



Health Policy Matters®

April 25, 2008

Single-Payer Utopia?

The American Prospect, a magazine of liberal thought, carries an article in its current issue by Marcia Angell, M.D., of Harvard and former editor-in-chief of *The New England Journal of Medicine* that does indeed offer fuel for thought.

Her article, “Health Reform You Shouldn’t Believe In,” examines the universal health coverage law in Massachusetts, criticizing “incremental efforts to increase coverage by expanding private insurance.” She concludes that a single-payer system is the only viable option.

Dr. Angell’s earlier diatribes against the pharmaceutical industry are evidence of her animosity toward any private involvement in the health sector. And this latest article shows her clear hostility toward private insurance.

While I agree with some of her assessment of the flaws in the Massachusetts health reform experiment, I could not disagree more about her conclusions.

In a section of her article subtitled “Massachusetts miracle or mirage?” she acknowledges a truth that Massachusetts politicians are reluctant to admit: “While those beneath the poverty level signed up for free insurance in even greater numbers than anticipated, very few people who were required to pay for their own insurance signed up. Even those eligible for partial subsidies were slow to enroll,” Angell says.

“The deadline to purchase insurance had to be extended, and 60,000 uninsured people were exempted from the mandate because — yes, that’s right — they couldn’t afford it (so much for universality),” according to Angell.

“Don’t get me wrong,” she says. “Massachusetts is to be congratulated for seeking to extend health care to everyone in the state. Every decent society should ensure health care, just as it does education, clean water, and police and fire protection. Massachusetts’ plan is an ambitious and well-intentioned effort. But unfortunately, it’s extremely unlikely to work for three main reasons,” she says.

To summarize her points:

- **“First, the individual mandate is harsh, regressive, and probably unenforceable.** It requires the near-poor to pay a much higher percentage of their income on health care than their more affluent neighbors...It also lets employers off the hook...
- **“Second, like all such plans, the Massachusetts strategy pretends that having insurance is the same as having health care.** The Connector makes much of the fact that some 300,000 people who were previously uninsured now have insurance, but most of those already had access to health care, either through the free-care pool or Medicaid. So it’s something of a shell game, with money that would have been spent directly on health care passed through insurance companies instead...
- **“Third and most important, there is no effective mechanism for containing costs...** And sure enough, premiums have continued to rise faster than the background inflation rate (10 percent for Commonwealth Care next year). The only way to hold them in check is to cut benefits or increase deductibles and co-payments...The state, which now faces a \$1.2 billion budget shortfall and health costs of \$147 million more than projected, will not be able to contribute much more from general revenues. Funding depends utterly on the Medicaid waiver being renewed in July, by no means a sure thing.”

All incremental efforts at reform are doomed because they leave “our current dysfunctional system essentially intact,” Angell concludes. Her verdict: “The only workable solution is a single-payer system (there, I said it), in which everyone is provided with whatever care he or she needs regardless of age and medical condition. There would no longer be a private insurance industry, which adds little of value yet skims a substantial fraction of the health-care dollar right off the top. Employers, too, would no longer be involved in health care. Care would be provided in nonprofit facilities. The most progressive way to fund such a system would be through an earmarked income tax, which would be more than offset by eliminating premiums and out-of-pocket expenses.”

Angell says the reason this has not happened is because “the private insurance industry has managed to convince many political leaders, including progressives, that a single-payer system is unrealistic. But what is truly unrealistic is anything else,” she says. “My greatest concern about the Massachusetts plan is that when it unravels, people will draw the wrong lesson. They will assume that universal care at a cost we can afford is impossible, and give up on it. It’s not impossible; it’s just unlikely to be achievable while leaving our dysfunctional system in place.”

So she envisions a utopia where “everyone is provided with whatever care he or she needs regardless of age and medical condition,” with care “provided in nonprofit facilities” and funded by “an earmarked income tax.”

The lack of understanding of economic and political forces is alarming. And there also is no indication that she recognizes the positive forces in our health sector today that are advancing medical progress, such as:

- ...private partnerships like the Asheville Project that show we can bring down the costs of treating those with chronic illnesses like diabetes while improving the quality of care
- ...Wal-Mart's consumer responsiveness in offering a month's supply of generic drugs for \$4
- ...the success of retail health clinics in delivering convenient, affordable primary care
- ...the success of the Medicare prescription drug benefit offered by private, competing companies that provide broad access to generic and brand name drugs while the program is coming in hundreds of billions of dollars below budget estimates
- ...the \$60 billion in private investment by pharmaceutical companies this year alone to develop tomorrow's new medicines.
- ...the success of employers in holding health cost increases down by using financial incentives to engage employees as partners in managing their health and health care

And the list could go on and on.

Are we really so polarized? We agree on the problem, but we have such vastly different views on the solution that you wonder if we ever will make progress. An article in the section below links to a story from *The Hill* as evidence of the difficulty of sweeping reform.

Starting with a good diagnosis is important. But, my goodness, we will need to reach some agreement on a treatment plan.