# Affordable Health Insurance for All Is Possible by Means of a Pragmatic Approach

America can attain affordable health insurance coverage for all by using a pragmatic approach. Such an effort must accommodate the realities of the American health care system and resist the temptation to propose radical restructuring.

The congressional strategy for universal health care described here was developed by the American College of Physicians–American Society of Internal Medicine. It builds on the strengths of the current pluralistic system by combining the benefits of public health plans such as Medicaid and the State Children's Health Insurance Program with a more competitive and affordable private insurance market.

The health care system has reached a crisis point. Allowing the status quo to continue courts certain disaster. (*Am J Public Health*. 2003;93: 106–109)

John Tooker, MD, MBA

*Pragmatism is uncomfortable away from facts.*

William James[1]

**THERE IS NO QUESTION ABOUT** whether the United States can or cannot make affordable health insurance available to all its residents. It can. The nation has vast financial and intellectual resources available to solve the problem.

Most Americans, approximately 86%, have health insurance provided by their employer (64.1%), the government (24.2%), or self-insurance through the private market.[2] The challenge involves covering the 39 million Americans who find it difficult to obtain affordable health insurance. The American College of Physicians–American Society of Internal Medicine (ACP-ASIM) has developed an innovative proposal to expand coverage in stages over 7 years.[3] While it represents only one organization's views, the concepts underlying the plan deserve consideration as a possible congressional strategy to achieve universal coverage.

The politics of the health care sector greatly complicate the problems of the uninsured. Health care–related spending constitutes one sixth of the US economy, a whopping $1 trillion. No problem involving this amount of money invites easy solutions.

## THE REALITIES OF HEALTH CARE

Still, if health care policymakers adopt a pragmatic approach, the nation could make affordable insurance available to all Americans by the end of this decade. Such an approach should accommodate 7 realities:

1. Most people feel content with the health care they receive and would be wary of any changes that jeopardize the status quo. Generally, people across the American economic spectrum are covered by health insurance, and the overwhelming majority support the current system.

Likewise, the industries and professions that provide health care products and services have a vested interest in the current system. Bluntly stated, lots of people make lots of money in health care. It would be naïve to think they would not use their political power to oppose any plan perceived as detrimental to their interests.

2. Strong partisan differences divide the Democratic and Republican parties on health care. Democrats tend to favor government coverage of the uninsured, while Republicans generally feel reluctant to expand public health-insurance programs. Moreover, because health care is such an emotional subject for the public, both political parties find it hard to resist using the issue during campaigns.

3. America is extremely diverse demographically, geographically, ethnically, culturally, and medically. The health care needs of aging patients in rural Arkansas differ from those of young adults in New York City.

4. The American people are reluctant to depend on large, government-run enterprises for vital services. (Remember the debate over President Clinton's reform plan and the taunts about whether people wanted the health care system to function like their local Division of Motor Vehicles.)

5. Americans are savvy consumers and can easily distinguish between a good deal and a questionable proposition. Any proposal to expand health insurance coverage must contain clear advantages for individual consumers.

6. Good public communication must be a vital part of any reform initiative. This means a process completely open to public scrutiny to calm fears of backroom deals. Government and private sector organizations must make a concerted effort to convey proposals before, during, and after the debate.

7. Strong leadership will be a vital part of successful health reform. The president, key members of Congress, and private sector leaders must commit to devising a specific plan with a definite time frame for completion.

## A BIPARTISAN APPROACH

To address these concerns, a realistic approach should do the following:

• Build on the current health care delivery system. This will

allow programs already in place and functioning well to expand rapidly and with minimal confusion. It will assure those currently insured that they are not losing the quality health care they now enjoy. Also, it will calm the fears of related industries and professions that the new system will work to their detriment.
• Combine the best of policies supported by Democrats and Republicans. This would include expanding government programs to provide care for the poorest Americans while using tax credits to help others subsidize insurance premiums.
• Give states the flexibility to develop plans to address local problems, while requiring that they provide a federally mandated minimum health-insurance benefit package.
• Continue to stress the central role of the private sector in providing health insurance. Health insurance plans might be subject to new rules and mandates, but they would benefit from national rules instead of state-by-state regulation.
• Develop a plan that retains the best features of the current health care system while delivering new gains to the consumer. Prepare an effective and comprehensive communication plan to sell the American public on the needed changes. Whatever the merits or shortcomings of the Clinton health reform proposal, its failure can largely be attributed to poor communication by the administration. The drafting process took place in private and excluded key players in the health field. Because the administration failed to prepare an adequate response to critics, opponents were able to turn public opinion against the initiative with their own public relations barrage.

Few things happen in the world without strong leadership. This leadership must include the president, House and Senate leaders, state governors, and private sector leaders, such as key union officials and corporate chief executive officers.

## WHY NOT A SINGLE-PAYER SYSTEM?

It seems any discussion of making health care available to all Americans inevitably brings up the topic of a single-payer system. Whatever the benefits or pitfalls, the reality is that such an approach would never pass the US Congress and be signed into law by the president.

Millions of Americans suffer *now* from the disease, death, and suffering that accompanies a lack of health insurance. This affliction falls particularly hard on low-wage workers whose employers do not provide health insurance as a benefit. We owe it to these people to embrace a health reform plan that stands a good chance of being enacted into law soon, rather than engaging in endless debates about proposals that stand no chance of success.

## LESSONS OF THE PAST

Past efforts at health reform reveal the fatal flaw in plans to radically restructure the health care system. Karen Davis, president of The Commonwealth Fund, observes that "incremental changes that expand coverage but do not change the organization and delivery of services have fared better than more sweeping health care proposals." She concludes that a pluralistic and modest approach would be more successful than radical restructuring.[4]

Former president Bill Clinton came to the same conclusion. "I tried to do too much, too fast." he said. "I should have reached out to Republicans earlier. I should have embraced Dole from the very beginning. I should have been more modest."[5]

Robert Ball, one of the architects of Medicare, argues that the program succeeded because it followed a pragmatic approach that maintained the status quo. He makes a compelling case for establishing modest goals and avoiding idealistic and unrealistic crusades.[6]

## A PROPOSED STRATEGY FOR ACHIEVING UNIVERSAL HEALTH CARE

Any congressional strategy to provide all Americans with affordable health insurance must address the concerns noted above, by doing the following:

• Build on the strengths of the current pluralistic system by combining the benefits of public health plans such as Medicaid and the State Children's Health Insurance Program (SCHIP) with a more competitive and affordable private insurance market.
• Provide more choice by allowing individuals to choose from a variety of health coverage options.
• Make affordable coverage available to everyone through expansion of public programs combined with premium subsidies and tax credits, competition between health plans, reforms in the small-group market, and purchasing groups.
• Allow for increased portability by enabling eligible individuals to purchase coverage from a variety of health plans less contingent on employment or locale.
• Improve continuity of care by enabling eligible individuals to maintain a relationship with a personal physician even if their employer switches health plans.

Congress should enact legislation to establish a framework for a step-by-step plan to make affordable coverage available to all Americans within 7 years. Briefly, such a plan calls for the following steps:

1. *Adopt a congressional resolution.* Congress should adopt a resolution establishing the goal of making health insurance coverage available to all within 7 years. Although the congressional resolution would be nonbinding, it could have significant symbolic and political value. A congressional resolution on health care access could be the equivalent of President Kennedy's historic speech committing the United States to a manned lunar landing by the end of the 1960s.
2. *Establish an advisory commission.* Congress should create an advisory commission, the National Commission on Expanded Access, to report annually on the effectiveness of measures to expand coverage. This commission would develop a basic benefits package for qualified health plans that would help establish a national baseline for quality care and prevent a 2-tiered system that provides dramatically inferior care to the less affluent.

The commission would be composed of consumers, health care professionals, state officials with responsibility over access

programs, economists, hospital representatives, and other stakeholders appointed by the majority leader of the Senate and the Speaker of the House of Representatives.

3. *Build on SCHIP and Medicaid.* Congress should enact legislation to make affordable coverage available to all people with incomes up to 200% of the federal poverty level (FPL). Reforms should include uniform national income eligibility for Medicaid; conversion of SCHIP to a federal–state entitlement program; an increase in the federal contribution to Medicaid to fully cover the costs of the expanded enrollment; and a premium subsidy program for individuals with incomes from 100% to 200% of the FPL, to be applied to Medicaid or SCHIP "buy-in" individual or employer coverage.

Expanding Medicaid to cover all uninsured Americans with incomes up to 100% of the FPL would make coverage available to 34.7% of the total uninsured population.

4. *Expand the premium subsidy program.* Congress should expand the income-related premium subsidy program established in step 3 to all uninsured individuals with incomes above 200% of the FPL. The premium subsidy (to be applied to coverage purchased from qualified plans in the private insurance market or through an employer) could take the form of a refundable tax credit or a direct dollar contribution (voucher), the decision to be made by Congress.

Legislation should also authorize the creation of purchasing groups to facilitate the purchase of qualified health plans by small employers. Purchasing groups should be established on a state or regional basis, should be funded by the federal government, and should have certain statutory functions similar to the federal government's role in the Federal Employee Health Benefits Program (FEHBP). To be eligible to participate, health plans would be required to abide by federal mandates that eliminate barriers to affordable coverage in the individual insurance market, including a guaranteed right to renew and modified community rating procedures.

Congress should establish conditions for qualified health plans, including basic benefits requirements and market reforms, modeled after the Federal Employee Health Benefits Program (FEHBP). A basic benefits package, as recommended by the National Commission on Expanded Access, would be submitted to Congress for an up or down vote without amendment.

A premium subsidy or tax credit system should maintain a key role for employer-based coverage, particularly during the initial years. Abrupt erosion of employer-based coverage could increase the number of uninsured Americans.

5. *Allow states to opt out.* Fifth, Congress should enact legislation to authorize states to request a waiver from participation in the national program if they established their own programs for universal coverage that met the federal guidelines. States approved for a waiver could apply to receive a federal contribution equal to federal expenditures per resident of the state; additional financing, if required, would come from the state itself. To be granted a waiver, the state would have to show that it could achieve higher enrollment than the federal program and that state-provided benefits would at least equal the basic benefits package required of federally qualified health plans. The state would also have to provide coverage for its residents traveling outside the state.

6. *Discourage individuals from opting out.* Sixth, the National Commission on Expanded Access should recommend to Congress mechanisms to discourage individuals from opting out of insurance coverage. Options could include automatic enrollment in Medicaid, SCHIP, or Medicare, with a tax surcharge imposed on the individual.

## COSTS AND BENEFITS

Too many factors remain unsettled to suggest a definite financing mechanism for the approach outlined above. The final nature of the plan would have to be decided upon by Congress and the proposed National Commission on Expanded Access would need to define the standard benefits package before realistic cost estimates could be developed.

Reducing the number of uninsured Americans may result in overall savings by reducing hospitalizations and higher costs associated with treatment at later stages of disease. It would decrease cost shifting and reduce the unnecessary use of hospital emergency rooms. The United States would maintain a more productive workforce, with fewer days taken off work for illness. Most important, reducing the number of uninsured Americans would save the lives of countless people.

Something as simple as ensuring that all American residents were immunized would produce enormous savings. Vaccination against influenza in healthy, working adults has been associated with health benefits and cost savings of $46.85 per person.[7] During most influenza seasons, 10% to 20% of the nation's population is infected, with an annual estimated cost to society of up to $12 billion during severe epidemics. The Institute of Medicine has reported that 50 000 to 70 000 adults die each year from diseases that could have been prevented or mitigated.[8]

In any event, everyone must be covered by health insurance to put a cap on health care's runaway costs. Only when coverage is universal can planners truly identify opportunities for cost savings and for optimizing resources. Piecemeal reforms typically only shift costs from one part of the system to another without solving the central problem.

## CONCLUSION

It has become a cliché to declare every problem faced by society a crisis. The problem of health care, however, has reached a crisis point by any objective standard. Rising health insurance costs have forced many businesses to reexamine their commitments to providing employee health insurance. Cuts in employer-based insurance will inevitably lead to more uninsured Americans and further strains on the system.

Critics of expanding health insurance coverage will claim the time is not right because the government lacks the funds and the American people will not support such an initiative. In truth, any time is a good time to expand health insurance coverage, because providing all Americans with affordable health insurance has clear financial, health, moral, and political benefits. To allow

the current situation to continue, by contrast, is to court certain disaster. ■


## About the Author

*The author is executive vice president and chief executive officer of the American College of Physicians-American Society of Internal Medicine, Philadelphia, Pa.*

*Requests for reprints should be sent to John Tooker, MD, MBA, American College of Physicians-American Society of Internal Medicine, 190 N Independence Mall W, Philadelphia, PA 19106-1572 (e-mail: jtooker@mail.acponline.org).*


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