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We don't have to socialize medicine to fix healthcare

by Fred Gluck

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The ridiculously high costs of complexity and bureaucracy, not overpriced pharmaceuticals and not expensive hospital stays, are the main drivers behind the excessive cost of healthcare in America. Although it may sound counterintuitive at first, rationally simplifying and minimizing the choice in basic health insurance is the key to fixing this problem without resorting to socialized medicine or wiping out the U.S. insurance industry.

[America spends much more on healthcare than other high-income countries, even though our health outcomes at times appear to lag behind.](#) That's because as much as one-third of the \$3.5 trillion we spend on healthcare each year does nothing to keep people healthy or make patients feel better. It is wasted on nonmedical administrative, marketing, and other peripheral activities such as pharmacy benefit managers. This is the result of a poorly structured healthcare system that isn't really a "system" at all. And the complexity and lack of transparency provide a fertile breeding ground for fraud and overutilization.

[Because we treat health insurance as just another consumer product people choose to buy, we have a complex web of conflicting programs.](#) Some of us get our health coverage from private insurers, others from their employers, still others from the federal or state governments. Some are in networks, some are not. Some people try to pay out of pocket, with often financially ruinous results. It is a convoluted setup that dooms us to billions of dollars in insidious cross-subsidies and spiraling hidden costs that have nothing to do with the quality of care we receive.

[The website eHealth offers insurance shoppers over 10,000 plans from 180 different insurance companies.](#) Imagine the almost countless levels of redundancy and administrative costs created by that over-the-top number of hollow choices. The details of any plan are just overwhelming for the average American to read and understand. The key to reducing costs while maintaining a level of choice for patients is simplicity and transparency.

Instead, picture this: What if there were only one standard simple set of parameters that all healthcare policies had to meet for the basic essential needs of American families? It would provide comprehensive insurance coverage comparable to that offered by Medicare, have a single set of limitations such as deductibles or co-pays to navigate, and set reasonable standard rates for provider reimbursements.

This Guaranteed Access Program would not fund extravagant treatments driven by providers or patients, such as unnecessary testing or expensive, fruitless treatments. Coverage for expanded

levels of care would be obtainable through supplemental insurance policies available to those who chose to buy them. This would maintain choice in the system for patients who desired additional types of coverage. Most importantly, the delivery of healthcare would remain in private hands.

Any company that wants to be in the business of selling health insurance would be required to provide this separately priced basic coverage. They would compete for customers by offering such enticements as better service, transparency, and lower premiums made possible by streamlining their marketing and selling efforts to focus on the GAP program.

As natural market forces unleashed by this straightforward approach to insurance empower and refine our healthcare system, people could at some point be allowed to purchase their GAP coverage either through private insurers or through Medicare, leading to a constructive, competitive marketplace. Medicare itself would eventually change, logically incorporating the other government programs such as Medicaid, the VA, and CHIP, that now provide essentially identical services to different segments of the population. (Note that this is different than current "Medicare for all" plans, that merely propose giving coverage away, paid for by an array of investment and economy-killing tax hikes.)

Individuals would be responsible for their own coverage. Coverage for lower-income people would be subsidized by the federal government from general revenues. And everyone would see their overall costs go down through reduced government expenditures and premium reductions.

Employers would not be involved. Private sector companies would no longer be burdened with the costs and administrative headaches of providing insurance. The costs that companies now pay toward healthcare coverage would be redirected to the workforce as wages. And workers wouldn't fear losing coverage when they change jobs, are laid off, or strike out on their own to start new ventures. All families and individuals would be relieved of a major continual source of anxiety. People would actually understand how the healthcare system worked.

We all know the U.S. healthcare system is broken. And it will remain broken until we successfully address the issue of cost. Any healthcare reform strategy that does not bring down costs will eventually fail. We have seen this with Obamacare, under which the cost of care and premium prices have steadily risen, as has dissatisfaction with costs at both the personal and national levels.

This plan could cut healthcare spending by many hundreds of billions of dollars. Simplifying choice in the equation will eliminate resource-draining middlemen and provide a high level of transparency. It will reduce fraud and unnecessary utilization, while guaranteeing every American access to the quality medical care they deserve. This is not a quick fix because a quick fix for this problem, decades in the making, does not exist. It is, however, the best way forward to a functional, affordable American healthcare system that will work for everyone.

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