

There are two major factors that must be considered for health care reform. First, millions of people that need care cannot pay for it. Millions of middle class people are slipping into that position. Second, insurance companies drain a large percentage money from health care for profits, CEO pay, advertising, marketing etc and impose on caregivers, patients and themselves a complicated set of financial stipulations that require another large percentage of health care funds for administration.

These two factors must be the basis for reform of the financial structure of health care.

First, the poor must be neither stigmatized nor required to pay at the time of need for health care. There should be no financial considerations or requirements at the time of need for health care.

The same care should be available to everybody.

The idea that every year, an individual subsidy must be calculated based on income is a bureaucratic nightmare. Funding should be on the basis of income taxes for both individuals and corporations and include all forms of income, not just wages and salaries. This makes health care affordable, based on ability to pay, and insures retention of employer participation, captures funding from business that currently shirk the responsibility and relieves some companies of a burden that their foreign competitors do not bear. Collecting funds through the tax system would be much more efficient than having a separate entity collect funds. The tax system is already in place and performs all the functions of a subsidized or sliding scale health plan. It merely does so at the collection end rather than the disbursement end of financial structure. Disbursements would be through regional, county, or multi-county agencies. This makes reimbursement more fair than under the power of a profit making insurance company.

Second, this reform means that insurance companies are replaced by slightly expanded government operations. But insurance companies have enormous financial reserves. Who do these reserves belong to. Do they belong to the policy holders? If so, what kind of relief are policy holders entitled to? Could the money be used to start up the disbursement agencies? The complex set of insurance policies must be replaced by a standard plan, saving everyone significant amounts of time. (I have a retired friend who is faced with choosing insurance from among several plans. He cannot read through the reams of policy provisions and decide. His employer and his union are also not able to give him advice because they also find analyzing the policies to be an impossible task. This is a grossly unfair situation that would be corrected by a standardized health plan.)

I have also recently learned of another situation that argues for a single standard plan and the efficiencies and savings that would be gained. The Monroe County School Board Association has the school districts in a health insurance consortium. It saves millions compared to previous years when the districts negotiated separate contracts. The Monroe County council of governments is seeking to bring all the municipalities into a similar consortium. They also expect it to save millions but there is an obstacle. County legislator George Weidemer tells me that state law prohibits some villages from joining the consortium because of their size. They have too few employees. Why is this? We suspect that this law was designed to protect insurance company profits. But more importantly, it seems designed to prevent the development of larger and larger pools of insured people at very significant savings. If all the schools and government entities in Monroe County joined together, they would save even more money because they would have an even larger pool. Extending this line of reasoning, if all the counties and cities joined together, there would be even more savings. Then if all the businesses and individuals in New York joined the cities and counties, we would have exactly what was recommended before, namely a standard policy, with everyone included and minimum administrative overhead. This is very similar to the governor's call for government reform because we have 4260 different taxing jurisdictions in New York State and so the governor created the commission on government efficiency to reduce the taxing complexities and save

save taxpayer money. The governor must also know that the health care financial structure with a myriad of different plans and policies is similar but much worse and that the solution is consolidation.

Another major factor in health care is fixed costs such as capital equipment and buildings. We need to return to the model of Health Systems Agency that has authority over capital outlays. Planning and cooperation is necessary to insure a reasonable balance between capacity and usage. The competitive model has failed to be efficient precisely because of duplication. It makes no sense for extremely expensive equipment to be purchased in the name of competition and then be idle while valuable resources are expended trying to capture the market. But it is also necessary to be prepared for calamity, catastrophe and epidemic and have ample facilities available. This is the planning and cost saving function of an HSA as I understand it.

Last, preventive and primary care, including regular check-ups, are well known cost saving measures. Early diagnosis is the most cost effective way to avoid expensive treatment of advanced illness and by definition will make providers more efficient.. If it is state policy to improve the quality of life and health status, preventive and primary care can and should be encouraged by removing deductibles and co-pays. The incentive is for people to take care of themselves and the reward is to have better health.

Much is said about expanding on the successful model of employer based health care. I do not understand why it is labelled successful. It has failed us as a nation and a state and every day brings news of another employer that is cutting or eliminating health care benefits. Not to mention what it means to workers who are layed off, on strike, between jobs or victims of globalization. Some businesses, like the auto companies, have lost out to international competition because they have provided health benefits. Others have, like fast food and big box retail, have profited because they do not provide health benefits. We know that there are powerful forces that are straining to prevent reform. An example is United Health Group. The Wall Street Journal ran a series of articles about the outrageous practice of back dating stock options for CEO William McGuire who received 1.7 BILLION dollars in compensation in 2005. This is the failure of the for-profit insurance business, where so much money intended for health care is diverted to line the pockets of greedy investors. Even after all the CEO pay, United profit was over 7 BILLION dollars. We need to create institutions that carry out policies for improving the health status of the public, not the profits of the corporations.

Among the facts that condemn our current health care policies is the rate at which mothers die during birth of their babies. In the United states the rate is 10 per 100,000, In Europe it ranges from 1 to 5 per 100,000. In Canada it is 4, in some countries like Japan it is almost zero. We have the best health care in the world thanks to the doctors, nurses, hospitals, clinics, and health care workers, but too many of us do not get that health care. And that is a function of the financial structure. We do not need more patchwork and programs and subsidies and sliding scales. We need to consolidate through a consortium that includes everyone whether you call it universal health care, or medicare for all or any other term. The basic points is that the insurance companies have created a complex, inefficient and overly expensive model that we can no longer afford. They have taken the opportunity to manage health care finances and failed to the extent that it is reasonable to exclude them from any further consideration as participants in any partnership for coverage.