Inspire

Accountability: The General Public

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"We have met the enemy and he is us." – Walt Kelly, Pogo

Introduction

The general consensus is that the U.S. health care system is too expensive, provides less than desired levels of quality, and does not effectively cover enough of the country's population. While deficiencies in the quality and coverage aspects of the system are pressing concerns, the escalating cost of the U.S. health care system is a threat to the federal government's ability to meet its future fiscal obligations.

For example, to put Medicare on a sustainable path given current levels of spending and life expectancy would require a 15% payroll tax, according to the Affordable Care Act's (i.e., ACA) architect and MIT health economist Jonathan Gruber.[1]

Richard Nathan of the Rockefeller Institute hypothesizes that there are two main approaches to reforming the U.S. healthcare system. The first emphasizes government action to integrate services and in other ways increase the productivity, quality, and efficiency of care.[2] The second approach seeks to leverage the power of consumers to negotiate better costs, quality, and efficiency in the U.S. health care system.[3] While it is beyond the scope of this article to debate the positive and negatives of either approach, it is fair to say that they both have promise. Both approaches also have in common the need to obtain "buy-in" and support from the general public. A consumer-directed approach would need the active and enthusiastic involvement of the public acting as consumers to work. Likewise, a provider-value approach, would require the acceptance, or at least acquiescence, of the general public in regards to limits on provider access and consumer choice.

A health care reform effort not supported by the public will fail for practical, economic, and political reasons. For example, the broad implementation of managed care practices in the U.S. in the 1990s led to a significant slow-down in the rate of increase in the cost of care in the U.S.[4] Unfortunately, the general public and most health care professionals were not happy with managed care practices. In response to provider and consumer dissatisfaction, many managed care organizations dropped or loosened the business practices that allowed them to successfully control the cost of the care, i.e., provider risk contracting, limits of patient access to providers, and utilization management practices. The pullback on successful managed care practices led to a significant rebound in the rate of increase of the cost of care by the early 2000s.[5]

To date the general public has not shown a great deal of enthusiasm for accepting any real responsibility or limits when it comes to health care spending in the U.S. This will need to change regardless of the route health care reform takes in the future. Simply put, the status quo is not sustainable, and the American public must balance its expectations when it comes to access, quality, and cost to ensure that we meet our goal of universal high-quality affordable health care in the country.

The General Public and Health Care Access

Even with the implementation of the ACA, almost 30 million people living in the U.S. did not have any health insurance coverage for the entirety of 2015.[6] As a result, there continues to be a strong push to provide universal health insurance coverage in the United States. With the failure of congressional Republicans to repeal and replace the ACA in early to mid-2017, 57% of Americans now support a single-payer approach, under which all Americans would receive health care coverage from a single government-sponsored plan.[7] However, the same poll shows that support for a single-payer plan declines to 34% if enactment of the plan would require Americans to pay more in taxes.[8]

Is it possible to provide a single-payer health plan in the U.S. without raising taxes? According to a research report released by the Urban Institute in May 2016, the answer is "no". During the 2016 presidential election campaign, Vermont Senator Bernie Sanders, then a presidential candidate, released

a plan for a single-payer health care system in the U.S. The Urban Institute found that Senator Sanders' plan would increase federal government expenditures by $2.5 trillion annually, and total national healthcare spending by $518.9 billion per year.[9] Senator Sanders' proposal called for 2.2% income based tax on individuals, a 6.2% payroll tax on employers, and other increases in the estate, capital gains, and income taxes of higher-income taxpayers.[10] These taxes would raise approximately $1.4 trillion annually, leaving about $1.1 trillion per year of Sanders' plan unfunded by the Urban Institute's estimate.[11] Just funding the incremental increase in total annual national healthcare spending of $0.5 trillion would cost each of the 325 million people living in the U.S. over $1,500 per year.

The General Public and Health Care Quality

Notwithstanding the claims of some health care experts, the vast majority of Americans rate the quality of the health care they receive as excellent or good.[12] Additionally, polls show that Americans are very protective of the quality of the health care they receive. A Cato Institute/YouGov survey conducted in February 2017 showed that 77% respondents favor the ACA's protections for persons with pre-existing conditions.[13] However, when asked if they would favor the ACA's protections if those protections caused the quality of health care to worsen, only 20% of respondents (a 57% swing) would still do so.[14]

One idea to control health care costs is the implementation, in one form or another, of price controls. The theory of price controls might be more popular with the general public than health care economists. Significant majorities of Americans favor price controls on drug and device manufacturers, hospitals, and doctors (73%, 70%, and 63%, respectively).[15] However, health care price control measures have historically had an unfavorable impact on the quality care delivered by professional providers. During the 1970s and 1980s, many states experimented with hospital rate setting (i.e., price controls on hospital services). A 1988 study in the New England Journal of Medicine found that states with the most stringent hospital rate setting regulations had actual to expected mortality rates 6% higher than states with less stringent hospital rate setting regulations.[16] Other countries also use price controls to deleterious effect. For example, Japan currently uses price control regulations to set prices for services accounting for 95% of hospital and physician revenue.[17] These price controls have led Japanese health care professionals to focus on providing a higher relative volume of less-expensive and lower intensity services, and a lower relative volume of more expensive, higher intensity services. As a result, the quality of the more expensive, higher intensity services in Japan lags the quality of those same services provided in other countries. For example, the Japanese are only 25% as likely as Americans to suffer heart attacks, but are twice as likely to die from them.[18]

The General Public and Health Care Costs

Of the three main attributes of the U.S. health care system (i.e., access, quality, and cost), the general public is least satisfied with the cost of the system. A CNN/ORC poll taken in March 2017 showed that a significant majority of Americans are generally satisfied with the quality of health care they received and their personal health insurance coverage (78% and 68% respectively).[19] The same poll showed that a slight majority (53%) of Americans are generally dissatisfied with the total cost of their personal health care, including health insurance premiums and other expenses, and a substantial majority of Americans are generally dissatisfied with the total cost of health care in the U.S. (84%).[20]

While the general public appears to be unhappy with the cost of the U.S. health care system, they favor public policy measures that would most likely increase the overall cost of the system. For example, according to the same CNN/ORC poll mentioned earlier, 87% of Americans want to maintain the protections offered to people with pre-existing conditions under the ACA (i.e., guaranteed issue and community rating).[21] However, the same poll found that only 50% wanted to keep the ACA's individual mandate requiring everyone to purchase insurance.[22]

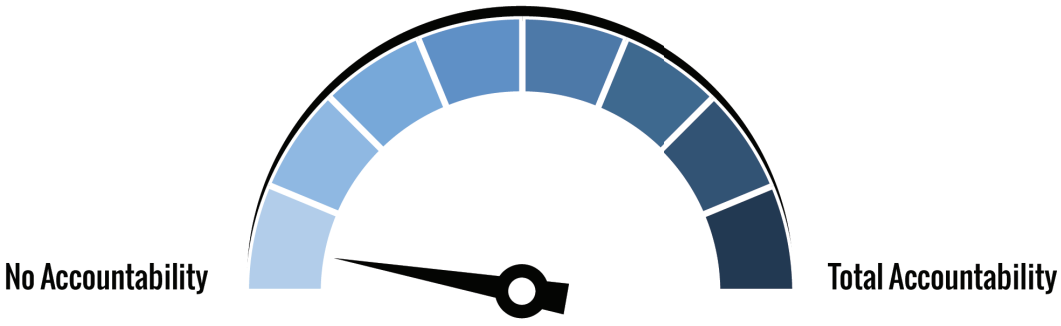
Pre-existing condition protections without an individual coverage mandate will lead to lower enrollment and higher prices as the healthy abstain from acquiring insurance until they need it, leaving the insurance pool with only high-risk (i.e., expensive) participants. For example, the state of New Jersey instituted guarantee issue and community rating requirements without a coverage mandate in its Individual health insurance market in the mid-1990s. Between 1996 and 2001, enrollment in New Jersey's Individual health insurance market dropped from 186,000 to 85,000, the median age of enrollees jumped from 41.9 to 48.4 years, and the premiums increased between 48 percent and 155 percent, depending on the plan.[23]

Conclusion

With the rising cost of care, the increased focus on health care quality issues, and the large number of uninsured, further reform of the U.S. health care system appears inevitable. However, the success of any workable reform program requires the acceptance and support of the general public.

Current polling suggests that the American public believes that it will have to make few, if any, sacrifices to reform the U.S. health care system. In reality, something has to give. To make universal, high quality, and affordable health care a reality in the U.S., a balance will have to be met between cost, quality, and access since optimizing all three at the same time defies the laws of economics.

For too long the American public has been a passive and critical participant rather than an active stakeholder in the U.S. health care system. By ignoring basic economics and entertaining pie-in-the-sky fantasies disseminated by politicians on both ends of the political spectrum, the general public has convinced themselves that there is a free lunch in health care. No free lunch has, will, or can exist, and until the American general public comes to accept this basic reality and understand that sacrifices will need to made by all parties, the vision of meaningful and lasting health care reform will never become a reality.



On the AHP Accountability Index (i.e., AAI), I score the general public's accountability in regards to the U.S. system to be very low. I believe that the general public is essentially unaware of the role that they play in the U.S. healthcare system. As a result, the American general public is the most significant impediment to any meaningful and permanent reform. Therefore, I assign the general public the lowest possible AAI score: "No Accountability/Unaware".

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[1]*"How to Rein In Health Care Costs: Empower Consumers", The Rockefeller Institute, http://www.rockinst.org/pdf/health_care/2012-12-Rein_In_Costs.pdf*

[2]*Ibid*

[3]*Ibid*

[4]*"Current and future developments in managed care in the United States and implications for Europe", Health Research Policy and Systems, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1079919/*

[5]*Ibid*

[6]*"Health Insurance Coverage in the United States: 2015", The US Census Bureau, https://www.census.gov/library/publications/2016/demo/p60-257.html*

[7]*"Kaiser Health Tracking Poll – June 2017: ACA, Replacement Plan, and Medicaid", The Henry J Kaiser Family Foundation, http://files.kff.org/attachment/Topline-Kaiser-Health-Tracking-Poll-June-2017-ACA-Replacement-Plan-and-Medicaid*

[8]*Ibid*

[9]*"The Sanders Single-Payer Health Care Plan: The Effect on National Health Expenditures and Federal and Private Spending", The Urban Institute, https://www.urban.org/research/publication/sanders-single-payer-health-care-plan-effect-national-health-expenditures-and-federal-and-private-spending/view/full_report*

[10]*Ibid*

[11]*Ibid*

[12]*"Americans Rate Healthcare Quality High, Cost Low", Gallup, http://www.gallup.com/poll/199220/americans-rate-healthcare-quality-high-cost-low.aspx?g_source=&g_medium=&g_campaign=tiles*

[13]*"Cato Institute Health Care Survey", Cato Institute/YouGov, https://object.cato.org/sites/cato.org/files/wp-content/uploads/catoinstituteyougov_healthcaresurvey.pdf*

[14]*Ibid*

[15]*"Poll: Americans Want Bold Steps to Keep Health Care Costs in Check", The Harris Poll, http://www.theharrispoll.com/health-and-life/Americans-Want-Health-Care-Costs-in-Check.html*

[16]*"The Effects of Regulation, Competition, and Ownership on Mortality Rates among Hospital Inpatients", The New England Journal of Medicine, http://www.nejm.org/doi/full/10.1056/NEJM198804283181705*

[17]*"Legislating Low Prices: Cutting Costs or Care?", The Heritage Foundation, http://www.heritage.org/health-care-reform/report/legislating-low-prices-cutting-costs-or-care*

[18]*Ibid*

[19]*"CNN/ORC poll: Public splits on revoking individual mandate", CNN, http://www.cnn.com/2017/03/07/politics/health-care-replacement-poll/index.html*

[20]*Ibid*

[21]*Ibid*

[22]*Ibid*

[23]*"Reform With No Mandate? Ask New Jersey About That", The New Republic, https://newrepublic.com/article/101948/supreme-court-mandate-new-jersey-insurance-reform*

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