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False promise of state-sponsored health care

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For some time, I believed that in the absence of congressional action, state initiatives held the key to health care reform. Gov. Arnold Schwarzenegger's mandatory insurance proposal seemed to offer a starting point for fashioning a feasible plan for the short-term to fix California's health-care crisis. For the long term, I thought that the single-payer proposal favored by state Sen. Sheila Kuehl, D-Los Angeles, which the governor vetoed a year ago, would have served Californians better.

It now appears doubtful that states can effect health-care reform. The problem is national and requires a national solution. An article in the July/August 2007 issue of the *Washington Monthly* (that should be required reading) provides an in-depth analysis of reform measures of different ideological persuasions in several states. They all fizzled, according to Ezra Klein, the author.

In 1993, the state of Washington mandated universal coverage by requiring insurers to offer comprehensive benefit packages at affordable prices. The insurers rebelled; some even stopped doing business in the state. When Republicans took over the statehouse, they repealed the plan, leaving 13 percent of Washington's population uninsured. Hawaii, widely regarded as the state to have achieved near universal coverage since 1974, changed course when an economic downturn during the '90s necessitated major program cuts, leaving 12 percent of Hawaiians without health insurance. Similarly, Oregon and Tennessee, facing a downturn in their economies, had to scuttle their state programs when costs increased and tax revenues could not be raised.

Early results from Massachusetts suggest its new program might work. But a program in a wealthy state, with the lowest number of residents without health insurance, cannot be emulated in poorer states with large numbers of uninsured and low median incomes.

Economists believe that states are incapable of sustaining health insurance programs when economic recessions rob them of the revenue to cover their costs. States cannot respond because, unlike the federal government, they are constitutionally barred from running deficits. In a national program, the risk pool would be large, and the federal government has the fiscal powers to manage the program in lean times when people need it most.

But even if some states manage to establish such programs, it is not going to be easy. Gov. Schwarzenegger's proposal in California faces opposition from monied interests. These interests are aiming to kill any universal health care program he attempts to pass, and it appears almost certain that his plan could blow up in the governor's face. In speeches, the governor has been emphasizing that making insurance mandatory would require stringent reductions in health spending, an idea opposed by doctors, hospitals and businesses upset about his intent to tax their revenues. In addition, the plan will not cover the cost without an infusion of \$3.7 billion in annual federal subsidies, which is unlikely to get approval from the Bush administration.

Sen. Kuehl's single-payer proposal suffers from the same opposition and weak grassroots support. Despite gallant efforts to generate momentum, it is going nowhere for now. Even its sponsor acknowledges that it is unlikely to be adopted until a sympathetic governor is installed in Sacramento, which brings me to the main point.

We need a national solution to replace the patchwork of state and private plans. Much of our health-care system is already national. Medicare, Medicaid, Veterans Health and the Federal Employees Health Benefit Program, which also covers members of Congress, provide coverage to 40.3 percent of Americans compared to 59.7 percent covered by private insurance or employer-sponsored plans, according to the Commonwealth Fund.

According to the National Conference of State Legislatures, 19 governors have called for health-care reform in their states, and more than 10,000 health-related bills are under consideration in state legislatures. State governors and citizens groups deserve praise for raising the issue, but they would be more effective in accomplishing their goals if their energies could be focused instead on the presidential candidates and public education efforts that can lead to a national solution. Polls show that a majority of Americans favor universal health insurance, but they are confused about the details.

After Congress failed to act on President Bill Clinton's health-care reform proposal in 1993, the health industry, sympathetic economists and politicians misled us into thinking that we would be better off by transforming a human service into a market commodity. This idea strengthened the profit side of medicine; the price we pay for this is a system that is outrageously expensive and inadequate.

Experience from developed countries has shown that nationally financed health care works. In contrast, market-driven health care, based on the American experience, has been a dismal failure. All you need to be convinced is to look at private insurance, which rations health care by price and ability to pay, or look at our bizarre system for paying hospital bills full of undecipherable codes that never explain what the charges cover or the issue of more than 40 million uninsured Americans, which has remained unresolved for 50 years. Our system will make sure that the uninsured remain a permanent feature deep into the 21st century, unless we stop thinking in terms of what is politically feasible, and tailor a solution to what is really needed.

The question is: Will we ever muster the political courage to do it?

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