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Viewer Programming

Brian Lamb
C-Span
400 North Capitol Street N.W. #650
Washington, D.C. 20001

Dear Mr. Lamb:

The fact that our politicians in Washington have fallen into disarray over the various health care reform proposals gives rise to the hope that there may yet be time for me to place before my fellow citizens a new approach to health care reform. I believe it is of interest because it is novel, fair to all classes of citizens, relatively simple to comprehend, ensures the visibility of the costs to taxpayers, allows wide latitude for persons to choose their providers, genuinely induces competition among insurers, makes individuals more responsible for meeting their health care needs, and relieves all employers of the responsibility for providing health care. Most importantly, it doesn't mandate anything for the individual. He remains free to participate in some available system of coverage or not participate at all.

I think many of us were dismayed by the complexity of what came out of Washington concerning health care reform. In my experience, it is natural for the public to distrust what it doesn't understand. And, while the public would like to know that both those who are needy and those who are in the worried working class will have their health care needs met in a reliable system, it is mistrustful of the way the costs of the presently proposed plans will be funded and controlled.

Certainly, if the leading proposal were to have passed into law, some seventeen new revenue-raising taxes would have been enacted. I certainly would be unlikely to track those seventeen taxes in order to determine whether we were getting our money's worth, and do so on an annual basis. Few of us would have the time or the inclination.

Furthermore, I think it is the public's reasoning along the above lines that has produced the allegedly confusing results of national opinion polls. Reform is wanted, but it is wanted in a way that offers an understandable mechanism of cost-controls which will not be oppressively restrictive to any segment of the society.

A NEW APPROACH TO HEALTH CARE REFORM

I'd like to propose a new two step approach that should answer the ideological needs and beliefs of both conservatives and liberals.

1. Create a federal HMO operated along the lines of the most effective of presently existing managed care systems. Make the HMO available to those whose financial circumstances are such that they cannot afford to pay the actual costs of participation. Using financial guidelines that any qualified CPA would agree are reasonable, empower the HMO to charge according to ability to pay for whatever services are required. Charges could range from nothing all the way up to full recovery of the costs of service. Participation would entail the ability of the HMO to deduct reasonable amounts from the pay of working participants, or to otherwise create liens against those able but unwilling to pay.

Pay for that portion not reimbursed by needy participants by means of a carefully defined and dedicated consumption tax, such as a national sales tax, that would increase or decrease at fiscally reasonable intervals according to strictly accounted for operating costs. I suggest a broad consumption tax because it will provide dependable revenues, no one item of merchandise would be priced out of reach, and because its economic effects will be beneficial insofar as it constrains consumption within reasonable limits. So called "sin taxes" like alcohol or tobacco are incapable of meeting the revenue requirements in a reliable way. High taxes on single products will result in reduced legal sales and expand illicit sales. Moreover, the trends toward reduced consumption of these products are already evident.

Authorize the HMO to provide its services to all others wishing to participate. They could participate on a paying basis that, while non-profit, is self-sustaining. That is, for those who are not "needy," the payment basis should be set so as to not be a drain on the resources of the provider. Services would be no more nor less affordable than economic realities allow.

If, as we're told, there is only a minority of the citizenry for whom private health insurance is unattainable, then these costs should be less than those projected for a major restructuring of the health care system in order to achieve "universal coverage." The tax burden should be much less, but the unavoidable costs would be fairly spread among all taxpayers. Since we're paying the costs of the uninsured anyway, in higher prices for products and services or in federal and local taxes and fees, we should be better off with a more rational system which can be held accountable for its expenditures.

2. Restructure the private sector of health insurance to make it more competitive and induce it to serve individuals of all variations in health status. This can be most quickly accomplished by legislation that would eliminate all employer paid health care benefits programs and all other group coverage plans. Of course,

it will be necessary to phase them out in an orderly fashion to minimize disruptions to the already retired or those already seriously ill and being cared for by those plans.

If one has faith in the free enterprise principle, the insurance industry will variously and eventually arrive at coverage and terms that can be sold to people as individuals with their particular needs and desires. The market will determine quickly enough how much of a premium to assign to whatever is wanted: portability, noncancellable policies, or elimination of preexisting conditions clauses.

At the same time, health care providers will be stimulated to adapt to the new reimbursement circumstances and seek to meet the needs of the public and the insurers both. Moreover, since individuals will be forced to contemplate purchasing what they want and need, they will be less likely to indulge in demands for services that result in overuse and waste.

This move, while seemingly radical, exemplifies the highest conservative values. It focuses on the individual rather than groups or categories. It removes the intrusiveness of employers into the personal health concerns of its employees. Viewed correctly, it is a restriction of liberty to induce workers to participate in any employer defined health care program, however benign such paternalism might seem.

The elimination of this anachronism left over from World War II governmental policies is long overdue. Those old enough will remember that the government's purpose was to prevent employers from hiring workers away from other employers by means of inflationary wage inducements. Corporations wanting to circumvent these policies found that they could do so by offering "benefits" like health care.

Whatever the justification may have been then, it is now a distortion of the free enterprise principle. It encourages insurers to promote large group contracts in preference to serving small groups and individuals because it is so much easier to collect revenues from the larger corporations. So long as this anachronism remains, there is no reason for insurers to compete to offer attractive policies to those outside this industrially oriented system.

Our industrial system has undergone radical restructuring and downsizing since that time. Major industries are still downsizing; therefore, they can no longer serve as paternalistic benefactors providing for the health needs of the majority of the working middle class. The majority will no longer be employed in the industrial system in the same ways that it has been in the past. We can now clearly see that this social mechanism, engendered by wartime exigencies, must be replaced. It must be replaced because the working middle class created by those historical factors is now itself being restructured.

In economic terms, what we are experiencing is the process of deflation. That's why the economy is improving while median incomes are declining. Deflation, for psychological reasons, is rarely experienced as anything but painful to those exposed to its effects. The banking system has undergone this process and did not do so graciously, as most of us know. The process caused pain among bankers, shareholders, employees, customers, taxpayers-- and especially, the retired. As retirees are aware, they paid a big "hidden tax" when the Federal Reserve drastically lowered interest rates and thus reduced the retired person's interest income. A great deal of the money "earned" by the banks in their "recovery process" came out of the pockets of everyone with some savings in their bank accounts.

If none of us "likes" change but we all-- owners, managers, customers-- have been forced to experience the process, we should conclude that it is a waste of energy trying to maintain an outworn social structure. We do know that, while success is uncertain, failure is inevitable for those who will not adapt. The delaying tactics being pursued by lobbyists for the special interests will not save those special interests. To the extent that we, the public, succumb to those special interest blandishments, either of the right or the left, we participate in the failure syndrome.

We must demand of our politicians an empirical test of their conservative or liberal schemes. I suggest that my proposal is just such a test while those proposals presently being debated are little more than evasions or hopes. We can find the courage to innovate if we realize that, in any sector of the social system-- health care included-- there are people of good will who will try to make a new social mechanism work if we provide them with the opportunity.

By taking these steps, we accomplish the purposes of those on both sides of the liberal-conservative division: Conservatives should welcome the opportunity to demonstrate what a competitive health insurance industry can devise to serve its customers. Liberals should welcome the opportunity to test their faith in a federally supervised HMO provider system. If a managed care HMO model can deliver quality health care at more reasonable cost, the public will vote with its dollars to freely join the HMO. Carried to its logical extreme, the public will have "voted" to create a single supplier system, but in strict accordance with free enterprise principles. What more could a conservative require?

Common sense suggests that, if these important changes are effected, the people in their diversity and freedom will not opt exclusively for either system. Therefore, both the private and public sectors can fulfill their tasks in a truly democratic and humane fashion.

Personal Note: For your information, I have some acquaintance with hospitals, physicians, and pharmacists, as well as patients because I have spent 32 years as a marketing research consultant to industries within the health care field. I was educated at Lehigh University and Cornell Graduate School back in the 50's, and believe that I do have some understanding of the problems of the health care system.

By way of further credentials, I have discussed my ideas with David Bostian, a noted New York economist who consults with the stock brokerage firm of Herzog, Heine, Geduld. Although I cannot assert that he is as interested in the topic as I am, he has heard my ideas and said that he did not believe my arguments were flawed. He does question the political feasibility of the proposal, but admits that prevailing attitudes are subject to change and thinks my proposal may gain support as the failure of the present system becomes more apparent.

Of course attitudes cannot change, indeed they cannot be formulated when the public is unaware of the proposal. I have written to a number of publications and to many Senators and Representatives, but to little avail. Most have not replied while those who did, have done so with "boilerplate" letters.

If you agree that my proposal offers the potential for a real experiment in social democratic change, I would welcome a critical appraisal of this proposal under your dispassionate moderating. I'm sure that you have the resources to put together a qualified panel of experts, balanced for their biases and capable of exploring the possibilities implicit in it. In that event, please let me know when you plan to broadcast, because I wouldn't want to miss it. I enjoy your work when I do have the chance to tune in.

Sincerely, [redacted]