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GALLINGTON: Health insurance disinformation

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COMMENTARY:

The odds are poor that Americans will be allowed to figure out the critical issues associated with health care and health insurance any time before the election in November.

This isn't because the issues are particularly complex or that we are too unsophisticated to understand them. It's more because we are taking on a multi-trillion-dollar industry - the insurance industry - and when we ask basic questions about them we are threatening the free ride that they have enjoyed for more than 60 years.

In addition, the presidential candidates and their campaigns have so muddied the water on the issues that the best we can hope for is that our Congress will have the courage to hold comprehensive hearings on health care in America, serving primarily to educate us on the more important facts and issues. However, the odds of this happening anytime soon are also slim - because so many politicians are already "in the pockets" of the insurance industry to maintain the status quo. In a word, the insurance industry is "fat" and intends to stay that way.

Well, what is the "status quo" - and what are the things that should surprise and upset us to the point of demanding something responsible be done about them? Here a few:

(1) Most Americans are surprised to learn that the health insurance business, like most private insurance, is regulated by individual states and not the federal government. This deal was made in the 1940s by a law called the "McCarren Act" that would have to be amended if structural changes to our basic health insurance "system" are to be made. This will take a bipartisan political coalition - motivated to go against the grain of big-money politics, let alone the traditional separation of powers between state and federal regulatory authorities.

(2) Most of the larger private insurance companies are hugely diversified profitmaking enterprises, and make money in their insurance operations by not paying claims (i.e., charging more in premiums than they have to pay out and simply not insuring people who have had are likely to have claims). In addition, they invest trillions in the capital markets, where they are among the very largest "institutional investors" in stocks, bonds and real estate. Some of these business activities seem to pose inherent conflicts of interest with insurance, and are subject to a hodgepodge of different state rules.

(3) The federal government is in the insurance business "big time" because Medicare and Medicaid insure most everyone that private companies don't want to, like the millions of people over 65, poor people and the disabled. While private insurance companies make a lot of money administering many of these plans for the federal government, the money to pay the claims comes from the federal government, which taxes and charges us "big time" for it. If it were up to private companies to insure these groups, only the rich could afford health insurance, and then only if they were in the lowest risk categories. Mostly because of this, Medicare - while by no means perfect - is perhaps the most important part of the U.S. health insurance "system."

(4) Health insurance is not health care. This is a very basic point, and one that politicians bastardize at will, either because they don't understand the difference or because it's not a good idea for them - politically - to be specific. As a result, few have addressed whether the ubiquitous "health-care system" in America is adequate to provide even basic health care for all Americans, assuming there was some way to pay for it. The answer to this question in countries with "socialized medicine" (e.g., the United Kingdom and Canada) is that there are simply not enough health-care resources to go around, and there has remained a separate and better-quality system for people who can pay for it, much like in countries without socialized medicine.

Finally, Americans who can't afford to pay for health insurance or medical care and who go to their local emergency rooms for free care may actually end up getting better care than under some systems of

socialized medicine.

(5) The politicization of the health-care issue set in America is insultingly simple-minded: All candidates basically campaign on the same theme - that the government should be responsible for insuring ever larger sectors and groups and that there should be more and more "free" health insurance coverage. The insurance industry loves this kind of campaign rhetoric because the hard questions never get asked, and the issues center around the government paying (and taxing us) to insure ever larger groups of people whom private insurance companies would rather not insure.

Where to go from here? What would happen, for example, if one or both of the candidates advocated an "assigned risk" concept for higher-risk people needing health insurance, similar to what most states do for high-risk drivers for motor vehicle liability coverage, and at affordable rates?

Another idea that would have the insurance industry running for political cover would be standard major-medical plans that companies, or groups of companies, would have to write for specific higher-risk groups (e.g., diabetics) again at affordable rates. Yet another idea would be low-cost coverages for routine preventive care for all school-age children, with a major medical provision, regardless of medical history or previous medical conditions. Another would be a standardized, low-cost plan for routine and preventive prenatal, newborn and infant health care, again with major medical coverage. None of these examples offers a "hard" case - and it's shameful that we have not been able to deal with even these simple situations that would make a huge difference in the quality of our overall "national health."

These are the kinds of questions we should be asking of our candidates and our members of Congress. After all, the whole idea of insurance is to use the actuarial "laws of large numbers" to make the costs of coverage easier to predict and manage - for both insured individuals and insurance carriers.

We don't have anything close to that in the health insurance "business" now: The deck is stacked in favor of private insurance companies making assured profits on lower-risk coverage's - and

against the government, which is pressured to insure ever-larger groups of people that private companies don't want to cover.

Daniel Gallington is one of the more than 45 million people in America insured by Medicare.