

How not to approach the health care issue

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It's clear that Vermont will continue to debate the best means to control the costs of health care. We have little choice, what we spend on health care constitutes about 15 percent of the gross domestic product. If Vermont can find a better way to provide care and to reduce what it costs, then let no one stand in the way.

That effort, however, requires Vermont legislators to be able to decide which ideas have merit, and which do not. Last week in Montpelier we saw an example of the latter.

The bill was H. 304, introduced by Rep. Francis "Topper" McFaun, R-Barre, which attracted the single-payer advocates, and, not surprisingly, about 150 Vermonters interested in a dramatic shift from what we have. The legislative proposal focuses exclusively on Vermont's hospitals, saying the hospitals would be required to treat all Vermonters, at all times, for all their needs. Hospitals would also have their budgets capped at the rate of inflation.

Hospitals, in turn, would be subsidized by the state and the state would get its money by assessing each Vermonter \$225 annually, plus assessing a 5.5 percent increase on their payroll tax [including businesses.] That's at least the funding mechanism being considered.

Proponents suggest that Vermonters would see their health care premiums drop by 40 percent and that the costs of running the state's hospitals would be cut by \$66 million through reduced administrative expenses.

The numbers don't add up, however. And there are few who truly believe that health insurance premiums would be cut by almost half. And how is it that a proposal that promotes increased usage actually ends up being cheaper?

It doesn't.

First, the state's hospitals are only one part of the state's health care picture. They constitute about a 40 percent share. Of the hospital's part, Medicare makes up about 50 percent. That's a federal program, and would not be affected by H. 304. Thus, it's highly questionable that dealing with 50 percent of the hospital's 40 percent share of the picture would result in health care premiums being slashed by 40 percent.

If Vermont pursued a policy that encouraged Vermonters to go directly to the hospital for all their ills, what would the effect be on usage? If it increased significantly, how would hospitals deal with the influx if they were held to a three percent cost of living allowance?

The bill's promoters suggest that the hospitals would be thrilled; after all, nine percent of their overhead administrative costs would be cut and they would be guaranteed a budget.

Hospitals would not be thrilled. Administrative savings – if there are any – don't continue at nine percent. This is largely a one-time savings, if a savings at all. Hospitals would be in financial trouble – and quickly - if they were held to three percent budget increases as their usage rates exploded.

If this is the sort of financial analysis we can expect from those dealing with the health care issue, heaven help us.

Then, there is the effect on individual Vermonters. A 5.5 percent increase in the payroll tax is about as regressive as one can imagine. We can't envision any proposal that would ignite passions any faster. Its proposed "benefits" would also affect Vermonters in radically different ways. For those wage earners already paying a hefty portion of their health insurance, the benefit would be minimal. And if people's health insurance premiums didn't drop by the forecasted 40 percent, they could then be put in a position of paying more than what they pay now. The same would apply to the state's businesses. If their health insurance premiums didn't drop, then what? How would large self-funded insurance programs be affected?

These are practical concerns that need to be addressed before Legislators give the proposal a

moment's thought.

There is also the philosophical side of the issue.

Why send the message that it's okay to run to the hospital for every little ache and pain, telling people not to worry, that it's paid for, that they will never be sent a bill?

And what is the effect of such a message on a state that already has trouble recruiting enough physicians to deal with the health care demands we already have? Why practice here, if the state is shoving the public to hospitals?

As was stated, no one doubts the primacy of the issue itself. Being creative [and honest] with the need to deal with health care as a global issue remains. But for that to materialize, we need first to reject that which makes no sense at all. H. 304 makes no sense.

by Emerson Lynn