Chapter Twenty

Reform

MYTH NO. 20: ADOPTING THE HEALTH CARE PROGRAMS OF OTHER COUNTRIES REQUIRES GOVERNMENT

Some of the proponents of national health insurance are leaders from industries that experience high health care costs and must compete with firms from countries with national health insurance. These leaders complain high health care costs make their industries less competitive compared to nationalized systems found in other countries.

The chairman of Ford Motor Company, William Clay Ford Jr., has stated that for automakers, health care cost is the "biggest issue on our plate that we can't solve."[1] Also, the U.S. president of the United Auto Workers, Ron Gettelfinger, is a proponent of a "universal, comprehensive, single-payer healthcare program to cover every man, woman and child in the United States." This is not the first time auto workers and auto makers have looked longingly at the health care systems of other countries and called for a government solution. Nearly a decade ago Chrysler Chairman Lee Iacocca complained "about the great imbalance between health care costs in the United States and national health care systems in virtually every other country."[2] But do the workers at Chrysler and Ford really need government in order to adopt the health care programs of other countries? It is not at all clear that they do.

As we have seen, the primary way other developed countries control health care costs is through "global budgets." Hospitals, physicians or area health authorities are told by government how much money they have to spend. The government then leaves decisions about how to ration the funds to the health care bureaucracy.[3]

There is nothing mysterious about this process, and no reason why Chrysler and Ford need government in order to copy it. For example, auto

workers or any other large group could form their own national health insurance plan. The total amount of money given to national health insurance plan each year could be 75 percent or even 50 percent of what Chrysler or Ford now spends on employee health care, and the national health insurance plan managers could be instructed to ration care to their respective employees.

If Chrysler or Ford workers wanted to exert more direct control, they could elect the chief executive officer of the national health insurance plan in annual balloting, and candidacy could be open to all health care bureaucrats or restricted to those with certain qualifications. The most obvious obstacle automakers would face would be U.S. tort law. If the national health insurance plan physicians rationed medical care the way the British do, there would be many potential malpractice suits. But if autoworkers owned their own HMO and if enough legal documents were signed, even this obstacle might be surmountable.

In short, Chrysler and Ford employees could realize "benefits" of national health insurance through private action, without government intervention, provided that is their sincere objective. On the other hand, if the rhetoric coming from automakers is merely a ruse to get taxpayers to pay autoworkers' annual health care bill, federal government coercion would be required.

A similar principle holds true for cities, states and other entities. Any organization that truly wishes to enjoy the benefits of a system of health insurance based on waiting lines, fixed budgets and rationed services could adopt many of the same principles used in Canada and Britain. For instance, a city government might allocate a fixed amount of funds to meet the health needs of its employees and their families and every other local citizen who elects to join as well. It could also empower a bureaucracy to ration health services. Those unable to obtain immediate care might be placed in a queue and receive care at a later date, possibly the following year. In allocating medical resources in this manner, the city might not meet all the needs of all its enrollees, but at least the national health insurance plan's spending would be lower, say, than what a Blue Cross plan would cost.

Although this arrangement is possible, it is doubtful city employees would tolerate it for long, however.

NOTES

1. Quentin Young, "National Health Insurance is the Obvious Prescription," *Chicago Tribune*, June 29, 2003.

2. Employee Benefits Research Institute, "EBRI Notes," *Employee Benefits Research Institute* 14, no. 2 (February 1993).

3. See the discussion in Jönsson, "What Can Americans Learn from Europeans?" 84–86.