Affairs, as well as some private health care systems, has already begun to demonstrate the power of health IT to reduce costs and errors and improve quality of care.

**Action:** Through the President’s leadership over the past two years, the Administration has taken numerous steps towards fulfilling his health IT vision, including:

- Establishing the position of the National Coordinator for Health Information Technology within the U.S. Department of Health and Human Services (HHS);
- Providing support for several health IT projects to assess and develop solutions to key implementation issues such as:
  - harmonizing standards to allow different health systems to speak the same language and seamlessly share health information when needed;
  - developing certification criteria to ensure health IT investments meet proper standards;
  - addressing privacy and security issues; and
  - developing models for a national Internet-based system that allows electronic health information to follow patients no matter where they receive care.

In conjunction with these efforts, the Administration has established the American Health Information Community (AHIC), a committee comprised of both public and private stakeholders called to recommend solutions to help realize the President’s goal. The
AHIC is allowing major government health care players – such as the Centers for Medicare and Medicaid Services, the Department of Veterans Affairs, and the Department of Defense – to join with doctors, nurses, technology vendors, consumer organizations, insurance companies, and state and local government interests, to unify behind a common framework for implementing a nationwide electronic health records system.

Informed and Empowered Consumers

Americans generally have only limited information on the expected cost and quality of health care and very little meaningful information at the provider or treatment level. Insurance companies and physicians generally do not provide per-service prices or make this information available to patients. Quality information for institutional providers, particularly hospitals, is available only in a handful of states. Medicare now pays hospitals more if they report data on a set of ten quality measures. A growing range of medical specialties have begun developing evidence-based practice guidelines that summarize more effective approaches to care based on empirical clinical studies.

Proposal: All Americans should be able to obtain from their medical provider and insurance carrier easy-to-understand information about the price and quality of the health care they receive.

- The President urges insurance companies and medical providers to make health care prices and quality information readily available to consumers. In the short term, the emphasis would be on disclosure of per-service prices for the most common services and procedures. Soon thereafter, consumers would be able to obtain all-inclusive prices for more complex procedures and meaningful quality information for each medical provider.
- The President has directed Medicare and the Federal Employees Health Benefits program to demonstrate leadership in making price and quality information available. The President is also asking employers and insurance companies to press for this information to be made available to employees and members.

Affordable Coverage for Vulnerable Americans

President Bush believes it is crucial that those Americans in greatest need have access to high quality and affordable health care. He has worked to strengthen the safety net for low-income Americans and the chronically ill, make affordable coverage more widely available, and ensure that those in the Nation’s poorest communities have better access to primary and preventive care.

Refundable Tax Credits for Low-Income Americans to Purchase HSAs

Low and moderate-income Americans may need additional assistance in finding affordable health insurance. One way to provide assistance is through refundable tax credits that can be used to offset the cost of health insurance premiums. These credits
will help many low and moderate-income Americans purchase insurance on their own if they cannot purchase insurance through an employer.

Proposal: The President proposes giving low-income families a refundable tax credit to reduce the cost of their HSA-compatible insurance policy and/or fund their HSA account.

- A family of four making $25,000 or less will be able to receive $3,000 from the Federal government to help them buy an HSA policy that covers their major medical expenses and preventive care.
- These families will have the flexibility to put up to $1,000 of the money directly into an HSA to pay for doctor visits, medicines, and other routine medical expenses. What the family does not spend can be saved in the account and carried over to the following year, earning interest tax-free.

Grants to States for Aiding Chronically Ill Residents

By design, health insurance is intended to spread the risk of high health costs across a wide pool of people. However, people who are already chronically ill and who are not part of an employer or public pool must bear the full burden of their expensive health care by paying high premiums (or, in some cases, must go without insurance). It is common for the chronically ill to be offered only individual insurance policies with riders that exclude coverage for their known illnesses. One study found that 12% of people applying for individual insurance were turned down altogether because of their bad health. This also has negative consequences for healthy people seeking individual insurance, since the cost to insurers of evaluating individual health and avoiding high-risk individuals leads to higher administrative costs and, therefore, higher premiums. Improving the availability of health insurance for chronically ill individuals would help both ill and healthy people who want to buy individual insurance.

Some states have responded to the problem of the uninsured chronically ill by passing laws that require insurance companies to charge the same premium for healthy and ill people, a practice known as “community rating.” This has had the unintended negative consequence of raising premiums for low-risk purchasers, leading to higher rates of uninsured people in those states. Other states have established high-risk pools to insure the chronically ill who have been denied coverage in the individual market. Currently, 32 states have risk pools, but they cover less than 200,000 individuals. While the best of these pools have the potential to cover a larger number of the chronically ill, there are other innovative approaches that could provide better coverage at lower cost.

Proposal: The President proposes providing $500 million per year to encourage up to 10 states to test innovative methods for covering their chronically ill residents. The Secretary of Health and Human Services would award these grants through a competitive process. States could build on their existing high-risk pools or test other innovative approaches such as risk-adjusted subsidies or plans designed to manage chronic illnesses like diabetes.
**Allow Employers to Make Higher HSA Contributions to Chronically Ill Employees**

Under current law, employers must contribute the same amount to each employee’s HSA. This prevents employers from providing extra help to their chronically ill employees, who are more likely to use their HSAs to pay for out-of-pocket expenses.

**Proposal:** The President proposes allowing employers to make greater contributions to the HSAs of chronically ill employees. Employers could also contribute more if the employee had a chronically ill family member. This will help employers address concerns employees have about switching to HSAs from traditional insurance.

**Allowing Individuals to Purchase Insurance through Organizations They Already Know and Trust**

Most Americans with health coverage purchase it through their employers rather than as individuals. The reason is simple – cost. Individually purchased insurance is more costly because people are unable to join together to negotiate better rates and save on administrative and other expenses.

Employers purchasing coverage group people together, pooling their risk and increasing administrative efficiencies, which result in lower costs. Big businesses and labor unions take this a step further by pooling people together across state lines, further increasing savings. Non-employment-based groups providing insurance to individuals cannot do this effectively under the rules in many states. Further, because each state’s rules are different, it is difficult to design a policy that would allow individuals to get group rates across state lines.

Traditional AHPs will let employers pool together across state lines to buy health coverage in large groups. However, those health benefits are linked to the employer – if the worker changes jobs, he or she has to change health plans. And not all employers can or will choose to offer health benefits, even with the savings allowed by AHPs.

**Proposal: Expanded AHPs.** Expanded AHPs address the needs of vulnerable Americans by allowing bona fide civic, community, and religious groups to purchase health coverage for their members, giving individuals and their families the ability to pool together to buy health insurance outside of their workplace. Giving people more choices to buy insurance at group rates from organizations they already know and trust will help many Americans purchase quality, affordable, and portable health insurance.

**Increased Funding for Community Health Centers**

The President believes that access to primary and preventive health care services is critical, especially in poor, medically underserved communities. Since taking office, the President has worked to expand the number and reach of Community Health Centers. Community Health Centers play a central role in meeting this need and making health
care available to low-income Americans. The centers provide primary and preventive health services to individuals regardless of their ability to pay. They are located in medically underserved urban and rural areas where there often is little access to basic health care services, and these centers primarily serve low-income individuals, migrant farm workers, the homeless, and children.

**Action: Expanding Community Health Center capacity.** President Bush recognized the needs of the medically underserved, and his Administration has funded more than 800 new or expanded centers and will fund approximately 400 more in the next two years. This has already allowed community health centers to build capacity to serve more than 3.5 million additional Americans, with nearly 2 million more to be served in the next two years.

**Ensuring the Poorest Communities Have Better Access to Care**

It is vital to enhance medical care in poor communities, where access to regular care is often hardest to come by and where basic primary and preventive services can do an enormous amount to raise standards of living and well being.

**Action: Establishing Community Health Centers in poor counties.** To make sure access to health care is available where it is most needed, the President has set out to establish a Community Health Center or rural clinic in every high-poverty county in America that can support one. The President’s FY 2007 budget proposes to establish 80 such centers or clinics in poor counties not now served.

**Promoting Prevention, Wellness, and Fitness**

Active prevention is critical to achieving a better and longer life and should play a central role in controlling the costs of health care. President Bush has made the adoption of a healthy lifestyle a high priority and has encouraged Americans to take responsibility for making wise choices that improve our fitness and health. His Administration has worked to give all Americans the tools, skills, and motivation to lead healthier lives.

Five chronic diseases – heart disease, cancer, stroke, chronic obstructive pulmonary disease (such as bronchitis, emphysema, and asthma), and diabetes – account for more than two-thirds of all deaths in the United States. In addition to claiming more than 1.7 million American lives annually, these diseases hinder daily living for approximately one of every 10 Americans.

Although these chronic diseases are among the most prevalent and deadly health problems facing our Nation, some of them are preventable. Effective measures exist today to prevent or delay much of the chronic disease burden and curtail its devastating consequences. Families can take simple, affordable steps to incorporate physical activity, good nutrition, and behavior changes into their daily routine. President Bush has worked
to make sure the Federal government does its part to help and encourage such prevention through fitness and wellness.

**Action: The President’s Challenge Program Promotes Vigorous Physical Activity.**

2006 marks the 50th anniversary of the President’s Council on Physical Fitness and Sports, which serves to promote, encourage, and motivate the development of physical-activity, fitness, and sports programs. President Bush reinvigorated the Council through the President’s Challenge program, which inspires Americans to be physically active.

- The President’s Challenge program aims to motivate Americans to start and maintain a regular regimen of physical activity. The program’s Presidential Active Lifestyle Award recognizes youth and adults who engage in 6 weeks of physical activity for at least 5 days per week. An interactive Web site, [www.presidentschallenge.org](http://www.presidentschallenge.org), allows participants to work towards the award and become Presidential Champions by accumulating points for participating in a wide range of physical activities. The program also recognizes achievements in physical fitness by school-aged children and schools that offer the highest quality physical education in each state.

**Action: The President’s HealthierUS Initiative Promotes Healthy Choices and Prevention.**

In 2002, President Bush launched the HealthierUS initiative to promote four key objectives for a healthier America: increased physical activity, responsible dietary habits, increased use of preventive screenings, and making healthy choices.

- **Steps to a HealthierUS.** Through the Steps to a HealthierUS program, local communities receive funds to implement chronic-disease-prevention efforts focused on reducing the burdens of diabetes, obesity, and asthma and addressing three related risk factors—physical inactivity, poor nutrition, and tobacco use. Forty cities and tribal entities around the country now implement community action plans supported by the program.

- **Getting Physically Active.** The President has sought to promote physical activity and fitness by spreading the message of fitness and encouraging Federal agencies to do the same.

- **Eating Responsibly.** The President has worked to promote healthy diets as critical to health and fitness. The Administration released the 2005 *Dietary Guidelines for Americans* — a science-based blueprint for promoting good nutrition and health that focuses special attention on developing healthy diets for children. The Web site promoting the guidelines, [www.MyPyramid.gov](http://www.MyPyramid.gov), has received more than 1 billion hits in the year since its launch. In addition, the National School Lunch Program provides meals to nearly 30 million children each school day in nearly 100,000 schools nationwide, and the President’s HealthierUS School Challenge encourages these schools to take a leadership role in promoting healthy eating and active lifestyle choices.

- **Preventing Disease through Screening and Testing.** Screening for just a few key health indicators can help prevent serious chronic disease and identify areas for improvement in diet and behavior. The Administration has been committed to supporting testing and screening activities, including screening programs run by the Centers for Disease Control for heart disease, stroke, diabetes, arthritis, and
cancer. The President’s 2007 budget devotes more than $1 billion to these efforts. The Medicare program now also works to promote screening and prevention, including a one-time “Welcome to Medicare Physical Examination.”

- **Making Healthy Choices.** President Bush believes the key to healthy living is making healthy life decisions like avoiding tobacco, drugs, and the abuse of alcohol. The Administration has worked to help states develop policies to limit the use of tobacco by the young, vigorously promoted efforts to discourage and prevent the use of illegal drugs, and helped families and communities encourage children to make simple but critical healthy choices every day – like wearing a bike helmet, washing their hands, or standing up to peer pressure to behave irresponsibly.

**Action: Spreading the Message of Fitness and Prevention to All.** President Bush supports innovative approaches to getting the prevention, wellness, and fitness message to Americans, and particularly to our citizens who bear the heaviest burden of chronic disease – African Americans, Hispanics, American Indians, and Alaskan Natives. Through targeted health-promotion and disease-prevention initiatives, such as HHS’s diabetes prevention efforts run by the Centers for Disease Control and the Indian Health Service, communities can create local partnerships to overcome barriers and help individuals enjoy longer lives.