

# **The American Health Care Crisis**

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No country in the world spends as much on health care as the United States, or gets as little for its money. In 1992, fully 14 percent of U.S. Gross Domestic Product (about \$2,700 per person per year—though by no means do all people receive health care) was spent on health care, and yet a recent study of seven industrialized countries found the U.S. dead last in basic health indicators. We have fewer doctors per capita, higher infant mortality, and shorter lives. And nearly 100 million people went without any health insurance for part or all of the year. Surveys find that people are quite worried about their access to health care—two-thirds fear they couldn't afford long-term care, and almost half worry that they couldn't finance a major illness. The crisis is particularly severe for the unemployed and for those in low-paying jobs—precisely those in the worst position to cover medical expenses, and the most likely to get ill.

The costs of operating this for-profit health system are rising sharply, far ahead of the inflation rate. Much of this spending does not go into treatment—about one out of eight dollars spent by the health insurance companies goes to administrative costs, nearly ten times what it costs Canada's nationalized system (the world's second most expensive) for paperwork. U.S. doctors are better paid than their counterparts in other countries, drug costs are higher, and insurance and hospital profits are soaring. Only people's health lags behind.

As costs rise, insurance companies get pickier about whom they'll cover, and make workers pay a growing share of health care costs through higher deductibles, rising premiums, co-payments, and reduced coverage. Insurers avoid entire industries as too risky, and refuse to insure people who get sick. Similarly, HMOs avoid rural areas and economically depressed inner cities where it is more expensive to provide care and where people are more likely to need medical treatment. And growing numbers of employers reserve the right to cancel workers' health insurance if their treatment gets too expensive (or threatens to).

The health care industry has proven incapable of providing even basic medical services to most people, but it has been one of the few economic sectors to create new jobs even during the current recession. The health business added 3 million new jobs between 1980 and 1991, according to the November 1992 Monthly Labor Review, and health care wages grew at 6 times the national average (though this is in part the result of low-paid service workers unionizing and demanding a living wage). Employment in health insurance offices led the pack as thousands of auditors and other paper pushers were hired in a desperate attempt to take charge of escalating costs by close monitoring of health care providers.

## **Capitalism Cannot Work**

Even the capitalists are forced to admit that the healthcare marketplace simply does not work. As corporations have found themselves paying ever-escalating insurance premiums, the country's largest corporations have joined the call for health care reform. A front-page article in the New York Times termed health care an "economic outlaw," because medical insurance served to insulate consumers from rising costs. "Americans have every incentive to seek additional medical care, even if the benefit they stand to gain is modest compared with the total cost..." (The extent to which this is true is quite limited. Not only are many people excluded from health care because they have inadequate or no coverage, but for several years employers have been pushing an ever-increasing share of expenses onto workers.) Nor does the alleged "invisible hand of the

market” function—sick people are in no position to shop around for a better deal and rarely have the expertise to evaluate the quality or necessity of their treatment.

Indeed, capitalism inexorably lead to higher costs. Doctors and hospitals create their own demand for services: the more hospital beds there are in a community, the more doctors put patients in hospitals and the longer hospitals keep them there; the more surgeons in a community, the more operations are performed to support them. One study found that doctors who perform their own radiological tests prescribe such tests at least four times as often and charge higher fees than did doctors who referred patients to radiologists. Drug companies charge high prices for prescription drugs to finance costly advertising campaigns to persuade doctors to prescribe their brand-name drugs rather than cheaper generic equivalents. Hospitals buy the latest equipment, regardless of whether it’s needed, simply to keep up with the competition—and then charge high prices to make up for the fact that it is hardly ever used. And as hospital admissions decline and average hospital stays shortened, the number of employees on hospital payrolls (largely administrators and book-keepers) soared. Between 1970 and 1989 the number of health care administrators in the U.S. increased nearly six-fold, while growing numbers of hospital beds lie empty. As doctors David Himmelstein and Steffie Woolhandler note, “It apparently takes substantial administrative effort to keep sick patients out of empty hospital beds.”

The Times finds this outrageous, and for good reason (it makes the health coverage they provide their workers more expensive). But the most serious problem with market-based health care entirely escapes their notice: under our capitalist health care system many workers, and indeed entire communities, do not receive basic health care services. Hospitals (including ostensibly non-profit ones) refuse to treat patients who don’t have health insurance or well- paid jobs. About 300,000 people are refused care each year at hospital emergency rooms because they are uninsured or inadequately insured; if their lives are in immediate danger they are patched up and shipped to often overcrowded private hospitals. And many people go without necessary medicine because they cannot afford to pay for it. The U.S. has the highest infant mortality rate of any industrialized society (even developing countries such as Singapore do better), and both men and women die at younger ages than do our fellow workers in many other countries. Quite simply, thousands of our fellow workers suffer and die each year because of the capitalist health care industry and its profit motive.

## **Managed Care No Solution**

Clinton’s health care reform plan begins with the basic assumption that Americans are overinsured, and thus focuses on creating incentives to force us to be more cost-conscious health care consumers. Managed competition might (depending on how tight- fisted the government proves) end up saving money over the long run (in the short run it means higher costs and higher profits for the insurance industry), but only at the expense of people’s health. Clinton proposes phasing in “universal” health care over the next four years (undocumented workers would not be covered—apparently they will be left to die in the streets). But this “universal” plan would offer only the most minimal coverage—co-payments of as much of \$25 per visit would discourage many people from seeing doctors, and Medicaid and Medicare benefits would be slashed. Himmelstein and Woolhandler describe the Clinton plan as one designed to make insurance companies the feudal lords of American medicine, “push[ing] all but the wealthy into a few cut-rate HMOs,

owned by insurance giants such as Prudential. Since only the wealthy could afford higher cost plans, Managed Competition would ratify a system of care stratified along class lines, separate and unequal.”

Instead of reducing bureaucracy and administration (overhead accounts for about 14 percent of U.S. health care costs), Clinton’s plan would add new layers to the bureaucracy, while transferring Medicaid recipients from the relatively efficient (3.5% overhead) public sector to inefficient private businesses. Newly created regional health alliances would collect premiums, while a new National Health Board would establish an overall health budget and regulate premium levels. Workers would be required to pay income taxes on the value of any health care benefits that exceed the government’s minimal package (mental health, vision and dental coverage, for example). And patients would have to pay extra if they wanted to choose their own doctor.

Pilot managed care programs demonstrate that quality health care is the last thing on the government’s mind. Typically, these systems operate under a fixed price scheme in which health care providers get the same money whether or not they provide any services. Some go further, paying more to doctors who spend less. This is supposed to discourage unnecessary expense, but it is at least as likely to discourage necessary health care. When the Pentagon tested a managed care system on military families in Virginia, it didn’t bother to monitor the quality of care being offered. But it definitely saved money.

Similarly, the federal government has been encouraging Medicare patients to sign up with health maintenance organizations (HMOs). Since HMOs provide and pay for medical services directly (unlike insurance companies, which get billed after the fact), they have a clear incentive to provide as little service as possible. A study of New York City HMOs found that several did not keep adequate patient records, showed little interest in monitoring patient histories, spent huge amounts on marketing and advertising that could go to care, and provided little concrete information to patients. A 1990 General Accounting Office survey of care provided to Medicaid recipients by Chicago-area HMOs found that required preventive care was not provided to children, and worried that incentive payments to cost-cutting doctors encouraged them to delay and deny care.

Managed Care schemes cut costs in part through hard bargaining to hold down doctor and hospital payments. HMOs skimp on doctors, having them handle nearly twice as many patients as do doctors in private practice, generally leading to long waits for rushed consultations. But their centerpiece is the requirement that doctor’s visits and medical treatment be preapproved. HMOs refuse to authorize what they considers unnecessary or inefficient practices. For example, one HMO cut a patient’s psychotherapy benefits because the patient refused to take the mood altering drug Prozac. Giving people drugs instead of treatment is certainly cheaper, but is cost the primary basis upon which these decisions should be made?

As the Left Business Observer concludes, “Providers under the whip of profit maximization will skimp on care to fatten profits... In health care, the market kills.” But for all their skimping on actual health care, HMO premiums have been rising even faster than for the medical system as a whole—even without taking into account increased co-payments and other hidden costs.

## Business Unions Capitulate

The Clinton proposal has been roundly condemned by consumer groups and the health care reform movement as a placebo at best, and at worst a mechanism for sucking an ever-increasing share of our wealth into the pockets of the health care profiteers. An editorial in *The Progressive*, for example, praised the Clintons' sympathetic manner but concluded that their prescription could not solve the underlying problem:

Why won't it work? Because it deliberately and decisively refuses to deal with the root cause of all the ailments so admirably described by the Clintons: the fact that the health-care system in the United States is market-oriented and profit-driven. At every level and in every aspect, health care in our country is provided on the basis of someone's ability to turn a buck...

In recent years unions have been one of the leading forces in the battle for health care reform. The rising costs of health care benefits have been one of the factors driving corporations' all-out assault against unions, prompting many business unions to come out in favor of a Canadian-style single-payer system in hopes of eliminating the non-union sectors' cost advantages. But when the Clintons declared for Managed Competition most unions went along. The American Federation of Teachers, for example, ran a "special report" arguing that securing decent health care is beyond unions: "No matter how hard your local union fights for you, it can't give you the security of health care that's always there. The problem's just too big for any local union, district or national union to solve." But for all their efforts to sell the Clinton plan, primarily by presenting it as a minimum leaving unions free to negotiate better deals, the AFT admits that the "pretty short" list of excluded health benefits includes dental care, orthodontia, hearing aids, contact lenses, psychotherapy, etc. While workers could still choose their own doctors, they would be required to pay more to do so. And workers would be required to pay income taxes on any health benefits that exceed the government's stingy package.

The situation will be even worse for part-time workers. Employers will pay a pro-rated insurance contribution based on the number of hours they work, part-timers will be required to come up with the rest of the money themselves (and since coverage will be mandatory, they will find themselves in a very deep hole indeed).

Most health care reformers call for a "single payer" system modelled on Canada's, where basic health care services are funded by taxes and the government pays doctors and hospitals directly. Such a system reduces administrative overhead and paperwork by eliminating insurance companies, as well as economic barriers to health care access. And since the government is the sole payer of health care bills, it can theoretically set global budgets to hold expenditures in line. (In practice this works less well; the Canadian system is the second most expensive in the world and offers coverage only marginally better than that in the U.S. Since doctors and hospitals continue to operate in a capitalist economy, they have strong incentives to push payment levels upward; the government must choose between limiting available health services and taking on the powerful health care industry.)

But this also gives the government immense powers over the lives of its citizens—the power to dictate what medical services will be available, what drugs they will and will not take, etc. In an era of economic decline, the government could quickly become an HMO-like operator backed by the full coercive power of the state.

## Syndicalist Approaches

In a society organized along anarcho-syndicalist lines, health care would be one of the many necessities available to all without charge. While we have little interest in developing a social blueprint (the details of any free social organization must of necessity be worked out by those who constitute it, and evolve in accord with experience and changing needs), a syndicalist health care system would surely be self-managed by health care workers themselves—working through their union which would include all workers involved in delivering health care, from those who scrub the floors to the nurses and doctors. Health workers' unions would federate among themselves internationally—to share and develop their expertise, to provide training, etc.—and with other groups in their communities to ascertain what services are needed and to ensure that the necessary resources are provided. This would likely involve a radical rethinking of the way in which health care is delivered, with greater attention to preventive care (prenatal care, routine checkups, nutrition, etc.—but also environmental conditions) and changes in the division of labor which now separates doctors' mental labor (diagnosis, prescription, etc.) from hands-on treatment.

Anarchists have considered these issues before, if not in the context of our highly technological medical system. Kropotkin argued that the progress of civilization could be measured by the extent to which such necessities (a term he defined broadly to also include culture, information, etc.) were available, free of charge, to all. G.P. Maximoff noted that medical and sanitation services (sanitation was the preventive medicine of the day—indeed it is only in recent decades that medicine developed the ability to significantly improve people's health) were essential public functions to be supported by the communal economy and administered by the union of medical and sanitary workers. “The Public Health service will cover the entire country with a close net of medical and sanitary centers, hospitals and sanatoria.” Alexander Berkman argued that such needs should be met by locally based voluntary committees, rather than by centralized structures which were likely to overlook real needs and stifle the spirit of human solidarity so necessary to social progress.

During the Spanish Revolution, our comrades faced the problem of constructing basic medical services essentially from nothing. (Spain certainly had doctors and hospitals, but like other social services these were not available to most workers because of cost and location.) As Gaston Leval wrote,

The socialization of health services was one of the greatest achievements of the revolution... The Health Workers' Union was founded in September, 1936... All health workers, from porters to doctors and administrators, were organized into the one big union of health workers...

Before the revolution, Spain had one of the highest infant mortality rates in Europe and vast inequality in access to services. So it was not sufficient merely to take charge of the existing system—it had to be (re)constructed from the ground up. In Catalonia, the health workers' union distributed health centers throughout the province to ensure that everyone was within easy travelling distance. There were, of course, many difficulties:

Where there had been an artificially created surplus of doctors serving the wealthy under capitalism, there was now under the socialized medical system a shortage of

doctors badly needed to serve the disadvantaged masses who never before received good medical care... Not all health services could be entirely socialized, but most of the dental clinics in Catalonia were controlled by the syndicate, as were all the hospitals, clinics and sanitariums... Private doctors still practiced, but... the cost of operations was controlled. Payments for treatments were made through the syndicates, not directly to the physicians. In the new clinics, surgery and dental extractions were free...

In the village of Albalate de Cinca, for example, the local collective provided free health care to all, providing the town doctor with medical supplies and books, and, of course, with the necessities of life from their collective labor. Similar arrangements were made throughout Aragon and Catalonia.

It is, however, relatively easy to sketch how we might provide health care in an ideal society; given that we are not presently in a position to socialize the health care system, the question of what our position should be towards proposals to address the immediate health care crisis remains open. In Britain, the anarchist movement—while intensely critical of the many inadequacies of the nationalized health care service and its bureaucratic deformations—has generally opposed efforts to reprivatize health care, recognizing that this would only worsen the situation. Similarly, in the U.S. many anarchists have taken part in efforts to fight the closing of public hospitals or their privatization.

Some anarchists, such as the anarchist caucus of the Committees of Correspondence, call for a national health plan, apparently modelled after Canada's system. But it is far from evident that such a system can meet people's needs. In Canada, health care costs are rising almost as sharply as in the U.S., prompting government efforts to control costs by cutting back on services. Workers (whether in health care, or in society as a whole) have little influence over health care policy—rather the important decisions are made by government bureaucrats, and driven by the need to placate the health care corporations, on the one hand, and the transnational corporations' demands for global competitiveness on the other.

Any meaningful health care reform needs to eliminate capitalism from the health care system and place decision-making in local communities (though funding would need to be drawn from a wider area, in order to address the vastly different wealth levels and the greater health needs typically found in poor communities). This might take the form of community-based health clinics, mutual aid societies (of the sort that provided sickness and death benefits to hundreds of thousands of workers in the early years of this century), or union-sponsored facilities.

Decent health care should be available to all as a fundamental human right. Yet infants die for lack of prenatal care, people live in fear of being bankrupted by medical bills in the event of a major illness or accident, many others cannot afford medications for chronic illnesses, people die every day because there is no profit in treating them. This is a strong indictment of our capitalist system and its inability to meet basic human needs. But the solution is not in strengthening the insurance companies or more government control. Rather, we must seize control of health care—so necessary to ensure our ability to live out our lives—and build a health care system (and, indeed, a society) organized around fulfilling human needs.



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