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Six great myths about American health care

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Guest Columnist

In a recent column (“‘Universal health care’ won’t improve anything,” Jan. 12) Thomas Sowell ignored the obvious: America’s current health care system doesn’t work very well. And we spend about a seventh of the nation’s economic output for this utterly mediocre performance.

The system needs reform. More than 40 million Americans have no health insurance. And two out of every five adults under age 65 are under-insured. If someone in this country gets hit by a bus, our high-end trauma care is second to none. But if you have cancer, need a transplant or suffer from a chronic disease such as diabetes or mental illness and your health insurance is lacking, you are out of luck.

We need to do better. Any discussion of how to improve the system without acknowledging that the current system is deeply flawed is really little more than ideological point scoring — not a serious debate. Sowell uses Canada to warn of the alleged dangers of government solutions to health care problems. What he fails to tell us is that Canada spends far less of its national income on health care and its citizens are far more satisfied with their system than we are with ours. And based on objective measures such as infant mortality and life expectancy, it produces better results.

Even Mr. Sowell’s use of the term “government health care” is intended to confuse and distract us by invoking strong negative imagery. The truth is, our government health insurance programs work far better than we generally admit. As a private insurance company executive who also ran Wisconsin’s Medicaid program, I have considerable experience in both worlds. So let me counter Sowell’s so called “myths” with what I think are the big myths about our health care system.

Myth 1: We have a private health insurance system now. We do not. Well over half of all medical bills in this country are already paid by Medicaid, Medicare, the Veterans Administration and government employers. People are also paying for care out-of-pocket. So today, private insurance plans only pay about a third of the nation’s health care bill. And even that is subsidized by government tax treatment.

Myth 2: Government health insurance is inefficient. The opposite is true. Medicare and Medicaid both have administrative costs below 5 percent. My non-profit company, WEA Trust, runs at about 7 percent, which is excellent. Most for-profit carriers have administrative costs of 10 to 20 percent, which they need to compensate highly paid executives, sales people and agents, and provide dividends to stockholders. It is more than a little ironic that one of the most popular health plans in this country is Medicare — you guessed it, a government run health plan.

Myth 3: America has the best health care in the world. We may have the best high-tech health care in the world but it is broadly accepted that even the patients in this country only get the care that medical science says they should about half the time. And, the tens of millions without insurance don’t even get that. No wonder our health outcomes are the worst in the industrialized world.

Myth 4: National health insurance would lead to rationing. We already ration. Check your insurance plan and see what it will — or won't — cover. On the other hand, Medicare and Medicaid don't ration. In fact, one of the knocks against these government health care programs is that they're so much better than employer-sponsored plans. And don't think for a minute that the tens of millions of uninsured and underinsured aren't experiencing rationing.

Myth 5: Government shifts the cost of health care to others. The main reason Medicare and Medicaid don't pay more is we don't want to tax ourselves to pay the bill. So instead of an explicit tax, we have a hidden tax. Even so, the effect is grossly exaggerated. While government typically pays less, it would probably cost us all more if it weren't paying over half the total costs. The biggest cost shifting comes from the uninsured and underinsured. If everyone were insured there would be no uncompensated care.

Myth 6: Malpractice awards are the reason health care costs are soaring. This is spin. The reality is our system makes too many medical mistakes; and only a small fraction are ever taken to court. It is broadly believed that waste and inefficiency consume up to 20 percent of the nation's health care bill. The way to reduce the cost of malpractice awards is to clean up the system and reduce errors in the first place.

Until we acknowledge that our current system is broken and cut through the mythology we can't have the rational discussion we need to fix it.

We need to do better. It is time.

Mark Moody is president of the WEA Trust, a non-profit corporation that provides health insurance to public school employees.