Nurses' guide to single-payer reform

Incremental approaches to solving the health care crisis won't work

3 failing prototypes

By Peggy O'Malley

In reading newspapers or reviewing any policy initiatives that address covering the uninsured, you often see a number of approaches. Of all of them, only single payer guarantees truly universal coverage that assures high quality, affordable care for all.

All other approaches are "incremental." They include these three prototypes:

1. *Expansion of Medicaid and Children's Health Insurance Plans along with new tax credits (usable only for health insurance) provided to moderate income individuals to enable them to purchase private insurance.*
2. *"Employer mandate" combined with expanded Medicaid for the unemployed. A variation to the employer mandate is a "pay or play" requirement whereby employers who choose not to provide insurance would have to pay a payroll tax instead to cover the costs of their employees' coverage through the public program.*
3. *"Individual mandate" with new tax credits, again usable only for buying health insurance.*

In its comprehensive report, "Insuring America's Health," the Institute of Medicine concluded, "…further efforts to gradually expand coverage through incremental reforms are unlikely to succeed."

Why? Because incremental reform leaves the current system of private insurance—with all of its administrative complexity—intact. In fact, the incremental approaches provide a bonanza to insurance companies. Because of that, expansion of coverage will cause higher costs and/or lower quality while still leaving millions uninsured.

Soon you are likely to hear about a full scale effort for Massachusetts to adopt the "pay or play," or employer mandate, plan. We've found that the following article, written for the members of the California Nurses Association by its executive director, Rose Ann DeMoro, gives a clear explanation of the inherent problems with such a "pay or play" scheme.

Pay or play—a useless diversion

By Rose Ann DeMoro
Executive Director, California Nurses Assn.

At a moment when the public response to the present managed care system of delivering health care services ranges between apprehension and disgust, and support grows for doing something really meaningful to change the situation, along comes something with the catchy title: "pay or play."

Pay or play is simply a rehash of the notion that we are entitled to all the health care we can afford. As another health insurance scheme its most distinguishing feature is that it is not universal health care. That is, it's a counter to the principles of a "single payer" health care arrangement. Rather than challenging the dominant role of the insurance companies and health maintenance organizations in determining who receives health care and how it is delivered, it perpetuates it. Even worse, pay or play will most assuredly accelerate a process already underway under the HMOs' reign—that is, the creation of a multi-tiered health care system guaranteeing that that those with the lowest incomes will receive inferior care.

The basic idea here is that all employers would be required to offer health insurance to their employees ("play") or pay a tax into a government fund that will provide a health plan to uninsured people. As embodied in legislation currently before the California legislature, the government would cover only uninsured people who are employed.

The employer mandate has been praised by the leaders of some unions in California and elsewhere for expanding the existing method of job-based health coverage, the primary source of health benefits in the U.S. Actually, health care through insurance linked to employment has been the Achilles heel of health care in our country. Five decades or so ago when the labor movements of most of the rest of the industrialized world were campaigning for and winning universal health care, we settled for insurance linked to employment. For many, coverage was secured as part of union contracts. Left out, for the most part, were many of those employed by small employers and the unemployed. The limitations of the system are now being underscored by the existence of 42 million people in the country with no insurance and the rush of employers to shift more of the financial burden onto workers or to pull out of the system altogether.

A quick look shows that the "play or pay" employer mandate offers much less than meets the eye—to employees, retirees, the unemployed and even to many employers. For instance:

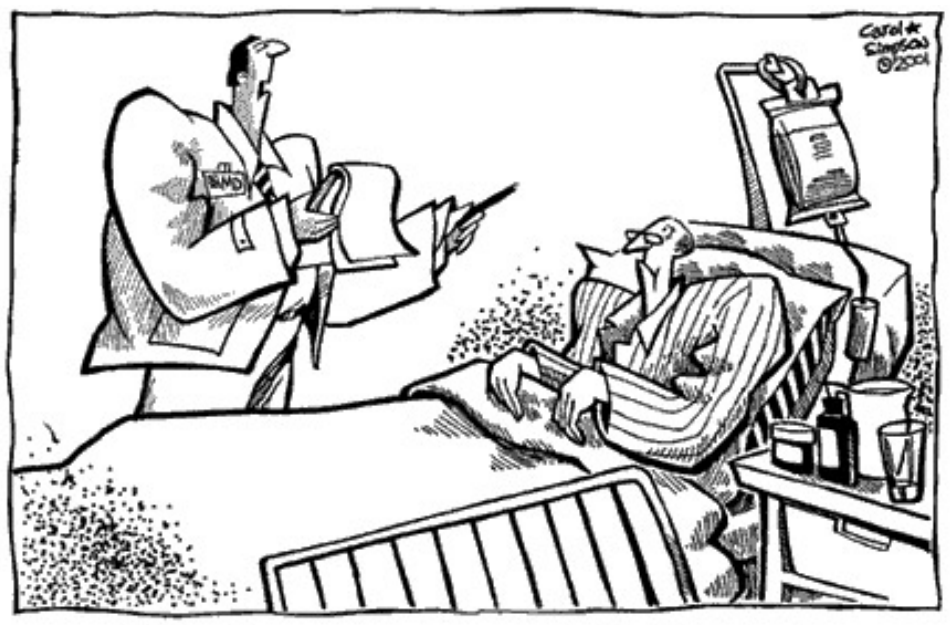
- Employers are mandated to offer health plans to their employees, but the individual employee may not be able to afford the deductibles or the co-pays for the plan his or her family needs.
- No protection is provided at a time when many employers are reducing benefits, increasing co-pays, or dropping coverage for employees altogether. A Bureau of National Affairs survey in January found that higher deductibles are a bargaining goal for 43 percent of employers with such provisions, and 17 percent without deductibles intend to introduce them.
- The multi-tiered marketplace of insurance plans—the very opposite of a single standard of care—pushes the least advantaged workers into the lowest tier, into underinsurance, into lesser quality care.
- Employees will have to guess and gamble which plan is best for themselves and their families (if it even covers dependents): a plan that pays routine expenses but quickly maxes out on total coverage, or a plan that drains money from the employee's pocket in return for major medical protection in the event of highly expensive treatment.
- Employees who lose their jobs lose their coverage, too. When and if the employee finds a new job, his/her physician or other health care providers may not be available through the new employer's plan.
- For employees in unions, the exact terms of benefits remain an element of collective bargaining. The employer still whipsaws employees between wage gains and health coverage.
- The multiplicity of health plans and the expanded demand for health insurance continue to eat up precious dollars in administrative duplication and competitive marketing.
- If retirees are left out of the mandate, they are left with no coverage beyond Medicare, which has huge gaps, such as prescription drug coverage.
- Rising unemployment throws more people out of their employer coverage, forcing them to rely on programs such as Medicaid, which is currently facing cutbacks due to state budget deficits.
- Small employers in particular face high cost and administrative hurdles arranging coverage for their employees.

The barebones nature of a program financed by employer taxes cannot provide full coverage to vast numbers of people. A number of them wind up in emergency rooms—the most expensive way of delivering care. Thus, the problem of "uncompensated care" remains, resulting in continued cost shifting by hospitals and other providers and raising the prices charged to more generous employers.

An employer mandate does nothing to control skyrocketing health care costs. According to a survey by Mercer Human Resources Consulting, premiums for job-based health coverage increased by an average of 14.7 percent in 2002, and are expected to go up another 14 percent in 2003.

An employer mandate leaves the failing and corrupt health care industry intact. It does nothing to crack down on corporations like Tenet Health care that have been alleged to exploit and defraud the current reimbursement structure. It does not crack down on HMOs that have dropped millions of seniors from Medicare plans. It does not challenge the pharmaceutical industry, which chooses only to develop medications that produce the most income or government subsidies.

An employer mandate fails to resolve systemic problems of today's health care. It does not rectify abuses by HMOs that have prompted a grassroots rebellion and demands for fundamental change. Play or pay does nothing to improve the deteriorating patient care conditions in hospitals and nursing homes or to protect patients from unsafe staffing and medical errors. It offers no plan for reversing the growing closures of hospitals and emergency rooms. It is another band-aid to be applied to a discredited and dysfunctional system. It is intended to sidetrack the growing public embrace of the idea of universal, comprehensive health care for all. ■



"Your insurance company is in Chapter 11. We're going to need that liver back"

Health premiums rising

According to a benchmark study by the Henry J. Kaiser Family Foundation and the Health Research and Education Trust, employers' health premiums rose 11.2 percent this year—a statistic that reinforces voters' concerns about the U.S. health care system. This marks the fourth consecutive year that premiums have risen more than 10 percent.

Premiums for family coverage have soared by 59 percent since 2000, to $9,950 this year—far more than inflation or average wage increases.

"It's these out-of-pocket costs that are driving voter concern in this election," said Drew Altman, Kaiser's president. The study's findings were released Sept. 9.

Particularly hard hit are small employers: only 63 percent offer health insurance, significantly fewer than in 2001.

Healthcare analysts and economists said neither major party candidate is directly addressing spiraling premiums, which require taking on drug companies and healthcare organizations.

"Healthcare premiums are one of the major issues affecting a real decline in people's standard of living," said Heather Boushey, an economist at the Center for Economic and Policy Research, a Washington think tank. "With wages down and health costs up, workers are getting it from a number of different ends right now."

Source: "Health premiums jump 11.2%" by Kimberly Blanton, Boston Globe; September 10, 2004.