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The Obstacles to Real Health Care Reform: Private Insurers and Big Pharma

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In almost the same breath on August 17, the White House effectively dropped a real public option (that likely never existed) while Obama was telling the Veterans of Foreign Wars (VFW) that the Pentagon will escalate the Afghanistan/Pakistan war into a long-term conflict that will assure "more difficult days ahead." He did so in defiance of international and Constitutional law, the lives and welfare of American forces, millions in both target countries, and lied at the same time saying: "This is not a war of choice. This is a war of necessity" in plain contradiction of the fact that in October 2001, US forces launched a long-planned premeditated attack against a non-belligerent country posing no threat to America.

Obama's Central Asia agenda matches his domestic arrogance against the rights and welfare of millions of Americans. Denying them real health care reform is one of many ways he defiles the public interest in deference to the corporate ones he serves.

On financial matters, it's trillions for Wall Street. On "defense," it's imperial wars and handouts to weapons and munitions makers, and on public health it's promoting mass-innoculations of experimental, toxic vaccines and rejecting real health care reform – universal single-payer, the only real kind that all other Western nations provide. But not the richest country in the world more focused on corporate than public welfare.

Simply put, the obstacle to real health reform is the insurance and drug lobby's stranglehold on Democrat and Republican administrations and Congress. Corporate lawyers draft new laws, sign-off on changes, and industry officials staff the FDA, CDC, and other related agencies, then return to high-paying jobs in the sectors they represent. Public welfare is unconsidered under a system favoring profits, so achieving real reform is near-nil. Whatever, if any legislation, passes, will make a dysfunctional system worse by rationing care, leaving growing millions uninsured, many others underinsured, while enriching insurers, drug companies, and large hospital chains.

Predatory Drug Giants

Called Big PhRMA with good reason, they wield inordinate power over policies affecting their industry. Poorly tested new drugs are fast-tracked and only withdrawn after hundreds, often thousands, are harmed. Yet no congressional committee ever investigated a process endangering millions of lives because lawmakers reap huge campaign contributions regularly in return for industry-friendly legislation and regulations.

In January 1997, Rezulin got swift FDA approval to control blood sugar for patients with Type 2 (non-insulin-dependent) diabetes. It was only withdrawn in March 2000 after dozens of

liver failure deaths were reported and many others found to be afflicted with serious, potentially life threatening damage.

In May 1999, the FDA fast-tracked Vioxx (the anti-inflammatory NSAID) despite suspicions at the time that Merck knew of dangerous side effects and marketed the drug anyway. Evidence later emerged that the FDA knowingly approved, promoted, and refused to recall it after as many as 100,000 heart attacks were reported and thousands of deaths.

Dr. Richard Horton, editor of The Lancet, said this after reading Wall Street Journal-published insider emails on how Merck hid damaging clinical trials evidence and sold the drug anyway:

"In the case of Vioxx, the FDA was urged to mandate further safety testing after a 2001 analysis suggested a 'clear-cut excess number of myocardial infarctions.' It did not do so. This refusal to engage with an issue of grave clinical concern illustrates the agency's in-built paralysis, a predicament that has to be addressed through fundamental organizational reform….the FDA acted out of ruthless, short-sighted, and irresponsible self-interest" to protect the interests of its own – and it happens regularly by approving dangerous drugs and only recalling them in cases too egregious to ignore. Even then only reluctantly to assure maximum industry profits.

The agency also censors its own scientists as Dr. David Graham, associate director for science in the FDA's Office of Drug Safety, explained in summer 2005:

"….the review and clearance process has been turned into a battleground, full of contention and intimidation because our managers, the people who fill out our performance evaluations, had created a system where it was taking a great risk to stand firm in our scientific beliefs."

He essentially called the FDA a corrupted, industry-controlled tool placing bottom-line considerations over public health and welfare, then punishing whistleblowers who expose abuses.

On September 30, 2004, Merck, not the FDA, voluntarily recalled Vioxx after facing growing numbers of lawsuits (burgeoning later to around 50,000), but admitted no fault or responsibility at the time. It was later learned that around 80% of Vioxx claimants were on Medicare or Medicaid. Government, not Merck, will pay 80% of settlement claims. Merck may later repay some or all of them.

However, under a subsequent FDA preemption policy, no lawsuits may be filed in state courts pertaining to agency-approved drugs so winning them in federal ones, stacked mostly with hard-right Federalist Society-affiliated or approved judges, will prove far more challenging, expensive, and time consuming. In addition, getting approvals for class-actions will be harder.

Dr. John Abramson's Expose of Drug and Insurance Company Abuses

In his book, "Overdosed America: The broken promise of American medicine," Dr. Abramson explains how drug and insurance giants controlled US health care after the Reagan administration transformed an essential need into a commodity as follows:

— by massively reducing federal funding for independent medical research and mediation trials;

— forcing researchers to be funded by the drug giants;

— corrupting the whole system for profit, including some medical journals accepting funding in return for publishing industry-friendly studies on new drugs, other products, and treatments; for example, a New England Journal of Medicine report claimed Vioxx was safer than earlier NSAIDs when no such evidence existed; as worrisome, doctors are trained to use medical journal data in treating patients;

— in 1991, 80% of clinical trials took place at universities with considerable private funding but some academic oversight; by 2000, universities conducted only 34% of trials;

— more than ever, drug companies design and control trials of their own products to hide unfavorable findings and promote positive ones; in addition, test results are private and unavailable to the public on the pretext they'll compromise proprietary secrets beneficial to competitors; as a result, peer review is impossible and dangerous drugs are made available for sale; and

— one study found that industry-run clinical trials are 5.3 times more likely to be positive than independent or public ones.

Dr. Abramson's advice on drug usage:

— if possible, avoid new drugs that may or may not be safe;

— choose a generic alternative; they're cheaper and for drugs that have been around long enough for serious problems to emerge;

— whenever possible, choose an alternative treatment as all drugs have disturbing side effects, some very dangerous from prolonged use; and

— follow sound medical advice, not TV ads, articles, or non-expert opinions, and always use sound judgment since protecting human health is a personal responsibility, not to be taken lightly.

Secret White House-Big Pharma Deal Revealed

In mid-August, it was learned that the White House and Big PhRMA secretly agreed to what both sides denied. According to a knowledgeable insider, the Obama administration won't use government leverage to bargain for lower prices, import them from Canada, demand Medicare rebates, or shift some drugs from Medicare Part B to Part D under which prices stay high most often. In return, PhRMA agreed to (but may not follow through on a promise to) cut up to but no more than $80 billion in projected costs over a ten year period, a small fraction of the extra billions it will reap if universally-mandated insurance coverage becomes law and drug coverage available under it.

Martin Weiss' "20-Year Battle with Insurance Companies"

In an August 17 commentary, financial expert and investor safety advocate Martin Weiss explained his own confrontations with insurers, starting in 1989 when he began rating them honestly.

At the time, large insurers like Executive Life, Fidelity Bankers Life, First Capital Life, and others were over-invested with risky junk bonds. He rated First Capital Life a D- and felt he was generous. Days later, company lawyers and officials threatened to sue and "put me out of business….if I didn't give them a better rating."

"Who the hell do you think you are," they asked. "All the established ratings agencies give us high grades." Weiss refused and cited the company's own financial statement for proof. An "ultimate threat" followed:

"Weiss better shut the f… up or get a bodyguard," one official said.

Instead, he "intensified" his warnings, and "within weeks, the company went belly up, still boasting high ratings from established agencies on the very day it failed. In fact, AM Best, the nation's leading insurance rating agency, didn't downgrade (the company) to a warning level until five days" after it went out of business along with two of its closest competitors, leaving their investors and policy holders high and dry.

The moral to this horror story is simple. If investing in these companies was foolhardy, why would anyone buy their health insurance and entrust them with their lives!! Why should anyone HAVE to buy private insurance that sacrifices human health for profits at extortionist premiums!! Why should drug prices be sky high!! When will the public demand better from the bipartisan criminal class in Washington, and get activist enough for change!!

Weiss calls insurers "denial machines" that spend substantial sums as follows:

— for computer programs and systems that deny and/or delay claims payments;

— hire doctors to poke holes in legitimate claims; and

— pay bonus premiums to employees denying the most claims and/or approving the lowest amounts of payments.

"In sum, health insurers build massive machines designed" solely to deny and delay claims. The less they pay and longer they wait, the greater the bottom line profits and share prices. In 2008 alone, the National Association of Insurance Commissioners (NAIC) reported nearly 200,000 complaints against insurers, excluding states that don't keep records and millions of cheated policyholders who don't act.

According to New York Attorney General Andrew Cuomo: "All too often, insurers play a game of deny, delay, and deceive."

On August 11, a Health and Human Services Department (HHS) study reported that:

"Insurance companies can retroactively cancel individual policies if any condition was not disclosed when the policy was obtained. More to the point, insurers can cancel the policies" even if people aren't aware of them or if a current condition is unrelated to a past one.

"Coverage can also be revoked for all members of a family, even if only one family member failed to disclose a medical condition."

Two major insurers told Congress that they automatically investigate medical records of policyholders with histories of medical conditions like leukemia, ovarian and brain cancer,

pregnancy with twins, and numerous other situations linked to high costs.

One of the worst abuses is direct interference with medically recommended procedures and using their concentrated market clout to literally get away with murder.

When CNN reports that “More than eight in 10 Americans questioned in a (March 2009-released) CNN/Opinion Corp. survey….said they’re satisfied with the quality of (their) health care, ignored were the above abuses that might have produced different results. In addition, respondents without insurance weren’t interviewed. Coverage cancelation wasn’t addressed or experiences with the most abusive companies. Weiss named some major ones based on frequency of customer complaints:

— American International Group (AIG)

— Atlantis Health Plans, Inc.

— Celtic Insurance Company

— CIGNA Healthcare of NY, Inc.

— Fortis Group

— GHI HMO Select, Inc.

— Mutual of Omaha Group

— Oxford Health Plans of NY, and

— United Health Group

He also named those with the fewest complaints:

— CNA Insurance Group

— Mass Mutual Life Ins. Co.

— Northwestern Mutual

— Sun Life Assurance Company of CN

— Universal American Financial, and

— UNUM Provident Corp. Group

The best advice is avoid the worst, choose the best, work for change, and demand responsible government provide it.

High Drug and Insurance Costs

In America, drug costs are high, and lengthy patent protection fosters monopoly pricing for extended periods. While charges vary by country and products, a 2008 Robert Wood Johnson Foundation (RWJF) study found, on average, that US drug prices are 70% higher

than in other OECD countries.

It also showed that insurance administrative costs are six times those in other developed nations. They go for marketing (including sales and advertising), claims processing, utilization review, high executive pay, and profits – all of which deliver no health care, just needless costs that can be eliminated under a universal single-payer system.

Yet the Obama administration won't consider one in deference to industry demands and hard-liners in his own party. Even the AARP representing seniors, its denial notwithstanding. On August 17, CBS News reported that up to 60,000 people cancelled their memberships since July 1, angered over the group's position on health care.

Many are switching to the American Seniors Association, a libertarian-sounding organization that "provide(s) seniors with the choices, information, and services they need to live healthier, wealthier lives." Its president Stuart Barton believes "seniors are most upset with (proposed) cuts in Medicare (and) flat-out (opposes) Obama's plan (calling) for $313 billion dollars in Medicare cuts over ten years" and another $300 billion from Medicaid. Obama told a recent town hall meeting that AARP is "on board because they know this is a good deal for our seniors."

An AARP spokesperson denied it, but members believe it's waffling by supporting Obama through the back door, while telling members no plan is being endorsed. According to its Social Impact vice president, Cheryl Matheis:

"AARP has not endorsed any plan at this point. We haven't seen provisions in legislation yet, so we're going to reserve judgment until we see them." But she admitted that so far she knows nothing to quibble with, leading members to view that as a tacit endorsement causing thousands to exit in anger. Still, the organization represents 40 million seniors, adds thousands more monthly, and loses them naturally through attrition. Whether current loses lead to greater ones may depend on what side of the health care debate AARP supports once legislative efforts are clearer.

Obama Administration Waffling

Over the August 15 weekend, the Obama administration dropped its demand for a "public option" in capitulation to the insurance giants that reject one out of hand and have lobbied ferociously against it. In its place, a Senate Finance Committee-proposed "non-profit health insurance cooperative" scheme may be adopted, similar to ones in many states that sell insurance, can pick and choose their members, reject ones judged costly, exclude pre-existing conditions, and charge premiums comparable to private insurers.

It's why critics denounce them as flawed, so we're back to square one if they're adopted. After initial government funding, they'd be on their own much like private for-profit businesses and end up operating the same way. They'll leave a dysfunctional system in place, do nothing effective to fix it, and keep private insurers and Big PhRMA in charge.

A Flawed Public Option Perhaps Abandoned

It was ill-conceived from the start as co-founders of Physicians for a National Health Program (PNHP), Drs. Steffie Woolhandler and David Himmelstein explained in a July 22 commentary:

“Private health insurance doesn’t work. Even middle-class families with supposedly good coverage are just one serious illness away from financial ruin. Illness and medical bills contribute to 62 percent of personal bankruptcies – a 50 percent increase since 2001. And three-quarters of the medically bankrupt had insurance, at least when they first got sick.”

Coverage bought in good faith often fails because it’s beset by co-payments, deductibles, and loopholes denying situations that arise. For others, lost jobs end coverage at a time those still having it pay more and get less.

“Now Congress plans to make it a federal offense not to purchase such faulty insurance.” It may also do the following:

— tax workers’ health benefits to meet the cost of covering the poor and provide more revenue for insurers;

— drain funds from hospitals serving the neediest in deference to the large chains;

— rely on unenforceable promises from hospitals, insurers, Big PhRMA, and the AMA to control costs; and

— generate savings by computerizing medical records for more centralized control and better management, an idea the Congressional Budget Office says won’t work.

Obama’s “health plan can’t make universal, comprehensive coverage affordable,” something only universal single-payer can do and at an annual saving of about $400 billion now and much more later on – “enough to cover the uninsured and to upgrade coverage for all Americans” equitably.

Everyone would be in, no one left out. Wasteful administrative costs would be eliminated as well as exclusions for pre-existing conditions. Seniors would be fully covered when they need it most. So would the poor and uninsured, and no one would be one serious illness away from insolvency.

Insurers today compete by denying care, choosing healthy customers, not the sick, shifting costs onto patients, and lobbying for public subsidies and industry-friendly legislation. “Decades of experience (have shown) that private insurers cannot control costs or provide families with the coverage they need.” They’re the bane of the system, not the solution, and government-run clones won’t fix the problems because no effort will be made to try.

Obama wants to ration health care by instituting a “global payments” system in place of the current fee-for-service one that reimburses for each visit or procedure. It assures expensive services would be limited or denied, outpatient treatment and drugs will substitute for many surgeries, and full coverage will only be available for higher fees or expensive supplemental insurance premiums.

Obamacare is reactionary and class-based. It’s industry-friendly at the expense of real reform. It assures affluent households top-flight care, others only as much as they can afford, and imposes fines on people too poor to buy coverage, so whatever plan is imposed on them will be inadequate when they need it most because current ones are designed to fail. It subordinates an essential needs to bottom-line considerations and leaves a broken system in place.

Obamacare is to health care reform what No Child Left Behind is to educating the nation's youths in for-profit schools; what Operation Iraqi Freedom is to liberating an occupied people; what Operation Enduring Freedom is to bringing democracy to Afghanistan; and what the Global War on Terror is to peace and good will.

It's a scheme to ration health care, enrich corporate providers, and leave a broken system in place. It's a patchwork idea to repackage failure and claim success. It's a corrupted way to sacrifice real needs on the alter of marketplace medicine by doing too little and leaving growing millions out in the cold, on their own, and at the mercy of for-profit predators. The solution is everybody in, nobody out under a universal, single-payer system. It's time has come, and no one should accept anything less or politicians who won't provide it.

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