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Perspectives on Single-Payer Models from a National Health Plan Advocate

Dr. Birnholz:
With elections on a national level fast approaching and questions about the future of healthcare coverage taking center stage in just about every candidacy for public office, the subject of single-payer healthcare is perennially at the forefront of discussion and debate. Today, we have an opportunity to cross-examine this model's strengths and setbacks from the unique vantage point of a nationally-renowned advocate.

Welcome to *Voices from American Medicine* on ReachMD. I'm Dr. Birnholz, and joining me in our continuing exploration into the merits and drawbacks of single-payer healthcare is Dr. David Himmelstein, primary care doctor and distinguished professor at the School of Urban Public Health at Hunter College in New York. Dr. Himmelstein served as Chief of the Division of Social and Community Medicine at Cambridge Health Alliance and continues to be on the faculty at Harvard Medical School. He is also the cofounder of Physicians for a National Health Program, which is a not-for-profit organization consisting of over 20,000 healthcare professionals. Dr. Himmelstein, welcome to you.

Dr. Himmelstein:
Thanks for having me.

Dr. Birnholz:
So, to start, I think it's safe to say based on your background that you're something of an advocate for instituting single-payer healthcare, but can you just walk us through your position and how it relates to or differs from national healthcare proposals and public option initiatives that have come along on the scene more recently?

Dr. Himmelstein:
Well, what we've proposed is that everybody be covered under a national health insurance plan that would provide really comprehensive first-dollar coverage for a very broad range of medical services and really simplify the administrative structure and do away with many of the inequalities in our health insurance system. So, instead of paying premiums and out-of-pocket costs, copayments, and deductibles when you seek care, people would pay into the system in the form of taxes and wouldn't see a bill when they actually went to see a doctor or needed hospital care, and doctors would bill the national health insurance program rather than private insurers and their patients, and hospitals, instead of billing patient by patient, would be paid a single lump sum budget that would cover their operations much like the way we pay fire departments or schools in this country. We don't say, "Tell us how many homework papers each teacher has corrected, and then we'll bill one at a time for those," and the beauty of that in a way is that you save a tremendous amount of money on the paperwork and bureaucratic costs of our current system. Health insurance at this point in the US is tremendously wasteful, so for every dollar we pay into health insurance companies, we only get about 85 to 86 cents worth of care out, and the rest goes for the overhead of paying the insurance claims and fighting with hospitals and doctors and CEOs' incomes and that sort of thing. We know from experience in Medicare in our country and the Canadian national health insurance program that instead of taking 15 cents of every dollar for insurance overhead, we could do it for two or three cents on the dollar, and those extra monies could be used to provide care, and for doctors and hospitals, the simplification of the way we pay for care would also save tremendous amounts of money.

Dr. Birnholz:
One of the global elephant-in-the-room questions here, however, is obviously that this issue garners a huge amount of attention from the public, from the political and the private industry sectors, but they're never in alignment, and when you paint the picture of massive

health cost savings and much better delivery of care and better outcomes, it sounds like one of those , slam-dunk obvious situations, but it hasn't been that way. Can you talk about this, this push and pull from various stakeholders for many, many years now, and whether national health care is actually something that's realistic in our country?

Dr. Himmelstein:
Well, to get the savings that you need to improve the coverage, you're actually going to go up against some very powerful interests in our country, so private health insurance companies in this country, in my view, do nothing useful. They don't add any value to the system, but they're taking about 250 billion dollars each year for their overhead and profits, and obviously that's a very powerful force, but they're not needed, they're not contributing, so I think we need to find a way to get them out of the system. And we obviously need drug companies, but we shouldn't be paying twice as much for drugs as people in other countries do, and a national health insurance program would bargain down the price of drugs to a reasonable level, and, again, save really a lot of money. So, yes, those are very powerful foes, and we recognize that their opposition is a problem. On the other hand, what we're saying to the American people is, "Look, your care can be so much better and so much cheaper for you than what you're now spending," and really the question is – do we have a democracy in this country? Are we a country where something that would help the vast majority of Americans, is that possible even over the objections of some rich and powerful people? And I'm confident that we still do have enough democracy to accomplish difficult things, and I think our country is better than to say that's not something we can do.

Dr. Birnholz:
Oftentimes this subject is put in terms of big money or corporate interests and political deadlocks set against public pressure and outcries for change, but what in your vantage point would you say is the buy-in from the public and from the healthcare community because it does not seem to be a full buy-in?

Dr. Himmelstein:
Well, polls are recently showing that about 60 percent of Americans say they favor a universal national health insurance program covering all Americans for all needed care paid for out of taxes. Now, if you say that would replace your private insurance, that number goes down, but if you then say, "It would replace your private insurance, but you could go to any doctor, any hospital in the country," it goes right back up to about 60 percent, and under a single-payer health care, Americans could go to any doctor, any hospital that they choose, and that's, in fact, what is true today in Canada. When we first started Physicians for National Health Program, a reporter said to me, "Physicians for National Health Program" – is, that a sister group to Furriers for Animal Rights? I mean, who's going to support that among doctors?" And back many years ago when we started it, there wasn't that much support, but clearly there is today. The American College of Physicians, the second largest medical group in the nation, just came out endorsing a single-payer reform as a preferred option for healthcare reform. The American Medical Association voted just 52 to 48 against single-payer, so even the very conservative AMA is now quite closely split on this issue, and it's not just doctors. The largest nursing union in the country, National Nurses United, is a very strong proponent of national health insurance, so I think we've seen building momentum both within the public and within the health professions in favor of the kind of reform that we're talking about.

Dr. Birnholz:
I think you provide a really good segue in terms of exploring one of the biggest arguments both for and against single-payer systems, which comes down to healthcare costs. On the "for" side, there are studies indicating that hundreds of billions of dollars could be saved in instituting national health care. However, on the other side, there is the argument that it's just not economically feasible on a macro level, whether one supports this or not, to institute such a plan that might not have a return on investment for over ten years.

Dr. Himmelstein:
There was the recent Review article that looked at all the estimates of what this would cost. The vast majority of estimates that have been made, I think it was 19 out of 23, say that single-payer reform wouldn't just save money over ten years – it would be cost neutral even in the first year. So, right at the beginning, because we could save so much on insurance overhead, we could expand coverage without expanding costs, and then over the next nine years after that, the best estimates say that we could actually substantially lower costs from where we are now. So, I think this is something that is economically doable. Really the problem is political, not economic, and , again, if we look around at other countries, we're spending three or four thousand dollars more per person than any other country on the face of the earth on our health care, and all of those other countries that we would compare ourselves to, they provide really comprehensive national health insurance.

Dr. Birnholz:
So, has there also been evidence of diminishing bankruptcies, which we know in this country is often tied to healthcare-related costs, improved credit scores, let alone differential health outcomes over time in other countries, from Canada to England to Switzerland?

Dr. Himmelstein:

That's right, and we've studied over the last, oh, 15-18 years now, by interviewing people in bankruptcy courts around the country, and what we've found is that about 60 percent of people who file for bankruptcy say that illness or medical bills was a significant contributor to causing their bankruptcy, and if you ask people in other countries the similar questions about their bankruptcies, they don't know what you're talking about. Why would illness or medical bills lead to bankruptcy, they say to you, and so medical bankruptcy is almost uniquely American at this point.

Dr. Birnholz:
Well, what is also uniquely American is that in this interconnected global economy, this country is heavily, heavily leveraged by debt. So, another question emerges whether federal budgets and the legislators who keep changing them can actually support something that would require a huge spend upfront without necessarily an automatic assurance of instant savings despite some of the initial preliminary evidence. How do you respond to that detracting position?

Dr. Himmelstein:
Well, what would be needed is to collect money – instead of calling it premiums, we're going to call it taxes and what we're spending now is clearly enough to support and fund such a program, but we're paying it as taxes and to go for Medicare and Medicaid and the VA program, and we're paying it as premiums not just for private sector workers but also for government workers. All of that money that's currently being paid into the system would need to be collected as taxes, so it would flow through the government when some of it isn't at present, but it's not more money than we're spending on health care. So, yes, taxes would go up. I think we need to be frank about that, but the other money people are spending for health care would go down even more. So, overall, the vast majority of Americans would be winners under such a system financially.

Dr. Birnholz:
So, Dr. Himmelstein, do you think it's ultimately going to have to be a full sweeping enactment to actually push single-payer health care forward, or will more public options or state-to-state decision-making become more realistic?

Dr. Himmelstein:
Well, you know, when you're trying to cross a chasm, taking small steps can really be a problem, and to get to a system that realizes the benefits of administrative simplicity and savings and drug savings, we really need to make a big step, and the small steps I think would fall not just short but would fail, and when people talk about public option, we've got experience with a public option type program in this country under the Medicare program where Medicare Advantage plans have actually raised the costs of our Medicare program, so people can select a Medicare Advantage plan, a private plan that competes with the traditional public Medicare program, and the consensus of every economist who's really looked at this in detail is Medicare Advantage raises Medicare's costs. That's because the private plans take the profits, and they leave the unprofitable patients for the public sector, so it's not fair competition. The public Medicare program takes the losses and really subsidizes the profits of the private plans, and a public option plan would leave in place most of the current bureaucracy and add to it the kind of subsidy we've seen under the Medicare Advantage plan. So, I think it's clear that single-payer reform is a very heavy political lift – there's no getting around that – but the problem is anything short of that, it's really illusory, and, I fear that we would spend a great deal of time and effort enacting such reform only to be disappointed in the results of it.

Dr. Birnholz:
Well, Dr. Himmelstein, I very much want to thank you for joining me to share your perspectives on single-payer health care and looking forward to talking to you again sometime.

Dr. Himmelstein:
Thanks so much, appreciate it.

Dr. Birnholz:
For access to this and other episodes from *Voices from American Medicine,* visit ReachMD.com/Voices. I'm Dr. Matt Birnholz. Thank you for listening.