

National Health Insurance: Could It Work in the US?

The US health care system, which depends on private, for-profit health insurance, is not working. It is time for national health insurance!^{1,2}

One would expect that the US, with its well educated population; high standard of living; well trained physicians, nurses, and other health professionals; and well equipped hospitals and diagnostic facilities would provide optimal care to all its citizens.

A further reason why Americans should expect optimal health care is that the US spends much more for health care than any other country. We pay about twice as much as other countries. In 2005, the per capita health care expense was \$6401 for Americans, compared to an average of \$3114 in 30 industrial nations in the Organization for Economic Co-operation and Development.³ And, our health care costs keep escalating faster than the rate of inflation.⁴

We pay more; but we get less for our money! We do not have the world's best health care. The World Health Organization ranked the US health care system the 37th best of 191 countries, and last among 17 industrialized countries in 2000.⁵ Our health outcomes: life expectancy, infant mortality, and immunization rates are well behind other industrialized nations.³ In a 2000 survey, 60% of our citizens said that they were dissatisfied with their health care.⁵

The major reason that our health outcomes are poor is that more than 46 million Americans have limited access to care because they don't have health insurance.⁶ Millions of others have inadequate access because they have inadequate insurance. A New York Times/CBS poll in 2007 found that 28% of Americans were without health insurance at some time in 2007, and 61% who were uninsured did not obtain needed care.⁷

Even though we spend more on health care than any other country, we are the only industrialized country that does not ensure access to health care to all its citizens.

The primary source of health insurance in the US is employment-based private (for-profit) insurance which covers 61% of the non-elderly population.⁶ However, the number covered by employment-based insurance is decreasing⁸ because some employers, especially small employers, can not afford to provide insurance. The cost of health insurance continues to exceed the rate of inflation. From 2002 until 2007 the cost increased by 78% while the inflation rate increased by 17%.⁹ As the cost increases some employers stop providing health insurance, or provide insurance with

fewer benefits and higher co-pays. Others shift a larger percent of the premium to their employees forcing some employees to drop their health insurance.

More than half of the uninsured are employed, or the dependents of employed persons.⁶ They lack insurance because their employer doesn't provide it, and they can't afford private health insurance. Private health insurance for a family can cost more than \$12,000 per year.⁸ For many older Americans, and for those with "prior conditions" (ie, any known health problem!), the cost of insurance, if it is available, can be out of reach.

Given the high cost of health care, very, very few Americans can afford to pay for health care out of pocket. As a result, Americans without health insurance receive less primary and preventive care and have poorer health outcomes. The bottom line is that the mortality rate for the uninsured is higher than for the insured.¹⁰

Our fragmented system of health care, with thousands of health insurance providers, has enormous administrative costs, and for some providers, enormous profits. Only about two-thirds of private health insurance premiums are spent on health care; the rest goes to administrative costs, costs of billing, and profits for the insurance company.¹¹ The overhead in our health care system is more than twice that of countries with a single payer. Administrative costs account for 31% of all health care expenditures in the US, but only 17% in Canada's single payer health care system.¹²

In addition, we pay more than twice what other countries do for prescription drugs,¹³ because, unlike most of the rest of the world, we have no controls on the price of prescription drugs. The Medicare Modernization Act legislation forbids Medicare from negotiating prices with drug companies.¹⁴ Many Americans with chronic conditions can't afford the prescription drugs that can prevent strokes and heart attacks and other conditions leading to death or hospitalization. Multiple studies have shown that many Americans fail to fill or renew prescriptions, or take fewer doses than prescribed because of the costs.^{15,16}

The combination of the excess administrative costs, excess profits, and the excess cost of prescription drugs in the US health care system greatly exceeds what it would cost to provide health care to all uninsured Americans.¹⁷ We can decrease health care costs and provide health care to all Americans by adopting mandatory national, non-profit health insurance. The insurance could be financed by a

payroll tax shared by the employee and the employer. Premiums would be community-based; that is, they would not be dependent on age or medical history. Patients would have free choice of physicians who would be paid fee-for-service, and have free choice of hospitals and other health care providers.

National health insurance covers the entire population of many European countries at a much lower cost than US health care.¹⁸⁻²⁰ Could such a system of national health insurance work in the US? We already have such a system—it is called Medicare, and it has worked very well for more than 40 years! Medicare pays the private sector to deliver quality health care to more than 44 million Americans. Those who stick with traditional Medicare have free choice of physicians and hospitals. Nearly every US physician and nearly every hospital in the US has elected to participate in Medicare. The administrative costs of Medicare are only 2%²¹ compared with 12% with for-profit health insurers.¹²

In a 2003 Pew poll, 67% favored government guaranteed national health insurance even if meant higher taxes,²² and a 2007 New York Times/CBS poll reported that 64% stated that the Federal government should guarantee health insurance for all Americans.⁷ Maybe the American people are ahead of their legislators!

Why not Medicare for all Americans? It works!

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