



A Sick Health Care System



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Our health care system is in disarray, and we face nothing less than a crisis in values. The large states should take charge and move toward a single-payer system.

Professor Gale has been teaching graduate courses in health policy and services since 1975. He served on the Sacramento County Health Council and the Board of the Golden Empire Health Systems Agency, serving as Chair of the Plan Development Committee. He has studied and reported on the health systems in Great Britain, Israel, the former Soviet Union, China, Cuba, Norway, Sweden, Denmark and, in October/November 2001, Australia and New Zealand.

RECENT ARTICLES in the media (and some in *Sierra Sacramento Valley Medicine*) have highlighted concerns about emergency rooms, HMOs and managed care, inequitable treatment of minorities, proposed changes for the 1.2 million enrollees in PERS, aggressive marketing of prescription drugs, negative nursing home reports, the uninsured and access to care.

The latest evidence of the political crisis in health care is the unwillingness of Congress to agree upon prescription drug benefits for Medicare beneficiaries, the failure to agree upon a Patient's Bill of Rights, and the impasse over extending health insurance for the unemployed. Recently, the Urban Institute reported 5 million eligible children (1 million in California) are not enrolled in the Healthy Families programs.

Congress is influenced by campaign contributions to both Democrats and Republicans, and by the intense lobbying of an industry to protect its vested interests.

The primary reasons for the failing health care system are the corporatization of the system, the delusion of cost containment through managed care and competition, and the predilection for profit and greed.

Indications of Problems

The evidence is over-whelming that maximizing profits by limiting access to care — by, for example, requiring prior authorization, denying recommended tests and procedures, and imposing higher co—payments for office visits and pharmaceuticals — also limits the ability of physicians to deliver quality care. Managed care entities have cancelled contracts with Medicare, dumping 1.7 million older persons in 2000—2001. These individuals have had to scramble to find providers — and with additional costs.

The pharmaceutical industry is the "poster child" for profit and greed. Since deregulation six years ago, drug companies spend 30 percent of their budgets marketing directly to potential consumers on TV and in magazines and newspapers, generating requests that physicians have difficulty resisting. Clearly, the economic laws of supply and demand are inoperative: sales have increased dramatically and prices continue to rise. The profit margin is 20 percent — greater than in any other industry.

Contrary to the "extensive research cost" argument, the companies produce many copy cat drugs and fight against generics and the importing of the same drugs (at lower cost) from other countries.

Health care costs are increasing dramatically, now accounting for more than 14 percent of the GDP — higher than any other major industrialized nation. The Health Data 2001 reports by the Organization for Economic Cooperation and Development (an independent international organization focusing on economic and social issues) compared 29 major industrialized nations. It documents that these countries are providing universal coverage for their residents at a lower per capita cost and lower percentage of GDP than the United States, e.g., Denmark-6.1 percent, Norway-8.1 percent, and Sweden-9.1 percent. And, their health status indicators — life expectancy, infant mortality, years of life lost — are better than in the U.S.

The United States health system ranks 37th in the world by World Health Organization standards.

Services in the U.S. are fragmented, with no comprehensive community planning. Access to health care has eroded, with more families uninsured or underinsured. Even people with relatively good health plans must now pay higher premiums, co—payments and a greater share of drug costs.

Health insurance increases are projected at 20 percent, beginning in 2003. Employers, faced with higher costs of health insurance, are opting out or placing greater financial responsibilities upon employees.

The *Boston Globe* reports that some Massachusetts insurers are trying to market deductible plans as high as \$7,500 per year, to employers.

All of the policy changes that get our attention are incremental, finger—in—the—dike, band—aid proposals.

Social Darwinism is the dominant philosophy. We consciously make invidious distinctions among people and their problems, in granting or withholding access to care. In essence, we classify different categories of people as expendable — including children.

This represents a crisis in values.

The Health Care Options Project

SB 480 (by Sen. Hilda Solis) created the Health Care Options Project, to solicit and evaluate proposals for expanding health care coverage, particularly for the uninsured in California. Nine proposals were developed by teams from UCLA, Working Partnerships USA, UC San Francisco Medical Center, UC School of Public Health, Health Care For All, and some individual researchers in health care. (To review the proposals, go to www.healthcareoptions.ca.gov)

Four proposals were classified as incremental reforms, targeting families from 133 to 400 percent of the poverty level. These approaches recognized the political and economic realities, but failed in the principal objective of insuring the bulk of the uninsured.

There were two employer contribution — or "Pay—or—Play" models. In essence, employers would choose a payroll tax or offer insurance for employees. Employees could choose between the public or employer plan. This approach increases the number of insured, but maintains the current variations in coverage for low—income families.

Three single payer proposals all proposed universal coverage for California residents under comprehensive benefit packages, including long—term care. Public and private funds, and payroll taxes, would be combined to expand coverage.

Four community forums were held in California in January and February to present the first drafts of the proposal. The final presentations and forum, on April 12th in Sacramento, attracted professionals, policy makers and consumers. The Health Care Options Project was a unique and thoughtful effort at health policy formulation.

The Lewin Group evaluated the final reports for reduction in the numbers of uninsured, and economic feasibility. The conclusions were dramatic. All three single payer proposals would provide universal health coverage to all residents of California — at less than the current projected costs of \$151 billion for 2002.

Change for the Better

In the light of these reports, I make the following recommendations:

1. The largest states should assume leadership to initiate change. The power of vested interests and the influence of campaign contributions makes a national solution unrealistic.
2. California should adopt a Constitutional Amendment that "Quality health care is a fundamental human right for all residents."
3. Medical care should give priority to a "wellness," prevention—focused model.
4. All sources of financing should be pooled to fund an egalitarian system of access. For—profit entities in health care are antithetical to universality.
5. We should adopt a single—payer, universal coverage plan that provides comprehensive benefits, choice of providers, control of expenditures, and assurance of quality care for all. This is feasible and less expensive than the current destructive system.

Physicians have a key leadership role in supporting fundamental changes in the health care system. They have first hand experience of the increasing costs, the effects of lower reimbursement rates from public and insurance sources, and the interference with professional judgments through micro—management of practice — and their negative impact on patients.

Achieving these objectives requires a grand coalition of consumers, physicians and other health professionals, organizing at the community level, and with the political will to foster the necessary radical changes of the "sick" health care system.

These books provide important analyses of the crisis in health care: John P. Geymann, MD, "Health Care in America — Can Our Ailing System be Healed," Butterworth—Heinemann, 2002; Rudolph Mueller, MD, "A\$ \$ICK A\$ IT GET\$," Olin Frederick, 2001

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