

An Opportunity for American Healthcare

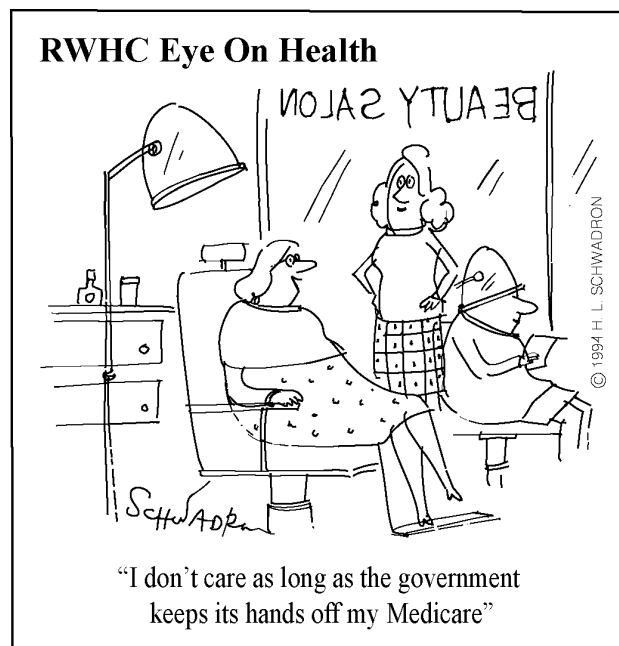
by Tim Size, Executive Director, Rural Wisconsin Health Cooperative, Sauk City

Even with or maybe because of the economic downturn, healthcare “reform” is back on the front burner. The fall election results were a lot about seeking economic stability and security. Healthcare reform is part of that search. The severity of Federal and State government deficits make reform harder but not impossible.

I have never liked the word reform. It implies good people fixing bad people. “Bad” kids used to be sent to *reform* school. Or we need to *reform* how we finance elections to limit bad things from happening. We won’t improve American healthcare by reforming millions of dedicated clinicians and healthcare workers. We won’t improve healthcare by reforming away care that most of us like. Most of us can afford our out of pocket healthcare costs, if we keep our jobs.

It is another story when you try to assure that all Americans, all of our neighbors, receive the care they need without going bankrupt. Whether or not they have a job. We could easily be them. It is another story that we are long overdue in finding ways to encourage cost savings. We over utilize services and are under concerned about how our behaviors affect our health. This failure makes our businesses less competitive; it causes jobs to be lost and is bankrupting private and public health plans alike.

We need to keep what is good and make the other bits much better—“not throw the baby out with the bathwater.” We cannot afford to lose this opportunity to improve how we organize, use and pay for healthcare.



After the election, the nation’s largest health insurance companies surprised many of us. They announced a major shift in what healthcare reform they could live with. They seemed to say that they would no longer compete by avoiding sick people. So what if it is a concession to new political realities? It is still welcome news. But they add a condition. There must be an enforceable mandate that everyone has health insurance. This is reasonable. In the absence of such a mandate, many people may wait until they become sick before they buy insurance. This would be like buying homeowners insurance after the house is on fire.

Celebration may be premature. David Hamilton is a 14-year veteran of the *Wall Street Journal* who has a blog on www.bnet.com. He describes three sticking points not mentioned by the health insurers:

Enforcement of the mandate—“No one yet has come up with a combination of carrots and sticks

that is not either wholly inadequate or politically toxic.”

Premium costs—The insurers did not agree to “community rating.” With this approach, all individuals in a defined insurance pool pay the same premium. (Group insurance offered by employers typically works this way.) Community rating means that healthy people subsidize the costs of the sick. For example, without it, insurers charge more to people who are sick or more likely to become sick.

Government-run insurance—A government-run health plan is part of the proposal offered by Present-elect Obama and Sen. Max Baucus, “a kind of mini-Medicare.” Individuals could choose the government plan instead of private health insurance. There is a fear in a weak economy that this option will drive many away from employer-sponsored health insurance. This may be a “deal breaker” for some.

America has come a long way from the famous “Harry & Louise” commercials in the early 1990s. They were intended to derail any reform by raising fears of “socialized medicine.” The message was successful and helped to sink our country’s last run at major health reform. Medicare is a very popular program with the elderly. That it is a government program doesn’t seem to bother Medicare beneficiaries although that may be mostly due to the relatively low out of pocket costs they pay.

There appears to be agreement that the political and economic pain of doing nothing now outweighs the pain of doing something. How much or how little private health insurance remains is an open question. “Reform” may be incremental like the growth of BadgerCare in Wisconsin. Or it may be a major change as we saw with the birth of Medicare. One point of agreement that may be reached early given the need for tax revenue, is to reduce the amount of income tax avoided by higher income earners for their health insurance benefit.

Real reform must address universal access to healthcare and the cost of healthcare. But it must also focus on what each of us can do to keep ourselves healthy. We must become less dependent on medical care that is often by its nature, expensive. To do less does not solve a fundamental driver of our country’s healthcare costs.

Healthcare represents 16% of America’s economy; whatever direction our country takes we all will be significantly effected. Hold on tight and get ready for the ride.