

Sense of crisis prevails in US healthcare

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America's healthcare system is broken. If there is one statement on which the majority of Republicans and Democrats agree – along with employers and individuals and even some health plans – that is it. Fixing it will be another matter.

Hard numbers explain the sense of crisis – and why all the presidential candidates in recent US primaries felt the need to offer at least a partial blueprint for reform.

Since 2000, premiums have risen 91 per cent on average, while wages have risen 24 per cent, and there are now 47m people – 16 per cent of the population – without insurance for all or part of the year, though they include the young, fit and well-off who eschew cover.

But as worrying for the sense of national wellbeing is what is happening to a 25m-strong group known as the “under-insured”, whose plight is taking the healthcare crisis to the heart of the middle class.

Within this category fall people who have insurance but are being hit by out-of-pocket medical expenses that consume a disproportionately large slice of their income.

Their ranks have risen by a “startling” 60 per cent in five years, according to the Commonwealth Fund, the health research foundation, as small employers, in particular, curtail coverage in the face of rising premiums.

Cathy Schoen, a senior vice-president at the fund, says: “Under-insurance now affects more than 10 per cent of those earning between \$20,000 and \$60,000 a year. Today in America you can have health insurance and still go bankrupt if you get sick.” A Harvard study undertaken at a few years ago suggests that medical bills play at least a part in about half of all personal bankruptcies – affecting 2m Americans a year once dependants are counted in.

This happens in a country that spends \$2,000bn a year on healthcare and rising, about half of it tax dollars and half private spending by employers and individuals. As a share of domestic product, that is half as much again as the next biggest spenders such as Canada and Germany. It is twice as much per head once the amounts have been adjusted for the cost of living.

Yet this expenditure does not deliver good results. The US is bottom of 19 countries for deaths in those aged under-75 for conditions potentially preventable by timely and efficient healthcare. And – on the latest figures available – it is improving on that more slowly than, for example, France, the Netherlands, Australia or even the UK.

A big international study two years ago found that middle-aged English people were far healthier than their US counterparts. “People just couldn't believe it,” says Sir Michael Marmot, professor of epidemiology at University College London, who led the UK arm of the study. “They assumed that people would be better off if they received more healthcare.”

Europeans tend to view this picture with *schadenfreude*. But any tendency to smugness should be tempered by a proper appreciation of the US's achievements.

While it may have some of the worst healthcare in the developed world, the US has much of the best medicine. Its research is cutting edge. It has academic complexes that combine healthcare and science at Johns Hopkins, Massachusetts General and Stanford that Europeans wish to emulate.

Kaiser Permanente, one of the better managed care organisations, has been shown to produce better care at lower costs than Britain's National Health Service – a finding that has generated controversy in the UK.

And the best US surgical providers, along with some of the insurers with the best health management packages, such as UnitedHealth, Humana and Aetna, are gaining contracts in Europe, though on a small scale.

Furthermore, for all the dire statistics charting rising costs and shrinking coverage, Stuart Butler of the Heritage Foundation notes that the majority of working age Americans still have cover “and many still

have first-dollar cover" – paying little or nothing up front. They may be worried about what is happening to friends and neighbours, but for them "healthcare is still pretty close to free to the consumer". They will take some persuading, he says, that any change will not disadvantage them.

In addition, there is no agreement on the shape of the reforms. Presidential candidates John McCain and Barack Obama are offering radically different solutions.

Alan Weil of the National Academy for State Health Policy and Joseph Antos of the American Enterprise Institute both say the climate feels similar to the broad consensus that had arisen in the run-up to the ill-fated health plan from the Clinton administration in the mid-1990s.

Everyone agreed change was needed, but when it came to it, the answer was "yes, but not this reform".

Uwe Reinhardt, professor of political economy at Princeton, also notes that, in so far as reform is aimed at restraining costs, "every dollar of expenditure is a dollar of someone's income" – and they will defend it.

The states that are trying – Maine, Vermont and Massachusetts – have not found it easy. And the joint plan of a Republican governor and Democratic legislature ran into the ground in California last year.

Trish Riley, the governor's director of health policy for Maine, which has made some progress in tackling coverage, cost and quality, tells the story of the health reformer who goes to heaven and asks: "Lord, will we ever get comprehensive health reform in the US?" God replies: "Oh, sure. Absolutely sure. Just not in my lifetime."

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