Remaking America’s health-care system

The momentum needed to repair the US health-care system has finally arrived. President Barack Obama, making it this year’s domestic priority, has argued that “America cannot afford not to reform” its health-care industry since the country will otherwise go “the General Motors way”. An affordable, accessible, and portable health-care system, it is argued, will not only benefit citizens but will also be the key to the country's economic recovery—now with a record deficit of US$1.7 trillion.

The cost of the current US health system is astronomical—$2.5 trillion a year (the highest in the world)—comprising a fifth of the nation’s economy and roughly $66000 spending per person. A third of every US dollar spent on health is lost to bureaucracy. The resulting care is also far from being the world’s best: in fact it is ranked a modest 37th in the world by WHO. And America remains the only developed nation that has 46 million uninsured individuals—leading to an unfulfilled basic human right and 20 000 unnecessary deaths each year.

The current US health-care model is a fee-for-service system. It gives providers a financial incentive to order excessive tests and treatments without necessarily providing the best care to patients. The emphasis is on system overuse and not on primary care and prevention.

Another big problem is how the insured are insured. Most Americans (160 million) receive health-care coverage though their job via insurers chosen by their employers. Private insurers dominate the market and regulate pricing, reimbursements and premiums, and employers often negotiate deals with them that benefit the company and are not necessarily in employees’ best interests. The result is often underinsurance—policies that do not come close to covering all of an individual’s medical bills. Because of this shortfall, as many as half of personal US bankruptcies are due to medical debts.

This year’s deep recession has further aggravated the coverage problem, with an increasing unemployment rate (currently 9.7%) adding to the number of uninsured individuals. Unemployed people often do not have enough resources to maintain the same level of coverage even with the government’s help, or are either too rich to qualify for state-run Medicaid or too young to qualify for Medicare. And, even when people can afford insurance, an insurance company will deny coverage if there is a pre-existing medical condition.

Obama’s proposed health-care reform package is primarily intended to fulfil two aims: universal health coverage (mandated for individuals and employers) and the creation of a government-run public health insurance plan that will compete with private insurers. This means that insurance companies will be tightly regulated and are to offer a yet to be determined “essential benefit”. The new plan will also eliminate annual and lifetime insurers’ caps and ensure that out-of-pocket costs will not exceed individuals’ ability to pay. The proposal will also promote future comparative effectiveness research to control costs and improve patients’ care.

So far, Obama already has the necessary health players on his side: the pharmaceutical and hospital lobbies, who have promised a $230 billion 10-year cost-saving plan. And even the America’s Health Insurance Plans association has agreed to cover all individuals independent of their pre-existing conditions if the reform is accompanied by an individual health-coverage mandate. The American Medical Association has also backed the need for health-care reform. Existing polls show that American people are generally in favour of universal coverage and a government-run insurance plan.

The big obstacle for implementing reform of the American health-care system will be its price—an estimated $1 trillion over the next 10 years. The Senate’s Finance Committee has yet to agree on how and who is to pay. Half of that amount might be obtained by reducing payments to providers within the Medicare programme, but the rest requires new revenue sources. The burden might fall on families earning more than $350 000 annually. Or it could end up being the collective responsibility of all US citizens if workers’ salaries fall as a result of an employer’s requirement for broader insurance.

Passage of the US health-care reform bill this year is a must, even if it involves alterations and compromises. It is the appropriate political, economic, and moral act by the US Congress for the nation and it fulfils a promise by the President to American people. Yes, it can be done. ■ The Lancet