A commonsense, workable plan to fix U.S. healthcare
By Fred Gluck

Healthcare and, in particular, how to provide universal access for all Americans has been front and center in the Democratic debates. I believe in universal access too, but the only sustainable way to achieve it is to deal directly with the institutional bloat and other inefficiencies that have crept into our healthcare non-system over many decades, resulting in enormous complexity and unproductive costs. Suppose, instead of socializing healthcare or tinkering with Obamacare, we tackle the root causes driving these unproductive costs, which have been spiraling out of control for far too long.

Estimates vary somewhat but unproductive costs include:

- Administrative expense created by the unnecessary complexity of a non-system that evolved in a piecemeal manner - $500 billion
- Overutilization and fraud - $600 billion
- Lost revenue from regressive tax preference for Employer Sponsored Insurance (ESI) - $280 billion
- Pharmacy Benefit Manager middlemen - $150 Billion

That adds up to $1.53 trillion; well over one-third of our total $3.5 trillion annual spending on health care with no reduction in care delivered. Complexity in the choice of insurance coverage, unnecessary subsidies for ESI, middlemen in the pharmacy supply chain, and the unproductive duplication of public health care agencies are the root causes of these costs. Although picking this low-hanging fruit wouldn't be a quick fix, it could be accomplished over a few years with manageable disruption. The savings would be enough to finance universal care while reducing total national spending on healthcare.

Because we treat private and, to a lesser extent, public health insurance as a consumer product, insurers respond with a staggering array of choices and options. For example, people who shop for insurance online are confronted with thousands of policies to select from, far too many for anyone to capably examine and compare. This complexity results in endless levels of bureaucracy, administrative expense, and hidden costs that drive up the cost of care. It also contributes to the lack of transparency in the actual costs of care delivered.

Unlike real consumer products, a person's choice of an insurance plan has little connection to the type of care he or she will eventually need. Choice in insurance merely determines who will pay for the necessary care when, and if, it is delivered. In practice, insurance serves primarily to deny preventive or necessary care to patients who can't afford or choose not to pay the additional charges when they actually receive care.

A straightforward approach to reducing this complexity would be to mandate a single, comprehensive Guaranteed Access Plan (GAP) basically modeled on existing Medicare coverage. All insurers in both the private and public sector would be required to provide this same, separately priced GAP coverage as their flagship product. This would create an easily understood, transparent competitive market for insurance coverage uncomplicated by the largely specious options that now obfuscate choice. Competition would be based solely on premium price, the effectiveness of control of overutilization and fraud, and quality of service. This single step would eliminate much of the wasteful complexity that now exists throughout the system, provide much greater transparency, and enable substantially more effective control of overutilization and fraud

People who are happy with the workplace-connected insurer they have now would be able to stay with them, with one important difference. The money employers now pay for their workers' insurance would be turned into wage increases and workers would decide whether or not to supplement their GAP coverage. With employers out of the picture, the existing tax preference for ESI that unfairly penalizes the self-employed and others who buy their own coverage would be eliminated. Private insurers would be free to offer supplemental plans to cover modalities not included in the GAP to those willing and able to pay. These supplementary plans would not be subsidized in any way and, given the comprehensiveness of GAP, would constitute a very small market segment.

All public programs (e.g. Medicaid, CHIP, the VA) would be consolidated into Medicare's GAP and primarily financed by the federal government. This would eliminate billions of dollars in redundant administrative costs as well as improving transparency.

Medicare for All as proposed by most of the Democratic candidates would be an expensive giveaway, socializing our health care and spawning mammoth, economy-wrecking tax increases. Expanding Obamacare would double down on a system that has made premiums less affordable and care more expensive. Neither of these strategies would reduce spending, an absolute necessity for successful health care reform.

GAP would provide all Americans affordable access to our world-class health care providers while dramatically reducing the waste, overutilization, and peripheral spending that plagues our system today. Importantly, it would be politically salable as a bipartisan solution because it satisfies the widespread demand for universal access while preserving the free market aspects of U.S. health care that has made us the world leader in medical research, innovation, and quality care. I urge anyone who aspires to occupy the White House in 2020 to take a serious look at GAP by reading the full letter to candidates at **Sensible Healthcare Reform.**

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