

# How do You Solve a Problem Like Health Care?

by Barb Howe

Does it seem like the debate over health care reform never ended? That's because it hasn't. We still haven't solved the fundamental problem: how do we provide healthcare for millions of people in this country in the most cost-effective way possible? Or should this even be a thing that government does? Why not just let everyone fend for themselves?

Let's tackle the easy one first: yes, everyone should have access to basic healthcare not only because it's the civilized thing to do (not many of us are willing to see people literally die in the street, which is why even today hospitals will treat the uninsured), but also because it's safer for everyone if everyone has access to healthcare. Do you really want to stand next to a person in the check-out line who has the plague because he can't afford to go to the doctor? Science has shown that herd immunity is the best way to prevent outbreaks of contagious diseases, so we mandate that everyone who *can* get vaccinated against the diseases we have vaccinations for. Preventative care is the most cost-effective way to lower health care costs. Getting everyone access to basic healthcare is something societies do, not just out of a sense of moral obligation but because it's the best way to keep large numbers of people living in close proximity to one another healthier and safer.

Next, we can ask how we go about doing this? This is the hard part. For most other advanced industrialized countries, it is the job of the government to provide this access to care. The United States is unique because while we have some government-provided insurance, we also have private health insurance companies. Private companies need to be profitable. Also, having multiple companies with multiple plans drives up administrative costs compared to countries where there is only one insurance plan—the government provided one. The U.S. spends about 8% on administration costs compared to about 3% for other wealthy countries.

This is part of the reason why healthcare is so expensive here. The U.S. spends twice as much on healthcare as other advanced industrial countries, and costs keep going up about 5% per year. By 2026 it is projected that we will be spending nearly 20% of our GDP on health care. We can't afford that. We have to find a way to save money.

That's where Medicare for All comes in. The idea is that it would help rein in our healthcare costs while ensuring everyone has access to basic healthcare. We already have some government provided healthcare systems: the Veterans Affairs Administration provides healthcare for veterans, Medicaid provides healthcare for people living in poverty, and Medicare provides healthcare for older people. Medicare for All plans simply expand the latter program to everyone.

There are a lot of different ways we could get a national health insurance plan. It could be one option amongst others, including private health insurance (these are called public-option plans). Or it could be the only game in town, meaning we get rid of private health insurance companies and just have one insurer: the government. This is called single-payer.

Canada's system could be described as single-payer, although there are some things their national plan doesn't cover such as vision and dental care, and you can buy supplemental insurance for those. For everything else there's only one insurer: the government. In 2017 Senator Bernie

Sanders wrote a piece of proposed legislation called the Medicare for All Act, and it is a single-payer plan that would be bigger than Canada's and cover things like vision and dental care as well as rehabilitative services and home health care. Unlike Canada's system, however, Bernie's plan contains no "cost-sharing," meaning there are no deductibles or premiums or co-pays at all; The consumer doesn't have to share in paying at that end because they've already paid for it by paying higher taxes.

For example, a self-employed person who makes about \$50,000 per year and pays about \$5,000 in federal taxes and \$5,000 in premiums to a private insurance company each year could instead pay \$8,000 in taxes and zero in premiums, and still have health insurance. If this is true, it would be short-sighted to complain about higher taxes since they are saving \$2,000 by not having to pay the private insurance company.

The downside of this is that it appears to reduce choice. There's only one plan: the government plan. On the other hand, it increases choice because you can go to any doctor you want. Every doctor would have to take the one government insurance plan. (Right now, your doctor's office decides which insurances they are going to accept. If you want to "keep your doctor" you have to get the insurance plan they take. In a system with multiple insurers, unless we mandate that all medical providers accept all insurances, you will always have to worry about out-of-network providers.)

Another downside is that some people will continue to go bankrupt if they choose a cheap private insurance plan that doesn't offer much coverage on the gamble that they won't get sick, but then do. Accidents happen even to healthy people.

The alternative to single-payer plans, are public option plans. Public option plans could also be called Medicare-for-All-Who-Want-it. It's optional. It's a government provided insurance that is open to anyone who chooses to buy it. Public option plans co-exist with private insurance companies. Anyone who doesn't have an employer (the self-employed or unemployed), or whose employer does not offer insurance, could buy either a private insurance plan or the government plan. This offers choice in insurance plans, but you lose your choice in doctors because, again, medical providers decide which insurances they want to accept and which they don't. So they could decide not to take the one you have and this means you could "lose your doctor."

Some people mistakenly think of insurance as they might a pie, where the more slices it gets divided up into, the thinner your slice is. Instead it's the opposite. The more people in the insurance pool, or pie, the more risk is spread out amongst those numbers, and costs go down for everyone. The problem with a system in which there are

multiple insurance plans is that each one covers only a segment of the population, creating multiple small pools and so costs remain high. Each private company needs to make a profit, so they are going to try to get all the healthy people in their pool. It makes for a very inefficient system.

Also, having multiple insurance providers means medical billing departments still have to deal with multiple different insurances each with their own rules and policies, so administrative costs also remain high.

Proponents of single-payer plans argue we need everyone in the same pool in order to lower costs and provide better, more cost-effective health care to the largest number of people. If that's true, why haven't we done it already? One reason is because we now have an entire industry of private health insurance, and getting rid of an entire industry can cause major disruptions in society (sometimes it is inevitable, such as when technology makes some industries obsolete). The invention of the automobile ruined the horse-and-carriage manufacturing industry, for example.) Another reason is that some of us have really good health insurance plans through our employers. This is especially true for people who have unions; unions have negotiated for premium healthcare benefits, sometimes in lieu of wage raises. Under a single-payer system these people would have to give up these premium insurance plans, and it's understandable why they wouldn't want to do that. On the other hand, fewer and fewer of us are lucky enough to be in such a position. The rise of the gig economy, employers trying to save money by calling their workers contractors instead of employees, or keeping their hours just below full-time so they aren't required to provide health insurance, only makes the problem more urgent.

So now you see the problem, do you have a solution? Which proposal do you like best? In the spirit of healthy public debate, write and let us know.

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