

WHAT CAN BE DONE TO FIX HEALTH CARE

FIVE PROPOSALS TO REPAIR A BROKEN SYSTEM

In the past decade the skyrocketing cost of health care has had a devastating impact on American families and employers. Nearly a half-million people file for bankruptcy every year because of high medical costs. Another 47 million lack health insurance altogether. Clearly, the system needs reform. —*Jim Jaffe*

	MANDATE COVERAGE	EXPAND MEDICARE	END TAX BENEFITS FOR EMPLOYER-PROVIDED COVERAGE	REWARD EFFICIENCY	ENCOURAGE PREVENTIVE-HEALTH INITIATIVES
POSSIBLE REFORM	Create a system that requires all Americans to have health insurance, just as all drivers are required to have auto insurance. Premiums would be adjusted to keep coverage affordable. Businesses would be required to provide health coverage or pay into a fund.	Broaden Medicare to include the entire population. This proposal has support among those who believe it would take wasteful administrative costs—and profits—out of the system. An interim step might be to allow people 50 to 64 to buy into Medicare.	Treat employee health benefits as ordinary income, with the result that Americans would become more aware of the total cost of health insurance and shop more carefully for coverage—and care. This would then push down prices.	Offer incentives to make the system more efficient. Financially reward doctors and hospitals for providing higher-quality care at lower cost. Require that all providers use a common computerized medical-record system.	Financially reward or penalize the habits of individual policyholders—to encourage people to quit smoking or to lose weight, for instance. Government would play a role through education or even tax incentives.
PROS	Everyone would have health insurance. Eliminating the costs of uncompensated care for the uninsured would lower prices for everyone. The health of those now uninsured would improve.	Insurance companies pocketed billions in profits last year—money that could instead be used to offset basic health care costs. Medicare spends much less on administrative costs.	If patients were able to shop for coverage, they might be able to negotiate lower rates, as they've done on electronics and airline tickets. Or they might demand government intervention.	This would boost quality, make the system more efficient, and trim costs. Electronic record keeping would eliminate needless duplication and also improve patient safety.	If Americans adopted a healthier lifestyle, that could greatly reduce the numbers of those diagnosed with chronic illnesses—and the costs to treat them. It could also lead to longer life spans.
CONS	Some people might be forced to buy insurance they think they can't afford or don't need. This proposal would be politically difficult to enact.	This system puts providers—doctors, hospitals, and others—at the mercy of the government and leaves them little choice but to accept whatever prices Medicare chooses to pay.	The sick and the injured—especially in an emergency—will most likely have neither the time nor the ability to hunt for a bargain.	Electronic records could jeopardize patient privacy; hospitals and providers who make the capital investment won't benefit financially.	Some believe that these are strictly personal matters and should not involve government mandates or tax incentives. Longer life spans could cost the system more in the long run.
OUTLOOK	Massachusetts is moving in this direction, and a similar attempt in California failed. There may be reluctance to mandate coverage until more states prove that it is workable.	Some countries already use this single-payer system, and American analysts are watching carefully. But here in the States there is widespread resistance to the idea, so it may be difficult to pass.	There is growing awareness that employer-provided coverage is shrinking, necessitating an alternative. But this is a radical proposal for a system that tends to adopt incremental changes.	Electronic records alone would yield only a modest reward. They are not a comprehensive solution but would likely be included in broader reforms.	In the past, it has been difficult to launch and coordinate large-scale, sustained preventive-health campaigns.