

Rebuilding healthcare without the middlemen

By Derrick Z. Jackson, Globe Columnist | June 13, 2009

PRESIDENT OBAMA says that if healthcare is not reformed this year, "we're not going to get it done." His Council of Economic Advisers warns that healthcare expenditures, currently 18 percent of gross domestic product, will nearly double to 34 percent by 2040 unless costs are contained. The number of uninsured people in the United States would expand from its current 46 million to 72 million by 2040. "The American healthcare system is on an unsustainable path," the council said. "Expenditures as a share of GDP are already substantially higher than in other developed countries . . . This growth threatens to have a devastating impact."

Even if Congress responds to Obama's alarm, it is doubtful reform will put us on par with other developed countries. Obama has already taken a single-payer system off the table, despite repeatedly acknowledging the clear benefits of eliminating the administrative costs of middlemen insurance companies. In a May town hall in New Mexico, he said to applause, "If I were starting a system from scratch, then I think that the idea of moving towards a single-payer system could very well make sense. That's the kind of system you have in most industrialized countries around the world."

Alas, he says, we are so entrenched in employer-based, insurance-company healthcare, all he can promise is "vast improvement." He told the New Mexico audience, "We don't want a huge disruption as we go into healthcare reform where suddenly we're trying to reinvent one-sixth of the economy."

Insurance companies and pharmaceuticals, the nation's top two lobbying industries, have Capitol Hill on lockdown. They have spent \$2.8 billion since 1998 on lobbying and \$76 million in the 2008 elections in campaign contributions, according to the Center for Responsive Politics. Faster than you can say Obama, contributions historically weighted heavily toward Republicans are swinging to the Democrats.

Part of the reason obviously is that the health industry feels the heat of American outrage on costs.

A coalition of insurance and pharmaceutical companies, hospitals, and the American Medical Association this week issued a plan to voluntarily knock costs down between \$1 trillion to \$1.7 trillion over the next 10 years.

But that was short of a goal set by Obama of \$2 trillion. It underscores how hard it will be for Obama to get any goal line approaching universal healthcare, with our embarrassingly bloated middleman costs. The United States, according to the Organization for Economic Cooperation and Development, spends \$6,714 per capita on healthcare, double the spending in countries like Sweden, the United Kingdom, France, Germany, Australia, and Japan. Second highest is Switzerland at \$4,520, and only two other nations, Norway and Luxembourg, cross the \$4,000 per-capita mark. Our per-capita spending on prescription and nonprescription drugs is \$843, compared with \$639 in Canada, \$500 in Germany, and \$303 in New Zealand.

We might say our for-profit system is worth it if, for all those health costs, Americans indeed boasted the best health in the world. But it can be argued that our system is literally costing each American two, three, and four years of life. The United States is the only industrialized nation with life expectancy under 78 years. Australia, Canada, France, Iceland, Japan, Norway, Spain, Sweden, and Switzerland all have life expectancies between 80.3 and 82 years.

Even more striking, in the early 1960s the United States was ahead of, or virtually tied with, Japan, Spain, Italy, Luxembourg, Germany, France, Finland, and Austria in life expectancy. Today, we are a year-and-a-half or more behind them all....

As long as Obama and Capitol Hill say we cannot start from scratch on healthcare, we will forever be scratching the surface.

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