

**Secure Your Financial Future**THIS STORY HAS BEEN FORMATTED FOR EASY PRINTING

MEDICINE'S 'PROBLEM' IS STILL INSURANCE

Author(s): MARK VONNEGUT Date: July 23, 2000 Page: E5
Section: Focus

The United States is the only industrialized nation to rely on private medical insurance as a way to finance health care. It cannot go on much longer.

The underlying mathematics are those of a pyramid scheme that depends on sucking ever-increasing amounts of money in at the bottom to cover the ever-increasing obligations made at the top. We are a chain letter at the breaking point. The amount of money the average American pays for health insurance is 10 times what it was a decade ago. Most of the working class pays as much or more for health care as it does in income taxes.

Yet health insurance is seen as a near-necessity today. Virtually every American who can afford it has it. That means that there are no new dollars available to feed the game's built-in inflation.

Meanwhile, the cost of medical care continues to soar. Technology makes available more and more cures, hopefully with fewer side effects, and patients want more and more done. What past generations accepted - be it baldness, headaches, acne, or heart disease - this generation wants fixed.

Thus has it ever been. Regressing to the period when we accepted the fact that nearly half our children would die of infectious diseases would be nonsense. To want more for ourselves and our children is good. But by financing medicine via insurance schemes, we have poured fuel on the fire of spiraling demands.

In the beginning, the philosophy of insurance - whereby the healthy many paid (through their premiums) for the care of the sickly few - made sense. Medical insurance covered only hospitalizations and surgical procedures. It was economical and efficient.

But the amount of surgery done, and the amount of hospitalization required, has doubled costs again and again and again. While many of the covered patients needed surgery and could not have otherwise afforded it, this skyrocketing of prices has spread to other areas

more and more done. What past generations

covered by insurance. Up went the cost of lab tests, specialist care, routine office visits, and, most recently, pharmacy benefits.

Every new component of medical care that falls under insurance is a great boon to those who need it, but removing any incentive for restraint on the part of patients and providers leads to a rapid ballooning of the amount of service provided, and the cost of that service.

Indeed, many things that were paid for out of pocket 10 years ago are today so expensive that patients could not possibly pay for them themselves. And providers are prohibited from offering services to self-payers below the inflated prices needed to meet the increases in overhead that are, in turn, necessary to insure third-party reimbursement.

This can't work out over the long haul any more than a chain letter can make us all rich.

Changing insurance strategies such as HMOs, managed care, and most recently, "capitation" (in which a doctor gets a set fee per patient) can work for a time to make medical care less expensive for some people. But in the long run, it is like rearranging the deck chairs on the Titanic.

Even if we had perfectly structured, honest, and well-intentioned insurers, and even if pharmaceutical houses charged just a small amount over cost for product, and even in a world populated by wise, restrained practitioners and patients - we'd still be in trouble. The underlying math is simply unworkable.

The problem is bigger than fixing any of its pieces. We have to acknowledge that in the diverse world of medical care, insurance is a very good way to pay for some services, such as heart and liver transplants, but a doomed and very poor way to pay for many others.

Increasingly, the only way for insurance plans to survive is by risky business practices, wholesale denial of benefits, or finding some other way to shift the inflated costs of care to someone else. All these things work against our need for good medical care that is affordable to both patients and society.