

Health Care Reform
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INTRODUCTION

I offer a clear and simple two-page health care reform proposal in contrast to the Administration's 2,700-page entry.

It will move us toward the honorable goal of providing truly universal coverage. It will lower the unsustainable growth in health care costs. Its major requirement is real political courage.

I. How Health Care is Paid for in America

In America, the elderly and the poor receive subsidized health care through Medicare and Medicaid. Our nonelderly near-poor are provided for by Robin Hood.

When health care providers provide free or below-cost services, they add the costs of such uncompensated care to the charges of those who can pay – namely, the privately insured, aka the American worker.

This cost shift paid for \$90 billion of services to the uninsured in 2008, or about 90 percent of the estimated annual cost of providing universal coverage. For its helpful role as the necessary conduit in this Robin Hood system, the health insurance industry has been unfairly criticized.

II. I'll explore now how we can actually achieve affordable universal health insurance coverage, if the will and political courage can be found.

Universal coverage is the needed bedrock of an honorable, functional and affordable American health care system. We all, including the young and healthy, need to be in the same boat together – no exceptions.

Universal coverage renders moot the controversy over pre-existing conditions, and further moots the frivolous notion that we can wait until we're ill or injured to purchase insurance.

Here is my version of necessary and generally easy-to-understand health care reforms. Most require no federal funding. They will slow the growth in health care costs. This will lessen needed subsidies while also generating resources required to reach the honorable goal of universal coverage.

1. Increase competition and lower costs by allowing individuals and small employers to purchase insurance across state lines.

2. Insured individuals and small employers should be relieved of the requirement to purchase state-mandated products and services, often of dubious value. These mandates add 20 to 30 percent to the cost of their insurance, compared to self-insured employers, which are allowed, by ERISA, freely to choose desired benefits.
3. Portability – “Evergreen Cobra” – allow individuals to maintain an affordable level of insurance, such as a high-deductible plan, when they leave a job, so long as they pay the full premium.
4. Allow paid buy-in to Medicaid for consumers who are denied coverage because of pre-existing conditions.
5. Lawsuit (tort) reform.
6. Require all providers in federal programs, by a date certain, perhaps in five years, to connect electronically and use standard forms. This will provide transparency and will make robust real-time information available to consumers, enabling them to assume greater personal responsibility for their health care and its costs.
7. Tax Reform
 - A) Limit tax deductibility now for plans with above-average costs.
 - B) We pay for truly vital needs, such as food and water, with after-tax income. Health costs are largely paid with pre-tax income. This has created an accidental \$250 billion annual tax subsidy (2008) which was never legislated. It should be phased out over a five-to-ten year period, providing enormous resources for the subsidies needed to achieve universal coverage.
8. Medicare – It will soon be bankrupt and must be reformed. Here’s how: current beneficiaries should be grandfathered. Baby-boomers, already familiar and largely satisfied with private insurance, should be allowed and required to retain it as they become Medicare eligible beginning in 2011. Each should receive a voucher equal to perhaps 75% of the age-adjusted national average cost of traditional Medicare, to spend as they wish in a robust, competitive marketplace. This will allow them to acquire the plan which best meets their individual needs, paying any balance personally. Subsidies, varying by income, must be provided to enable low-income seniors to purchase an average-cost plan.

This reform will lower costs significantly, while maintaining the personal responsibility and engagement to which these new beneficiaries are accustomed. Importantly, it will revive our vital, well-loved, but unsustainable Medicare program.

Medicare eligibility age should rise as life expectancy rises.

9. Culture – An estimated 70 percent of all health care costs in America result from self-inflicted causes, chiefly obesity, smoking and alcohol/drug abuse. This is among the most difficult and worrisome of all issues. A healthy population is a vital national interest, so this problem must be attacked vigorously, now. First Lady Michelle Obama's recent announcement that she will address childhood obesity is a positive first step.
10. Universal coverage requires a solid mandate with no exceptions. The young and healthy may not like it, but as they age, they will wish to be included in the insured pool. Both fairness and affordability require that they join now, along with all citizens. Subsidies, varying by income, must be provided to those unable to purchase an average-cost plan.

CONCLUSION

These suggested reforms are clear, simple, build upon existing strengths and will do the job, if leadership, will and political courage can be found.