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By Doug Moore



Forty six million “uninsured” Americans is the figure used by many interest groups that advocate universal health care. What these groups don’t tell you is that if you remove those Americans who were uninsured for only a short-time (less than three months), those that have access to employer sponsored coverage but don’t enroll due to cost, those who have access to government programs (Medicaid, SCHIP, etc.) but don’t enroll, and those who can afford coverage (household incomes over \$50,000) but deliberately choose to go uninsured, the number drops to about ten million.

Despite this deliberate over inflation of the facts it remains a laudable and important goal to reduce the number of uninsured. Tax credits for lower income individuals are the best method for achieving this goal. These credits could be provided directly to individuals for the purchase of coverage in the individual health insurance market or provided through employers who sponsor group health insurance coverage. The tax credit would be made available in advance so it could be applied directly to the insurance premium when due. The tax credit approach has been dismissed by some as cumbersome and confusing. However one need only to look at the HIPP program in place today in Pennsylvania, which reimburses employers for the cost of health insurance coverage for low income employees who have someone in their household who qualifies for Medicaid, as proof that this type of system can work. The Trade Assistance Act (TAA) of 2002 is also an example of how this approach can and does work but on a national level.

Many Americans believe that a single-payer system will solve the problems with our health care system. They are wrong! Here is what a single-payer system would do. It would guarantee health care services need to be rationed to control costs. Affluent Americans would buy access to health care services that would be out of reach to lower income Americans. Reimbursements to providers will decrease because the government is controlling the purse strings, causing fewer physicians to practice and the quality of care to decline. Our tax burden will grow and both employers and employees will have to pick up the tab.

Single-payer advocates like to talk about the supposed low administrative costs of Medicare and how universal coverage will be much more efficient. What they don’t tell you is that their figures ignore the administrative costs transferred to the private insurers (such as Highmark, HealthAmerica, and UPMC Health Plan) who provide the vast majority of Medicare coverage through managed care products. When this is taken into account Medicare does not run much more efficiently than any private sector health insurance program.

The employer-based system of health insurance delivery that serves the vast majority of Americans has worked incredibly well. It continues to provide the best vehicle for delivering health insurance to Americans today and in the years to come. Let’s face it, employers are going to pay a significant share of health insurance costs whether or not

they are buying the insurance themselves or financing a single-payer program via taxation. At least with our present system there is a modicum of competition that creates product innovation and positively influences rates. Under a single-payer system this goes away.

The employer based system maintains other significant advantages as well. Americans spend the majority of their productive days at work making it the ideal location to communicate information on health insurance. More importantly however is that it is at the workplace that we have our best chance to introduce employees to health promotion and disease prevention programs that are the key to reducing health insurance costs.

The number one reason health insurance costs are so high is that we use too much health care. We use too much health care because while we might be the “richest country in the world” we are also incredibly irresponsible when it comes to caring for our health. Well researched estimates put the percentage of health care costs directly attributable to negative lifestyle choices such as obesity, smoking, and poor nutrition at over 50%. Without programs that encourage and motivate employees to change their lifestyle this problem will only get worse. Unfortunately, this solution seems too tough for many to face. However, if we don’t get serious about addressing it soon it will overwhelm us, no matter who is paying the bill.



Doug Moore is an employee benefits consultant and a principal of Seubert & Associates, Pittsburgh and Legislative Chair of the Pittsburgh Chapter of the National Association of Health Underwriters.