

# The issues essay

[Economics](#), [Insurance](#)



## U. S. Healthcare

### **Introduction**

This essay critically examines the current system of healthcare in the U. S. It looks at various aspects including the validity of the view that government involvement in the national system of healthcare is “ un-American.” Other issues discussed include the health of the system itself (is it broken? If so, what is the main concern?); how the physicians involved in healthcare are regulated and the effectiveness of that system; the previous attempts to provide a national insurance system or alternatives and the outcome; the role of Medicare and Medicaid; whether and how the free market approach can resolve the problems of the healthcare system; who – if anyone – is to blame for the current state of the system, and how we can (try to) put it right.

During the recent Presidential elections campaign, it has been suggested in some quarters that for the U. S. government to be actively involved in the nation’s healthcare is somehow “ un-American.” Opinions regarding the validity of that statement differ widely, mainly according to whether it was being expressed by either a Republican or a Democrat. Essentially, those that declare the government involvement in the healthcare system as “ un-American” are those that object to the plans to make every American pay health insurance, so providing more protection to the many poor people who currently cannot afford to buy private health insurance – the ones that are “ slipping through the net.” If it is un-American to want adequate healthcare for everyone, regardless of financial means, then it seems like being un-

American should – in this instance anyway – be considered a good thing. The alternative, from past history of the U. S. Healthcare system, is that we allow profits to continue to be the main driver of the various elements of the system that we have today, and in which the provision of universal healthcare seems at best to be only of secondary concern. It is fairly evident that the entire system needs overhauling to ensure that everyone can obtain the healthcare they need. But who is going to ensure that overhaul occurs if it is not the government? Whether it is un-American is a matter of opinion; the fact is that it needs to be done, un-American or not.

As mentioned above, the system of healthcare as it currently exists is far from satisfactory. Hunt (Mar 2013) published an article in Bloomberg entitled “ U. S. Health Care Is Even More Broken Than We Thought” in which he reported on a story in Time magazine, that gave numerous examples of what is wrong with the system. Items included the “ non-profit” hospitals that overcharge their patients, “ sticking the powerless with exorbitant bills” at the same time as rewarding their executives with huge salaries. Hunt also mentioned the high profit margins of the drugs companies, and the litigation-prone society we live in which causes doctors to practice what he called “ defensive medicine” and to be forced to insure against massive legal costs that might be incurred if they are sued. He noted also that whilst some criticize the government-run Medicare system, he considered it to be better than the private equivalent.

Costs seem to be the main problem as far as patients are concerned.

According to the article, 60 percent of all bankruptcies in the U. S. are the result of inability to pay medical bills. One astounding example quoted in the

article was as follows: “ A woman enters a Connecticut hospital with chest pains. She is examined and is released after four hours once it has been determined there is nothing wrong. The bill: \$21, 000.”

But whoever is to blame, the costs must be reduced. According to Appleby & Kaiser Health News (October 2012), the U. S. spending on healthcare is more than \$2. 6 trillion, almost a fifth of GDP. The article suggested seven causes of the problem:

- Providers of medical services like doctors and hospitals are paid more for doing more instead of paying for increased efficiency;
- As a nation we’re living longer, suffering from more illnesses and getting fatter;
- We are paying for the newest drugs, medical procedures and new technology;
- Tax breaks encourage people to pay more for better health insurance;
- Insufficient information available to make the best medical care choices;
- Hospital and other monopolies allow higher price levels;
- Problems of “ supply and demand” and fear of litigation restrict spending cuts.

Another issue with the current system of U. S. Healthcare is the way the doctors themselves are regulated. According to Field (Aug 2007), one problem with our current system of licensing of the physicians is that it is on a state-by-state basis, meaning that there are 51 different licensing boards. Not only does that mean there are differences in procedures and requirements, but as Field noted, there have been instances of doctors losing their licence in one state, but able to gain a new one in another. He also

suggested that communication between the various state medical boards is somewhat hit and miss, facilitating the overlooking of disciplinary information against less competent doctors across state boundaries.

A properly funded system of national health insurance seems to be the way forward, but – according to McCanne (2004) – an early attempt to establish such a system did not succeed. He reported that President Clinton tried to establish such a system of universally funded healthcare, but it failed to satisfy any of those involved, so did not even reach the voting stage. As a consequence, those determining policy concluded that any healthcare reforms must be made step-by-step. In the event, little progress has been made. On the subject of providing a universal system of healthcare cover, McCanne reported that three different plans were proposed:

- Expanding both the existing public and private schemes;
- Establishing a government-owned national healthcare system;
- Replace all existing funding with just one publicly-controlled and resourced social insurance scheme that leaves the actual medical services facilities under their present ownership.

McCanne also noted that many people fear the concept of a government-owned healthcare system, seeing it as “socialized medicine.” However, while the Medicaid program seems cost effective and worthwhile, McCanne also believed that improving some aspects of the Medicare system, the using it to provide universal cover could be politically acceptable.

Cannon (2009) felt that a free market system could solve the U. S. healthcare problems. Referring President Obama’s expressed view in March of that year that he’d “be happy” to adopt a free market solution if it

brought down costs and resulted in an affordable, flexible, universal system, he recommended the following measures:

- Provide those enrolling in Medicare with a means-tested voucher allowing them to choose whatever health plan they wished;
- Allow workers to control where their healthcare contributions are spent, aligned with tax reforms to encourage the larger health savings accounts (HSAs);
- Break up the existing state based monopolies in the licensing of medical professionals and insurance. If consumers were allowed to buy insurance “out of state” the result would facilitate many currently insured to be insured without increases in taxation;
- Get Congress to reform the existing programs of Medicaid and the “State Children’s Health Insurance” so that they become the subject of block grants. In Cannon’s view that measure alone would reduce the funding deficit, and would persuade state administrators to focus resources on those that really need them.

McCanne concluded his article by stating: “The great advantage of a free market is that innovation and more prudent decision making means that fewer patients will fall through the cracks.”

## **Conclusions**

We have seen that the U. S. Healthcare system costs more than an equivalent system in any other country in the world, but delivers a service ranked way down below many other industrialized countries. It seems that the root causes are that many of those involved in the provision of healthcare (doctors, hospital managements, drugs companies, insurance

companies, lawyers) place profits first and patients way behind in second place. The result is a system that costs ever more each year and can bankrupt many of those unfortunate enough to fall ill, even if they have at least some form of medical insurance. It does not take a genius to determine that things must change; the issue is how. The various vested interest groups defend their position (or their profits) and resist reform that would reduce their income. The solution does seem to be determined action by a strong government, perhaps to introduce a universal “ National Health” system as used in other countries, which would mean that the poor would no longer be dying in numbers, simply because they are unable to buy the care their more affluent countrymen can afford. Maybe President Obama can do it (if Congress will allow him to)

### **Works Cited:**

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