

MEMO TO OBAMA: _____

Seize the Moment for National Health Insurance

By John Geyman, M.D.

First off, congratulations to you and your party on your sweeping election results!

Together with a sizable majority of Americans, I am again hopeful for the future of our country. My special concern, however, is for our failing health care system and how it is pricing health care beyond the reach of ordinary Americans. Our system has come to the point where none of the many incremental reforms will work. The business model of insurance has failed, and we need to rebuild the system on a social insurance model.

Let me be direct. Although we have many dedicated health professionals, an abundance of the latest technologies, and many fine hospitals, health care has become just another commodity to be bought and sold in a deregulated market based on ability to pay, not medical need. As you well know, industry profits handsomely from the status quo, raking in money through insurance, pharmaceuticals, medical devices, and so on. Industry has a war chest to defend itself and demonstrates its political power each time any new reform is brought up.

But the situation has become dire. There is no end in sight in controlling health care costs as they soar upwards at three or four times the cost of living and family incomes. We have had three decades of incremental attempts to rein in costs, including managed care and consumer-directed health care. None have worked. We have a solution in plain sight — single-payer National Health Insurance (NHI). Market stakeholders are fighting it fiercely, but it's the

only real reform that has a chance to work.

Most of your advisers will likely caution you that NHI is too radical for Americans to accept, that you need to be more centrist, and that it is not politically feasible. But therein lies your trap. You will be persuaded to add one more incremental attempt to fix things, which will not work, will cost more than ever, will delay real reform, and will add to the pain of so many along the way. Your moment of opportunity will have been lost.

Beyond ideology, these facts support NHI as the treatment of choice in 2009.

- Premiums alone for private health insurance have grown by more than 100 percent since 2000, and are projected to consume all of average household income by 2025, clearly an impossibility way before then.
- According to the Milliman Medical Index, the typical American family of four spent \$15,600 on total health care costs in 2008, fully one-quarter of the typical combined family income of \$60,000; most consider 10 percent of family income to be the threshold of underinsurance.
- The administrative overhead of private insurers is five to nine times higher than not-for-profit Medicare (average for commercial carriers 19.9 percent, investor-owned Blues 26.5 percent, Medicare 3 percent).
- The inefficiency and bureaucracy of our 1,300 private insurers are not sustainable (e.g., according to the Blue Cross Blue Shield

Association, there are 17,000 different health plans in Chicago).

- Private insurers offer much less choice than traditional Medicare; there are near-monopolies in 95 percent of HMO/PPO metropolitan markets, enough to trigger anti-trust concerns by the United States Department of Justice.
- Because of costs, about 75 million Americans are either uninsured or underinsured, with large segments of the population forgoing necessary care and having worse health care outcomes; the United States now ranks nineteenth among nineteen industrialized countries in reducing preventable deaths from amenable causes.
- Wall Street is already questioning the future prospects of the private insurance industry; as of November 18, 2008, the average share prices of the top five private insurers were down by between 60 percent and 77 percent, compared to the Standard and Poor's 42 percent.

I expect that none of this is news to you, but what is neglected by almost all economists, "experts" and pundits is that there is already plenty of money in the system, that we waste about one-third of our health care dollar on our inefficient multi-payer financing system and on unnecessary care, and that NHI will save money, not cost more. NHI is the most fiscally responsible thing we can do now about health care. The Conyers bill in the House (H.R. 676) will be financed by payroll and progressive income taxes that will be less than what individuals and employers now pay. The health insurance industry is being propped up by gov-

ernment subsidies to the employer-based system and to privatized public programs. NHI can save some \$350 billion through administrative simplification, while offering coverage for all necessary care, full choice of provider and hospital, and mechanisms for cost containment through bulk purchasing, negotiated fees, and global budgets.

NHI by itself will not solve all of our health care problems, but it will provide a structure (as no incremental approach can) to enable other necessary steps. These include acceptance of health care as a right, transition to a not-for-profit system, reimbursement reform, rebuilding of primary care, evidence-based technology assessment, and quality improvement. None of this will be possible by using reforms that leave an obsolete private insurance industry in place, as is more fully discussed in my recent book "Do Not Resuscitate: Why the Health Insurance Industry is Dying, and How We Must Replace It."

FDR almost went for NHI in the mid-1930s, but he backed off, mainly due to the AMA's opposition. Today, the AMA is marginalized with a membership of no more than 30 percent of physicians, and a majority of American physicians now support NHI. Implementing NHI in your presidency can be your FDR-size legacy. It has become an economic, moral, and social imperative. Overnight NHI can bind us together as one society, all of us in the same boat. We can afford it. Yes, we can!

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