

Socialize Medicine and Save?

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By Michael Pento

Is it just me, or have you noticed the debate over "fixing" the problems associated with our current healthcare system has morphed? During the Clinton era, the push for socialized medicine was couched under the rubric of fairness. But for the new Obama Administration the move towards a public takeover of healthcare is being promoted as a necessary step for promoting fiscal responsibility and reducing Federal debt.

The reasons for fretting over our failing healthcare system are well deserved. According to the Centers for Medicare and Medicaid Services (CMS), healthcare spending will reach \$4.3 trillion or 20.3% of GDP in 2018 up from \$2.6 trillion or 17.6% in 2009. This runaway spending has caused health insurance premiums to double in the last 8 years and is rising 3.7 times faster than wages. And the projected national debt has risen to nearly \$100 trillion mainly due to the skyrocketing costs associated with Medicare and Medicaid.

Ever since Hillary-Healthcare failed, the left has gotten smarter. What better way to cram down a government controlled system than sell it as a way to balance the budget? But Rather than merely spewing the perfunctory statistics of the liberals, e.g. 45 million Americans are without health insurance and 8 million of those are children; Barack Obama has transformed the debate by using a brand new set of data. The new agenda to push through socialized medicine uses statistics like ¼ of all medical spending goes toward administration and overhead costs. And that inefficient and poor quality care costs the nation a minimum of \$50-\$100 billion each year.

The Obama plan is simple and vague, if not sophomoric in nature. Its basic formula calls for:

- The adoption of state-of-the-art information technology
- Lower costs for businesses by covering a portion of the catastrophic health costs they pay in return for lower premiums for employees
- Ensure everyone who needs it will receive a tax credit for their premiums
- Establish a National Health Insurance Exchange with a range of private insurance options as well as a new public plan based on benefits available to members of Congress that will allow individuals and small businesses to buy affordable health coverage
- Make employer contributions more fair by requiring large employers that do not offer coverage or make a meaningful contribution to the cost of quality health coverage for their employees to contribute a percentage of payroll toward the costs of their employees healthcare
- Reform the insurance market to increase competition by taking on anticompetitive activity that drives up prices without improving quality of care
- Lower drug costs by allowing the importation of safe medicines from other developed countries, increasing the use of generic drugs in public programs and taking on drug companies that block cheaper generic medicines from the market

The Administration has estimated implementation costs to be \$50-\$65 billion. However, private sources estimate huge expenditures to implement the plan. For the years 2010-2019 the Lewin Group estimates \$1.17 trillion and the Tax Policy Center projects the total cost will reach \$1.6 trillion.

Barack Obama plans to pay for his healthcare reform by rolling back the Bush tax cuts for Americans earning more than \$250,000 per year and retaining the estate tax at its 2009 level. Never mind that raising taxes is exactly the wrong move for a country suffering its worst economic malaise since the Great Depression.

But the theory that a government-controlled system will reduce costs and improve care has already been completely disproved. A great example of how socializing medicine begets more waste, higher costs and lower standards can be found in Great Britain. Their National Health Service (NHS) was established in 1948 and right off the bat, first year costs were 52 million pounds higher than initial estimates. Despite record increases in spending, by the year 2007 total debt reached 1.32 billion pounds. It's not just that healthcare gets more costly under government control; the quality of care plummets as well. Here's a short list of their problems taken from British newspapers over the past few years

- "Life saving Cancer drugs kept from patients by Red Tape" The Times September 20th 2005
- "British Healthcare to be Rationed" UPI April 7th 2006
- "5,000 elderly killed each year by lack of care beds" Telegraph UK June 26th 2006
- "One in Eight patients waiting over a year for treatment, admits minister" Guardian Unlimited June 8th 2007
- "Disabled Children wait up to two years for wheelchairs" Guardian Unlimited March 4th 2009
- "Lung patients condemned to death as NHS withdraws their too expensive drugs" Daily Mail UK March 26th 2008
- "Women in labor turned away by maternity units" Guardian Unlimited March 21st 2008

Of course our American system is far from perfect. Clearly there are many problems. But those problems stem from the fact that our healthcare system is already semi-socialized. CMS projects that in the year 2018, our government will account for 51% of healthcare expenditures which are already now at 46% of total spending! The solution should be to find ways to inject more capitalism into a system which is suffering from over-regulation and litigation.

The bottom line is that if the Obama plan is adopted, the increased government intrusion will cause the quality of our healthcare to suffer greatly. It will also be very expensive to adopt and any assumed savings realized after its implementation are only hopes based on dubious assumptions garnered from a government controlled system. Unfortunately, the plan is just another example of the new administration's belief that you can resolve issues related to the wastefulness and profligacy of George Bush with even more spending and government regulation.