

Medicare for all would be good for business

By the Editorial Board

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The nasty fight over Obamacare that has shutdown our country and threatens to destroy the world if the U.S. defaults on its loans is seen as a liberals vs. conservatives battle.

Liberals see it as compromise legislation that finally found a way to bring millions of uninsured Americans under a health insurance umbrella through expanded indigent health care rolls and mandated insurance purchases by businesses and individuals.

Conservatives, who used to be pro-business Republicans, see Obamacare as a hideous government takeover of the national health system.

It's neither. It's a sloppy wet kiss to the U.S. health insurance industry. Which could be seen as pro-business, assuming you're in the health insurance business or own stock in one.

It also has the potential to be pro-business in that it could unintendedly relieve American businesses of the burden of subsidizing their workers' health insurance.

The Affordable Care Act is so complicated it was bound to be beleaguered by the law of unintended consequences. One of the most prominent has been the 30-hour rule, in which companies with more than 50 workers must offer any employee working more than 30 hours a week subsidized health insurance.

That has prompted some employers, mostly small franchisers who hire mostly part-time workers, to cut maximum employee hours to 29 to avoid the mandate.

But while that has been cause for a lot "I told you so" shouting on conservative media, it hasn't proved to be very prevalent. While there are anecdotal incidents of a few hundred companies saying they'll cut worker hours, it's a drop in the bucket in the massive American workplace.

Moreover, a survey of American employers last month by an international human resources foundation found that 69 percent of companies planned to continue to offer their employees health insurance subsidies after the federal-run health insurance exchanges open next year.

So clearly, some companies will continue to offer a subsidy. Which creates another law of unintended consequences. If the company offers the employee the subsidy, and the subsidy is less than 9.5 percent of the employee's household income, the employee is mandated by the ACA to purchase the insurance through the employer even if the employee could buy cheaper insurance through the exchange.

That's perverse and unfair.

But, the employer could help out their employee by ceasing to offer insurance subsidies at all, forcing the employee to purchase insurance through the exchange and likely receiving a federal taxpayer subsidy in the process, making their insurance costs even cheaper.

That's what has some fiscal conservatives whipped into a lather. Once employers and employees figure out how to beat the shell game, they will. And the taxes the ACA imposes are insufficient to cover the full cost of 100 million or more Americans qualifying for a federal subsidy for health insurance.

But that's no different than that unfunded Medicare Part D drug coverage passed under the Bush Administration, which itself was a sloppy kiss to the pharmaceutical industry. It didn't destroy the country, it just made it poorer. Obamacare will do the same thing, it won't destroy the country, it will just make it poorer.

But it could make business more profitable. The largest cost of business is labor and one of the largest labor costs is health care insurance.

American businesses should not be in the business of helping their employees buy health care. That should be the responsibility of the employee. After all, employers don't help pay for their employees' housing or food.

The only reason employers do it is because everyone else does it. You had to do it to be competitive because competitors could better recruit and retain employees if they offered health care insurance and you didn't.

But now, it might be more competitive to stop offering health care since an employer wouldn't be throwing their employees into the ravages of the uninsured wilderness – Obamacare would be there to catch them.

But even if that would be good for business, it wouldn't necessarily be good for the country, or health care.

One of the great failings of Obamacare is that it doesn't solve the primary problem, which too many people believe to be the millions of uninsured.

The primary problem with American health care is the runaway costs that are crushing the country.

The reasons for those double-digit cost increases year after year are legion: Expensive diagnostic systems and tests; reflexive and defensive medicine caused by unconstrained malpractice claims; fee-for-service medicine in which a doctor doesn't get paid unless he or she "does" something to the patient, like order a test; distorted health insurance markets caused by massive tax subsidies (paying premiums with pre-tax income); and the rise of medical specialization in which patients have to see specific doctors for specific problems, among other reasons.

There is a solution out there that could be good for the country, good for Americans and good for American business. And that's single payer insurance.

That's right, Medicare.

If everyone in the country received Medicare, everyone in the country becomes responsible for their own health care consumption.

It's not a panacea, to be sure. One of the risks of nationalizing health insurance is the urge to then nationalize health care provision. The fear is that if Americans view their health care as "free," paid for by the government, they'll get as much as they want, or worse, more than they need. And in fact, health care providers would encourage them to do so because it would mean money in their pockets.

Nationalized health care provision is then seen as the counter to that. But Medicare has been able to function for more than 50 years without having to resort to nationalized health care by a regime of strict payment controls and regulations.

Another drawback is we would have to add to Medicare what it currently doesn't have, a tax to pay for it.

All of that would be hard to do. Perhaps impossible in the current political climate.

But there is no question it would be a boon to American business. Employer health insurance subsidies cost American employers nearly \$1 trillion a year.

Some of the savings would be eaten up by a new Medicare tax, but that tax would be spread among all Americans meaning employers would still see significant savings just in the absent subsidy alone.

But there would be additional, ancillary savings. Most American businesses, on top of paying the insurance subsidy, spend hundreds of billions of dollars a year just managing their employees' health insurance plans. Whole armies of human resources and benefits employees are needed to manage health care plans.

American hospitals and doctors' offices spend billions on staff and technology to keep track of all the insurance plans patients have, filling out forms and fighting with insurance companies to get paid.

All of that goes away with single payer. Those savings would more than offset the tax to pay for it.

Obamacare could save American employers billions.

Medicare for all could save it more than a \$1 trillion.

That's a lot of potential profit. And isn't that what it's all about?

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