

SHOW: Fresh Air

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GUEST: Economist Karen Davis, President of The Commonwealth Fund

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TERRY GROSS, host:

This is FRESH AIR. I'm Terry Gross.

GROSS: You've been studying this for a long time, so I'd be interested in hearing your opinions on some of these options [for health care reform]. Let's start with the single-payer plan. Do you think that that's a workable option?

Ms. DAVIS: I think it has strong features. It certainly would cover everybody, it would be very simple, and there is evidence that it would be efficient. The difficulty with it is that it really requires a huge increase in federal taxes to finance it. Currently employers are spending \$350 billion on health care. If you dropped that and went to a single-payer system, the federal government would have to pick that up.

GROSS: Here's what I'm wondering: You know, a lot of people say, 'I don't want my taxes raised.' On the other hand, everybody seems to be complaining bitterly about the health-care system, the expense of health-care insurance; a lot of people are uninsured. If it were put to people, 'Well, look, your taxes are going to go up; on the other hand, you're going to be guaranteed decent health care, you know, for the rest of your life and so will your family,' do you think that they might go for the higher taxes?

Ms. DAVIS: Well, I think people value health care very highly and I think they would be willing to pay both higher taxes and contribute toward their own health insurance coverage. But you have to have amounts that are affordable for people. And the real problem with the 41 million uninsured is they really can't afford to purchase health insurance on their own. And there about 30 million people who are underinsured, who even though they have insurance, it's really inadequate to help them pay their medical bills.

So I think the most realistic approach is one that would really get contributions from everyone. It would have employers contribute to health insurance coverage, it would have working families contribute a part of the premium, a part of the expenses, and it would have taxpayers providing assistance for those who particularly have low incomes or are very sick or disabled and really couldn't afford to pay for their own insurance or their own care.

GROSS: Let's look at the tax credits option. This is the option favored by President Bush. What exactly would that mean? What's an example of how that might work?

Ms. DAVIS: President Bush's proposal, for example, for an individual would provide a thousand dollars that you could write off of your taxes. Or if you didn't owe taxes, you'd actually get a thousand dollars in cash to go out and buy your own health insurance policy. And that might work reasonably well for a healthy, young person where when they go to buy health insurance they might find a premium of \$2,000, \$2,500. For a person aged 60--when they go to find a health insurance policy on their own, the premium's going to be \$6,000, and that's if they don't have a health problem--if they haven't had cancer, they don't have heart disease, haven't had a stroke, don't have diabetes.

GROSS: Well, you've just gotten to a real paradox in the health-care system and because the health insurance companies and the HMOs are profit-oriented systems, if you're sick, no one really is enthusiastic about insuring you because you're going to cost them a lot of money. And if you're trying to get insurance and you're sick, you're going to find it hard to get.

Ms. DAVIS: That's right. And that's why I think the real secret here is group health insurance rather than people's buying insurance on their own.

Most employers do provide health insurance to their workers. Now some workers can't afford to pick up even their share of the premium. So the federal government could do more to provide some premium assistance to those low-wage workers. And some employers, particularly small businesses, don't offer health insurance to their workers because they find the premiums high. Well, the government, either the federal government or state governments, could reinsure coverage to protect them against having a particular worker or dependent with high costs driving up premiums.

GROSS: One thing critics might say of that plan is it's creating an even bigger bureaucracy because it's adding state bureaucracies into the HMO and health insurance bureaucracies that already exist, it's expanding an already confusing system. There's a lot of critics of the so-called 'patchwork' approach to reforming the health-care system.

Ms. DAVIS: That's right. I think we need a seamless health-care system; we need some way of automatically signing people to health insurance coverage, and there are mechanisms. For example, electronic insurance clearinghouses were recently recommended by an Institute of Medicine report to really make it much easier for people to get enrolled in insurance or if they lose insurance because they change a job to make sure that they actually stay in some insurance system through an electronic insurance clearinghouse.

GROSS: But wouldn't that still be creating like a new bureaucracy if we're adding a new type of insurance for the people who are unemployed? I mean, thank goodness they'd have insurance, but still, for the medical system, is it further complicating and bureaucratizing it?

Ms. DAVIS: Well, I think it's important that we build on what exists. Because anytime you take something that's brand-new, it's very complicated. So what I would do at the federal level is take the plan that now covers members of Congress, a congressional health plan, if you want to call it that, and open that up to small businesses and individuals rather than creating something totally new--we know how that works; there are 170 different health insurance plans that participate in that; it's very good coverage--and really make that more widely available throughout the country.

GROSS: Now you're on the committee organized by the Institute of Medicine to create demonstration projects to reform the health-care system. What's the demonstration project going to be like regarding health insurance?

Ms. DAVIS: Well, this is to test out some new approaches providing to health insurance. I think, quite frankly, from my point of view, people are frustrated by the gridlock in Washington and starting to turn to states to really provide some innovation and really move us forward and to tackle this problem, because we're really not making much headway.

So what the Institute of Medicine report recommended is that the US Department of Health and Human Services issue a proposal to states and say, 'We're willing to fund three to five states for 10 years to cover virtually everybody in the state if you come forward with some good ideas about how you might do it.'

And the Institute of Medicine committee recommended two strategies to test out tax credits and to see if that works, perhaps using the states' income tax system, or to expand public programs, such as Medicaid, the Children's Health Insurance Program, to cover every uninsured person in the state, or perhaps to provide a combination of approaches that would help small businesses have options for providing health insurance coverage, as well as expanding public programs, including expanding the Medicare program.

In addition, the Institute of Medicine recommended that the states set up an electronic insurance clearinghouse. First of all, when you go the doctor's office, the doctor could check what insurance coverage you have. And if you don't have insurance coverage, they could then help you get signed up right there over the Internet with a form of health insurance coverage that works for you and your family.

So the Institute of Medicine is really recommending that we . . . try to make some changes in the health-care system that would promote efficiency; for example, just having people pick out a doctor that they would go to so they wouldn't use emergency rooms and to have that doctor responsible for making sure they're getting regular preventive care.

GROSS: Two of the guests I was speaking to earlier who advocate the single-payer system, they think that what is required right now is a mass movement of Americans rising up in demonstrations to say, 'We need a new system. This isn't working. You must fix it.' Would you like to see that? Do

you expect that to happen?

Ms. DAVIS: We do a lot of surveys of people and really ask them: 'What do you want?' And when we ask people if they want to give up their current coverage and move into a new system, a new kind of government-run system, most people don't want that. And anytime you start talking about taking away the coverage they have now and giving them something new and untried, I think people have a lot of qualms about that. So I think you're far better off saying let's build on what works. For people who have good coverage, let's just help them keep it; let's help them keep it when they become unemployed; make sure that they can still hold on to their employer health insurance coverage; and let's help everybody who's working get access to the kind of coverage that those workers with better jobs now have.