

Build foundation for health care on Medicare

By Johnathon Ross, M.D.

Mrs. Brown (not her real name) was recently in to check on her blood pressure. She knows I've worked decades for a national health plan that would benefit individuals and businesses alike.

"So what do you think of the reform bill, Doc?" she asked, hoping I'd be pleased.

I replied with a question of my own: "Would you add a third floor to a house that has a crumbling foundation?" Because that is what Congress just did.

The crumbling foundation is our private, for-profit, insurance-based system of financing health care. As nonprofit, community-service organizations, health insurers were once a boon to millions of workers and thousands of companies. Now, they are a very bad bargain, indeed.

Private insurers make money by denying claims. They cause us to waste enormous amounts of money on excess paperwork and bureaucracy -- their own paperwork and the paperwork they inflict on hospitals, patients and doctors like me. An estimated 31 cents of every health care dollar goes toward administration in U.S. health care, at least half of it unnecessary.

The problem is getting worse. The number of administrative personnel in health care jumped more than 3,000 percent over the past three decades, while the number of doctors, nurses and other caregivers has grown by less than 200 percent.

In effect, health care has been overtaken by an army of bureaucrats whose "generals" -- the CEOs -- get astronomical salaries. Money-changers and paper-pushers thrive chasing the money to pay for care -- not deliver it. In our complex, multipayer system, chasing money is expensive work.

Does the new law remedy this? No. "Insurance exchanges" will add yet another layer of private bureaucrats and IRS agents to determine eligibility for subsidies and enforce fines for those who fail to purchase insurance.

Private insurers in the new exchanges will continue to advertise and market their products, bill for premiums, determine eligibility for coverage, coordinate benefits, manage a multitude of yearly contracts with brokers, businesses, individuals, doctors, hospitals and other providers and, lastly, pay stockholders a high rate of return.

Each hospital and doctor will continue to track myriad contracts, discount arrangements, benefit packages, drug formularies, limited referral networks

and insurance rules designed to reduce utilization of our medical resources and to increase insurance company profits.

The new law perpetuates this wasteful overhead and guarantees insurers more profits as we spend \$447 billion over 10 years to subsidize the mandatory purchase of shoddy private insurance by 16 million uninsured Americans.

The exchanges are supposed to bring down prices by promoting "market competition" among various insurers. But Massachusetts and several other states have had plenty of experience with such exchanges, and the verdict is clear: They don't control costs. In fact, Massachusetts now has the highest health care costs in the world.

As a rule, "market competition" doesn't work well in health care. Health care is not an ordinary product that people want. Rather, it is a necessity that they must have. The most expensive care is most often not optional, predictable or negotiable.

Businesses are groaning under the burden of the rising costs of employee and retiree health care benefits. They, too, need to get out from under the heel of the private health insurance industry and the skyrocketing, volatile prices that come with it.

So what's the alternative? It's building on the solid foundation of our tax-financed, low-overhead Medicare system, and extending it to cover everyone without exception. The administrative savings from such a streamlined system would amount to \$400 billion per year, enough to provide comprehensive coverage to all with no significant out-of-pocket expenses and with complete choice of doctor and hospital.

A single-payer system would also have the clout to negotiate drug prices and provider fees, and to allocate resources efficiently and wisely. It would possess powerful tools for improving quality and controlling costs.

Conventional wisdom suggests we have to "wait and see" how the administration's new law plays out. But we can't afford that: With about 50 million uninsured this year, some 50,000 people will die because they lack coverage, a recent study estimates. By 2019, those figures will only be halved, experts say.

It's not too late to do the right thing. The sooner we adopt an expanded and improved Medicare-for-all, the better off our patients and our economy will be.

Ross is past president of Physicians for a National Health Program (pnhp.org) and a leader of the Single Payer Action Network in Ohio (spanohio.org).