Nurses' Guide to Single-Payer Reform

A single-payer system: what's in it for the business community

By Alan Dieffenbach
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Back in 1988, Lee Iacocca, then head of Chrysler Corp., testified before a congressional committee that his company paid more for employee health benefits than for steel. The figure at the time was $700 per car, versus $223 for the same car built in Canada.

The situation has only gotten worse for American business in the decade and a half since then. Companies willing to maintain their health benefit commitments to workers have found their costs rising dramatically. Others have fought morale-sapping battles with unions to get workers to accept more of the burden of paying for health care. Some large firms have elected to self-insure, basically meting employee medical expenses out of company revenues at considerable administrative cost. And a few have "solved" the problem by simply dropping health benefits altogether.

It is surprising, then, that business has not been more active in seeking fundamental reform of the nation's health care system. In part, business has probably remained on the sidelines because of a long-standing bias toward private-sector, free-market solutions. This may, however, be an occasion on which a non-governmental solution is not the answer. Consider the following benefits to business of a single-payer program:

Lower health costs: Under the recent Lewin Group analysis of the revenue needs of a single-payer system in Vermont, employer contributions are estimated at 5.8 percent of payroll, far below current levels of spending of the vast majority of businesses in the state.

Lower personnel management costs: Without responsibility for developing and managing health benefit plans, human resources offices could easily be downsized.

Lower costs related to workers' compensation: Since the medical costs of workers injured on the job would already be covered by the single-payer plan, workers compensation premiums would be substantially reduced.

Reduced labor-management strife: Research indicates that health benefits are the key issue in three out of four strikes. Quarrels over health cost burden-sharing are common in virtually every employment setting.

Reduction of health coverage costs for retirees: The obligations that many companies have undertaken to meet health care costs of retirees would be considerably lightened or eliminated altogether under single payer.

Improved employee health: Especially in employment settings where health benefits are not currently being offered, a significant improvement in employee health status can be anticipated—with accompanying improvement in morale.

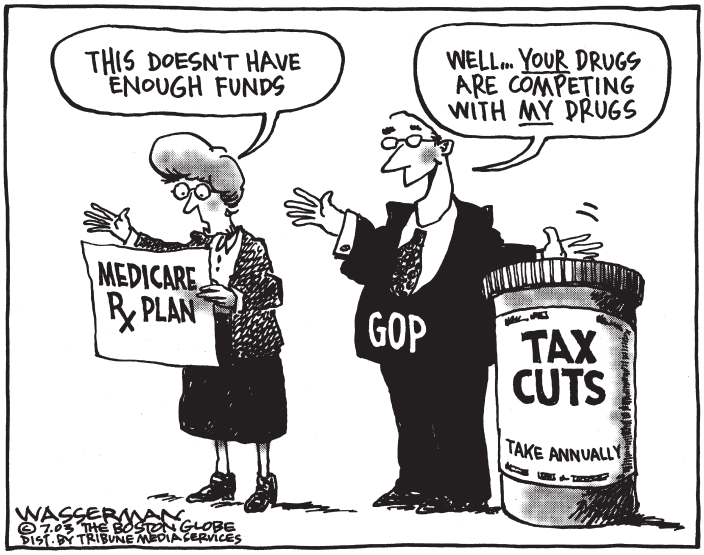
Greater freedom in deploying workforce: Under a single-payer system, employers would no longer be forced to hire part-time employees or engage "independent contractors" as a way of reducing fringe benefit costs.

Improved competitiveness vis-à-vis the rest of the world: All other countries in the industrialized world already offer universal health care programs to their citizens.

Elimination of cost shifting: Under current arrangements, costs to the health care system which result from providing uncompensated care to the uninsured are shifted to the premiums of those who can pay—mainly employers. In a system in which everyone is covered, this would no longer be the case.

Reduced municipal and state taxes: We all pay the health care costs of teachers and other municipal and state employees through tax payments. To the extent that single-payer reform reduces overall health care expenditures, we can expect our tax bills to shrink.

We need to recognize that while the vast majority of employers stand to benefit from single-payer health care reforms, some will be asked to shoulder new expenses. This group includes mainly small and marginal businesses that currently do no offer health benefits to employees. The fine-tuning of a single-payer program will have to take this into account through some kind of sliding scale or subsidy arrangement. ■



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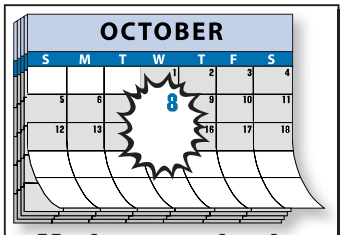

Mark your calendar
Public hearing on single-payer bill, S.686: Mass. Health Care Trust Fund
Mass. Statehouse

Jobs with Justice plans next steps for campaign

On June 5, under the coordination of Jobs with Justice (JWJ), more than 50 Massachusetts unions and community groups mobilized their members to wear stickers supporting health care for all. To keep up the momentum, the next step of the JWJ health care action committee is to launch a two-pronged membership mobilization this fall:

1. JWJ will design materials that union, religious, and community groups can use to train their leaders about health care issues and reform. After leaders are trained, JWJ will pick one day to "take 10 minutes for health care," where all participating leaders will conduct a mini-class with members on universal health care.
2. JWJ will work with groups to mobilize for the Oct. 8 State House hearing on S.686—a bill that would guarantee every Massachusetts resident health care coverage by replacing the current patchwork of public and private health care plans with a uniform and comprehensive health plan.
3. A planning meeting for both "10 minutes for health care" and the Oct. 8 hearing will be held on Aug. 14 from noon to 2 p.m. at the new Teamsters Local 170 union hall in Worcester.

MNA and MASS-CARE are two of the many organizations sponsoring this meeting and the ongoing campaign. If you would like to participate in the JWJ activities, please RSVP with Tiffany at skogstron@earthlink.net or 617-524-8778. ■

New campaign launched to preserve—not privatize—Medicare

[Editor's Note: Medicare is a very successful single-payer insurance system that can serve as the foundation for a national program guaranteeing comprehensive health care for all. Below is a message from a group called Campaign to Preserve Medicare, reprinted from Action for Universal Health Care, April/May 2003.]

The Medicare program has been a success. It assures the elderly and people with disabilities access to reliable health care coverage with a defined set of benefits. Its administrative costs are much less than the administrative costs of private health insurance, and it works better than any market-based model to contain costs and ensure reliable coverage with a defined set of benefits. Reforms should make the program's coverage more comprehensive in order to reflect a national commitment to an inclusive Medicare program. The program should provide coverage to rich and poor, frail and healthy, and preserve one community of interests among all groups rather than pitting one group against another.

The Campaign to Preserve Medicare aims to educate the public, the media and members of Congress about the dangers of privatizing Medicare and the need for alternative legislation that will strengthen the program by making it more responsive to the needs of older Americans and people with disabilities. The campaign will keep activists around the country informed about the latest legislative developments and make public education materials available to grassroots groups.

Medicare program core principles

Guaranteed benefits: Medicare successfully provides a guaranteed and defined set of benefits at the same price for all—regardless of where a beneficiary lives, his health status or his income. This should continue.

Free choice of physician: The traditional Medicare program guarantees beneficiaries free choice of physician, throughout the country, at an affordable price. This should continue.

Medicare should not be privatized: The current Medicare program already contains the most important competition—competition among doctors and hospitals seeking to provide the best care. It should not be replaced with a system that gives beneficiaries a voucher to buy health coverage from private insurance companies. Privatization would mean the end of Medicare's guaranteed benefits and free choice of provider.

Prescription drug benefit: Comprehensive outpatient prescription drug coverage should be included in the Medicare benefit package so that is available to every American who relies on Medicare.

Prescription drug coverage should not be privatized: Medicare beneficiaries should not be forced to join a private insurance plan to get coverage for their prescription drugs. It should be made available to beneficiaries directly through the traditional program and Medicare HMOs.

Meeting the needs of all: Medicare must be improved to meet the needs of people who have chronic, long-term conditions and disabilities—including the need for long-term community services and coordination of care. ■