

POINT/COUNTERPOINT

What is the best way to reform the U.S. health care system?

Single payer is the way to go.

The health care financing organ in the United States is failing. It has all the manifestations of a patient with heart failure.

We have poor output, where we can't circulate health insurance to cover the entire population, so we have poor health outcomes. We have swollen costs and unaffordable health care, with tremendous waste and squandering of resources. Finally, we have increased afterload, which is the resistance among special interests to the change necessary to create a healthier system.

The number of Americans with no public or private insurance grew from 22 million people in 1976 to more than 46 million in 2004. The Institute of Medicine has said that lack of insurance is directly accountable for 18,000 excessive deaths annually.

Surveys of residents of the United States and Canada, asking people if they have difficulty getting the health care they need because of unaffordability, show that access to medical care is a problem for 5% in Canada and 24% in the United States. Access to tests and treatment is a problem for 6% and 22%, respectively. Access to prescription drugs is a problem for 13% and 26%, respectively.

Is U.S. health care the best in the world? The World Health Organization ranks U.S. health care 37th out of 191 countries evaluated. Despite this poor performance, we spend nearly twice as much per capita on health care compared with single-payer countries. The incredible inefficiency of our insurance system partly explains the swollen U.S. costs.



KEVIN GRUMBACH, M.D.

People in countries that regulate pharmaceutical prices pay, on average, half of what U.S. residents pay for drugs. This is partly why we have such resistance to political change: Pharmaceutical companies are incredibly profitable corporations and don't want the system altered.

Definitive treatment would be to remove this structurally defective, ailing health financing system and replace it with a new, healthy organ—a single-payer health insurance plan that would provide universal, equitable coverage with fair distribution of financing. It would be publicly administered; collect revenues from existing Medicare, Medicaid, and payroll taxes; and put revenues into a common pool. Operated at a national level, it would essentially be Medicare for all.

Opponents say a single-payer system will lead to rationing. We ration care every day in the United States primarily based on whether someone can afford to pay for it and has insurance. It would be far better to allocate services based on people's health care needs.

Others worry that it would threaten physician income, but physicians in Canada do very well. Another fear is that a single-payer system would stifle innovation. That's nonsense. The single greatest source of U.S. innovation is the National Institutes of Health.

A single-payer program could be definitive therapy for a very sick system. ■

DR. GRUMBACH is professor and chair of family and community medicine at San Francisco General Hospital.

A universal health care tax credit is the solution.

Dr. Grumbach recommends transplant surgery. I suggest practicing the diet and exercise of serious economic discipline.

Let's keep our perspective. Roughly 84% of Americans have public or private insurance coverage, and they are mostly satisfied with it. The uninsured minority are a heterogeneous working population. They are heavily concentrated in small businesses, particularly in the service and retail trade industries; many are part-time or contract employees. According to the professional literature, they are often in and out of health care coverage, often because of changes in employment.

The policy advice, then, is to expand coverage where the uninsured workers are—in small businesses. For the uninsured, their problem is not simply access to health insurance; it is keeping it once they get it. We have a highly mobile workforce, but we tie insurance to the job.

We should tie health insurance to the person, not the job. If we stabilize the health insurance market and reduce the churning in those markets, allowing people to keep their insurance from job to job, we would make a big dent and reduce the numbers of uninsured without spending an extra dime of government money.

For many of the uninsured, with some additional government assistance, health care coverage is within reach. The question is, how much help do the uninsured really need? Many of the uninsured have incomes of \$40,000-\$60,000 per year. Income-based assistance, say, in the form of individual health care tax credits, would

be a very reasonable option for this population without breaking the treasury.

We need to refocus the health care debate on federal tax policy; it is the thing that drives and shapes the American health insurance market. Today, American citizens get unlimited tax relief for the purchase of health insurance if they get it through their place of work. If they try to buy the same policy outside of work, they must buy that coverage with after-tax dollars. That could add as much as 40%-50% to the cost of a premium.

My proposal is this: Congress should adopt a universal health care tax credit. The tax credit would be available to individuals and families based on need, with greater assistance for lower-income folks, or older or sicker people with higher health costs. For lower-income people, those who do not pay taxes, the government assistance would be in the form of a direct subsidy to offset the cost of health insurance coverage.

At the same time, we should require people to take personal responsibility for their health care coverage, to pay their own way and avoid shifting the costs to their fellow citizens, and to purchase at least a basic, catastrophic health insurance policy.

Tie this national tax reform to insurance market reform. The rules for insurance would be the same throughout the country. We don't need radical surgery, just economic discipline. ■

DR. MOFFIT is director of the Heritage Foundation's Center for Health Policy Studies, Washington.



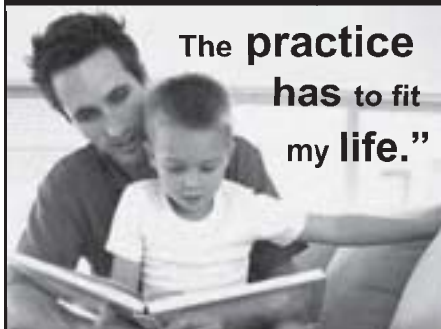
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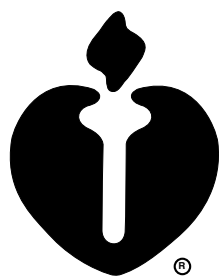
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