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# Market Medicine Is No Solution

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September 16, 2005

An August 2 report showing that a full third of America's 8.4 million uninsured children go without any medical care for at least a year is the latest reminder of the inhuman consequences of our broken health system. Unfortunately, it is becoming increasingly clear that the Bush administration's preferred reforms will actually exacerbate existing problems while victimizing the neediest.

Their new set of "market-based" reforms -- including Health Savings Accounts (HSAs) and High Deductible Health Policies (HDHPs) -- have garnered much attention recently thanks to a generously-funded network of think tanks with more interest in PR than facts. These reforms are sold on the premise that when patients are spending their "own money," they'll have an incentive to forego "frivolous" services or find low-cost care.

But experts across the political spectrum (most recently, California's insurance commissioner) have pointed out that this logic is inherently fallacious in a number of ways. First, buying health care isn't like buying a DVD player. Sick patients are not equipped to navigate a confusing medical world, and rely on their doctors to guide them through treatment options. Gathering comparative information to make "market-based" decisions is very difficult and often impossible. Imagine asking your ambulance driver to stop at four hospitals so you can find the best bargain on emergency surgery.

Second, forcing patients to shoulder more financially will drive up the cost of health care. Financial disincentives cause patients to skip needed primary and preventative care until they have a serious (and much more costly) emergency that could have been prevented. A Harvard/Columbia University study recently found that immigrant children, who receive 74 percent less care than native-born children, have emergency room costs nearly three times higher per capita. Increased cost-shifting is inefficient in addition to being inhumane.

These proposals will have virtually no effect on America's most urgent health problem: its 45 million uninsured. Since HSAs allow patients to deposit health savings tax-free, the only savings they offer over say, an IRA, are savings on income tax. However, more than half of all uninsured Americans have no income tax liability. A recent Columbia University study determined that of the 45 million without health insurance, widespread adoption of HSAs would expand coverage to less than 100,000. Meanwhile, the lion's share of the savings would go to the healthy and wealthy, depleting the funds available to the public pool and thereby increasing premiums and reducing benefits.

Finally, the implementation of these proposals put the entire existing health system at risk. Their entry of cheaper plans offering paltry coverage into the market will attract younger, healthier workers while those in need of care are forced to stay in the traditional, more comprehensive

plans. Without the subsidy provided by those with low health expenses, costs for the traditional plans will invariably spiral out of control, swelling the ranks of uninsured and forcing additional millions into already strained public systems.

The proposed “consumer-driven” reforms will drive consumers nowhere except to the emergency room or the poorhouse. Their deficiencies, however, provide important clues as to how successful reforms would look. A humane and efficient system must pool risk equitably without denying access to needed services.

A mountain of research shows that a single-payer system, a national health insurance pool, could provide comprehensive coverage to all Americans by recovering the administrative bloat and bureaucracy that characterizes our current system. Studies by the Government Accountability Office and Congressional Budget Office have established that such a system could cover everyone, control costs, and relieve the burden on business while retaining the private system of health care delivery and restoring consumer choice of doctor and hospital.

On the 40th anniversary of Medicare, our nation’s effective, efficient and popular single-payer system for the elderly, policymakers focused on slogans and ideology might do better to focus on expanding what has already been proven to work. Indeed, we already have the solution to the health crisis in our own backyard: an expanded Medicare for all, everyone in and nobody out.

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