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Healthcare myths, realities

MASSACHUSETTS healthcare is the world's costliest, but current debates about improving coverage won't contain cost. The Legislature might have to settle for an inefficient, temporary patchwork that cuts the number of uninsured people, but boosts both spending and the number of under-insured people.

The House leadership plan includes useful measures. But, like the governor, it wrongly imagines that high deductibles and limited benefits will cut waste and make good coverage affordable.

Permitting paper-thin insurance will boost the number of people nominally insured. But that doesn't assure durably affordable care for all of us. As State Senator Mark Montigny said recently, "The only thing worse than a high-price policy you can't afford is a low-cost policy you can't use."

The House-passed bill calls for payroll taxes — much fairer than today's flat premiums. But those taxes are so low that they will finance only shallow insurance. Some employers will drop existing coverage, pay the less costly new taxes, and let workers shift to state-sanctioned plans. Others will reduce benefits. Both trends will send the number of under-insured citizens soaring.

The proposals that legislators and the governor are considering won't offer broad and durably affordable coverage. Six myths mislead them:

Myth: Making sick people pay more will cut unneeded care. Reality: High patient payments deter essential and unneeded care alike. Doctors, not patients, should decide what care is vital to diagnose and treat us-while respecting both effectiveness and cost of care. That's why we have medical schools.

Myth: Forcing individuals to buy commercial insurance is fair and efficient. Reality: With insurers allowed to charge more by age, region, and industry, only big subsidies can make individual mandates affordable for many. Insurers remain free to boost prices. Who would then pay the subsidies' higher costs after the tobacco settlement funds become inadequate? Individuals and small employers lack leverage in a market notorious for bad deals and administrative waste. The state should require insurers to use at least 90 percent of premiums for care.

Myth: A fill-the-gaps strategy won't disrupt current job-based coverage. Reality: Many firms will prefer a low payroll tax to sky-rocketing insurance costs. Subsidizing some businesses will spur others to drop insurance, requiring still more state funds as their workers seek state-backed coverage. And government promotion of skimpy high-deductible plans gives cover to employers who cut benefits.

Myth: Ending the free care pool and mandating coverage for all wins huge savings for employers who now provide insurance. Reality: Without tackling system-wide costs, employers will save under 4 percent of today's private premiums, equal to about six months' increase.

Myth: All Massachusetts hospitals need higher Medicaid payments. Reality: If rates rise for all, half of the new money goes to the 20 most prosperous hospitals. Taxpayers' funds should target hospitals and ERs at risk of closing.

Myth: The proposals have been carefully designed and widely debated, so it's time to act. Reality: Few people have a clue about what is proposed. At a recent Massachusetts Medical Society meeting on the state's healthcare, for example, fewer than 10 percent said they understood legislators' main choices.

Most legislators sincerely want to relieve suffering. But myths — some sustained by selfish motives — generate bad laws. A few politicians seek higher office. Insurers want more customers. Hospitals want higher Medicaid payments. Few want to keep reimbursing hospitals that serve uninsured people. Which will win — better coverage for people or a financial boost for insurance companies and hospitals?

Alternatively, legislators could combine coverage for all with genuine cost control. Three facts should guide sustainable reform.

Health spending per person in our state is the world's highest — $1 billion each week this year. Half that spending is wasted on administration, marketing, theft, excessive drug prices, and unnecessary care driven largely by defensive medicine and by payments that reward provision of more tests, surgery, or pills. Squeezing out and recycling waste is the only way to cover everyone affordably while improving quality. But without equitable coverage, few will trust cost-cutting efforts.

Doctors control over 80 percent of health spending on hospital care, prescriptions, nursing homes, testing, and their own services. Cutting waste is impossible without their help. It's crucial to pay doctors in ways that let us trust them to take good care of residents with the vast sums already available.

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