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Time To Socialize Medicine

How Democrats can make themselves useful.

By Timothy Noah

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May I put in a word for socialized medicine?

The Democrats have [won back](#) the House of Representatives and [may also have acquired](#) a gossamer-thin majority in the Senate. They won by not being the party that bungled and lied its head off about the Iraq war. The common wisdom is that even if both houses of Congress become Democratic, the Democrats won't be able to do anything more than bedevil the Bush administration with investigations rooting out incompetence and corruption (surely there's more than enough to occupy the next two years), block Bush's more ghastly judicial appointments, and drop any legislative initiatives Bush might attempt into a very dusty file.

But etiquette, if nothing more, requires that the Democrats also put forth some ideas about how they intend to govern, and the evidence suggests they don't have any. It's telling that, in a *Washington Post* story headlined "[Democrats Promise Broad New Agenda](#)," the particulars of what that new agenda happens to be don't appear until the 10th paragraph. I won't bore you with what they are but will instead direct you to an [entertaining rundown](#) by *Slate*'s Michael Kinsley. Judging from Kinsley's source document, an [issues pamphlet](#) put out by presumptive Speaker Nancy Pelosi, health care figures into the Democratic agenda only insofar as it affects stem-cell research, broadband access, the elderly, small business, and (most especially) the military. The question of how to repair America's health care is addressed with strikingly little audacity (and even less specificity) in [The Audacity of Hope](#), the new tome by Democratic heartthrob Sen. Barack Obama of Illinois.

None of this is any accident. The last big attempt to reform the health-care system is widely believed to have lost the House for the Democrats back in 1994, and many would say it's perverse to bring up the subject mere hours after the Democrats finally got it back. The conviction that the United States government is capable of achieving anything has surely been hit hard by the Iraq war. I doubt that government takeover of the health-care system would poll well. Politically, the issue would seem a very impractical one to place at the center of the Democratic agenda.

But there are many categories of practicality in this world, and the political type is highly susceptible to changed circumstance. There are also the practical questions of how to make sick people well and how to pay for it. These are matters that health insurers, hospitals, and doctors have been fighting over for decades, and the battle has left the health-care system in a state that a wealthy and civilized society can no longer tolerate.

Have you been inside a hospital lately?

The signs of breakdown are everywhere, from the emergency room overflowing with uninsured people to the film labs unable to locate MRIs that cost thousands of dollars to produce (usually because a doctor misfiled them) to the medical chart whose privacy is guarded [so fervently](#) that the patient may need a law degree to get his hands on it, only to discover that results of his last three blood tests never made it out of the fax machine. (Before she died of liver cancer, my wife [found](#) that the only place she could read her medical chart unmolested was the hospital ladies' room.) The National Academy of Sciences estimates [that 3 percent to 4 percent](#) of all people admitted to hospitals end up suffering some

sort of injury due to medical error and that the number who die as a result [may approach 100,000 annually](#), which exceeds the number of people who die annually in car crashes. The problem isn't incompetent doctors or medical technicians; it's the seat-of-the-pants way medical care must be delivered under the current jerry-built system. By comparison, your local Department of Motor Vehicles is a model of efficiency and cheery service.

None of this comes cheap. Assuming you aren't one of the 43 million Americans lacking *any* health insurance, the policies your employer provides you—it's rarely the same one for more than three or four years—are becoming rapidly more expensive, often in maddeningly tricky ways involving intricate rules about minutiae like which lab your doctor happens to use. (The most elaborate ones are labeled "consumer choice" plans and are based on the fiction that you can know in advance whether you're ever going to get sick.) This past August, Steven Greenhouse and David Leonhardt [observed](#) in the *New York Times* that America was experiencing its "first sustained period of economic growth since World War II that fails to offer a prolonged increase in real wages for most workers." Corporate greed was apparently one cause, since wages and salaries represented the smallest share of the gross domestic product since 1947, while corporate profits represented the highest share since the 1960s. But the more significant factor, I'll bet, was the rising cost of health-care benefits, which have more or less abolished raises. These days the only incentive most workers have to boost productivity is fear of a pay cut.

Market-based solutions to the crisis are, it should be obvious by now, a distraction. Paul Krugman and Robin Wells [summarized the problem](#) in a March 2006 *New York Review* essay:

[I]magine an insurer who offered policies to anyone, with the annual premium set to cover the average person's health care expenses, plus the administrative costs of running the insurance company. Who would sign up? The answer, unfortunately, is that the insurer's customers wouldn't be a representative sample of the population. Healthy people, with little reason to expect high medical bills, would probably shun policies priced to reflect the average person's health costs. On the other hand, unhealthy people would find the policies very attractive.

You can see where this is going. The insurance company would quickly find that because its clientele was tilted toward those with high medical costs, its actual costs per customer were much higher than those of the average member of the population. So it would have to raise premiums to cover those higher costs. However, this would disproportionately drive off its healthier customers, leaving it with an even less healthy customer base, requiring a further rise in premiums, and so on.

Insurance companies deal with these problems, to some extent, by carefully screening applicants to identify those with a high risk of needing expensive treatment, and either rejecting such applicants or charging them higher premiums. But such screening is itself expensive. Furthermore, it tends to screen out exactly those who most need insurance.

In theory, when insurance companies tinker with co-payments and deductibles, they put the brakes on health-care costs by pressuring consumers to avoid frivolous visits to the doctor. In practice, frivolous visits to the doctor are comparatively rare and confined to a few hypochondriacs and hysterics. Going to the doctor is, after all, a fairly unpleasant experience. When people are pressured to avoid seeing the doctor, what happens is that their health suffers. This isn't rocket science.

Krugman and Wells (whose [essay](#) ought to be read, I'm not kidding, by every American) displayed a [chart](#) telling the familiar tale that the United States spends about twice what Canada, France, and the United Kingdom do on health care (all three have socialized medicine) yet ranks lower than these countries on life expectancy and higher on infant mortality. There's no question that the United States practices the most advanced medicine in the world, but that doesn't translate into a healthier population. The problem isn't the science; it's the boring stuff, like the size and variety of the cohort that's insured, and the availability of [computerized medical records](#), and the price tag for a visit to the doctor. Writ

large, it's the inability of the health care system to benefit economically from improving the long-term health of its customers. This is a job private industry can't do.

It's a given that the government will be forced to take over health care. Just about every doctor I've ever questioned on the subject has said so, even though one consequence may be that doctors will lose income by becoming salaried employees rather than fee-for-service entrepreneurs (a system widely agreed to have increased the number of unnecessary and sometimes dangerous medical procedures). Will the cost be prohibitive? Obviously if more people have access to medical care, that will push costs up. At the same time, though, eliminating the ever-more-elaborate financial game-playing between insurers, doctors, and patients would save an enormous amount of money, and so would eliminating costly medical care required when a patient has failed to receive preventive care, which is comparatively inexpensive. Medicare, Medicaid, and the Veterans Administration all have their faults, but they all manage to deliver health care more cheaply than private insurance, and the VA, which actually employs doctors and owns hospitals, is [widely understood](#) by experts to provide better care than private hospitals do. Krugman and Wells note that when Taiwan switched to a single-payer system in 1995, overall health-care costs went *down*:

[T]he percentage of the population with health insurance soared from 57 percent to 97 percent, yet health care costs actually grew more slowly than one would have predicted from trends before the change in system.

The practicalities of politics may shun putting socialized medicine at the center of the Democratic agenda. But the practicalities of life demand it and will soon reverse the political calculus. People are dying, and corporations are [going broke](#). Let's get started.

*Timothy Noah is a senior writer at **Slate**.*

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