

# Reform in the U.S. Health Care Industry

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“The conservative goal has been the “Third Worldization” of the United States: an increasingly underemployed, lower-wage work-force; a small but growing moneyed class that pays almost no taxes; the privatization or elimination of human services; the elimination of public education for low-income people; the easing of restrictions against child labor; the exporting of industries and jobs to low-wage, free-trade countries; the breaking of labor unions; and the elimination of occupational safety and environmental controls and regulations.” Michael Parenti, progressive author and lecturer

“As to diseases, make a habit of two things - to help, or at least, to do no harm.” Hippocrates (460-277 BC), ancient Greek physician

“In a country well governed, poverty is something to be ashamed of. In a country badly governed, wealth is something to be ashamed of.”Confucius (551-479 BC), Chinese philosopher

The U.S. Congress is presently debating a most important piece of legislation that would profoundly [reform the U.S. healthcare system](#). This is without a doubt the most important domestic proposal advanced by the Obama administration.

To understand what is at stake here, one should know that in the U.S., there are three industries that operate in a political and economic environment such that they can literally write their own ticket: the tentacular defense industry, the large financial and banking industry and the pivotal [health industry](#). Together, these industries account for more than forty percent of the U.S. economy. Their common characteristic is that suppliers can more or less create their own demand and fix prices accordingly. The potential for gouging is enormous. Needless to say, these industries are among the most profitable ones... for those who can enter them.

The health industry is particularly insulated from normal market competition and from critical assessment by the consumer. The products and services that the consumer requires are “prescribed” to him or to her. If sick or requiring treatment, the consumer is in no position to argue and to contest costs and prices. He is not even considered a consumer but a “patient”! In a medical establishment, he is admitted, then “discharged”! Economists call such a situation a price-inelastic demand. The supplier of the service is the one who calls the shots. He decides the quantities to be administered and the price to be charged. This is a cost-plus situation fraught with mostly unregulated monopoly pricing practices.

This may partially explain why since 1970, [American health costs](#) have grown at an average

annual rate of [9.6 percent per year](#). That is close to twice the pace of the increase of the overall economy. For example in 2010, health costs in the U.S. are expected to increase four times faster than the annual increase in the average hourly wage of American workers. This is clearly unsustainable, less it bankrupts the entire U.S. economy.

Since medical treatment is in many cases not a choice but a necessity, people have very little leeway in economizing on such consumption within their normal budget constraints. If one requires urgent treatment, one must willy-nilly enter the medical system and pay to the hilt. An example observed recently would illustrate the fundamentals. A friend visiting Florida recently had a case of severe indigestion during the night. He was driven to the emergency room of a local hospital, where he spent two hours. The total cost was in excess of \$3,000, half of it for simply crossing the door of the ER room and the rest for two simple blood and urine tests. Maybe Walmart should take over the administration of U.S. hospitals!

To protect against unforeseen medical outlays that can seriously perturb their financial position, most people rely on one form or another of [health insurance](#). This could be private insurance, [group coverage](#) insurance, cooperative insurance or collective or public insurance.

For example, members of Congress are covered by a public health insurance plan. Military personnel and military veterans are insured through a public plan, either through the U.S. [Department of Defense Military Health System](#) or through the [Veterans Health Administration \(VHA\)](#).

Americans who are over 65 years old are covered by a public [single-payer health care](#) system, called [Medicare](#). Such a public American health program has been in existence since 1965. This is a large public health plan that presently covers more than 43 million Americans. It now provides comprehensive hospital, medical and drug coverage for those lucky enough to qualify because of age and residency.

For the population at large, individuals or families can be privately insured, underinsured or less than fully insured for medical costs they might incur, or, for some fifteen percent of Americans, not insured at all (45.7 million people in 2007). Private health insurance companies routinely deny insurance coverage for people who have pre-existing health conditions. It has been estimated that the total number of people in the United States who die because of lack of medical care is about [100,000 per year](#).

One can therefore understand why the issue of comprehensive health care insurance is so politically contentious in the United States. Those who are already covered by a generous public health care program—by such public programs such as Medicare, i.e. the insiders, possibly a third of the U.S. population—do not see an urgent need to change a situation that benefits them. Those who rake in tremendous profits in the private health industry are also fighting to maintain their privileged position. Being already covered, they are less persuaded that there is such a thing as a fundamental [right](#) to health care.

The victims, the outsiders whose health insurance is tied to their job or who are not covered at all, do not have the same political clout nor the same access that the insiders have to the media or to members of Congress. Generally speaking, the Republican party and its allies in the far right media side with the insiders, and vigorously oppose most attempts for [health care reform](#) and an extension of their privileged position to others. Generally speaking

again, the Democratic party and its progressive allies tend to side with the outsiders and have been pushing for reform for many years.

Ethically speaking, it is generally accepted that those who benefit the most from random natural endowments or from the working of the social and economic system have a moral obligation and an inescapable responsibility to share their good fortune with the less lucky or the less fortunate among us. Naked egoism is the anti-thesis of modern [humanist morality](#).

As to the political tug-of-war being played in the U.S. around health care reform, it is too early to know the final result, but it surely will have major consequences.

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