

National Health Insurance

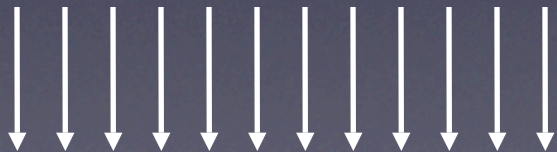
(Facts, not rhetoric)

Aaron E. Carroll, MD, MS

April 30, 2008

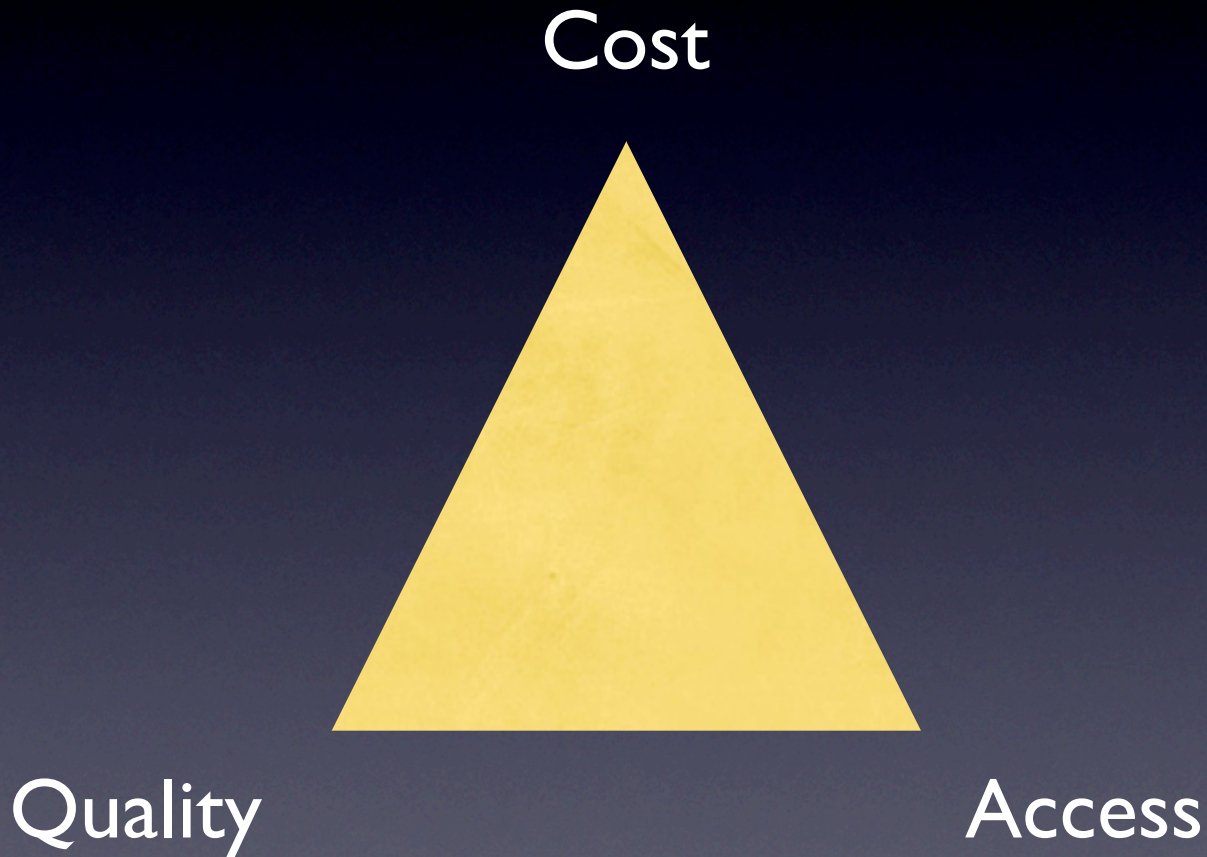
Disclaimer

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Watch this space!!!!

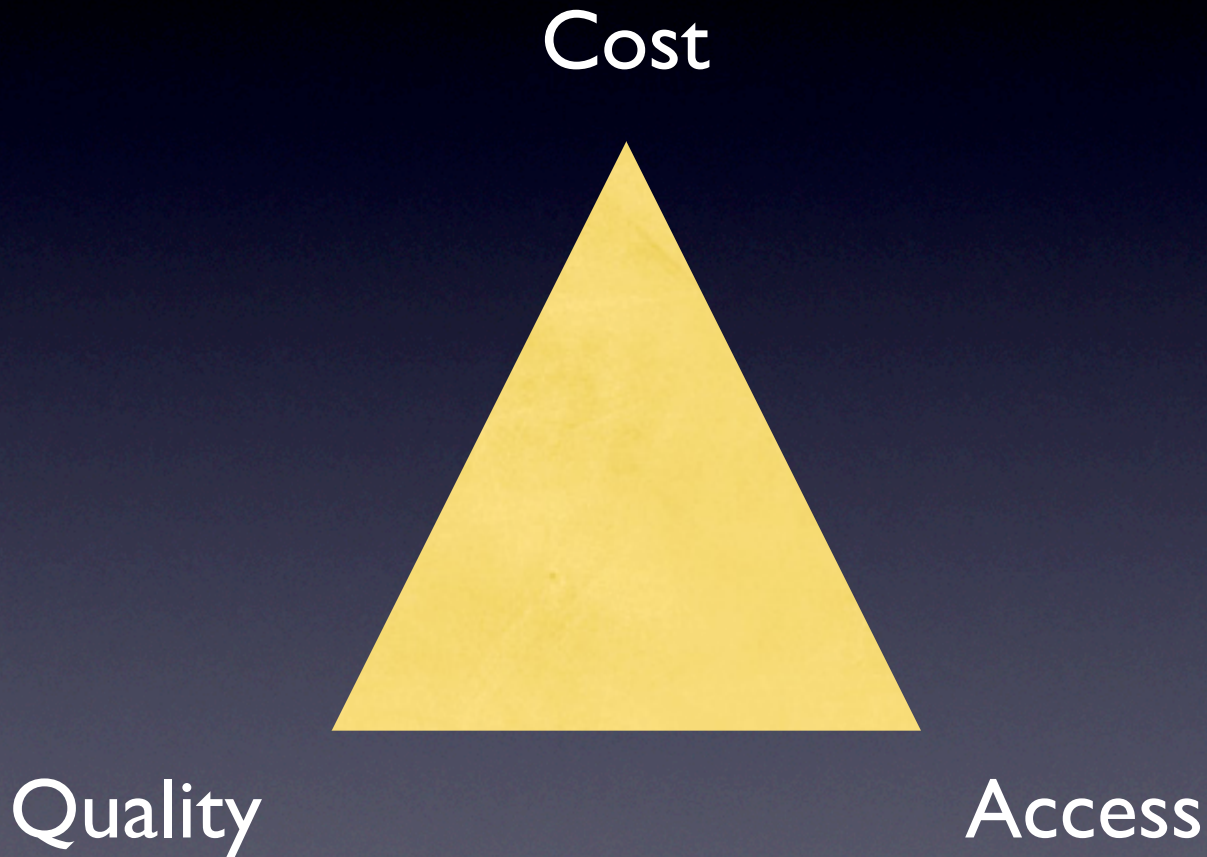
The Iron Triangle



Let's compare....

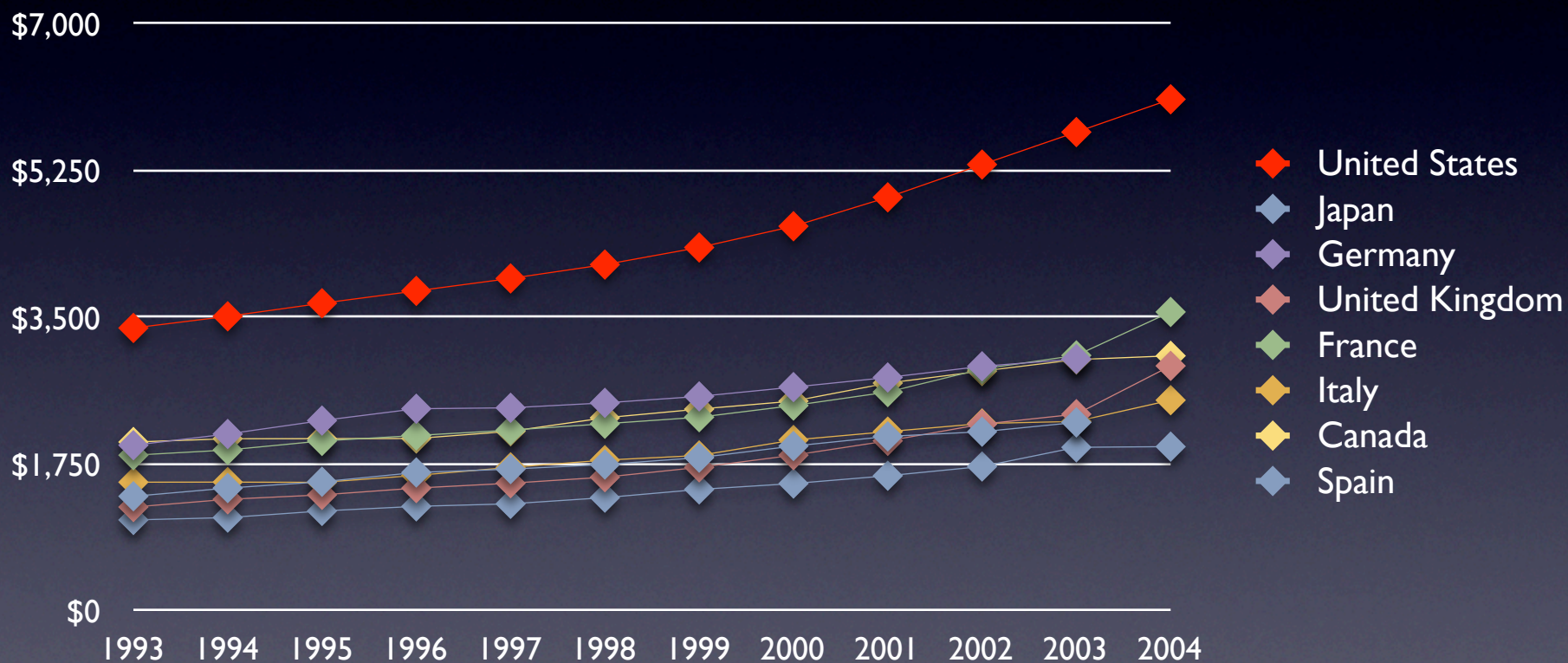
1. United States
2. Japan
3. Germany
4. China
5. United Kingdom
6. France
7. Italy
8. Canada
9. Spain
10. South Korea

The Iron Triangle

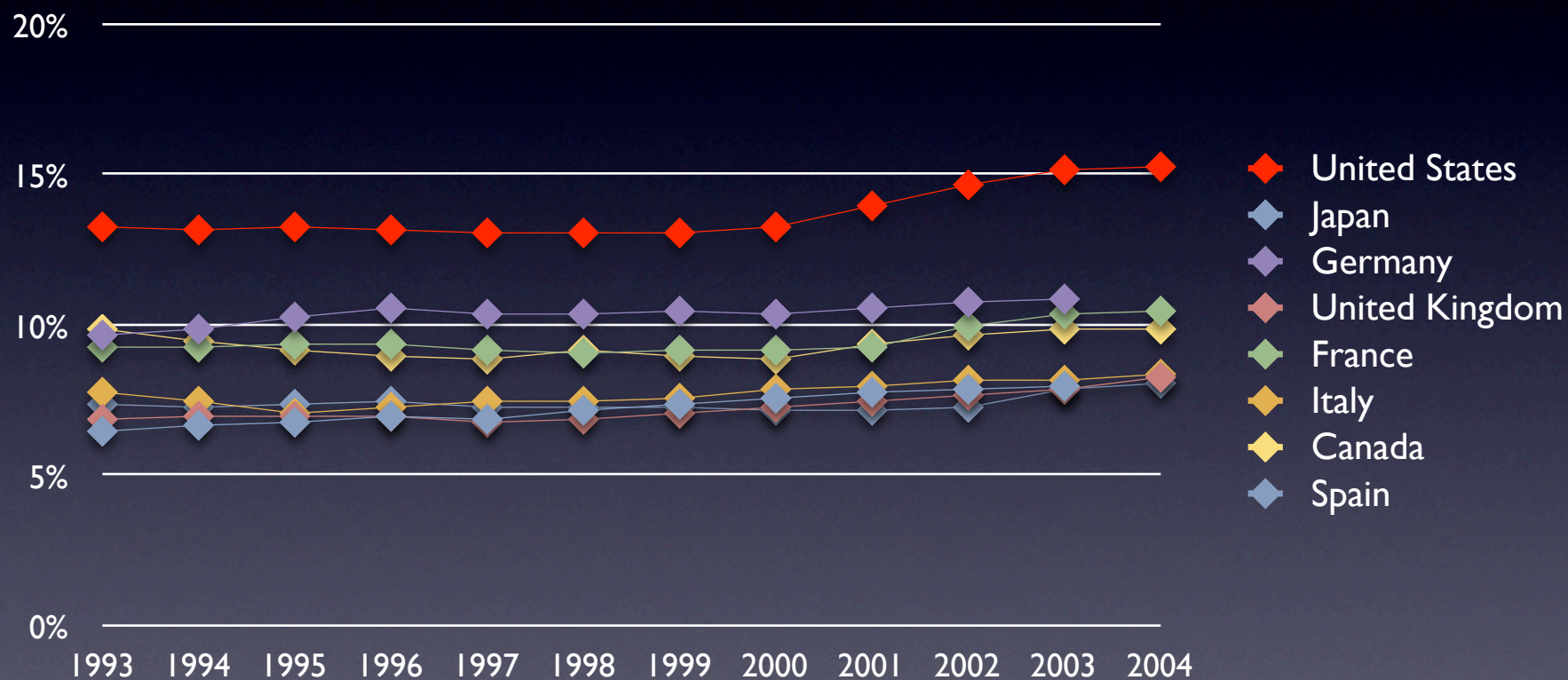


Cost

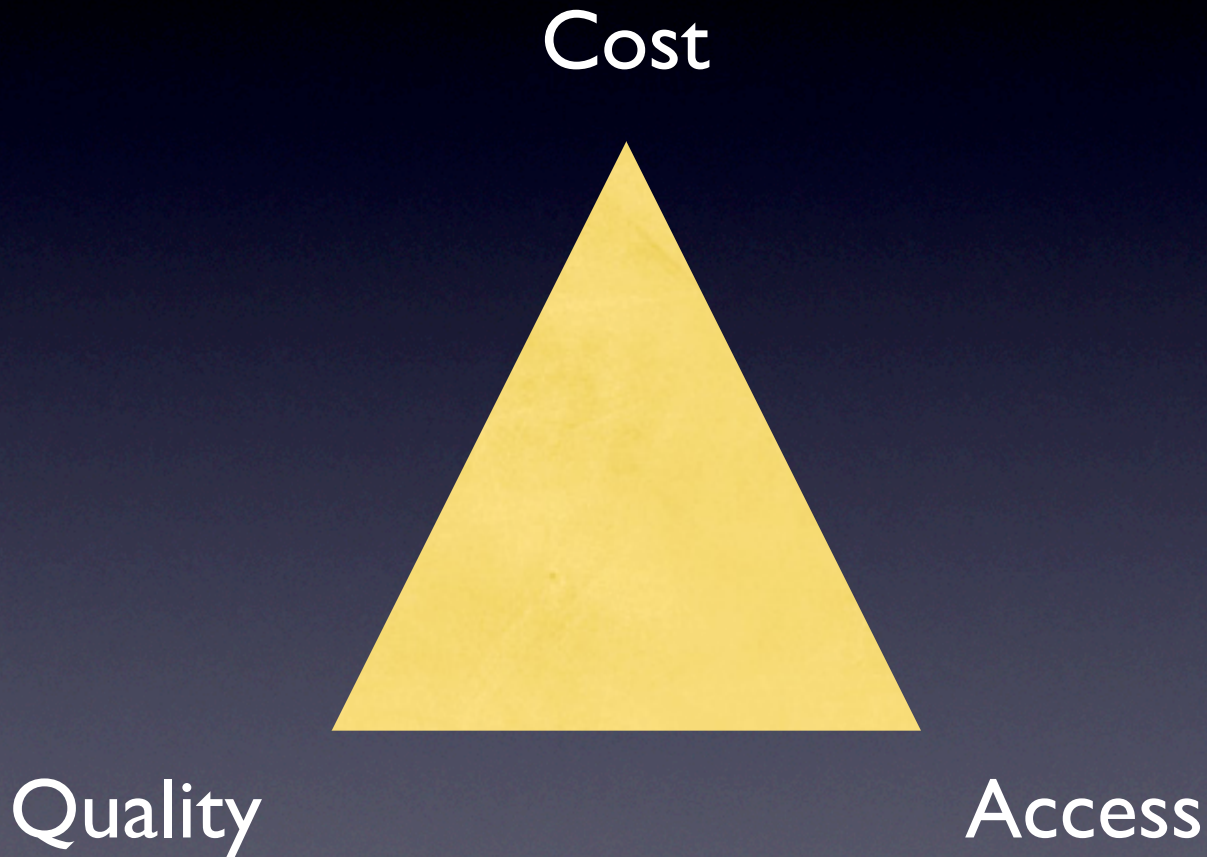
Total Expenditure on Health per Capita (US\$ PPP)



Total Expenditure as % GDP

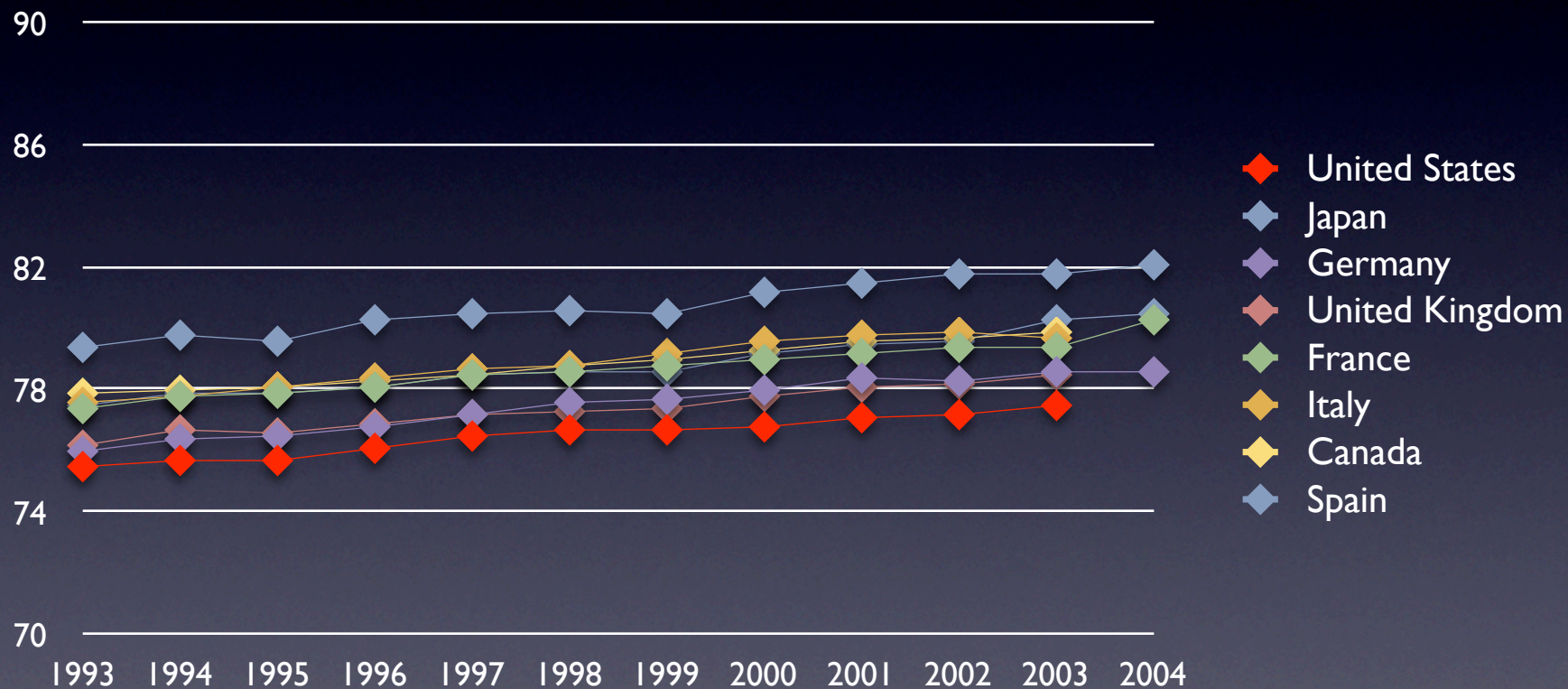


The Iron Triangle

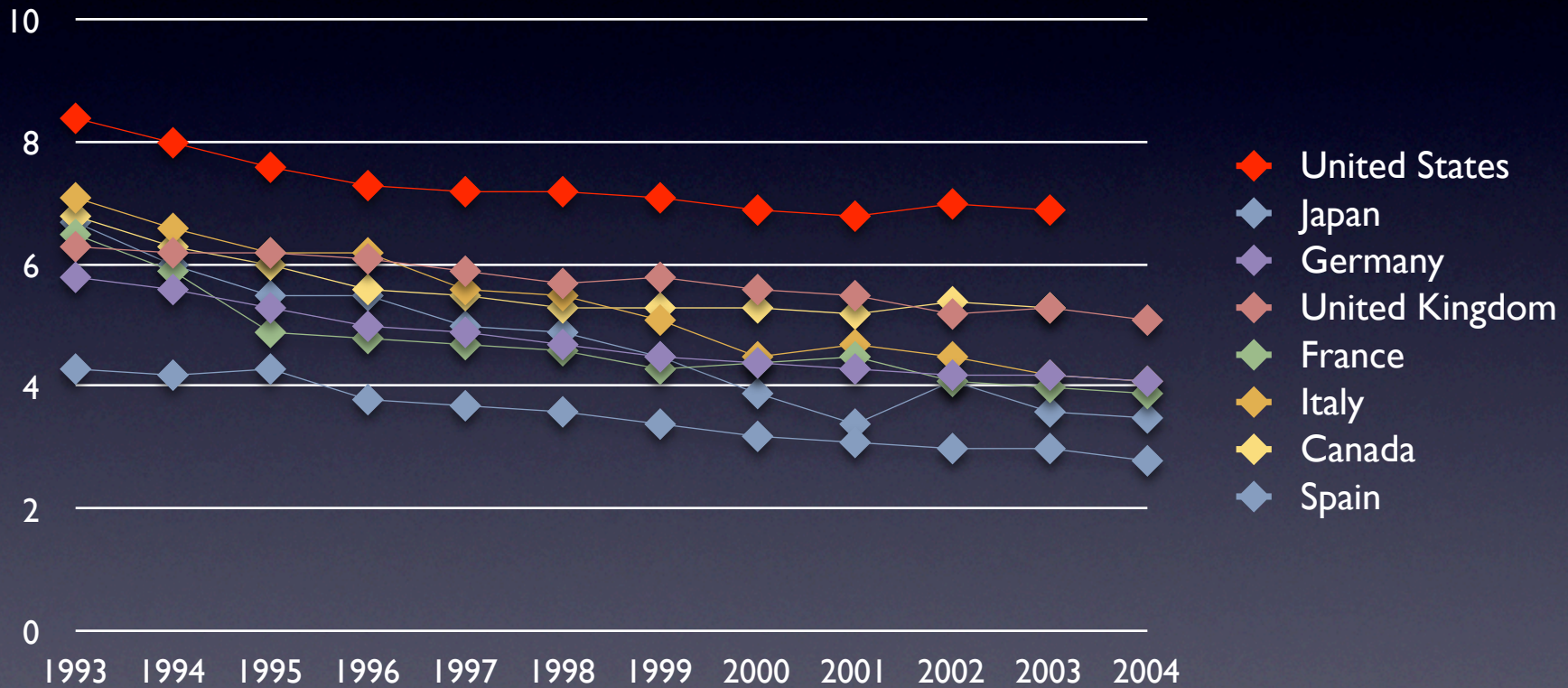


Quality

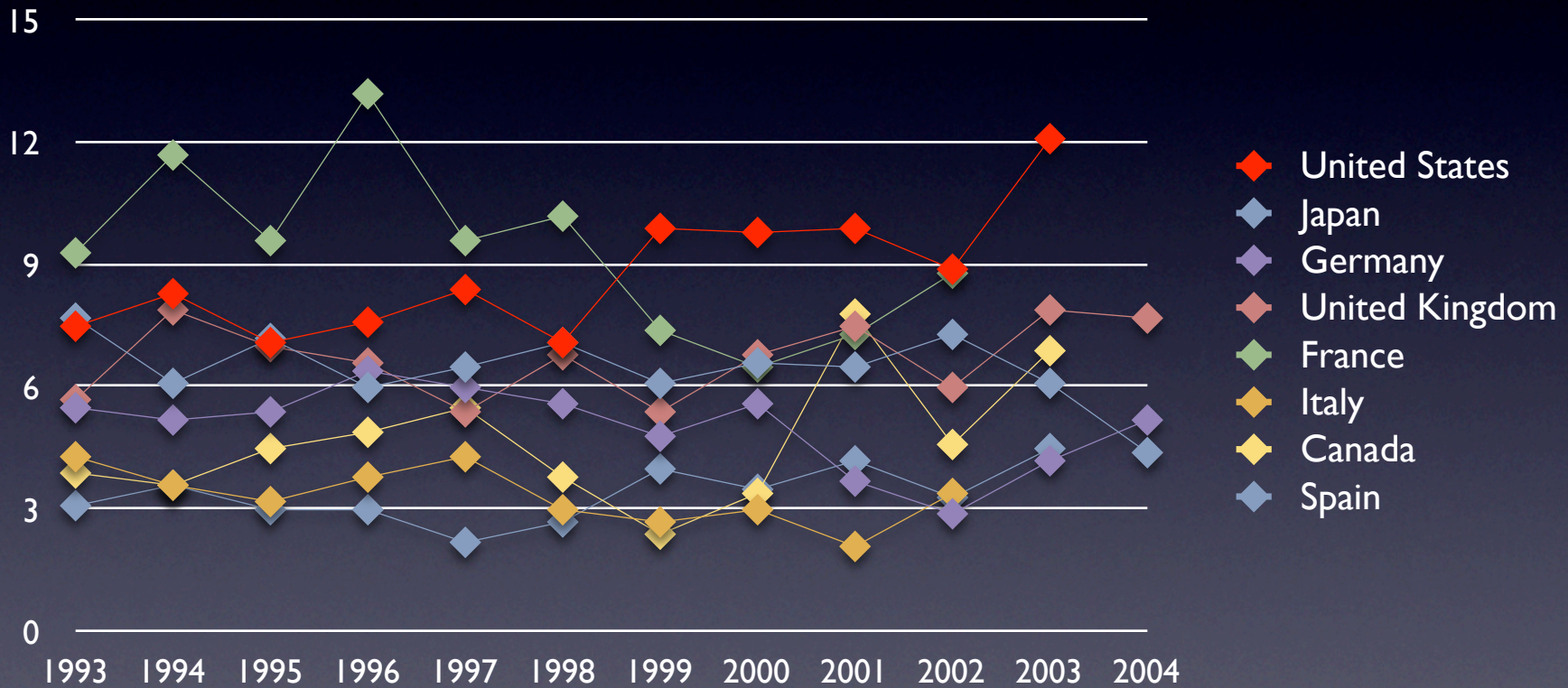
Life Expectancy Total Population at Birth



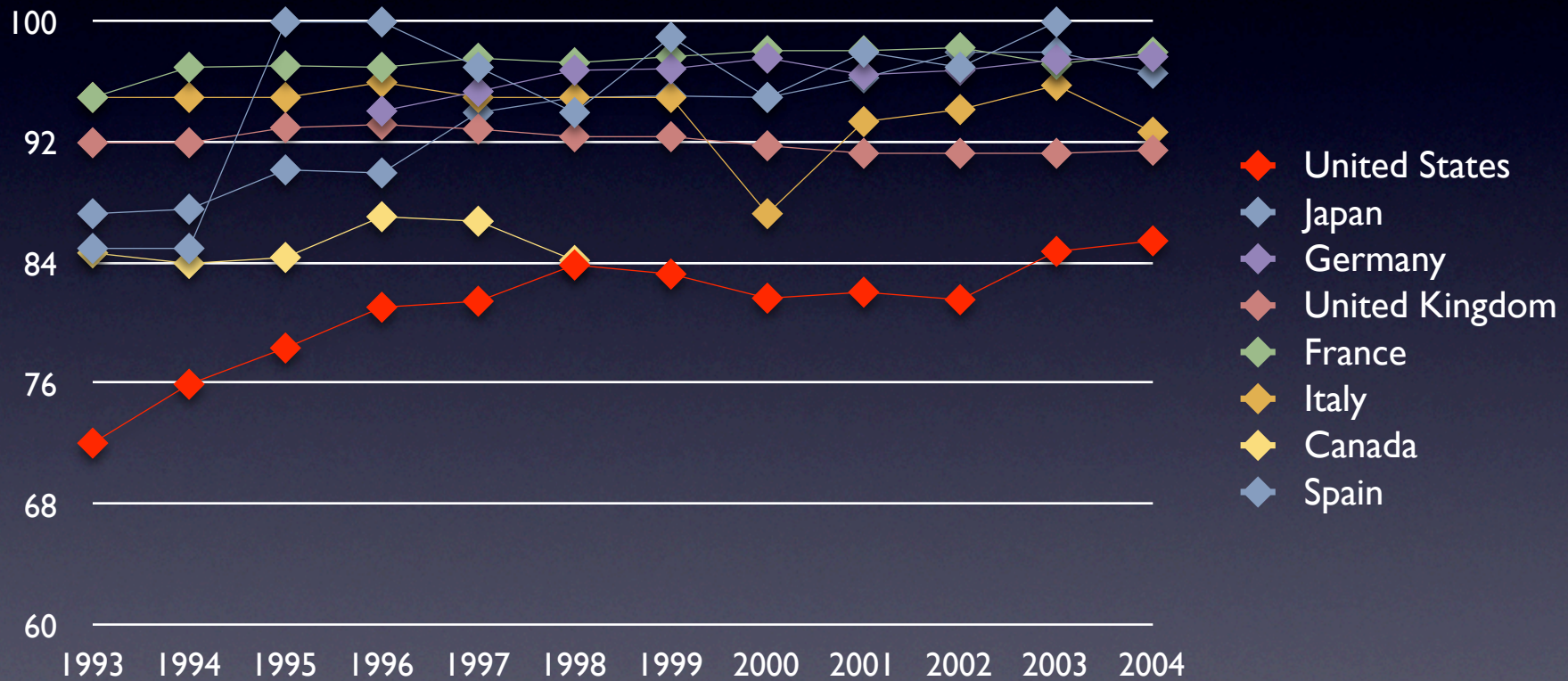
Infant Mortality per 1000 Births



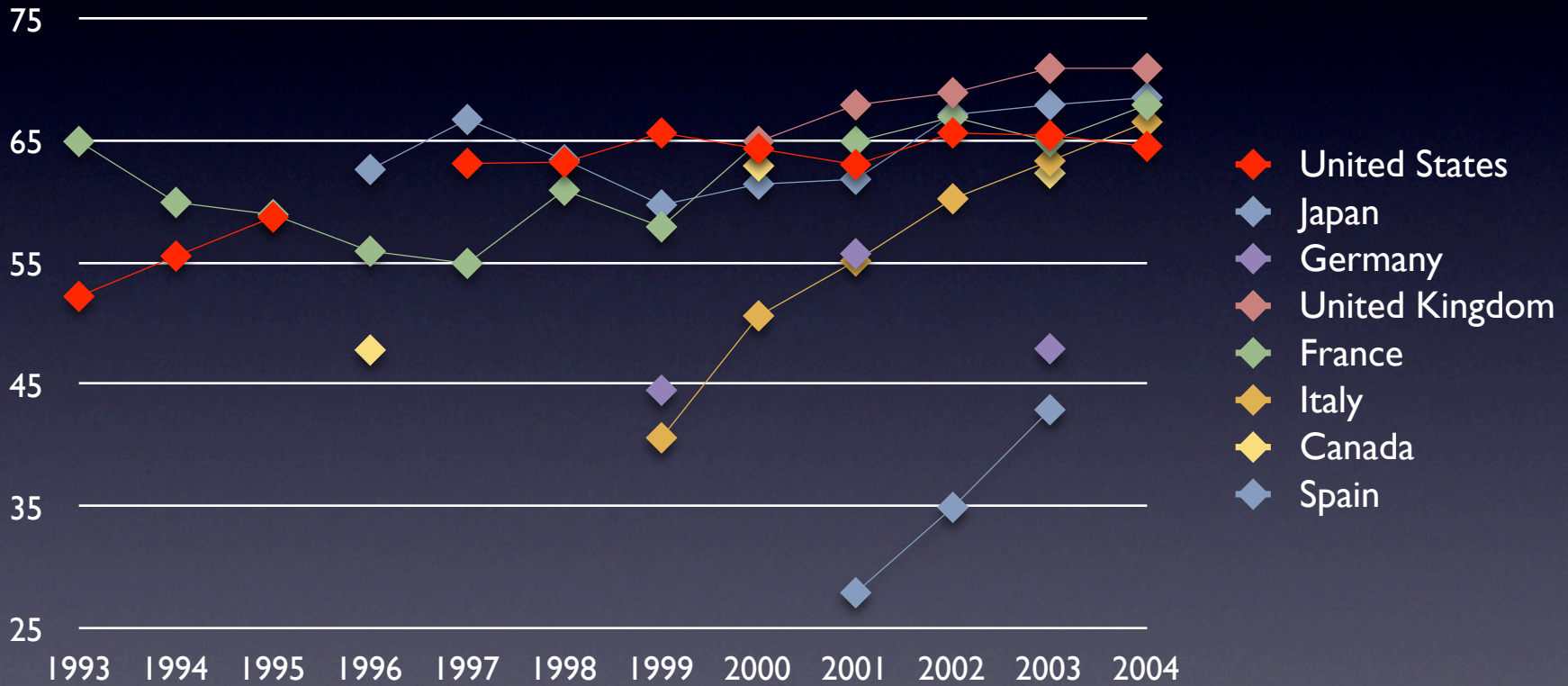
Maternal Mortality per 100,000 Births



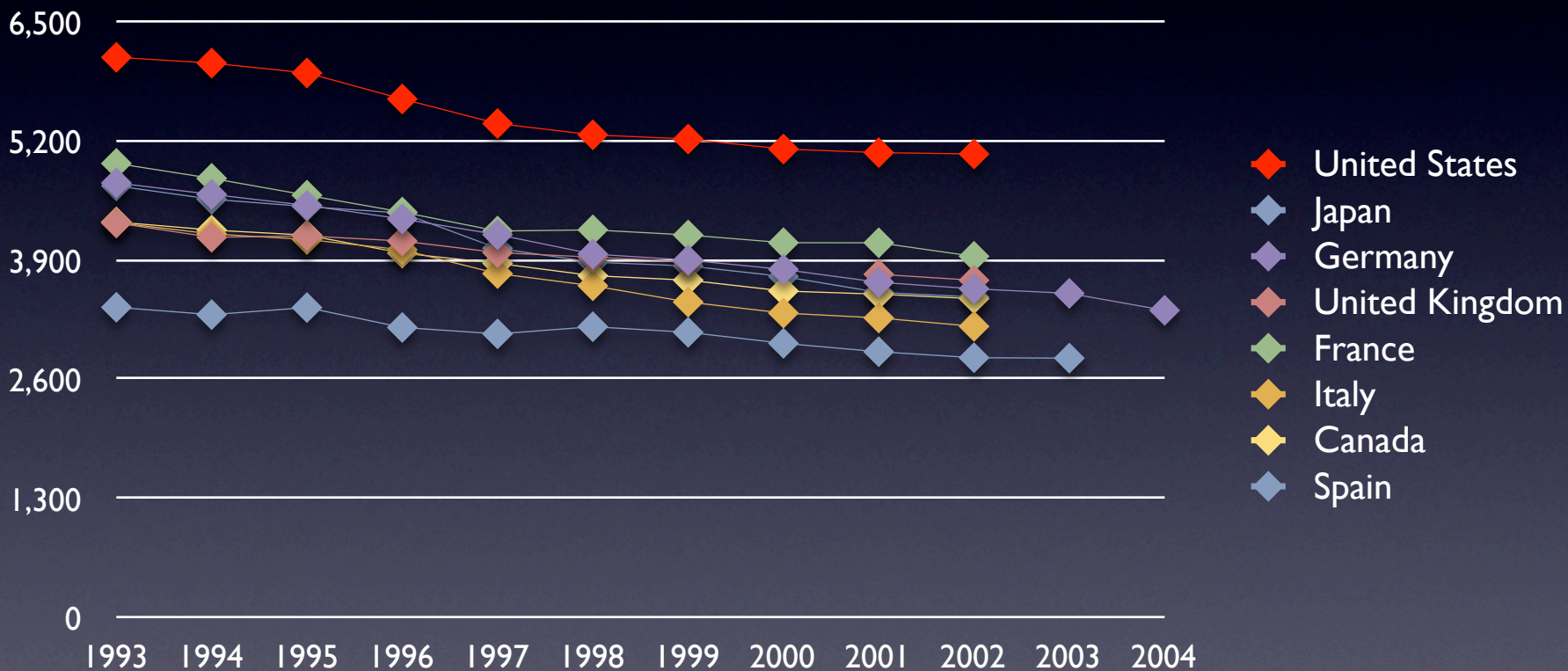
% of Pop Immunized for DTP



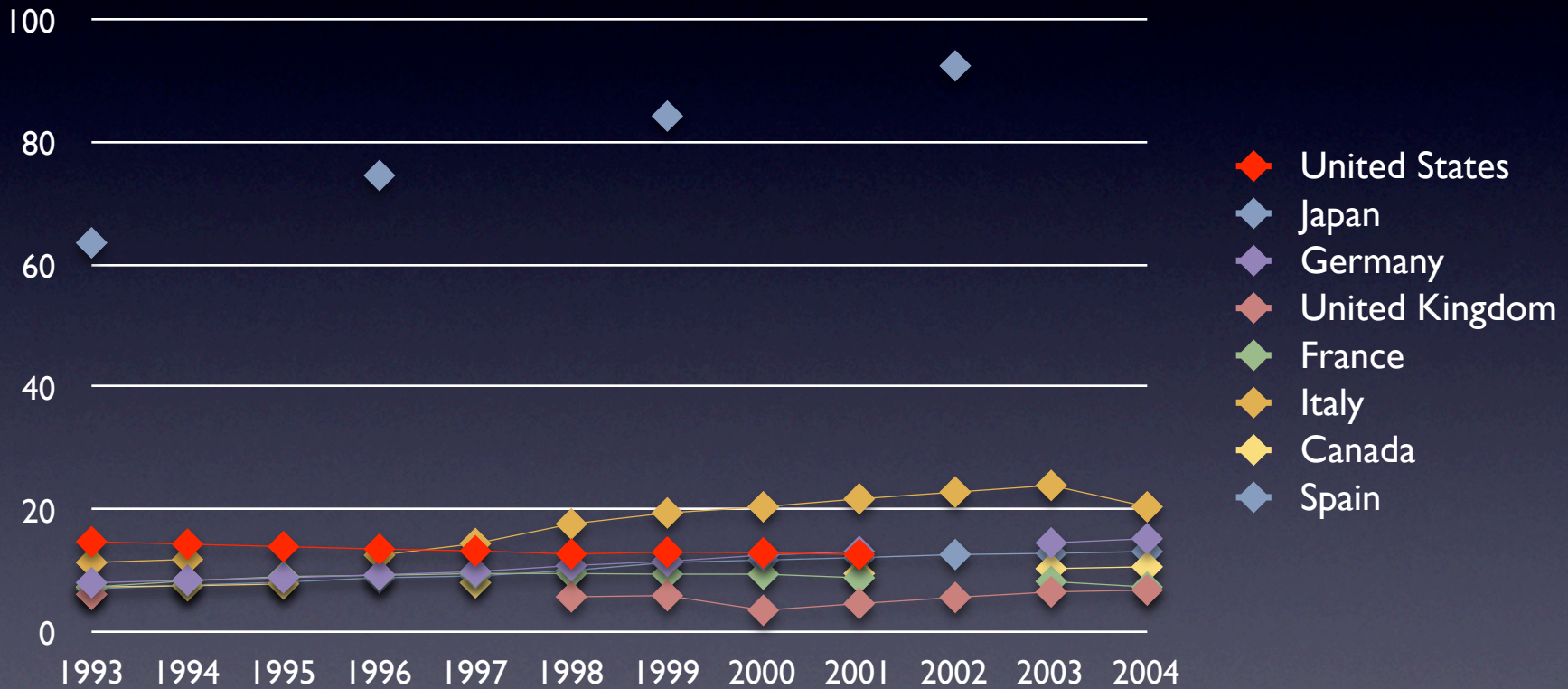
% of Elderly Pop Immunized for Influenza



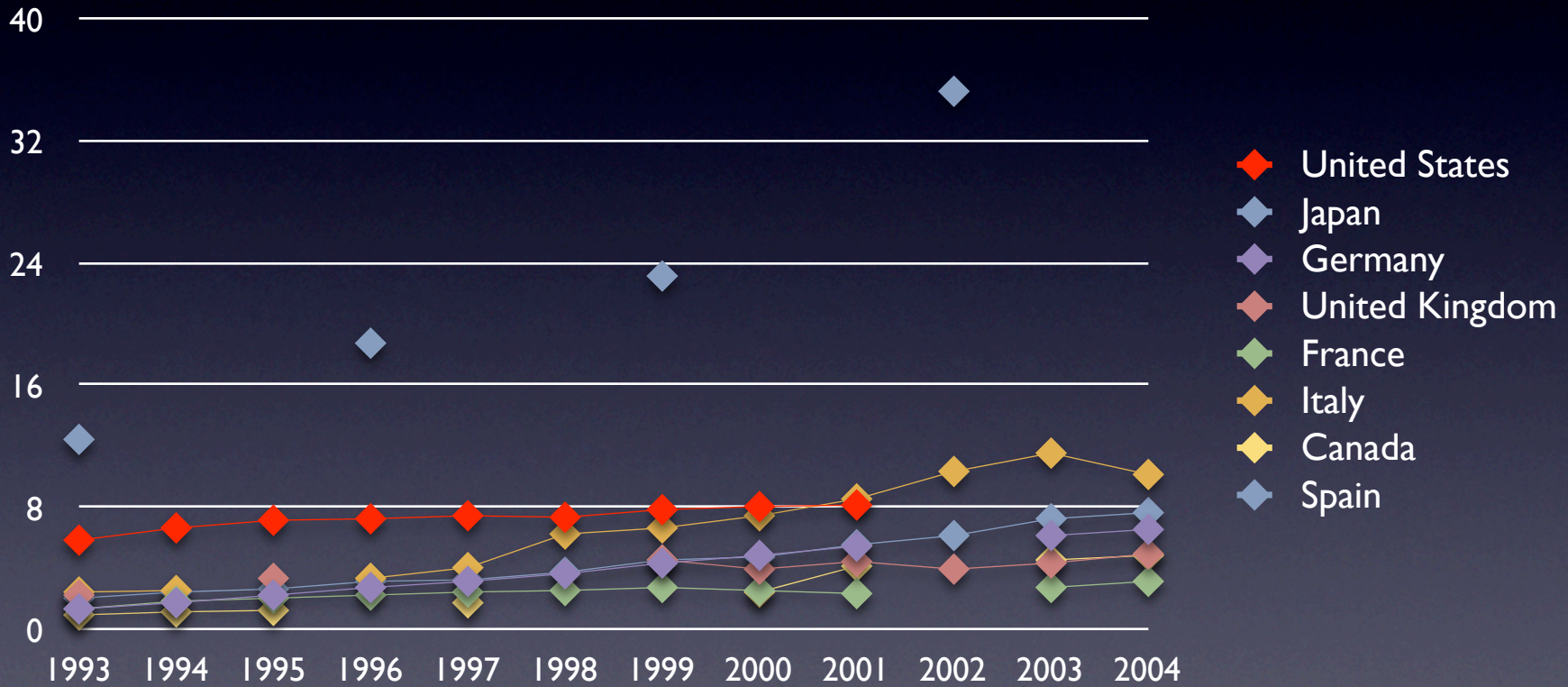
Total Preventable Years of Life Lost per 100,000 Pop



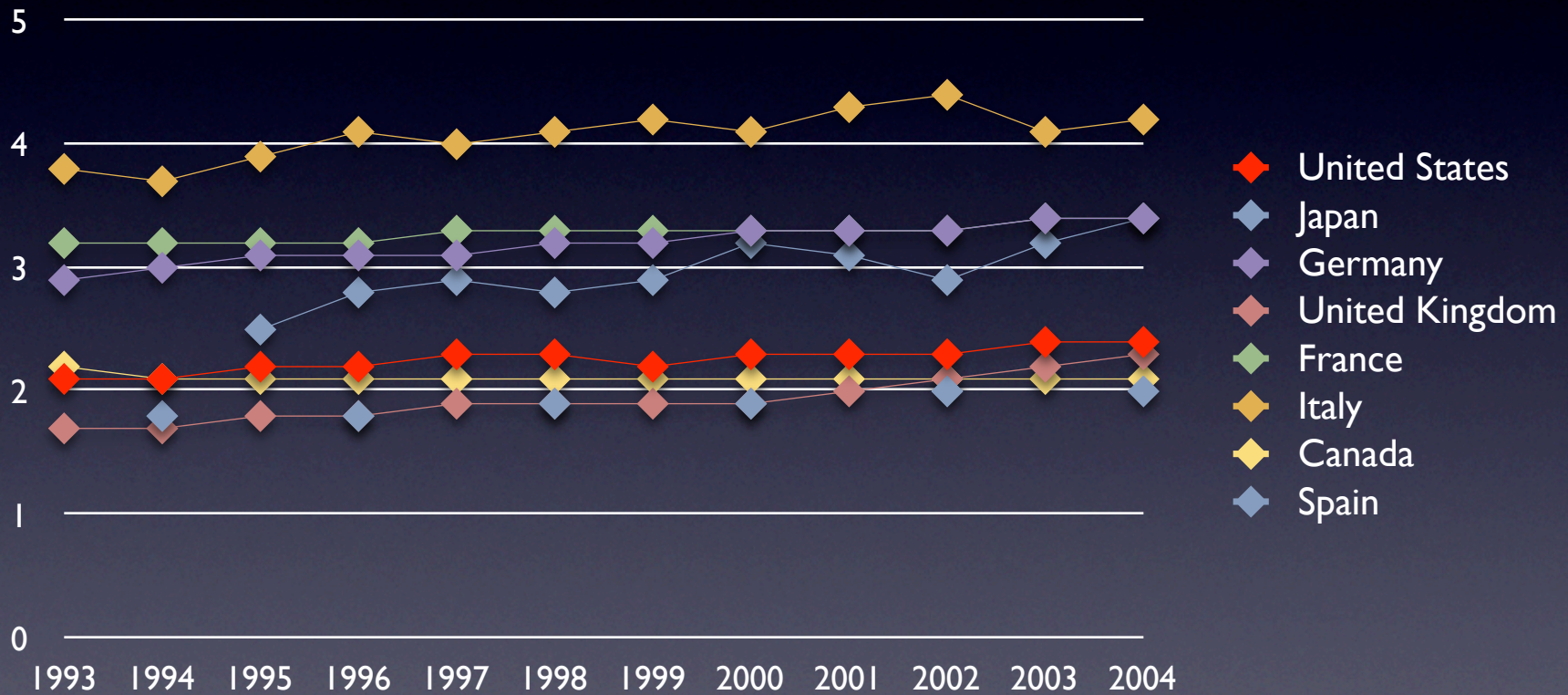
CT Scanners per Million Pop



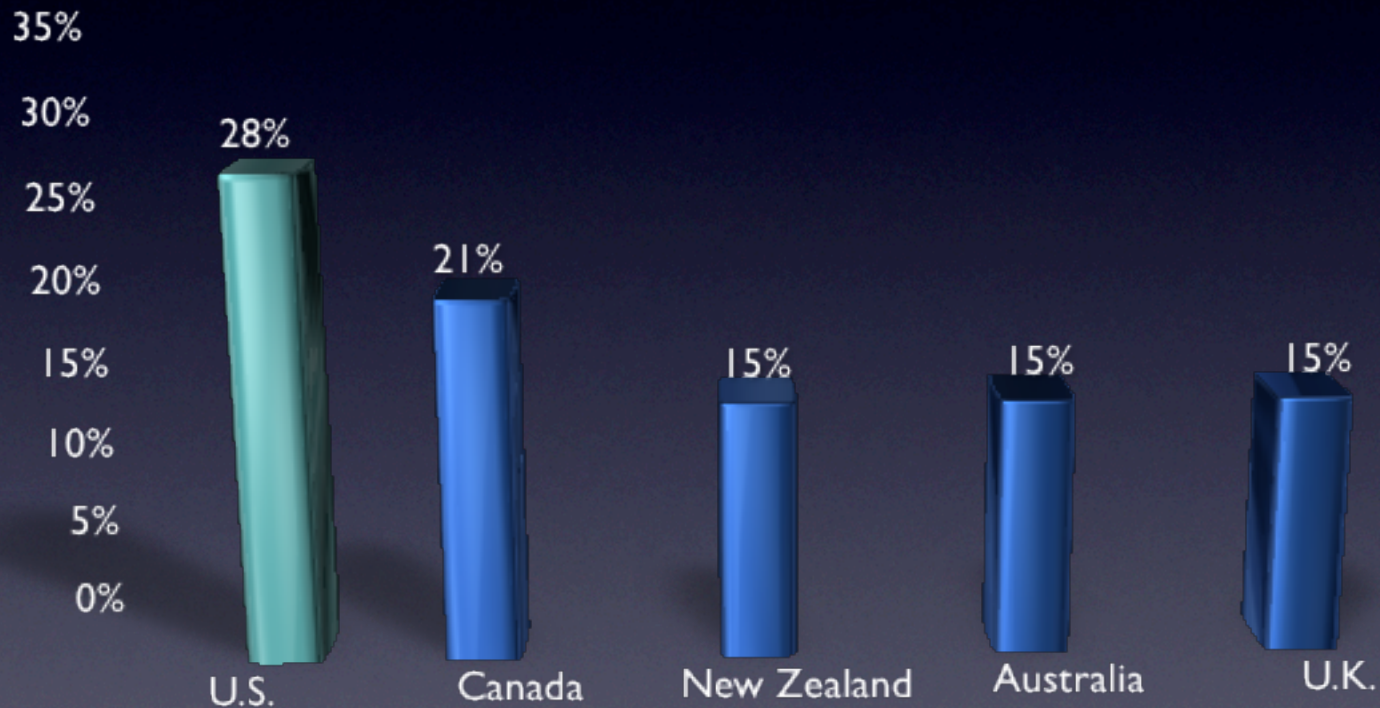
MRI Units per Million Pop



Practicing Physicians per 1000 Pop

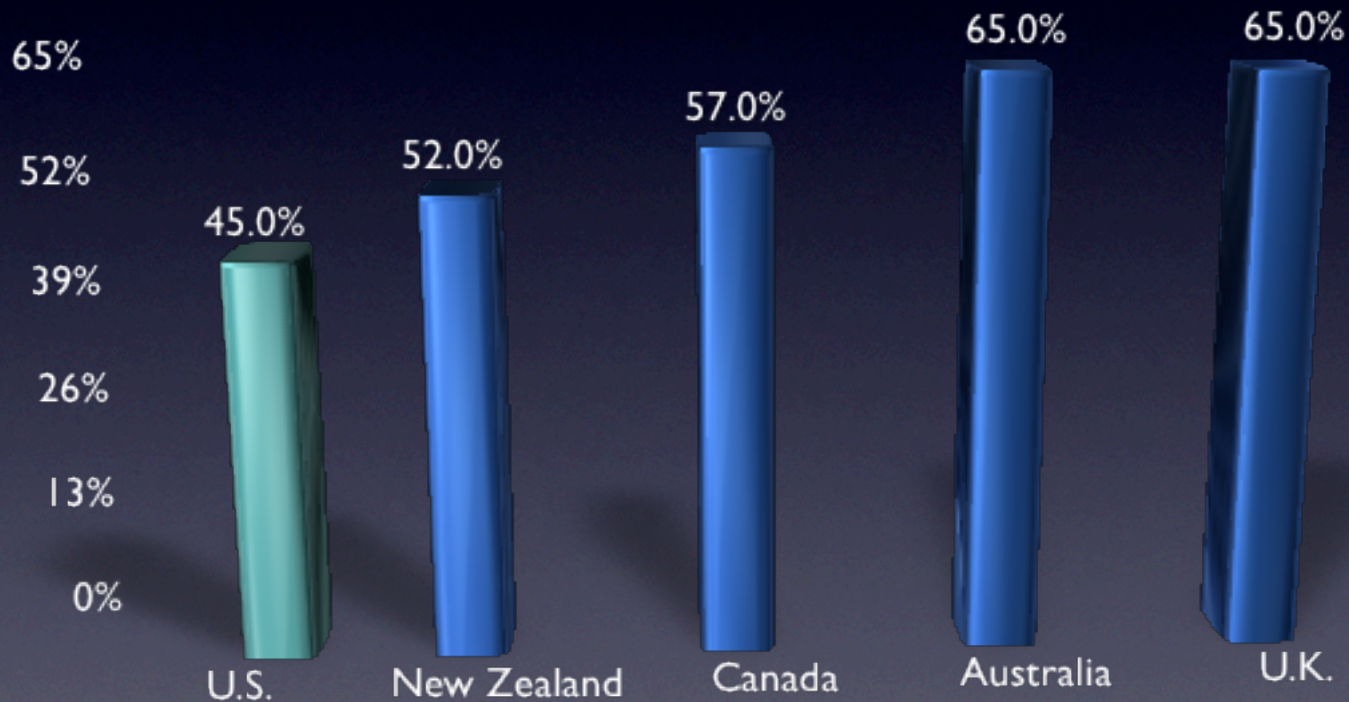


How hard is it to get care?



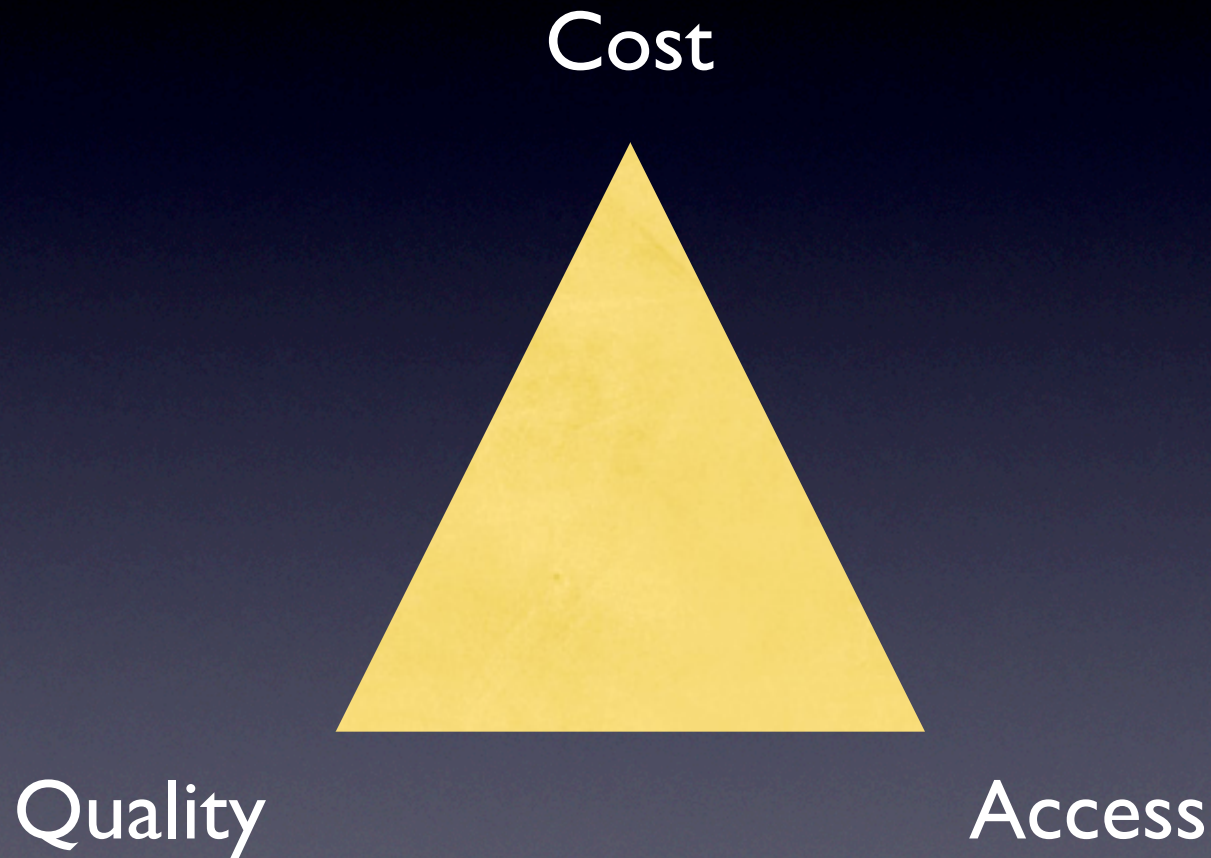
Commonwealth Fund Survey, 1998

Continuity of Care



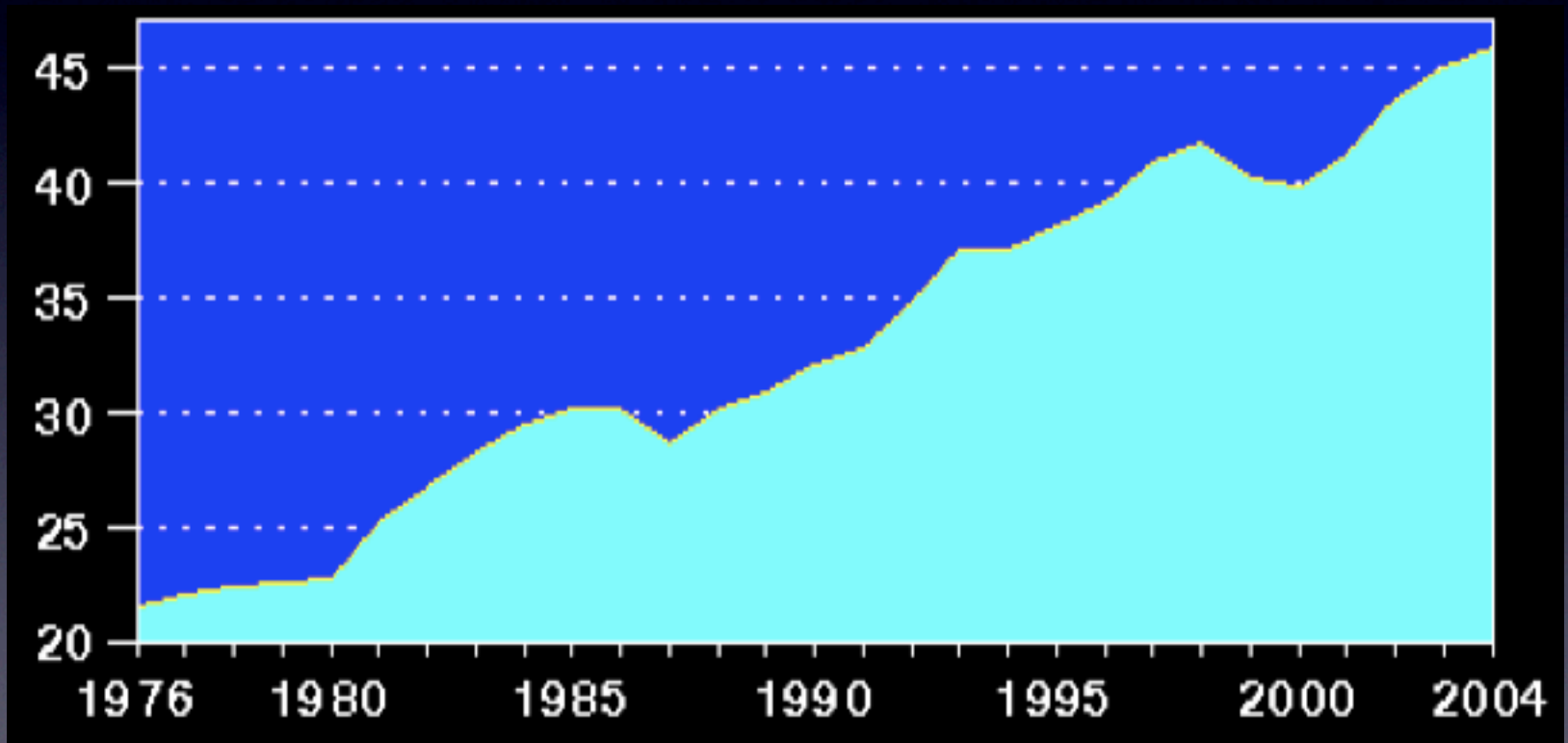
Commonwealth Fund Survey, 1998

The Iron Triangle



Access

Number of Uninsured Americans



Tabulation from CPS and NHIS Data

Census 2006

- Number of uninsured Americans is now 47 million
 - A rise of 2.2 million
 - Biggest jump since 1992
- Now more uninsured people than at any time since passage of Medicare and Medicaid in the mid-1960's.

Census 2006

- Over 90% of the newly uninsured have middle or high incomes
- 1.4 million (64%) are families making more than \$75,000 per year
- 633,000 (29%) are families earning between \$50,000 and \$75,000 per year
- Over half are full-time workers

Census 2006

- Number of uninsured children rose by 611,000
- Those covered by employment-based insurance decreased from 60.2 % to 59.7%
- Number covered by public programs decreased as well

Why is this important?

- Uninsured people:
 - Less likely to get primary care*
 - Die sooner*
 - Receive less prenatal care§
 - Have poorer birth outcomes§
 - Suffer annual health loss of \$1600-\$3300¥

* Med Care Res Rev 2003; 60:3S-75S.

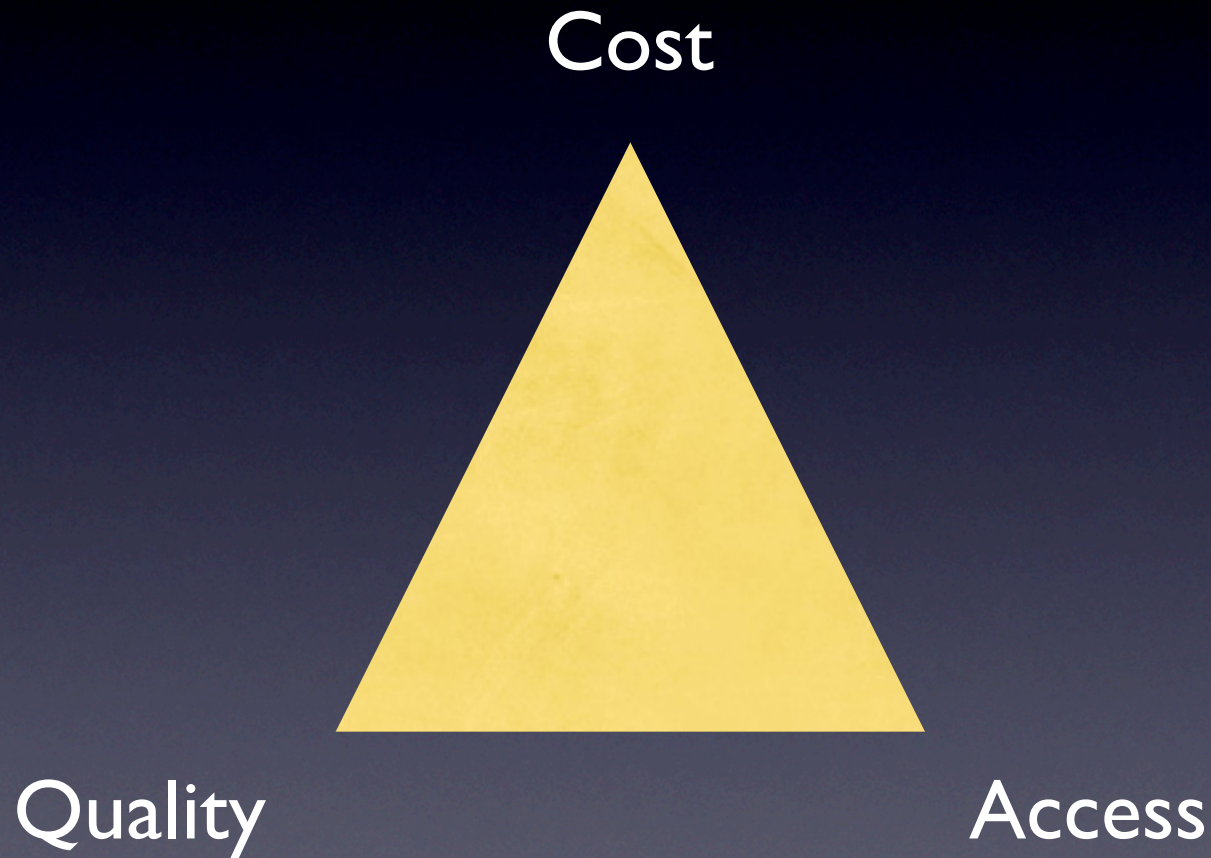
§ Health Insurance is a Family Matter (2002)

¥ Hidden Costs, Value Lost: Uninsurance in America (2003)

Why are People Uninsured?

- National Average for Employer-provided Insurance
 - Single Coverage - \$4,479 per year
 - Family Coverage - \$12,106 per year
- Annual minimum wage income = \$10,712
- Annual Wal-Mart worker income = \$17,114

The Iron Triangle



Proposals for Reform

John McCain

- “The problem is not quality” - US has the best healthcare system in the world
- MSAs greatly improve system by placing greater responsibility on individual patients and families
- Improve access with walk in clinics in retail outlets
- Separate insurance from employers and make it portable
- “Guaranteed Access Plan”
- \$2,500 - \$5000 tax rebates will ensure coverage

Medical Savings Accounts

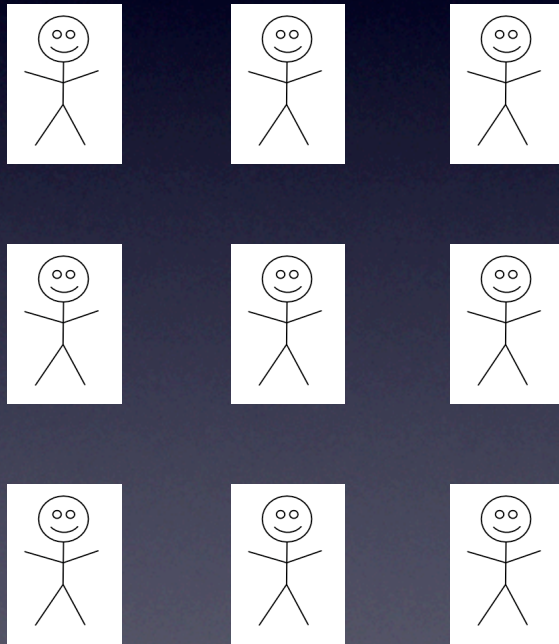
- Tax-deferred deposits for medical expenses
- Must be coupled with a high-deductible health plan (HDHP)
- Withdrawals from this account go toward paying the deductible expenses in a given year

Medical Savings Accounts

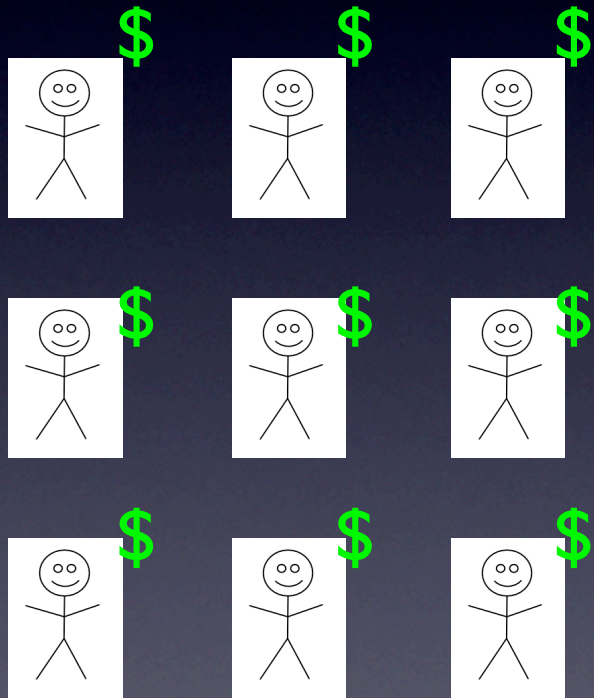
- Cost-sharing DOES reduce utilization
 - Less necessary or unnecessary care?
- Discourages prevention
- Complex to administer - insurers have to keep track of all out-of-pocket payments
- Congressional Budget Office projects that MSAs would increase Medicare costs by \$2 billion

How insurance works

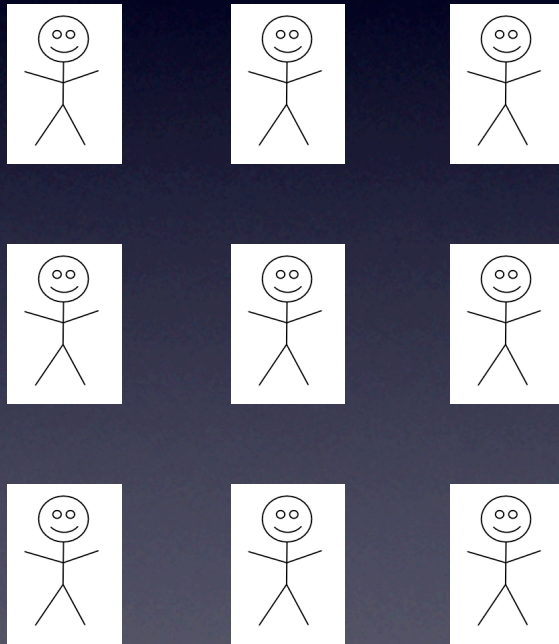
How insurance works



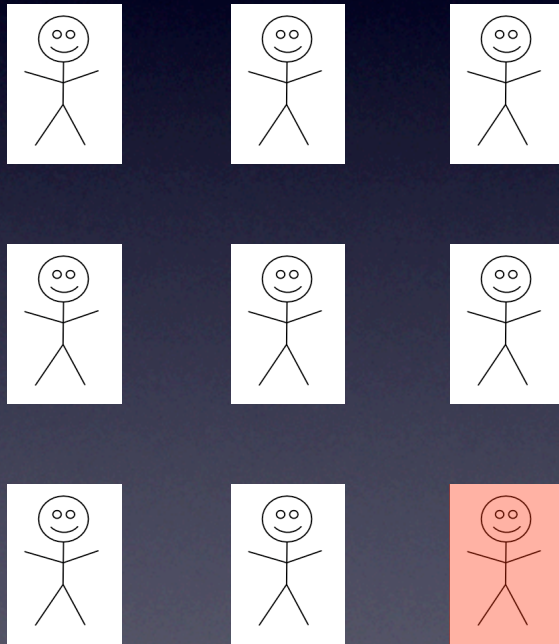
How insurance works



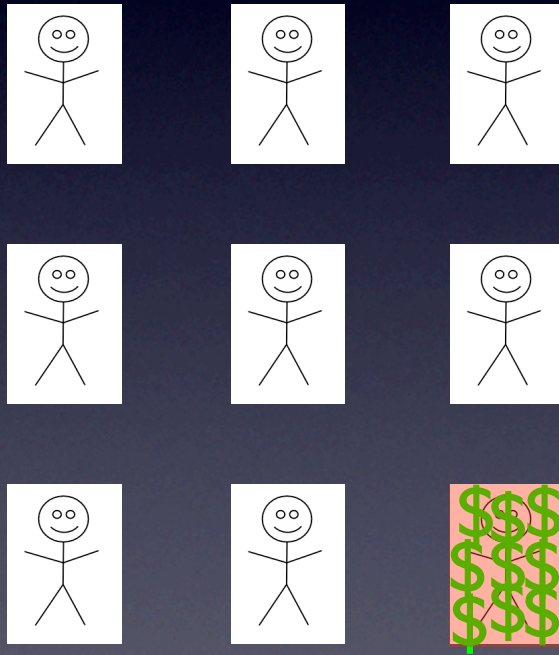
How insurance works



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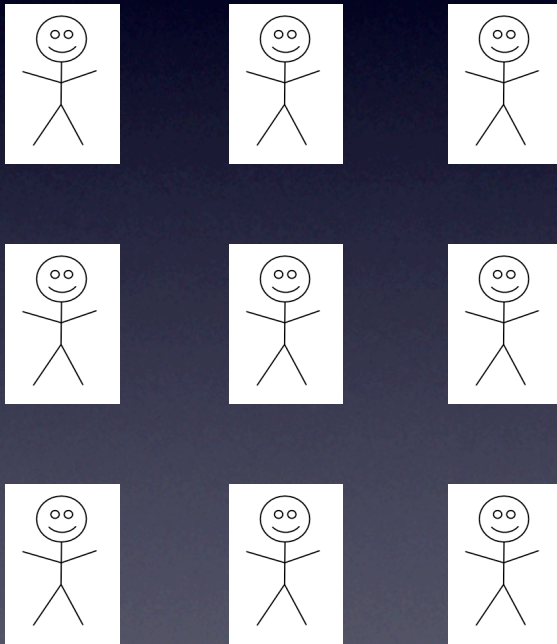


How insurance works

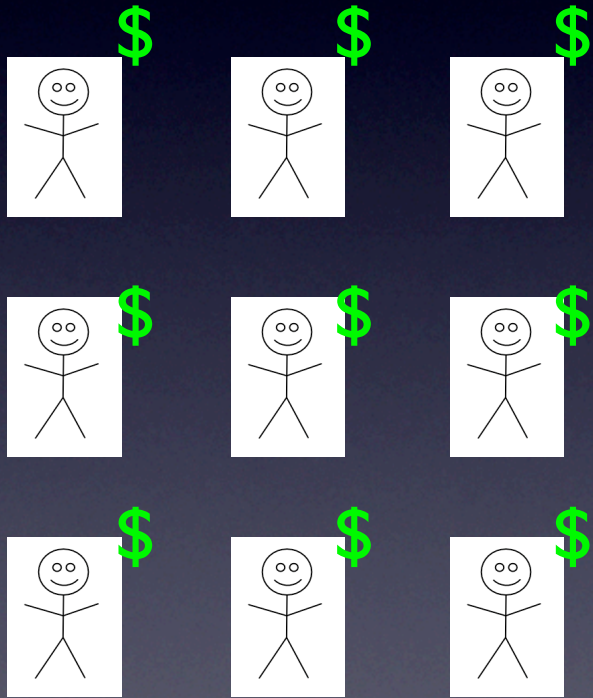


How MSAs work

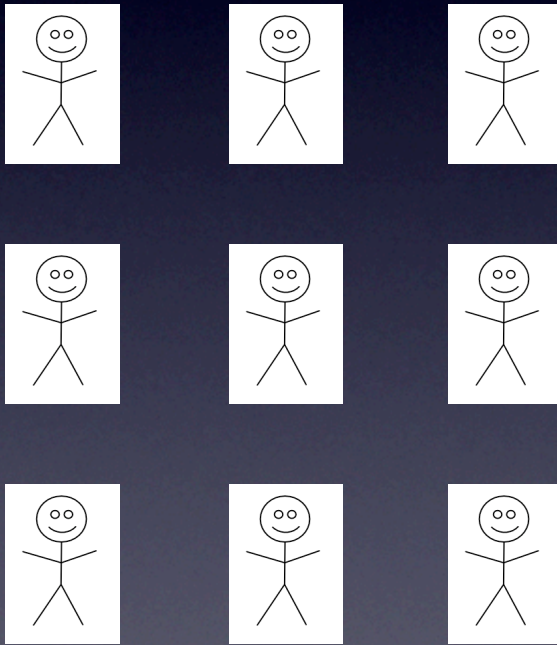
How MSAs work



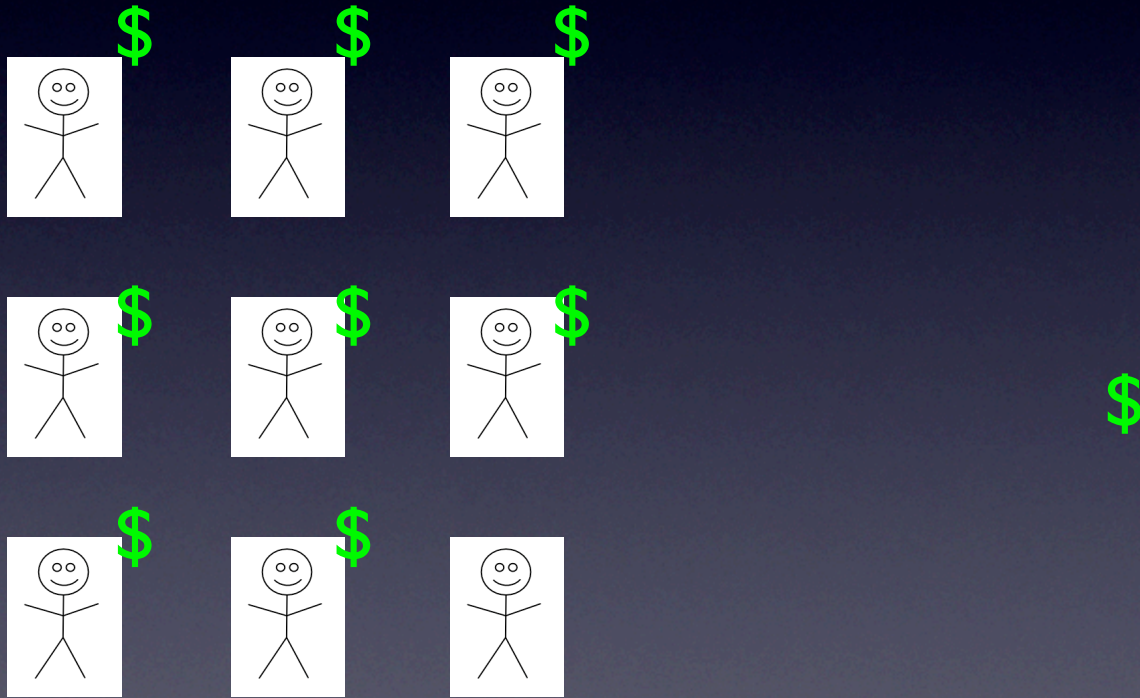
How MSAs work



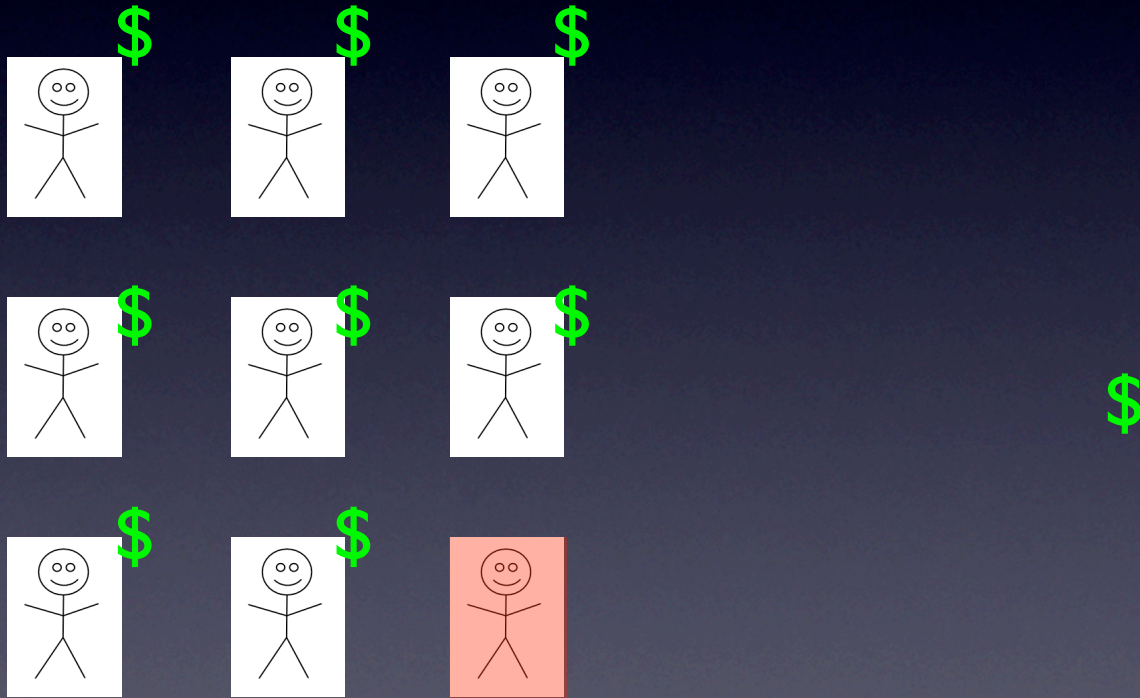
How MSAs work



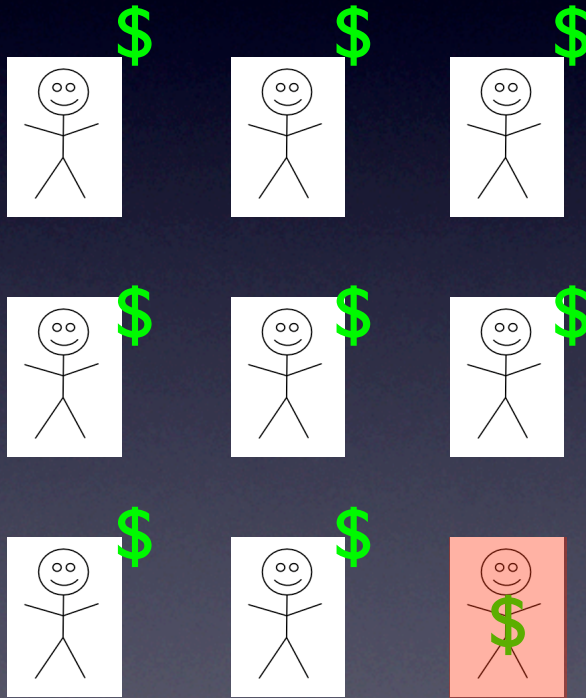
How MSAs work



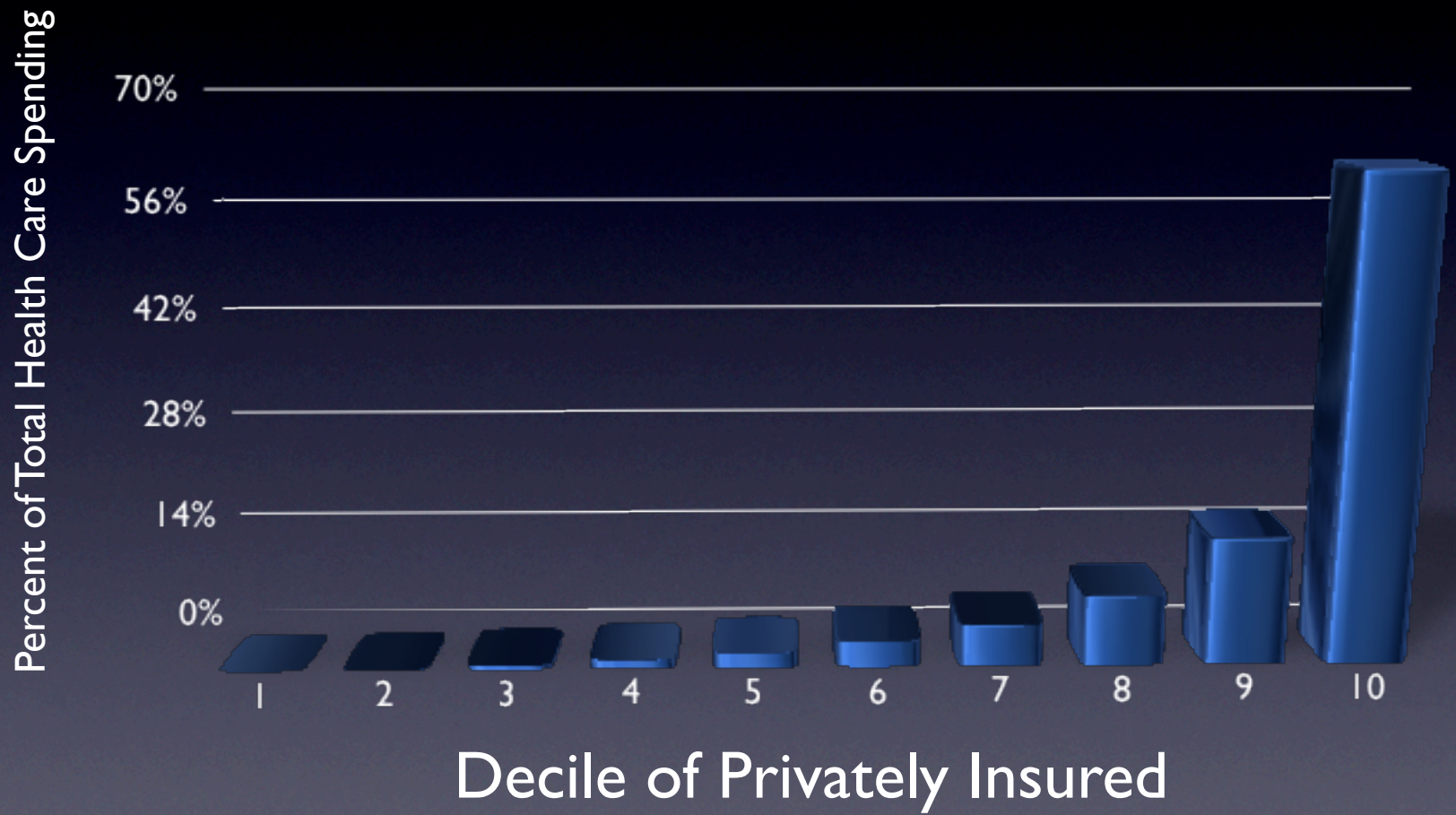
How MSAs work



How MSAs work



A Few Account for Most Spending



MEPS Data

Hillary Clinton

- Government program as well as private plans
- Everyone can buy into Federal Benefits Program
- Government subsidies for low-income
- Medicaid and SCHIP expansion
- Regional purchasing plans
- Individual mandate

Barack Obama

- Government program as well as private plans
- Everyone can buy into Federal Benefits Program
- Government subsidies for low-income
- Medicaid and SCHIP expansion
- Regional purchasing plans
- Individual mandate (for children)
- Federal government picks up the cost of “reinsurance” for “catastrophic costs” for private health plans

Seductive Verbiage

- Shared responsibility
- Lets people keep what they have
- Everyone will work together to make the system more efficient
- Individuals and businesses can choose if they want the government plan; if so, the system will “evolve toward a single-payer approach.”

None of These Plans Work

Note: Half of middle- and lower-income adults experience serious problems paying medical bills or insurance premiums. (Commonwealth Fund 2006)
These plans do nothing for them.

- They cost hundreds of billions of dollars
- They benefit only those with low incomes and those without insurance
- They don't solve any of the problems (especially rising costs) that concern everyone
- None envisions a real structural change

Massachusetts Health Reform

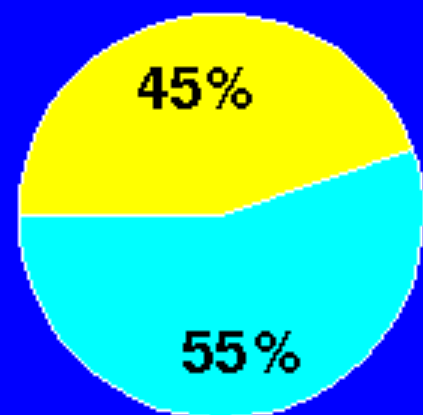
- < Poverty - Medicaid HMO
- 100% - 300% Poverty - Partial Subsidy
- >300% Poverty - Buy your own

Massachusetts Health Reform

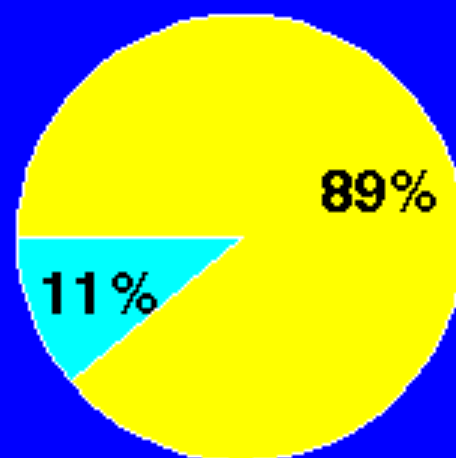
- If you are 56 and make \$32,000:
 - Annual premium \$4080
 - Deductible \$2000
 - After deductible, 20% co-insurance

Who Has Gained Coverage in Massachusetts?

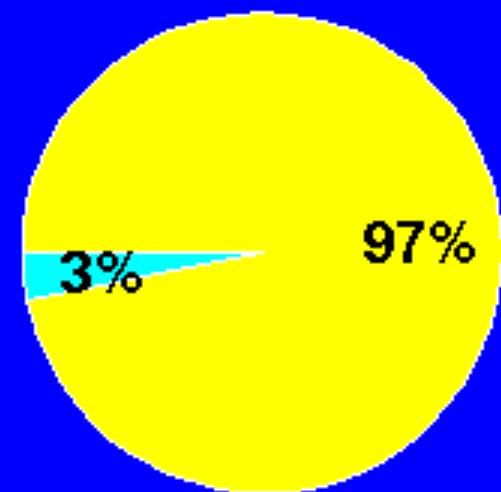
Percent of Previously Uninsured Newly Covered as of 10/1/2007



<150% of Poverty
(Free Coverage)



150%-300% of Poverty
(Partial Subsidy)



> 300% of Poverty
(No Subsidy)

■ Insured ■ Uninsured

Note: Number previously uninsured calculated from CPS, newly covered from MA Connector
Note: Size of pies is proportional to number previously uninsured in income group

Enforcing Mandates

The Crime	The Fine
Violation of Child Labor Laws	\$50
Employers Failing to Partially Subsidize a Poor Health Plan for Workers	\$295
Illegal Sale of Firearms, First Offense	\$500 max.
Driving Under the Influence, First Offense	\$500 min.
Domestic Assault	\$1000 max.
Cruelty to or Malicious Killing of Animals	\$1000 max.
Communication of a Terrorist Threat	\$1000 min.
Being Uninsured In Massachusetts	~ \$2000

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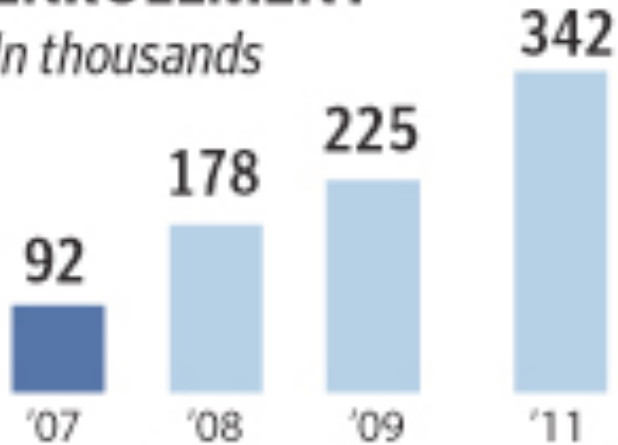
Massach

Uninsured from 583,000 to 657,000 in 2006

Initially said 215,000 for \$725 million - now say 150,000

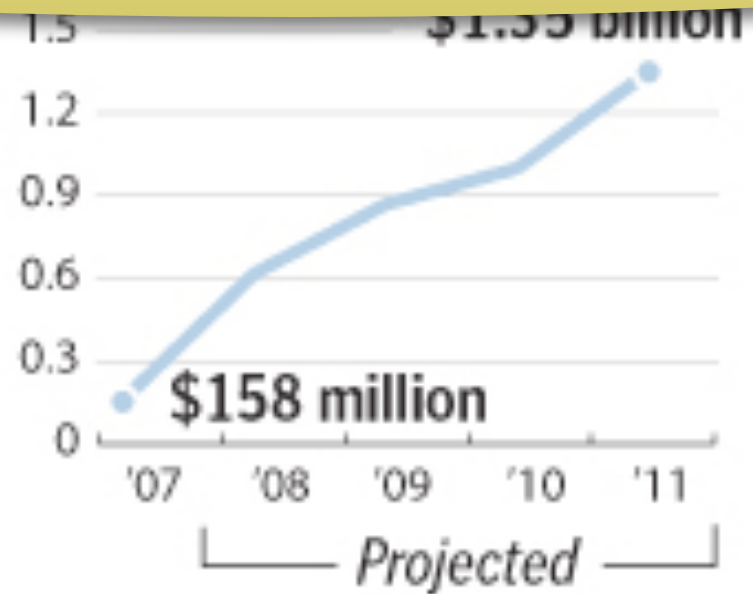
ENROLLMENT

In thousands



Projected

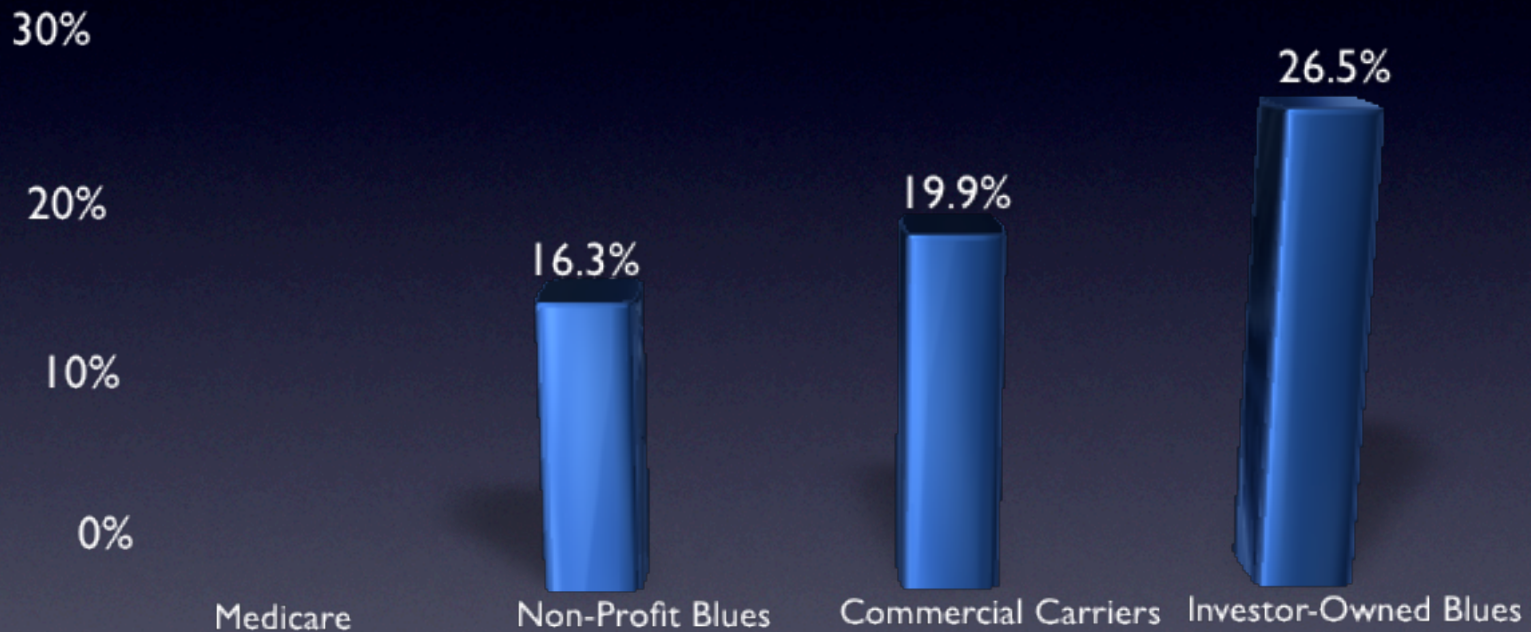
NOTE: 2010 enrollment not available



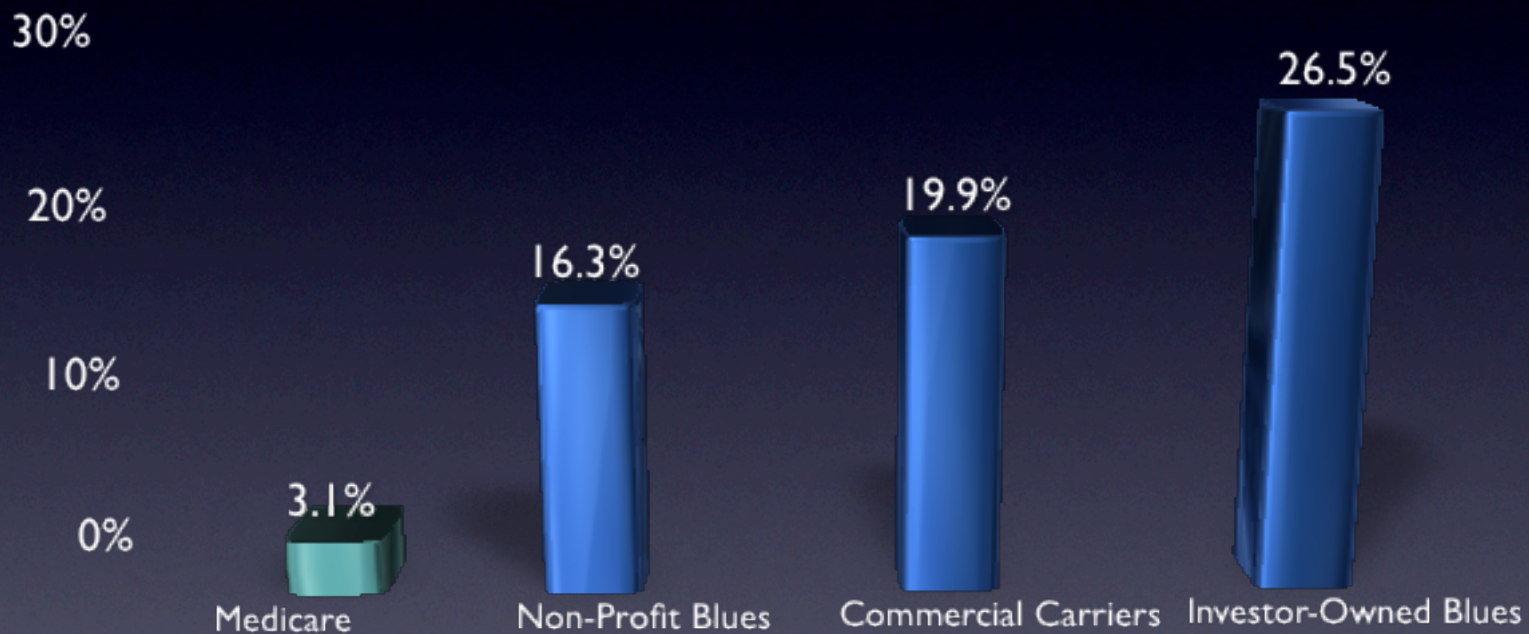
Cost

- Reliance on private companies accounts for 20% or more of total health care spending
- Profits, marketing, and overhead costs
- Wasteful billing and administrative burdens imposed on the entire system

U.S. Overhead Spending



U.S. Overhead Spending



Cost

- Out of 300 million Americans
 - 35.6 million elderly on Medicare
 - 45.4 million non-elderly on Medicare, Medicaid, VA
 - 18.2 million through public sector
- About one third of Americans covered by public insurance

Cost

- In 2006, \$1.96 trillion spent on healthcare
- Public expenditures = \$888 billion
- Tax Subsidy = \$209 billion
- Public Employees' premiums = \$100 billion
- Total public expenditures = \$1.2 trillion (61%)

Private Insurance covers
two thirds of the
population and pays for
only one-third of all
health care

Private Insurance

- Excessive administrative costs
- Excessive complexity
- Interference in decision making
- The nature of insurance companies

National Health Insurance

An Alternative Solution

- Expand Medicare to cover everyone
- Improve the coverage it offers
- Eliminate private insurance
- Automatic enrollment
- Income-based financing through employers and employees

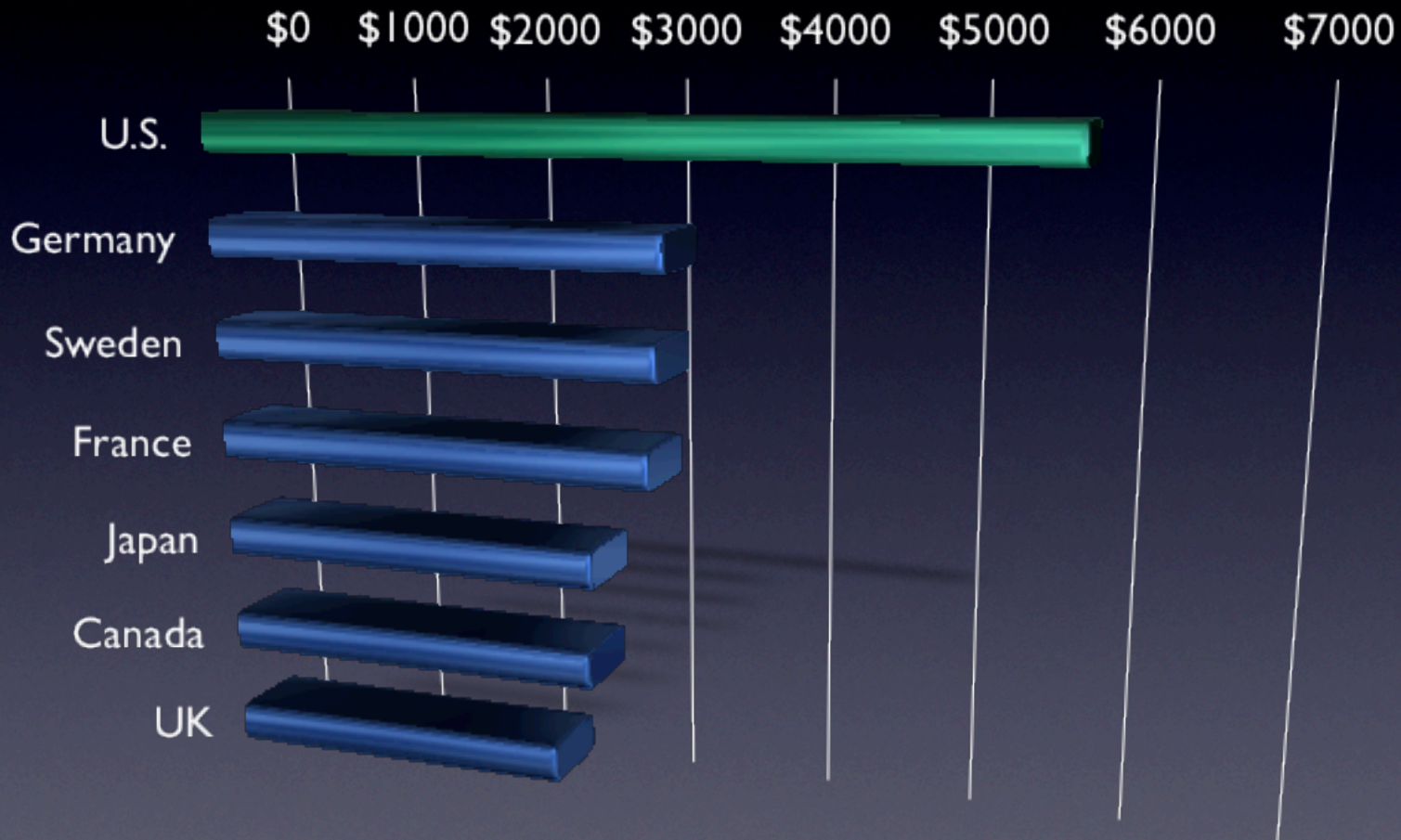
Perceived Barriers to NHI

- Quality
- Cost
- Acceptance
 - Public
 - Physicians

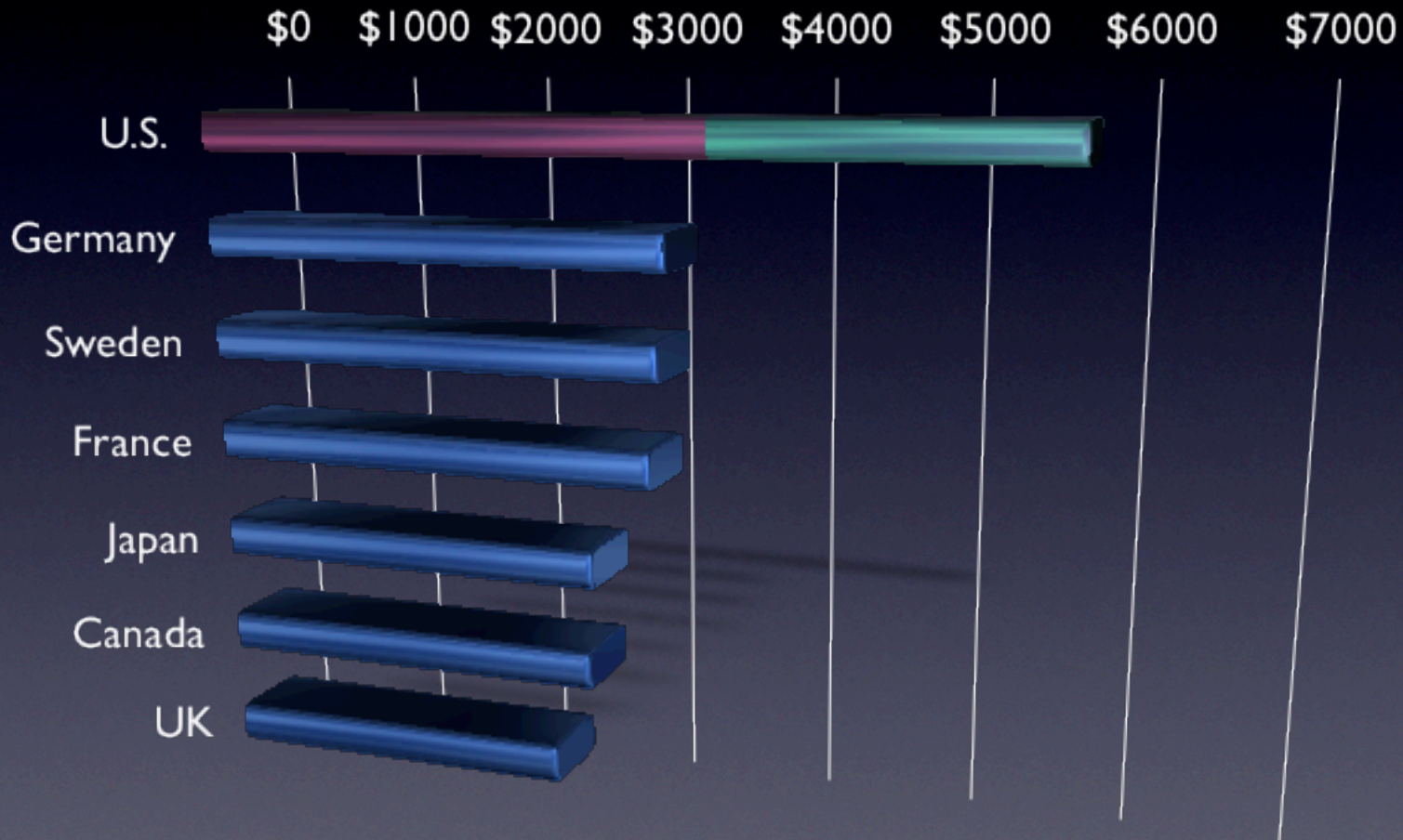
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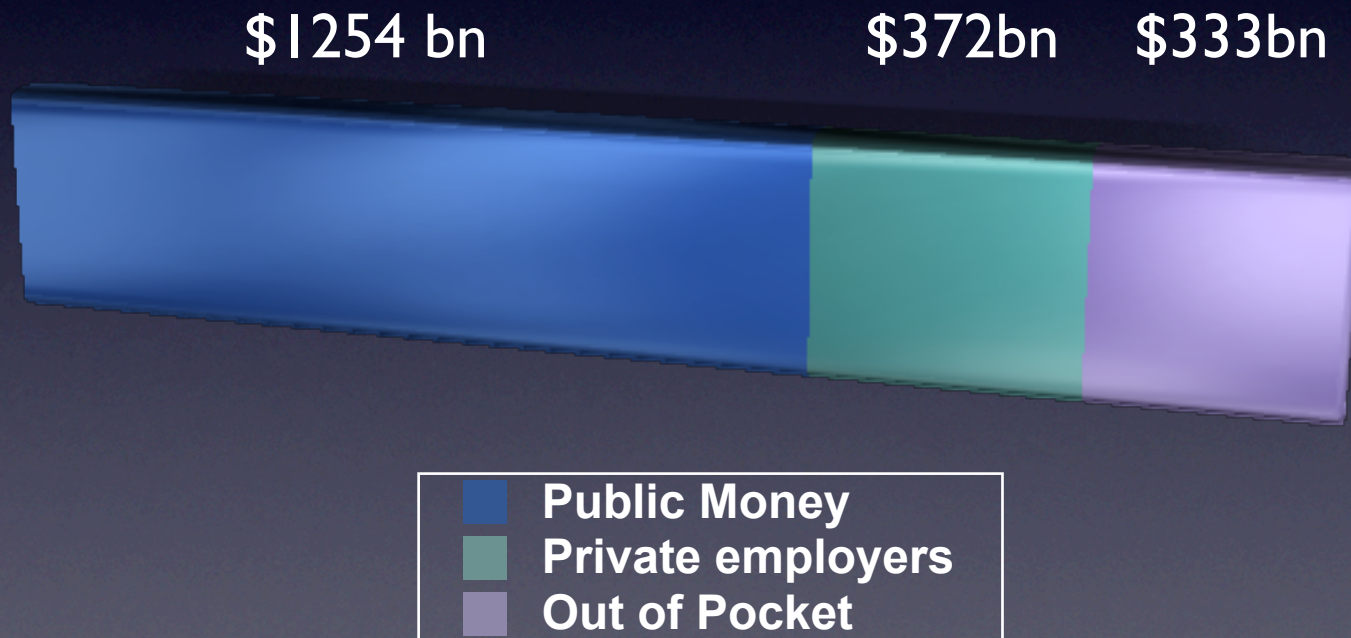
How much do we already pay?



How much do we already pay?



How are we paying for it now?



Based on 2006 National Health Spending of \$1.96 trillion (CMS)

We need about \$700 billion

- Overhead costs
 - \$200 billion
- Repeal the tax-cut on those making more than \$200,000
 - \$200 billion

Some new taxes

- Payroll tax of 3.5% - \$300 billion
 - This will replace employer insurance premiums
 - Average large employer NOW pays about 8.5% in insurance benefits

An example

- Let's say you make \$100,000 at IU
 - IU pays \$10,000 for family insurance
- Now you make \$110,000
 - Payroll tax (3.5%) = \$3850
 - Extra Income tax (25%) = \$2500
 - Extra Medicare tax (1.45%) = \$145
 - Total new tax = \$6495
- YOU MAKE MONEY

A less rosy example

- Let's say you make \$35,000
 - Your job pays \$4400 for insurance
- Now you make \$39,400
 - Payroll tax (3.5%) = \$1379
 - Extra Income tax (25%) = \$1100
 - Extra SS/Medicare tax (7.65%) = \$337
 - Total new tax = \$2816
- YOU MAKE MONEY

What if it costs more?

- Let's say we need an extra \$200 billion
 - All pay a healthcare tax of 2% - \$150 billion
 - Health tax on wealthiest 5% - \$250 billion
- Most people would still break even or make money

Don't forget other savings

- No more co-pays
- No more deductibles
- No more premiums
- NO MORE OUT OF POCKET EXPENSES

Federal Studies

Federal Studies

- 1991 GAO – break even without new taxes

Federal Studies

- 1991 GAO – break even without new taxes
- 1991 CBO – break even/save \$ without new taxes

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Federal Studies

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- 1991 CBO – break even/save \$ without new taxes
- 1993 CBO – cost \$144 a year without new taxes
- 1993 CBO – cost more initially, save \$ in 7 years
- 1993 CBO – cost more initially, save \$ in 5 years

State Studies

State Studies

- NM 1994 – Save \$9 million per year
- DE 1995 – Save \$6 billion in 10 years
- MA 1998 – Costs same without new taxes
- MD 2000 – Save \$345 million
- VT 2001 – Save \$118 million without new taxes
- ME 2002 – Costs same without new taxes
- RI 2002 – Save \$4 billion over 6 years
- MI 2003 – Save \$1.3 billion per year
- GA 2004 – Save \$716 million per year
- CA 2005 – Save \$314 billion over 10 years

Perceived Barriers to NHI

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Thinking about the country as a whole, are you generally satisfied or dissatisfied with the cost of health care in this country? Would you say you are very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?

59% - Very dissatisfied

22% - Somewhat dissatisfied

11% - Somewhat satisfied

3% - Very satisfied

4% - DK/NA

If you had to say, which do you think is a more serious problem right now — keeping health care costs down for average Americans, OR providing health insurance for Americans who do not have any insurance?

65% - Providing for uninsured

31% - Keeping costs down

5% - DK/NA

If you had to choose, which do you think is more important for the country to do right now, maintain the tax cuts enacted in recent years or make sure all Americans have access to health care?

76% - Access to health insurance

18% - Cutting taxes

2% - Both

1% - Neither

4% - DK/NA

Would you be willing or not willing to pay
higher taxes so that all Americans have
health insurance that they can't lose no
matter what?

60% - Willing

34% - Not willing

6% - DK/NA

Do you think the government should provide a national health insurance program for all Americans, even if this would require higher taxes?

64% - Yes

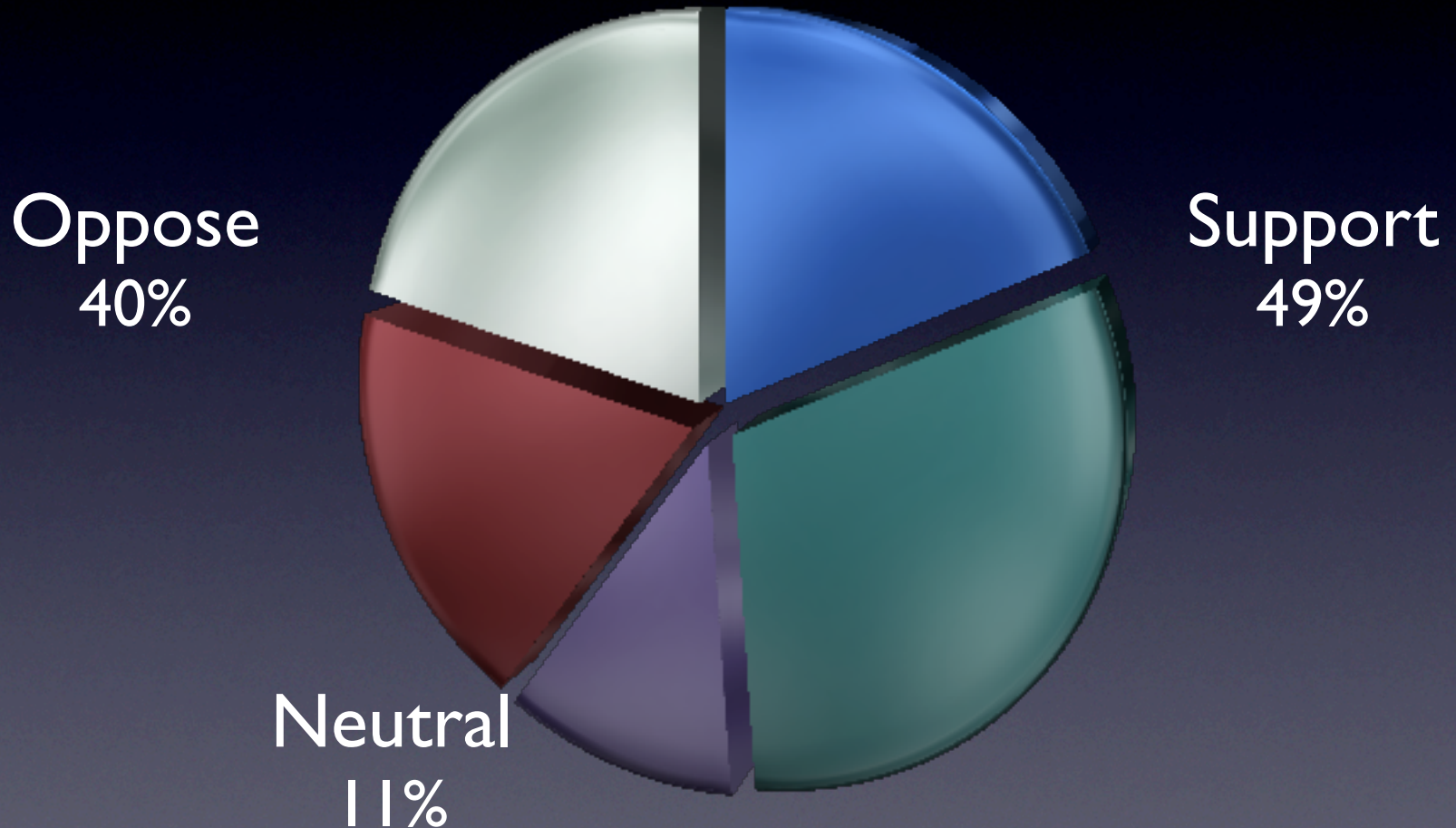
35% - No

2% - No Opinion

Perceived Barriers to NHI

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Government Legislation to Establish NHI



Survey Methodology

Those that did not wish to participate could return the

- Sent to 5000 random physicians
- Mailed the survey with a prepaid return envelope and a \$1 incentive
- Participation voluntary and anonymous
- Non-responders contacted up to two times between July and October 2007

Survey Question

- “Although proposals for national health insurance may offer different strategies for service coverage, service delivery, and cost-containment, please answer the next 2 questions assuming that the principal goal of any national health insurance proposal is to arrange health care financing for all US citizens.”
- In principle, do you support or oppose governmental legislation to establish national health insurance?

Survey Response

- Of 5000 mailed surveys:
 - 509 were undeliverable
 - 197 were returned by non-practicing docs
- Received 2193 surveys from 4294 eligible participants, for a response rate of 51%

Government Legislation to Establish NHI

■ 2002

■ 2007

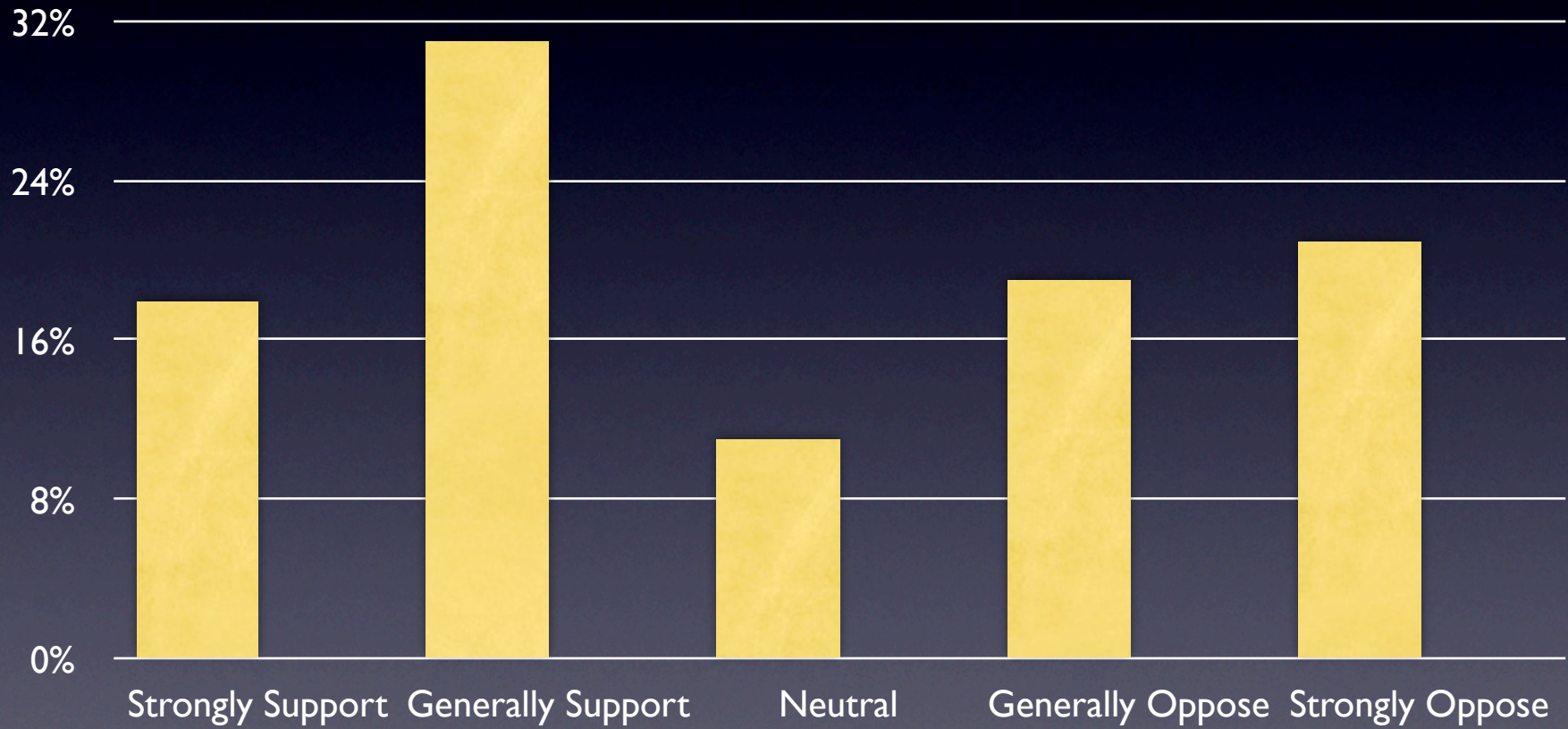
Government Legislation to Establish NHI

■ 2002 ■ 2007



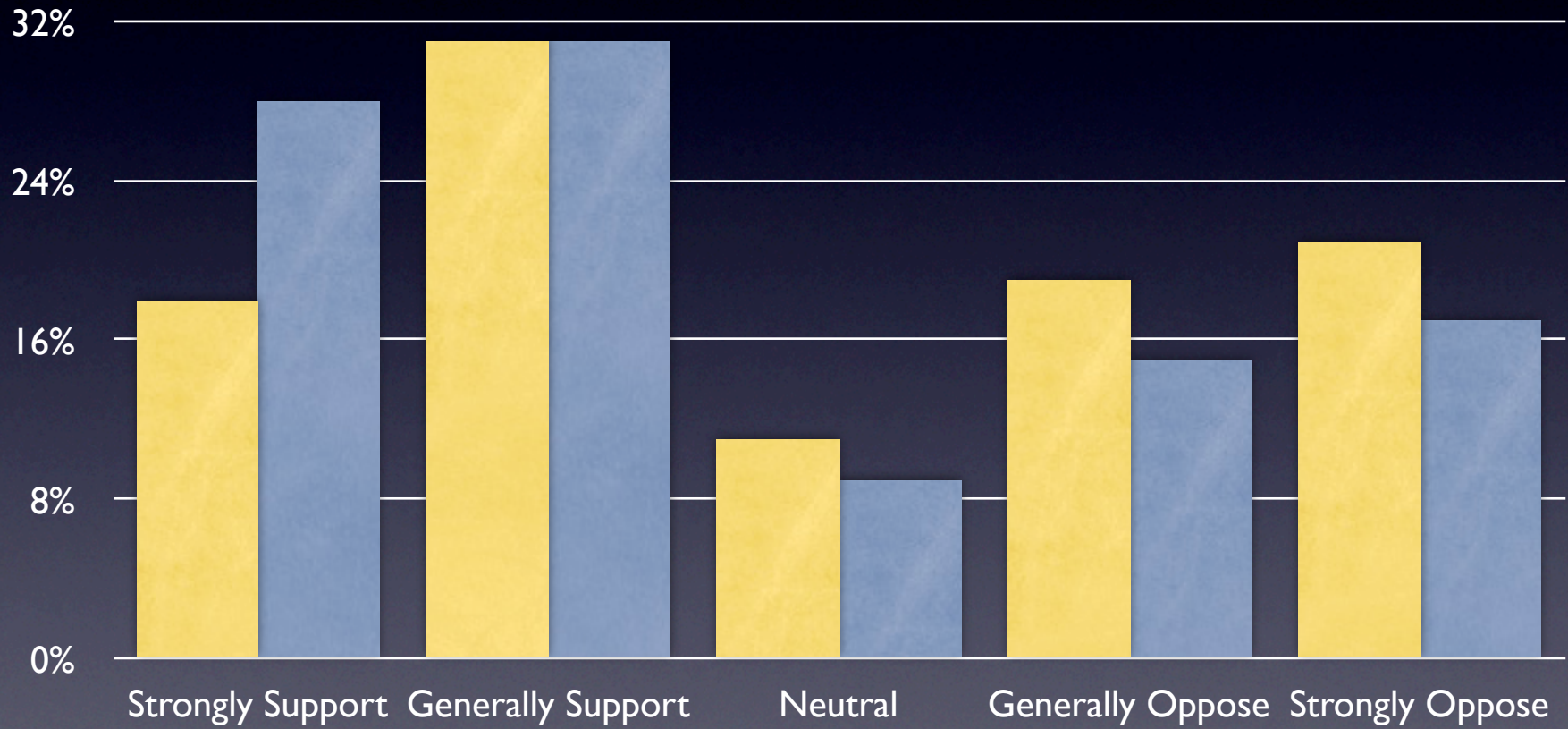
Government Legislation to Establish NHI

2002 2007

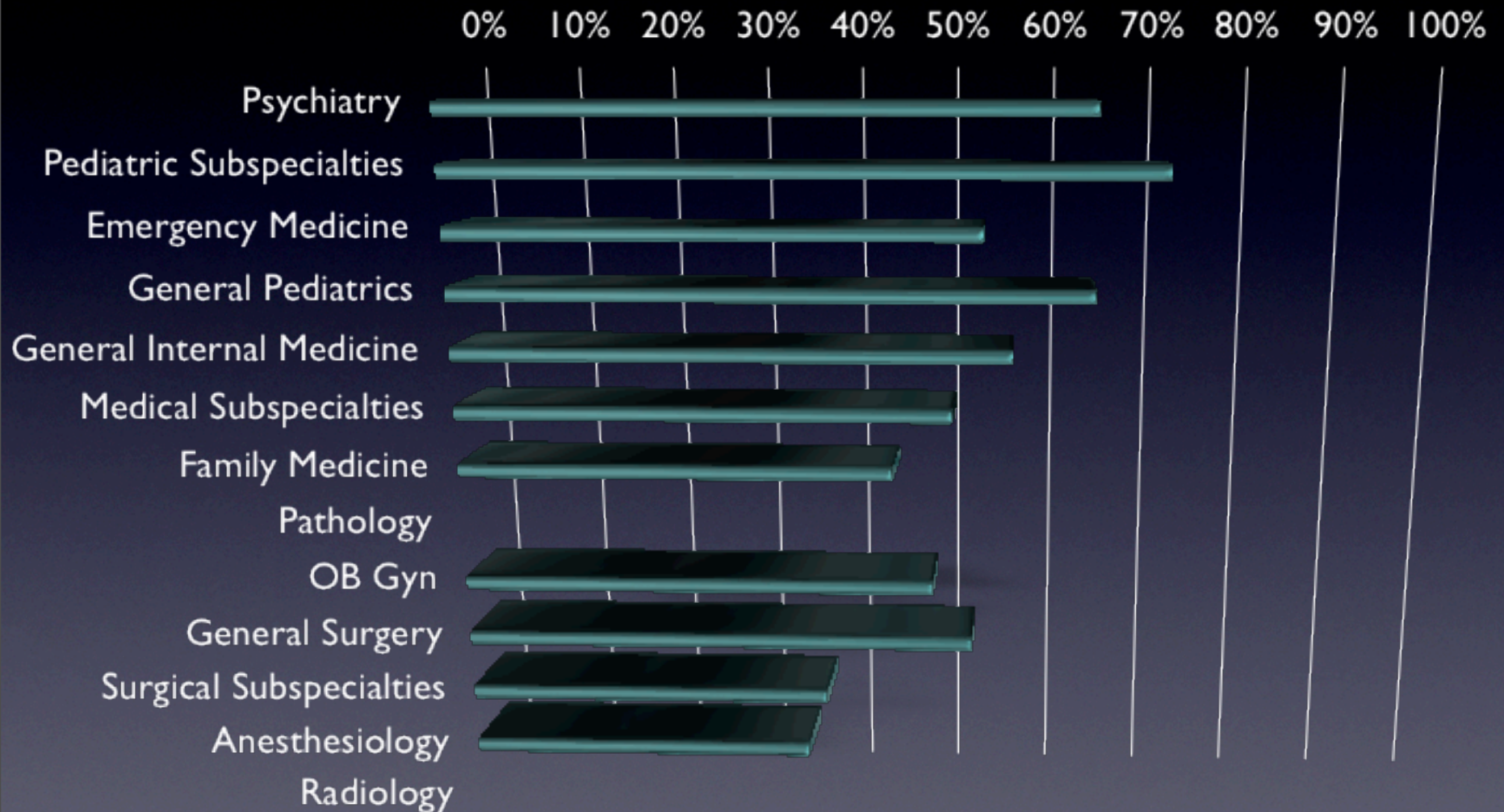


Government Legislation to Establish NHI

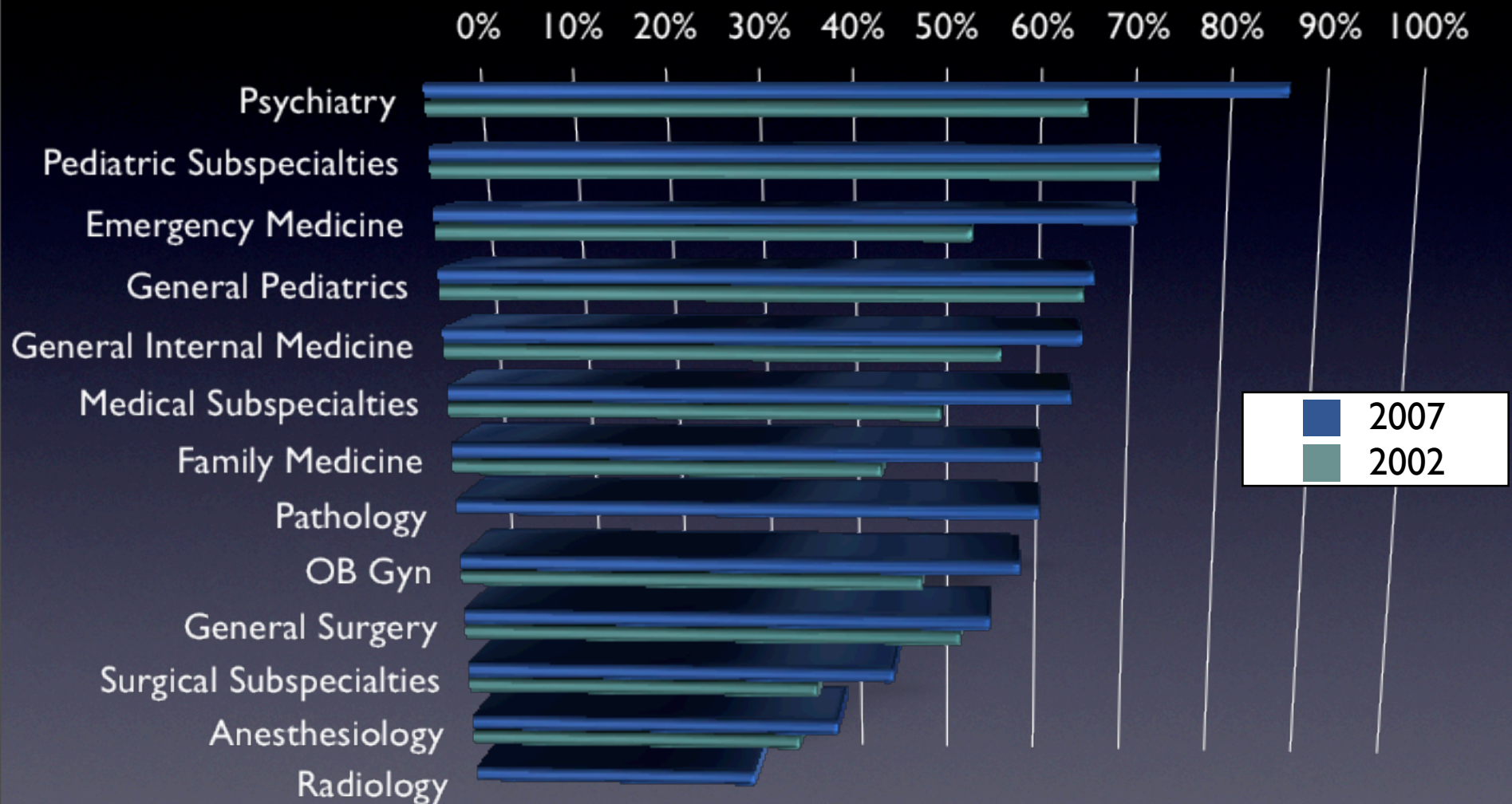
2002 2007



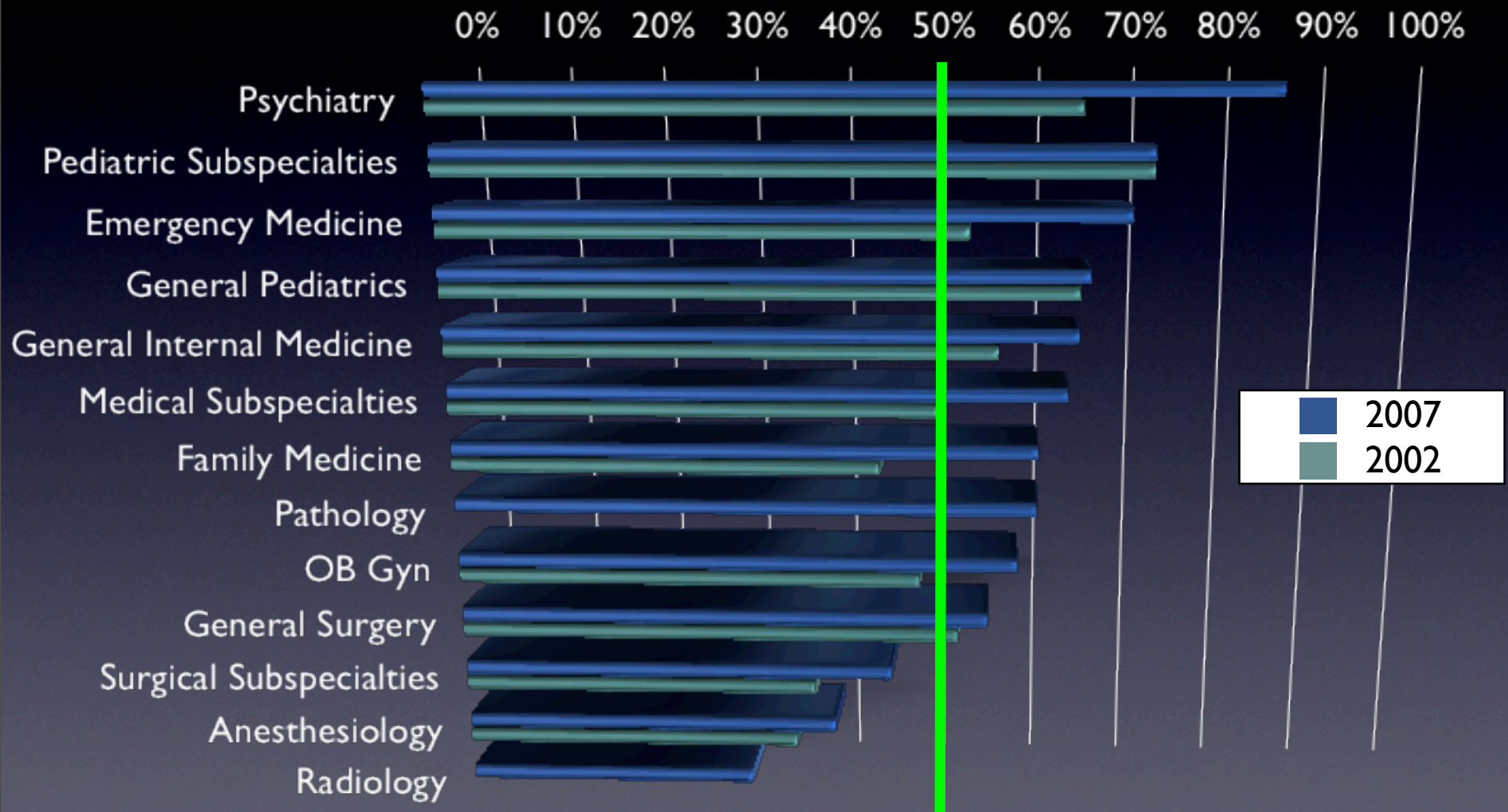
Results by Specialty



Results by Specialty

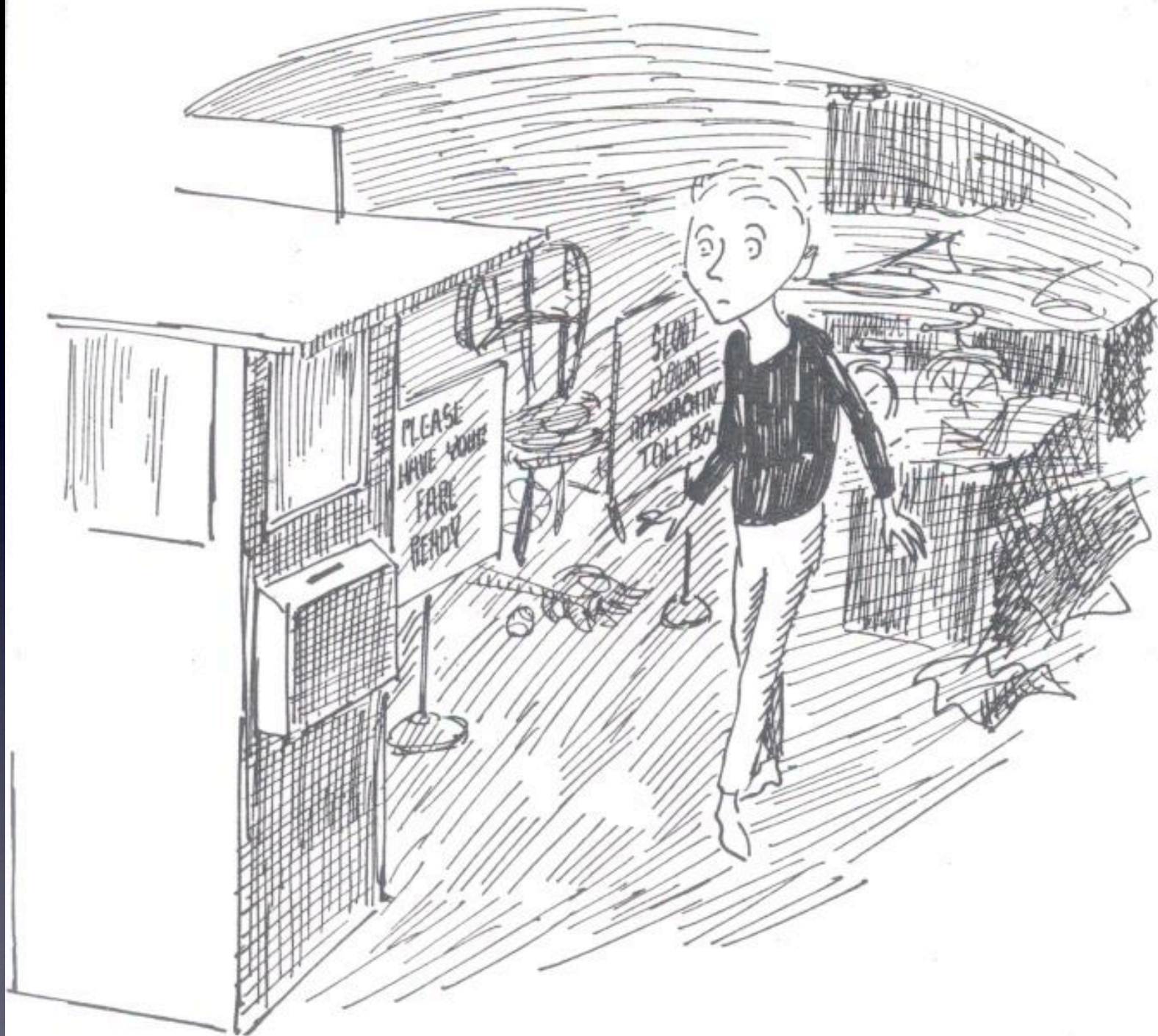


Results by Specialty



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“...so many things are possible just as long as you don't know they're impossible.”

-the King and the Mathemagician

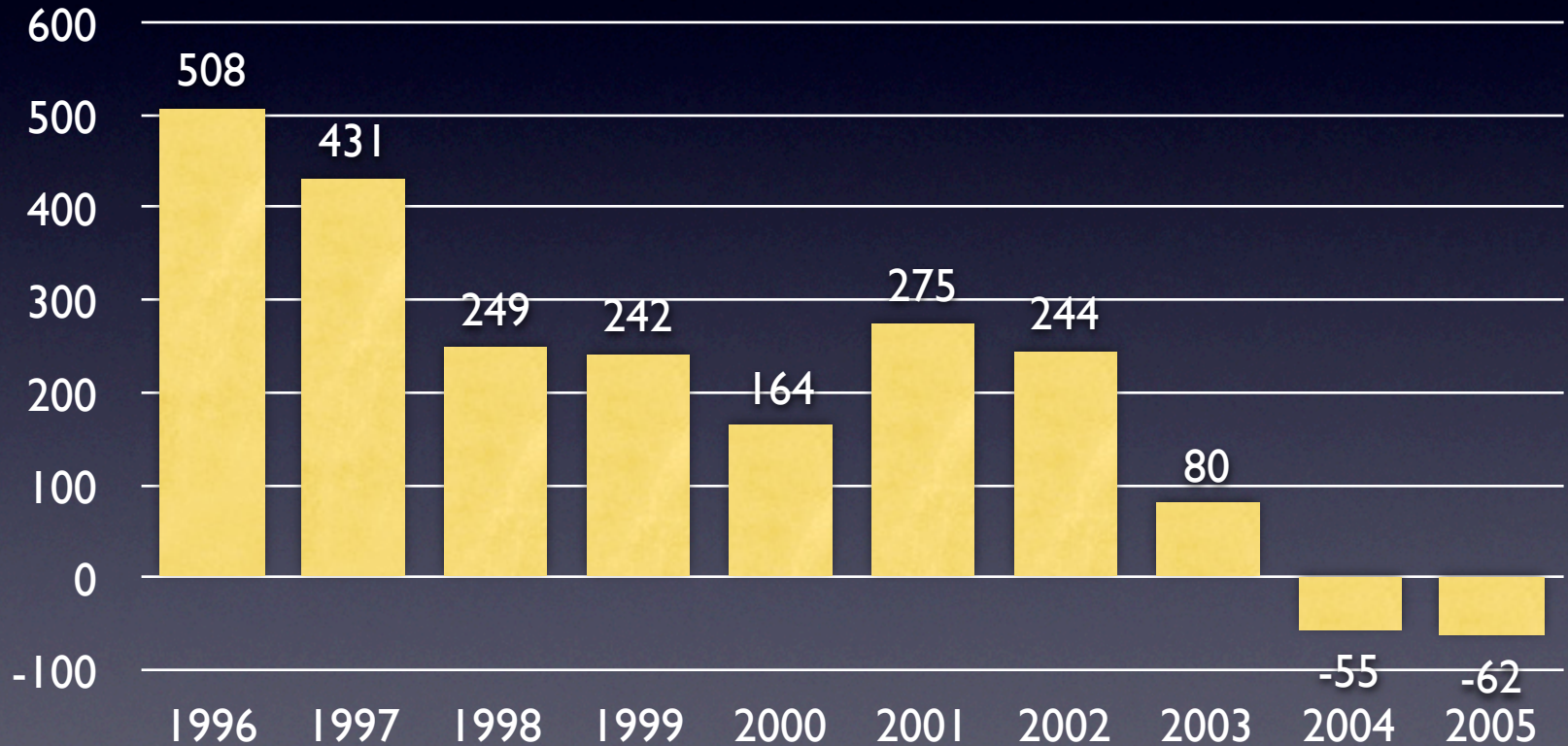
“...what you *can* do is often simply a matter of what you *will* do.”

-Princess Reason

Acknowledgments

- Ronald Ackermann, MD, MPH
- Richard Schreiner, MD
- Physicians for a National Health Plan

Number of Canadian Physicians Emigrating



Indiana

- 850,000 (1 in 7) Hoosiers without insurance
- Cigarette Tax - \$206 million boost
 - \$500 for preventive care annually
 - Personal Wellness Responsibility Accounts
 - Basic coverage above \$1100 in accounts
 - SCHIP increase from 200% to 300% poverty

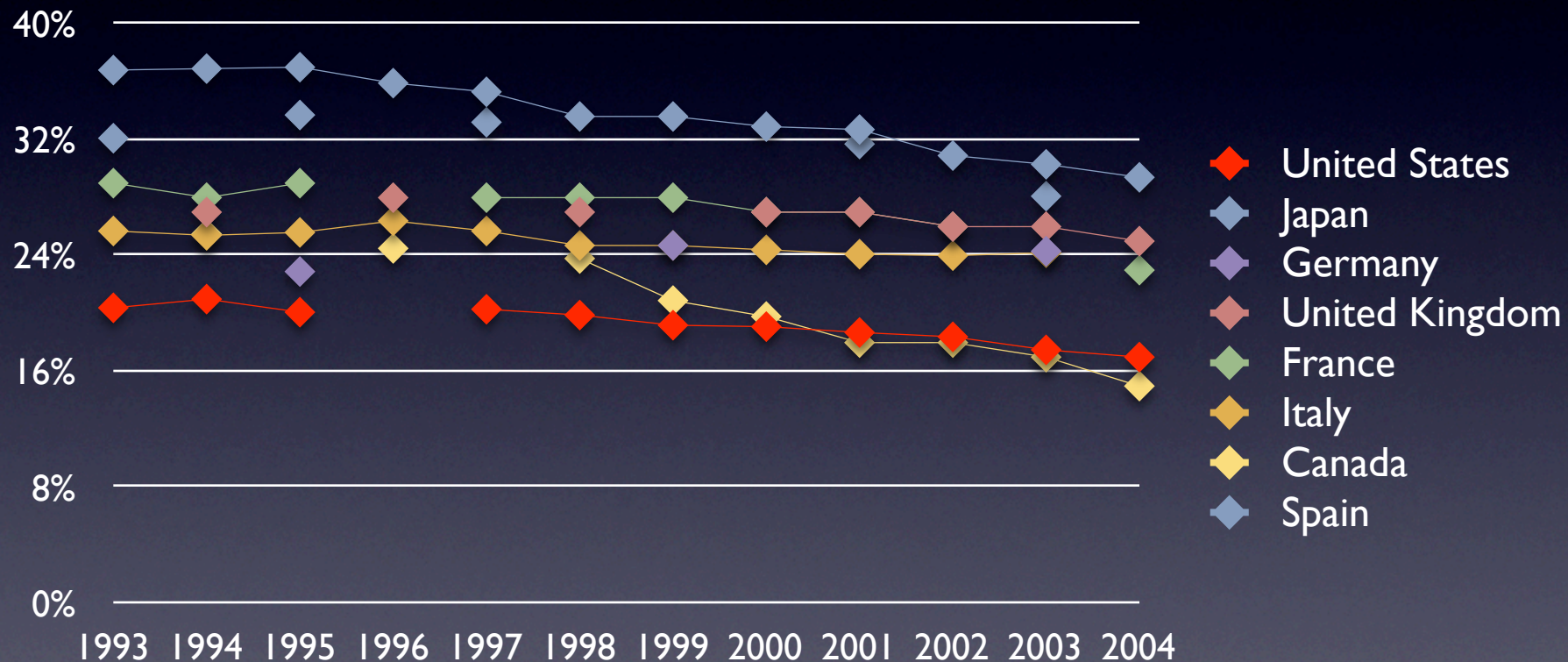
Indiana

- Getting the 350,000 eligible Hoosiers to sign up will be difficult
- Plan can serve 140,000 people (not an entitlement)
 - FSSA happy if 50,000 sign up
- Coverage capped at \$300,000/yr (\$1 million life)
- Still will require sliding scale payments

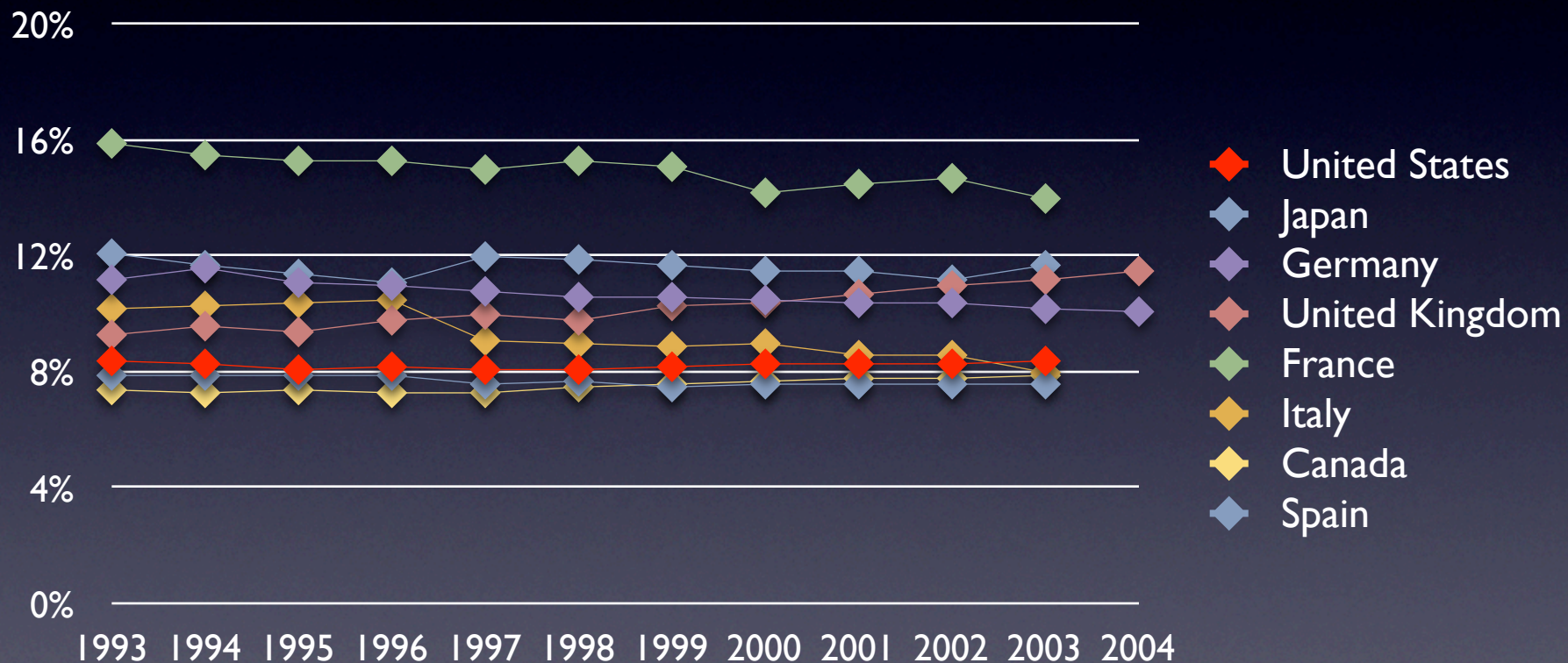
SCHIP

- Provides insurance to children in families too wealthy for Medicaid
- 6.6 million children in SCHIP
- Among children between 100% and 200% poverty level, uninsurance dropped from 22.5% in 1996 to 16.9% in 2005
- Remained stable in higher-income families
- This means **STILL** 75% of those eligible in 1996 remain uninsured

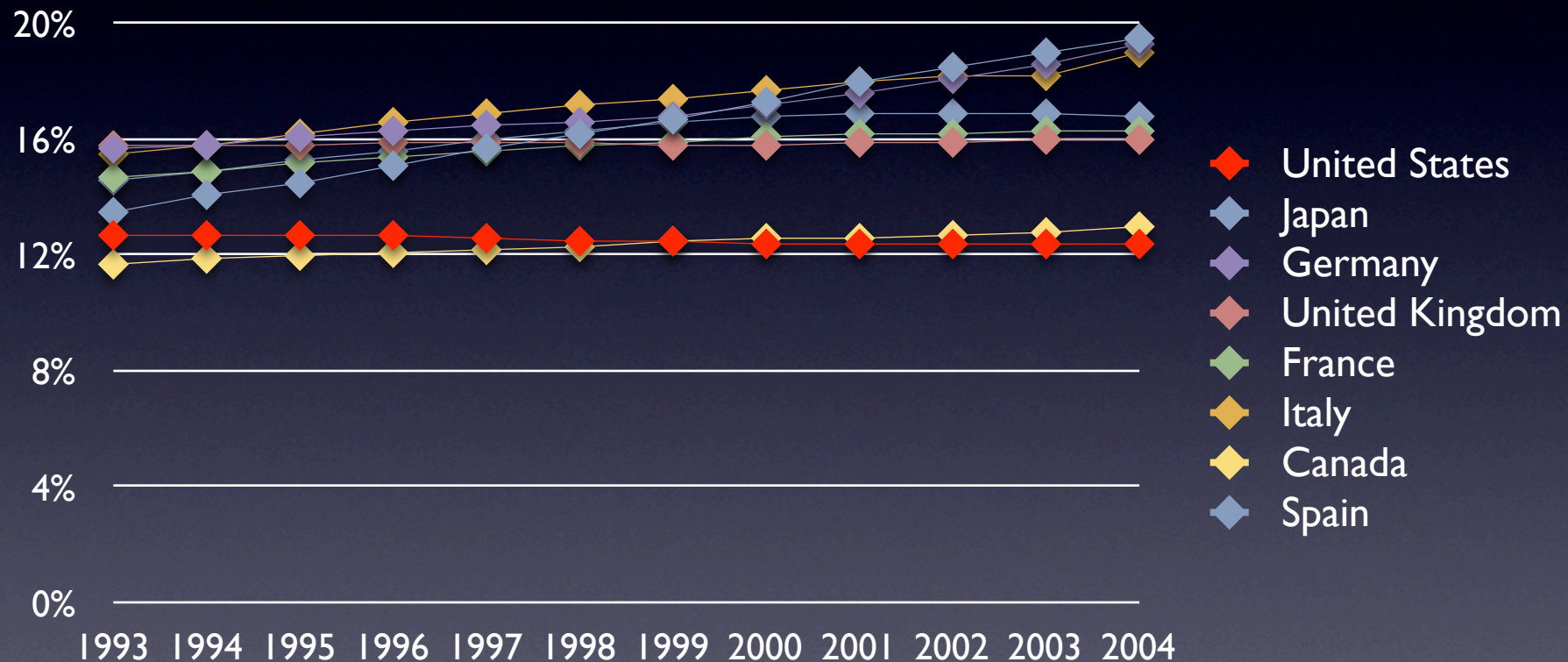
% of Pop Daily Tobacco Smokers



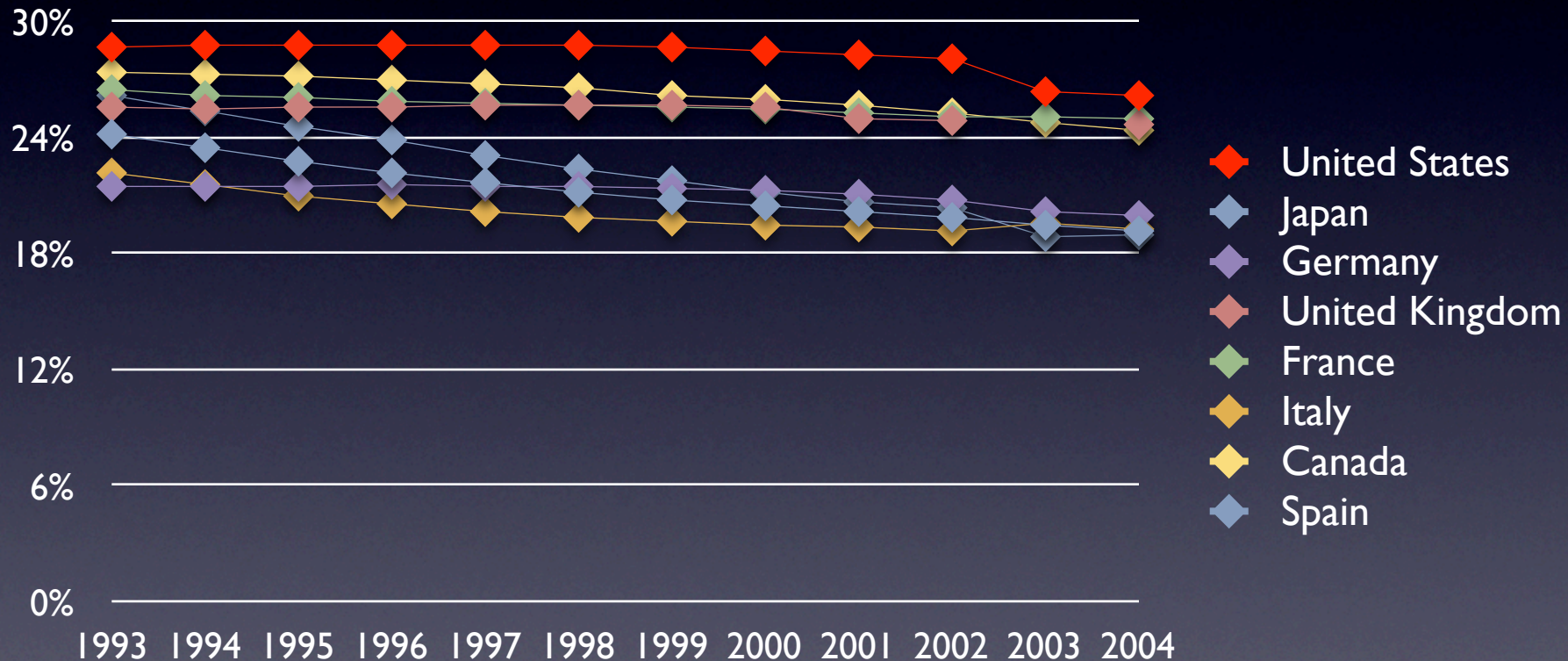
Alcohol Consumption Liters per Capita



% of Pop 65 Years or Older



% of Pop 19 Years or Younger



% of Pop Immunized for Measles

