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Local observers weigh plan as debate heats up

By Adam Parker
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File/AP

Sen. Chris Dodd, D-Conn. (left); Rep. Carolyn McCarthy, D-N.Y. (center); and Rep. George Miller, D-Calif. (right), look on as President Barack Obama speaks on health care reform July 15 in the White House Rose Garden.

Health care stats

--Total spending was $2.4 trillion in 2007, or $7,900 per person. Total health care spending represented 17 percent of the gross domestic product.

--U.S. health care spending is expected to reach $4.3 trillion in 2017, or 20 percent of the GDP.

--Health care spending accounted for 10.9 percent of the GDP in Switzerland, 10.7 percent in Germany, 9.7 percent in Canada and 9.5 percent in France, according to the Organization for Economic Cooperation and Development.

--In 2008, employer health insurance premiums increased by 5 percent, two times the rate of inflation. The annual premium for an employer health plan covering a family of four averaged nearly $12,700. The annual premium for single coverage averaged more than $4,700.

--Health care spending is 4.3 times the amount spent on national defense.

--About 47 million Americans are uninsured.

--Since 1999, employment-based health insurance premiums have increased 120 percent, compared with cumulative inflation of 44 percent and cumulative wage growth of 29 percent during the same period.

--Health insurance expenses are the fastest growing cost component for employers.

--The average employee contribution to company-provided health insurance has increased more than 120 percent since 2000. Average out-of-pocket costs for deductibles, co-payments for medications, and co-insurance for physician and hospital visits rose 115 percent during the same period.

--The United States spends six times more per capita on the administration of the health care system than its peer Western European nations.

The health care debate, put firmly on the country's front burner by President Barack Obama and members of Congress, is characterized by a plethora of yet-to-be-answered questions.

Should reform come quickly or incrementally? Will the "public option" encourage competition and lower costs? What will happen to insurance companies? Will individuals and businesses be penalized if they fail to secure coverage? Will insurance policies be portable?

And then there's the biggest question of all: How will we pay for it?

White House Chief of Staff Rahm Emanuel stated the administration's large objectives Friday: Control costs, expand coverage and provide choice. These goals are not very controversial. But the proposed methods for achieving them have prompted some Republicans and conservative Democrats to try to slow things down.

In Charleston, the plan has garnered some tentative support, though health care providers and insurers worry about the effects of reform.

"The devil's in the details," said Dr. Patrick J. Cawley, medical director of Medical University Hospital.

Self-reliance

Obama's news conference Wednesday was an attempt to convey a sense of urgency, wrest control of the debate from critics and prompt average Americans to get behind the idea of reform. Though many questions remain unanswered, aspects of the emerging vision for an improved health care system are becoming clearer:

--There is no plan to shut out the private sector or mandate reform of the insurance industry.

--"Universal coverage" is a goal to provide affordable access to health care for all Americans.

--A public option is meant to give Americans "a better range of choices, make the health care market more competitive and keep the insurance companies honest," according to Obama.

--Uninsured individuals and families likely will have the responsibility of securing their own coverage.

The so-called individual mandate has found backing from people on the payment and the provider side of health care because the result would be a larger customer base with an ability to pay and because it does not challenge the for-profit status quo.

Most of the nation's 47 million uninsured would be required to buy health insurance. Those who earn below a certain threshold would receive a government subsidy or "hardship exemption." Consumers who failed to buy a policy could incur a penalty. Employers would contribute to the cost of care.

The concept is derived from the Massachusetts model, introduced three years ago when the state overhauled its health care system.

Critics such as Marcia Angell, a physician and lecturer at Harvard Medical School, say that this would be a financial boon to insurers and pharmaceutical companies and do nothing to lower overall costs.

Obama, once opposed to the individual mandate, told CBS in an interview last week that he had been

persuaded to change his mind.

"I was opposed to this idea because my general attitude was, the reason people don't have health insurance is not because they don't want it, but because they can't afford it. And if you make it affordable, then they will come," he said. "I've been persuaded that there are enough young, uninsured people who are cheap to cover, but are opting out. To make sure that those folks are part of the overall pool is the best way to make sure that all of our premiums go down."

Nearly three-quarters of the uninsured in the United States in 2007 were younger than 54, according to the Kaiser Family Foundation.

Cawley of Medical University Hospital said hospitals, particularly those that receive many referrals, already are under significant financial strain.

"The biggest issue is underinsured and uncompensated care," he said. "From the Medical University's perspective, covering all Americans would be good."

It would mean more of the hospital's patients would be able to pay. But "in Massachusetts, they didn't control the costs at all, only added new costs," he added.

The federal government's "disproportionate share hospital" program provides funds to some institutions, such as MUSC, that treat patients who are unable to pay, Cawley said. In the Massachusetts experiment, a disproportionate share of fund was diverted by the state from hospitals to help pay the cost of universal coverage. Hospitals that do a lot of work for free suddenly received even less, he said.

Private vs. public

So far, the for-profit insurance industry has been a willing party to the discussions in Washington about reform.

"There is lots of room for improvement," said Michael Jernigan, president and Chief Executive Officer of Select Health of South Carolina.

But the industry is concerned about the idea of a public option that Americans can choose in lieu of a private insurance policy. Obama has said the public option would spark competition, potentially lowering costs, and help to "keep the health insurance industry honest."

"It's a tremendous goal for our nation for everybody to have access to health care," Jernigan said. "I don't know why we can't do that with an expansion of existing programs and services (such as Medicaid, the Children's Health Insurance Program and health care savings accounts) without the need for a new federally mandated option which might disrupt the existing free-market approach to employer-based health insurance."

The public option, should it catch on, represents a potential threat to the long-term survival of the industry, Jernigan said.

The current employer-based system, which includes both for-profit and nonprofit organizations, mostly works well, he said. And the situation could be better still if payers and providers promoted good health and emphasized preventive care. The challenge, Jernigan said, is finding a way to protect the uninsured.

"The elephant in the room for us is, who pays for it?" he said.

Paying for the estimated $1.2 trillion health care plan would require a combination of taxes, fees and cost

savings, according to the House bill.

House Democrats are calling for a surtax on individuals earning at least $280,000 in adjusted gross income and couples earning more than $350,000. This would generate about $550 billion over 10 years. Reform proponents say they expect to make up the difference through cost savings, penalties paid by those who fail to purchase insurance and a new employer tax.

Patrick Labbe, a 52-year-old hospice nurse and Summerville resident, said the claim that Obama is promoting a system of "socialized medicine" that puts an inefficient big bureaucracy between the patient and his doctor is misleading.

Insurance companies are big bureaucracies that get between patient and doctor, Labbe said. Existing government programs such as the Veterans Health Administration and Medicare work efficiently and should serve as a model for legislators in Washington, he said.

The real problem is the for-profit model itself, he said.

"For-profit businesses must by definition keep costs down and income up to ensure profits. That's their nature," he said. "Our health should not be in the marketplace. It's not like buying a car."

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