



Health care a right

Single-payer system would help reduce national deficit

August 18, 2011 2:00 AM

Despite a recent setback at the federal appeals court level, health care reform still represents the nation's best solution to not only a broken health insurance system, but to our country's long-term deficit problems.

As the St. Louis Post-Dispatch wrote in an editorial last week, everyone who has studied the deficit problem has agreed that it's actually a health care problem — the cost of providing Medicare benefits to a longer-living population.

"The Congressional Budget Office projects if we continue on our current course, deficits will remain high throughout the rest of this decade and beyond, and debt will spiral ever higher, reaching 90 percent of GDP in 2020," wrote the bipartisan National Commission on Fiscal Responsibility and Reform in December.

"Over the long run, as the baby boomers retire and health care costs continue to grow, the situation will become far worse. By 2025 revenue will be able to finance only interest payments, Medicare, Medicaid and Social Security. Every other federal government activity — from national defense to transportation and energy — will have to be paid for with borrowed money."

That being the case, the government must reduce its health care costs. This is what a single-payer health care system would do, largely by taking the for-profit players (mostly insurance companies) out of the loop.

After all, Physicians for a National Health Program estimates that "private insurance bureaucracy and paperwork consume one-third (31 percent) of every health care dollar.

"Streamlining payment through a single nonprofit payer would save more than \$400 billion per year, enough to provide comprehensive, high-quality coverage for all Americans," wrote Nancy Folbre, an economics professor at UMass-Amherst, in an op-ed in The New York Times. "Once everyone is covered, the government would have the clout to bring discipline into the wild west of health care spending."

Health facilities and equipment would be managed by regional boards. Medical services would be "bundled." Rather than paying hospitals, doctors and laboratories separately, there would be fixed prices for treatments.

In May, Vermont became the first state in the union to pass legislation that would move it toward a Canadian-style universal, single-payer system.

The new law calls for a five-member board to set reimbursement rates for health care providers and streamline administration into a unified system called Green Mountain Care that will cover all Vermont residents.

"In the long run, it aims to replace fee-for-service payment with a system that will pay health care providers a specific amount of money to care for a specific population, providing incentives for preventive care," Folbre wrote.

In testimony before the Vermont Legislature, William Hsaio, a professor at the Harvard School of Public Health, described his experience designing single-payer health care systems in several countries, most recently Taiwan. He also presented the results of a detailed analysis of the health care system of Vermont, providing estimates of potential savings from a single-payer system.

Gerald Friedman, another economics professor at UMass, estimates that similar changes in Massachusetts could sharply reduce the cost of billing and processing insurance claims, generating savings of 17 percent.

According to Friedman, a universal single-payer approach is not just more affordable; in the long run, it may be the only affordable option.

Copyright © Cape Cod Media Group, a division of Ottaway Newspapers, Inc. All Rights Reserved.