

**A
Portrait
of
Our
Sisyphean
Health
Care
System**



Since the 1980's,
America's

**health care
bureaucracy**

has mushroomed into one
of the nation's fastest-
growing industries.



The NEW ENGLAND
JOURNAL of MEDICINE

<http://content.nejm.org/cgi/content/abstract/349/8/768>

Volume 349:768-775 [August 21, 2003](#) Number 8

Volume 349:768-775

**Overall, at least 31% of health
spending was devoted to**

administration

in the U.S. in 1999.

Number 8

Expenditures for insurance
administration

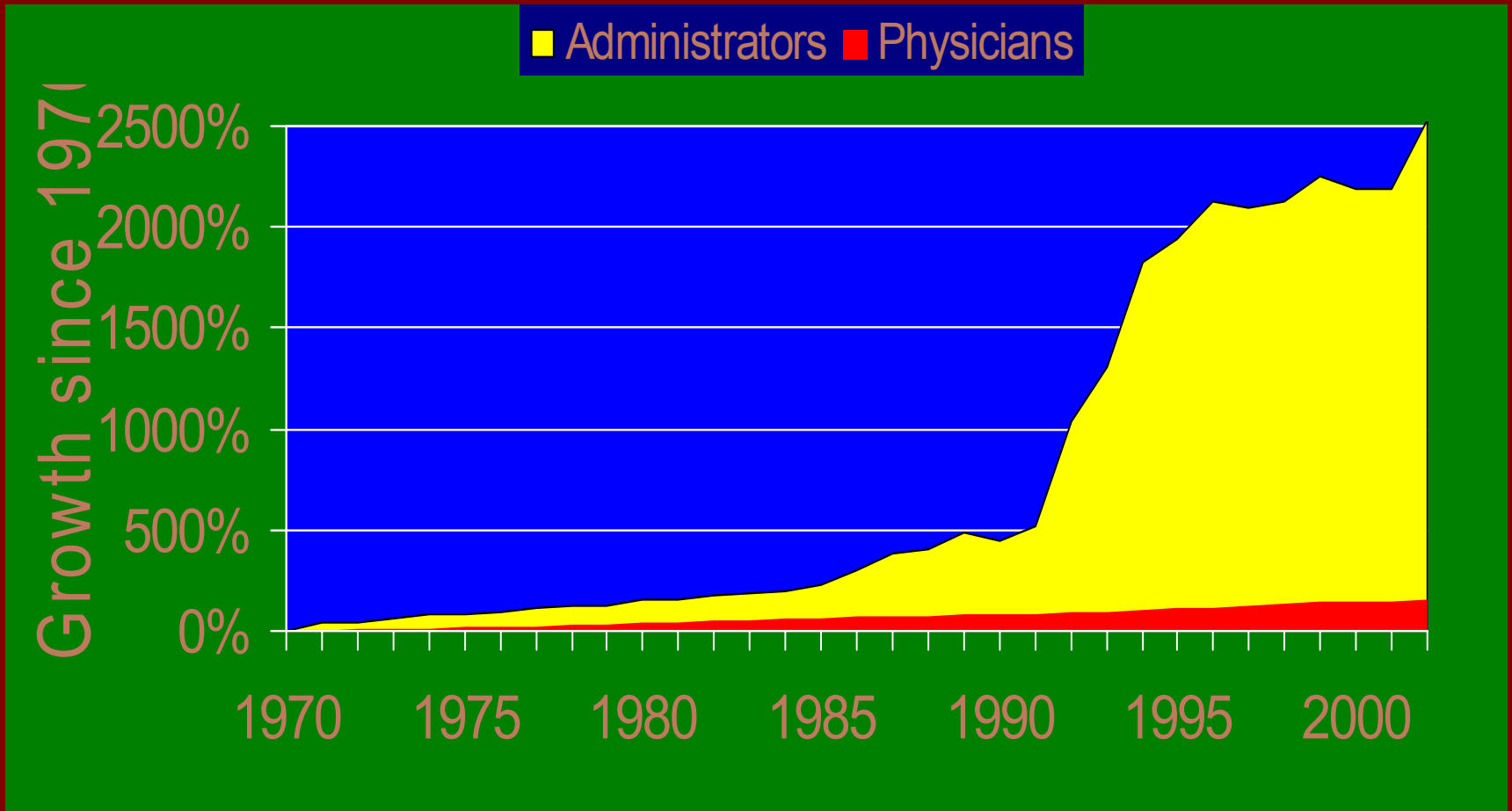
and

profit

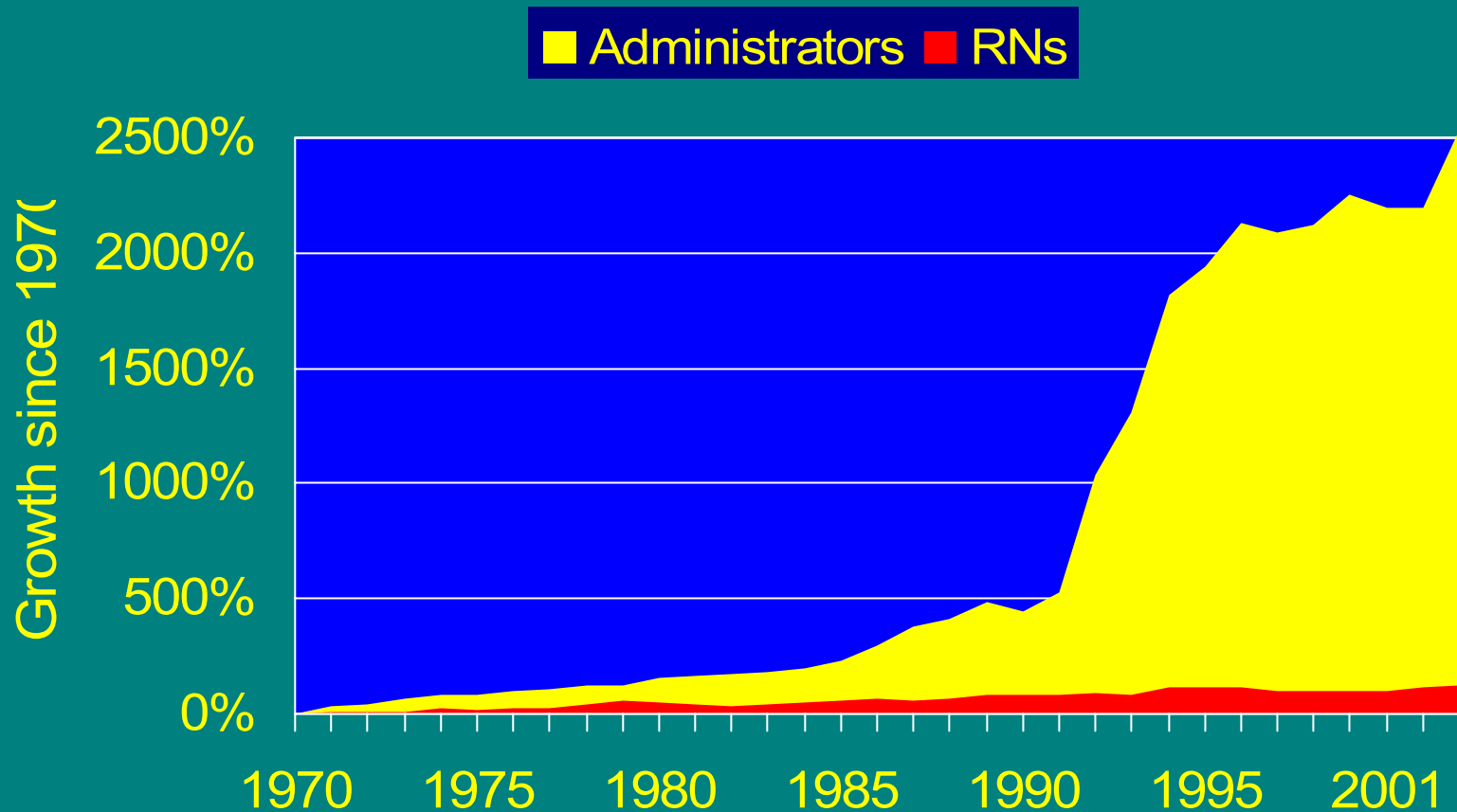
rose 80 % faster

in 2003 than spending on
actual care.

Growth of Physicians and Administrators 1970-2002



Growth of Registered Nurses and Administrators 1970-2002



Where do these “administrators” work?

- hospitals
- clinics
- physicians' offices
- health maintenance organizations (HMOs)
- mental health care facilities
- nursing homes
- insurance companies
- consulting firms
- health data organizations
- information system vendors
- colleges, universities, technical schools

These organizations didn't exist 20 years ago !

- American Academy of Professional Coders
- Professional Association of Health Care Reimbursement Specialists
- National Association for Claims Assistance Professionals
- American Medical Billing Association
- Professional Association of Health Care Office Management
- AAMAS 11th Annual Conference
"Don't Gamble On Healthcare Costs"
April 27 - April 29, 2005
Harrah's Hotel & Resort, Las Vegas,
Nevada



Doctors play man-on-man defense against these “administrators”

- deal with dozens of different plans
- satisfy regulations on coverage, eligibility, and documentation
- look up which drugs and specialists each plan will pay for
- forced to employ extra clerical staff to deal with the insurance paperwork

**MEGABUCKS + TIME
WASTED !**

A study of 2,277 depressed patients in the Seattle area found 755 individual insurance plans, with differing benefits, copayments, deductibles, coverage rules etc.

**Allan M. Korn, MD,
medical director of
BlueCross / BlueShield**

**interviewed on amednews.com
by Robert Kazel
Sept. 20, 2004**

said:

***“Chicago has 17,000
different plan designs”***

Most industrialized
countries have only

ONE PLAN

With some industries nationwide you can track FedEx packages, bank on-line, trade shares, file taxes or re-new a driver's license

Yet most computers within the medical industry are unable to talk with one another.

Think of an elementary school classroom with 24 students, each speaking a distinct language, unable to understand what the other 23 are saying – and the teacher insisting on keeping it that way.

Other advanced countries
have only

ONE

PROCESSING SYSTEM

A tale of two health care dollars...



HOW A MEDICARE DOLLAR IS SPENT:



HOW OUR MARKET-DRIVEN HEALTH CARE DOLLAR IS SPENT:



AT THE RISK OF BEING CALLED A SOCIALIST, CAN I ASK WHY WE HAVE TO WAIT UNTIL WE'RE 65 TO BE PART OF A SAME HEALTH CARE SYSTEM?



THIS MODERN WORLD

by TOM TOMORROW

IF YOU BELIEVE THAT A FREE-MARKET INSURANCE SYSTEM MAKES SENSE...

WELL OF COURSE A PARASITICAL MIDDLE-MAN HAS TO MAKE A PROFIT BEFORE I CAN BE ALLOWED ACCESS TO HEALTH CARE!

IT'S THE AMERICAN WAY!



IF YOU BELIEVE THAT HEALTH INSURANCE SHOULD BE INEXTRICABLY LINKED TO EMPLOYMENT STATUS...

IF THOSE SELF-EMPLOYED PEOPLE WANTED TO BE ABLE TO SEE DOCTORS--

--THEY SHOULD HAVE GOTTEN NORMAL JOBS-- LIKE THE REST OF US!



IF YOU BELIEVE THAT THE CANADIAN SINGLE-PAYER SYSTEM IS SOME SORT OF COMMUNIST PLOT...

YOU KNOW--IT ACTUALLY SOUNDS LIKE A PRETTY SENSIBLE SOLUTION...

HEY--YOU WATCH YOUR MOUTH, CANADA-LOVER! WE DON'T GO FOR THAT KIND OF TALK HERE IN THE U.S. OF A!

More Doctors Smoke CAMELS than any other cigarette!

Shot and a beer \$1.50



...THEN I GUESS YOU GET THE HEALTH CARE SYSTEM YOU DESERVE.

SURE, I HAVE TO WAIT FIVE WEEKS FOR AN APPOINTMENT WITH MY OFFICIALLY-DESIGNATED PRIMARY CARE PROVIDER-- WHO THEN REFERS ME TO A SPECIALIST WHO CAN'T SEE ME FOR ANOTHER FIVE WEEKS--

--BUT AT LEAST I DON'T HAVE TO DEAL WITH SOME GOVERNMENT BUREAUCRACY!

YES, WHAT A NIGHTMARE THAT WOULD BE...



How much of your
\$ pay check \$
do you spend on
health care
insurance
every month?

Payroll / Income / Sales Taxes

- L & I
- Medicare
- Medicaid
- Veterans Administration
- Defense Department
- Federal Employees Plan
- Federal-State programs to cover children
- State / Local government employee plans
- Teachers, firemen, cops and GI's

You even pay for healthcare in:

Car Insurance

- Bodily Injury and Personal Property Liability
- Commissions paid to broker or sales agent

Car Purchase

- \$1,200 - \$3,000 added to each car made in America
- % increase of price of car over 5-year period of the car loan

Home Owner's Insurance

- Your neighbor slips and falls on your property, and you're sued under your homeowner's insurance. Virtually everything you own would be fair game to pay off the debt.

Employer-Provided Health Care Insurance

- Commissions paid to broker (middlemen and high transition costs, marketing and profits; mark-ups at every point).
- Consultant fees
- Set-up fees
- Bank Charges

Commercial General Liability Coverage

FREE-RIDERS

Benefit from corporate tax credits

Receive subsidies to relocate to our town

Dump employees into public health programs

**These employers contribute
to the state's fiscal crisis !**



Milliman USA

\$100 millions added to bureaucracy by drafting
LOS (Length of Stay) Guidelines

Type of Procedure

Advised Length of Stay

Mastectomy

Outpatient basis

Gallbladder removal

One day in hospital

Double-heart bypass surgery

4 days

Overruling Physicians

Source: Wake Forest University School of Medicine, J. Wayne Meredith, MD
Patients in the NTDB who actually met M&R guidelines had a significantly higher mortality than did those whose LOS was over the M&R specified LOS.

DOCTORS PRACTICE

“CYA MEDICINE”

(cover your ass)

DUE TO

FEAR OF LITIGATION

(TRUMPS PATIENT CARE)

Patients dismissed “quicker and sicker”

One in three individuals require at-home care after being discharged from the hospital.

Majority of workers have no long-term disability insurance.

To qualify for unemployment benefits, you must be “able” to work.

We already have

“Socialized Medicine”

The pharmaceutical / medical industrial complex
“socialize” costs of operation by increasing

HEALTHCARE PREMIUMS

CO-PAYS

DEDUCTIBLES

OUT-OF-POCKET

on the backs of everyday Americans.

Projected average annual premium for employer-sponsored family health coverage in 2006

\$14,545

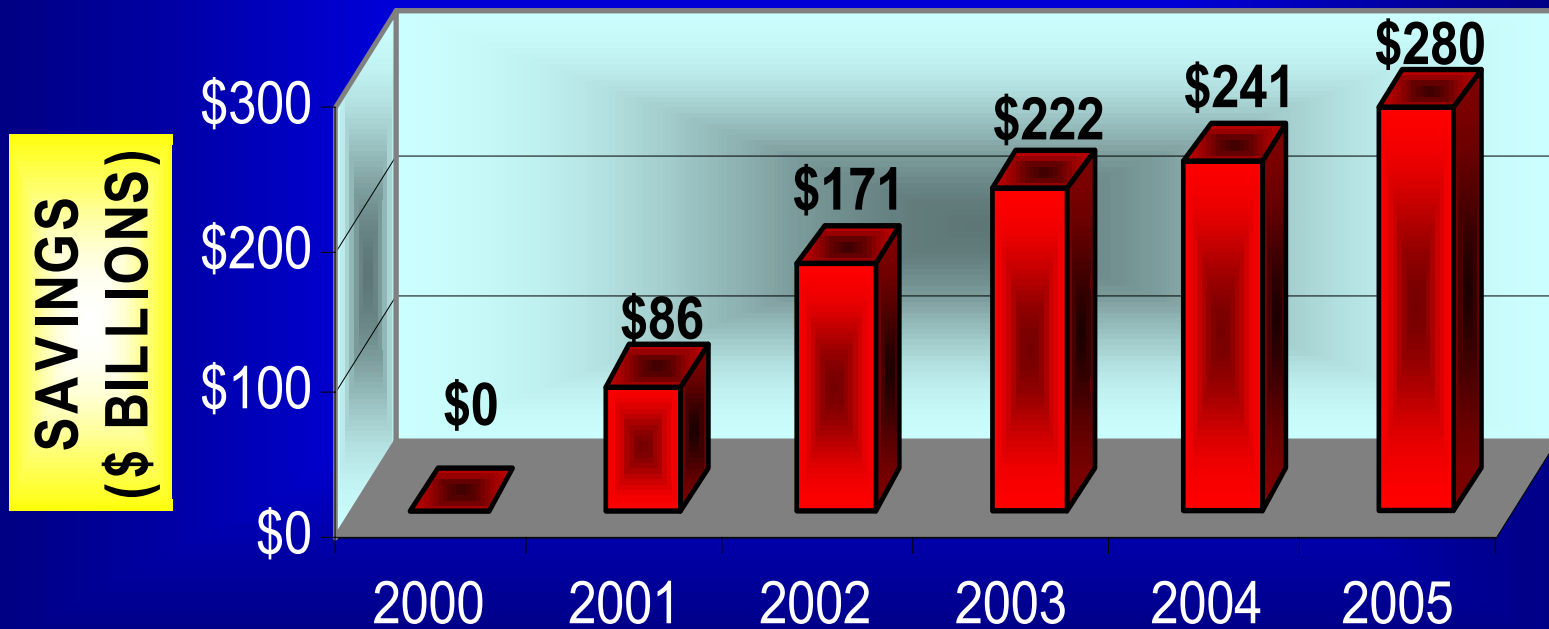
\$5,000 higher than in 2003

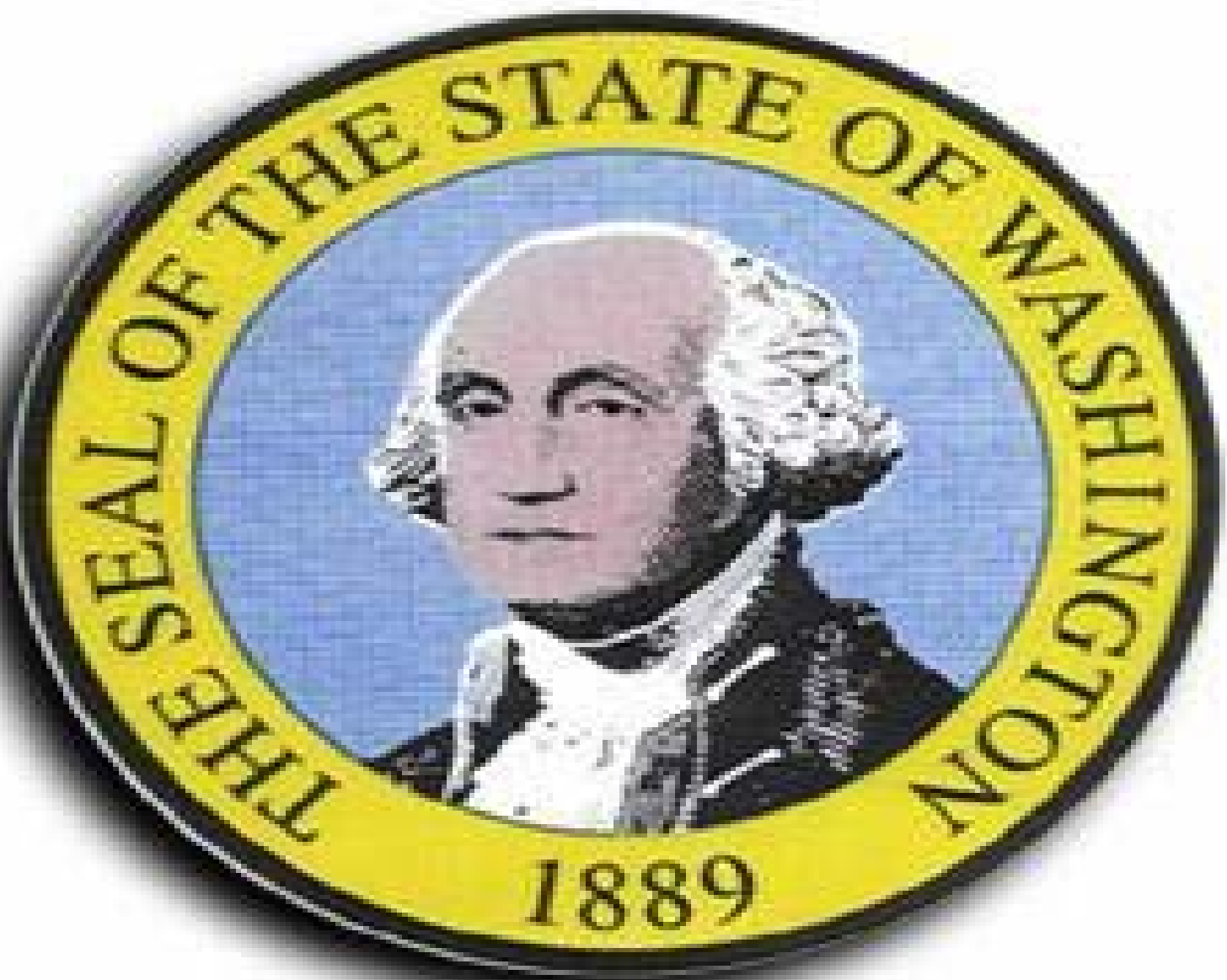
Double the average premium of \$7,053 in 2001

Source: National Coalition on Health Care, Report: Building a Better Health Care System, 2004

Cumulative Savings \$1 Trillion

U.S. HEALTH SAVINGS, 2000 - 2005, IN \$ BILLIONS
HAD HEALTH BEEN HELD TO 2000's 13.2% OF GDP





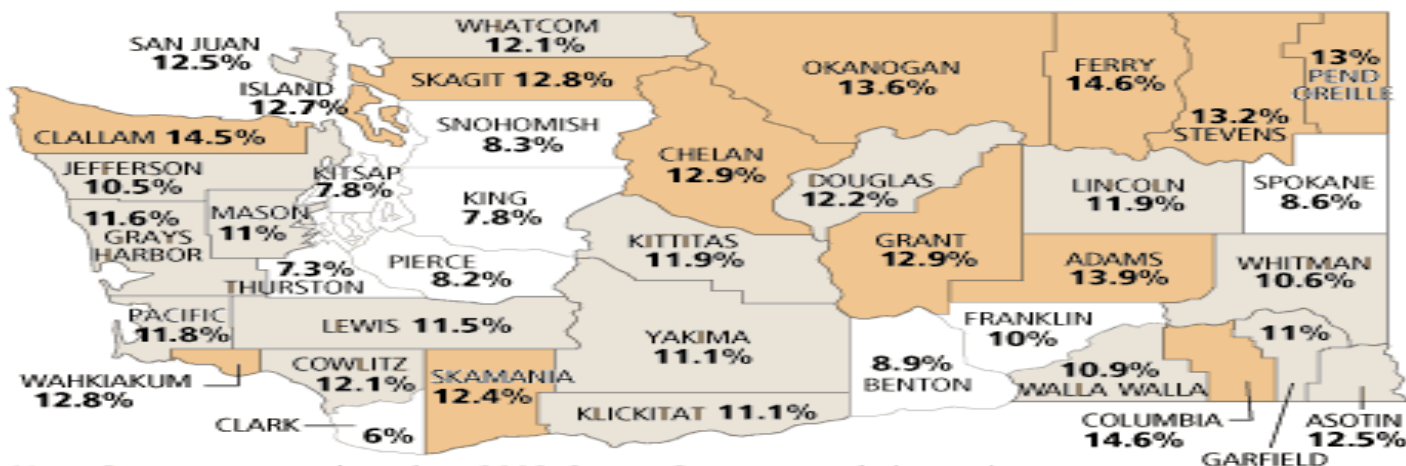
1.6 million Washingtonians under the age of 65 were without insurance for six months or more during the years 2002 and 2003 – that's 30% of the population under 65.

**76 % of the uninsured
are members of
working families!**

LIVING WITHOUT HEALTH INSURANCE

According to the state insurance commissioner, Washington has more than 550,000 uninsured residents. Uncompensated health care provided by clinics and hospitals totaled \$318 million in 2002 and is estimated to cost more than \$400 million in 2004.

PERCENT UNINSURED Less than 10% 10 to 12.5% 12.6 to 15%



Note: Percentages are based on 2003 Census Bureau population estimates.

County	Total uninsured	Cost to care for uninsured	County	Total uninsured	Cost to care for uninsured
Adams	2,312	\$1,289,253	Lewis	8,137	\$4,692,304
Asotin	2,586	1,269,343	Lincoln	1,215	629,031
Benton	13,815	9,050,125	Mason	5,747	3,040,447
Chelan	8,779	4,574,063	Okanogan	5,337	2,685,709
Clallam	9,724	5,228,127	Pacific	2,504	1,322,829
Clark	22,892	12,263,373	Pend Oreille	1,596	899,282
Columbia	599	297,883	Pierce	61,138	36,986,077
Cowlitz	11,518	6,169,033	San Juan	1,852	992,972
Douglas	4,126	2,168,594	Skagit	14,020	7,526,894
Ferry	1,084	533,007	Skamania	1,283	552,656
Franklin	5,612	3,703,664	Snohomish	53,297	31,342,935
Garfield	261	923,483	Spokane	37,191	19,645,890
Grant	10,197	5,323,936	Stevens	5,413	2,683,907
Grays Harbor	8,090	5,326,149	Thurston	16,370	9,038,085
Island	9,724	5,183,857	Wahkiakum	483	249,604
Jefferson	2,935	1,979,819	Walla Walla	6,214	3,442,530
King	138,472	87,081,309	Whatcom	21,370	11,255,326
Kitsap	18,855	10,729,825	Whitman	4,331	2,029,106
Kittitas	4,210	2,106,003	Yakima	25,195	13,143,004
Klickitat	2,811	1,226,218			

Washington hospitals saw an overall growth rate of **52.2%** for uncompensated care for the year ending March 31, 2004.

Washington State Dept. of Health, "Hosp. Trends," July 2004

A Spokane hospital announced the **layoff of 174 staff** because of the rising costs of uncompensated care.

Spokesman-Review "Sacred Heart to Lay Off 174," August 17, 2004

VICTIMS
of
SISYPHEAN
FORCES

Mary Rogers

Food-service worker

Had a stroke

\$429 premium tripled to \$1,448/mo

*Premium was double her
Social Security disability check*

Arlene Shallan

Diabetic and a widow

Purchased health insurance since her employer didn't provide coverage

60% rate increase to \$1,318/mo.

Premiums more than mortgage

Waited six years to get on Medicare

From Hero to Homeless

Private First Class Herold Noel
U.S. Army's 3rd Infantry Division
"Iraqi Freedom"

"I fought for this country."

"I shed blood for this country. I watched friends die."

Herold was diagnosed with Post Traumatic Stress Disorder. Unemployed, married with three kids, living out of the back of his jeep, he couldn't get a job.

"The physical war is over. The mental war has just begun," he said.

"What are you telling me man? I have three kids out there man! I fought for my country man. My country shouldn't be doing this to me."

"Most of the veterans that we're seeing have a mental health and a substance abuse problem," said Peter Dougherty of the Department of Veterans Affairs.

As many as 275,000 veterans will likely sleep out in the cold tonight.

Two –year old girl born with defective bronchial tubes
needed surgery to save her life.

A lending company accepted to take on the balance.

Cost of medical care: **\$128,281.26**

Preferred customer interest rate: **17%**

Annual payments: **\$21,833**

Interest payments over 40 years: **\$648,872**

Combined interest and principal payments: **\$777,153**

The New York Times

Published: March 2, 2005

F.D.A. Official Admits 'Lapses' on Vioxx

...as many as 55,000 patients may have died from heart attacks and strokes induced by the drug Vioxx.

U.S. blocks drugs sent from Canada

By John Chase and Christi Parsons, Chicago Tribune, March 10, 2005

Robert Wuerth, a 79-year-old retiree, is recovering from three heart procedures.

Wuerth had been expecting a three-month supply of Lipitor to arrive in the mail, but instead he got a letter from the FDA informing him that it had sent the medicine back to Canada.

"I couldn't believe it," said Wuerth, "I just got this letter telling me they had my medicine."

Chuck Hardwick

Senior Vice-President

Pfizer

***“We think [cost controls]
violate the spirit of NAFTA”***

The big retirement headache

Think you'll always have those health-care benefits? Think again.

By Lisa Gibbs, Money Magazine

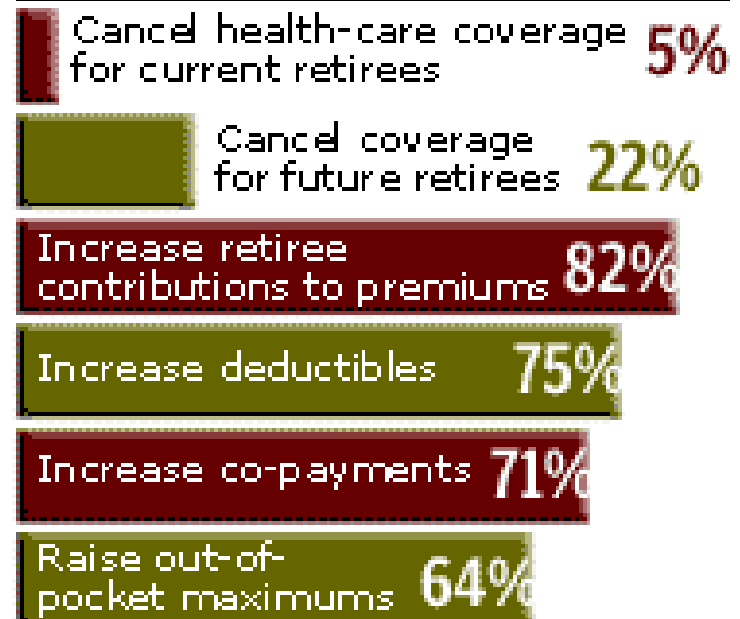
April 27, 2005: 10:59 AM EDT

Employers Sue Union Retirees

THE WALL STREET JOURNAL
November 10, 2004

“Lifetime” coverage
doesn't mean
the lifetime of the
retirees,
but the life of
the labor contract

Employers who in the next three years likely will...



SOURCES: TOWERS PERRIN, KAISER FAMILY FOUNDATION/HEWITT ASSOCIATES SURVEY OF 435 LARGE COMPANIES

Escalating health care costs hurt schools

Budget Shortfall

- Cut teachers, teacher training, classroom aides, crossing guards
- Eliminate classroom supplies, textbooks, and technology
- Discontinue band and swimming programs,
- Defer building maintenance

Costs Shifted

- Health care benefits are trimmed back
- Employees are told to “suck up” and pay more
- School district asks voters to approve a new tax levy to recover “revenue”

And then people wonder why their property taxes go up!

MAJOR NATIONAL ECONOMIC CRISIS

- Slows job growth
- Suppresses wage increases for workers
- Undercuts the viability of pension funds
- Forces older workers to retire early
- Saps corporate balance sheets more than the cost of energy
- Produces severe long-term budgetary problems for government and business.

**U.S. HAS THE HIGHEST
PER-WORKER HEALTH CARE
COSTS IN THE WORLD**

**Puts American
firms at a steep
disadvantage in
world markets**

“GM is the canary in the coal mine for Medicare and everyone else.”

<http://www.washingtonpost.com/wp-dyn/articles/A15828-2005Feb10.html>

U.S. Firms Losing Health Care Battle, GM Chairman Says

By Ceci Connolly
Washington Post Staff Writer

Friday, February 11, 2005; Page E01

<http://www.nytimes.com/2005/03/17/business/17motors.html?>

G.M. Sees a Loss Near \$1 Billion; Stock Falls 14%

By [DANNY HAKIM](#)

Published: New York Times, March 17, 2005

GM pays more for health care than for steel

<http://www.autoweek.com/news.cms?newsId=102080>

Posted Date: April 1, 2005 (No foolin')

Money that must be spent on health care cannot be spent on developing new models, upgrading factory equipment or hiring the most sought-after designers.

GM Posts \$1.1B 1Q Loss on Costs, Charges

April 19, 2005

<http://news.moneycentral.msn.com/ticker/article.asp?Symbol=US:GM&Feed=AP&Date=20050419&ID=4378163>

CONNECT THE DOTS

**GM is a significant cog in the financing of
the housing ATM**

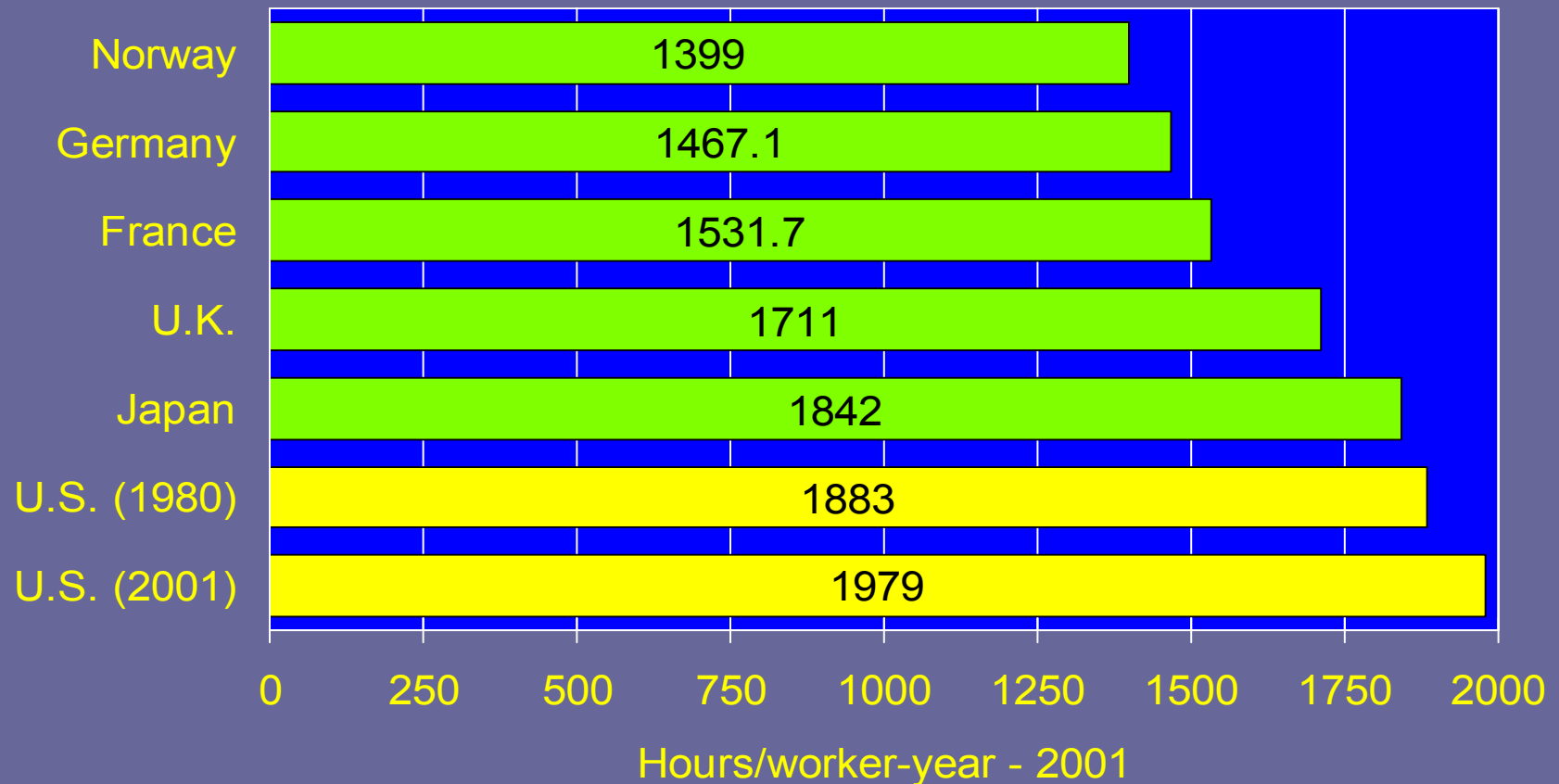
**GM has been trying to finance autos,
homes and second mortgages at record-
low interest rates**

SMELLS LIKE HIGHER INTEREST RATES

Europeans have six weeks paid vacation.

Let's talk about family values!

Americans Lead the World in Hours Worked



“Rats and roaches live by competition under the laws of supply and demand; it is the privilege of human beings to live under the laws of justice and mercy.”

- Wendell Berry

A photograph of a classical building facade, likely a stock exchange, featuring a prominent 'WALL ST' street sign. The sign is green with white lettering. The building's architecture includes ornate columns and a pediment with intricate carvings. The scene is captured from a low angle, looking up at the structure.

WALL ST

A Working Plan

for a

**Rational and Humane
Health Care System**

for

**Public Review
and
Comment**

THE CURE

ONE PERSONAL CARD

ONE PROCESSING SYSTEM

ONE HEALTH PLAN

Where do we start?

CAP REVENUE

Revenue Sources:

L & I

Medicare

Medicaid

Private insurance

Veterans Administration

Defense Department

Federal Employees Plan

Federal-State programs to cover children

State / Local government employee plans

Teachers, firemen, cops and GI's

Payroll / Income / Sales Taxes

- Freeze in current dollars, no adjustments.
- Assemble in one reservoir the streams of money that today finance health care.
- Put into a Medical Security Trust Fund.

CAP COSTS

- Once all the money is in one place, it constitutes this year's budget for health care, the amount of money that is available to spend.
- Everyone must be served with this money.
- Doctors
- Hospitals

CAP COSTS

Drug Makers

- Prohibit “direct-to-consumer” ads – No other developed country allows this (except New Zealand).
- Regulate drug prices / profits – the U.S. is the only industrialized country that doesn't.
 - New drug prices may not be higher than the median prices in US, Britain, Switzerland, Germany, Sweden, France and Italy.
 - New drug prices may not be higher than the highest prices of older drugs for the same condition.
 - Once drugs on market, prices may not increase faster than general inflation rate.

Five Principles of a Health Care Plan

- **PRIVATELY DELIVERED / PUBLICLY ADMINISTERED**
- **COMPREHENSIVE**
- **UNIVERSAL**
- **PORTABLE**
- **ACCESSIBLE**

PRIVATELY DELIVERED / PUBLICLY ADMINISTERED

- **Patients free to choose their hospitals and doctors.**
- **Patients use one standardized claim form**
- **Records / accounts publicly audited.**
- **Pay all costs to treat any catastrophic illness, such as cancer and other devastating diseases.**

**No one will lose a home
or file bankruptcy.**

PRIVATELY DELIVERED / PUBLICLY ADMINISTERED

No deductibles
Low co-payments

except for

specialist visits that are unREFERRED by the primary
care provider

PRIVATELY DELIVERED / PUBLICLY ADMINISTERED

- **Hospitals receive a global budget, much like a fire department is paid.**
- **All health-care providers - doctors, hospitals, clinics - would bill one agency for their services and would be reimbursed by the same agency.**

PRIVATELY DELIVERED / PUBLICLY ADMINISTERED

Eliminate

expensive competition between insurers

No “cherry-picking” patients

No marketing

No case-by-case pre-treatment approval

Administrative expense minimized

PRIVATELY DELIVERED / PUBLICLY ADMINISTERED

Administrative expenses of the trust will be limited to 8% of the annual budget.

COMPREHENSIVE

Coverage includes:

- (1) Primary care and prevention
- (2) Inpatient and outpatient hospital care + 24 hr./day emergency services and emergency ambulance service
- (3) Outpatient, home-based, and office-based care
- (4) Prescription drugs
- (5) Durable medical equipment
- (6) Long term care
- (7) Mental health services
- (8) Full scope of dental services (other than cosmetic dentistry)
- (9) Substance abuse treatment services
- (10) Chiropractic
- (11) Vision and hearing care
- (12) Acupuncture
- (13) Rehabilitation services including speech, occupational and physical therapy

UNIVERSAL

- Covers everybody.
 - Regardless of age, race/ethnicity, gender, educational level, income, employment or marital status.
- Newcomers may be subject to a waiting period.

PORTABLE

Your coverage **continues** if you:

- **Move.**
- **Lose or want to change jobs.**
 - Eliminates “job lock” - the odd link between employers and health insurance coverage.
- **Have a change in income or family circumstance.**
- **Your kids reach cut-off age for coverage under parent’s policy.**
- **Retire early.**

PORTABLE

In other words, you will be free to change jobs, start a family, start a business, continue education and or change residences, secure in the knowledge that your relationships with trusted caregivers will be secure.

ACCESSIBLE

- **People with pre-existing conditions would be included.**
- **Residents entitled to have access to insured health care services "wherever" the services are provided and "as" the services are available.**
- **Caregivers could drop the costly tasks of determining patient eligibility and benefits, and securing payment through billing and collections. Eliminating cost-sharing would end wasteful record-keeping, e.g., to track payment toward deductibles.**

Employer

will no longer offer
health care benefits

No more

transition costs

consultant fees

set-up fees

bank charges

commissions paid to brokers

Employer

Hire more quality workers

Offer more training

Retain older employees

Have stable budgets

Invest in capital projects and marketing

Be more competitive

Employer

pay quarterly health security installment

equal to

9.75% of gross annual payroll

no tax deductions

Assessments may be adjusted annually to reflect change in consumer price index.

Employer

collect health security premiums from
employees through
payroll deductions

Employee can pay for non-
working spouse through a
payroll deduction

Employer

may pick up health security premiums in appreciation for high-performing employees

Self-Employed / Unemployed

pay their health care premiums
monthly to the
Medical Security Trust Fund

Retirees

may claim a credit against the health security premium if they receive retirement benefits from a former employer

Licensed or Accredited Health Care Providers

Choice of Compensation

within the Medical Security Trust Plan

fee-for-service or salary

GPs free to choose practice settings

Neighborhood Doctors

Licensed Providers

delivering services outside
of the
Medical Security Trust Plan

establish rates

charge patients for those services

Safe Staffing of Nurses

Work no more than 12 hrs./day and 60 hrs./week

No temp agencies to fill nurse staffing shortages

Put more resources into orientation and ongoing education programs

Establish minimum nurse-to-patient ratios in all health care facilities

Enrollment

All eligible residents will have the right to health care including:

- frequent travelers
- the disabled limited in mobility, hearing, or vision
- those who cannot read
- and those who do not speak or write English

Nothing in this plan shall preclude employees from receiving benefits available to them under a collective bargaining agreement or other employee-employer agreement that are superior to benefits in this plan.

No health care service plan contract or health insurance policy, except the Medical Security Trust Plan, may be sold that provides the same services.

Electronic Claims *and* Payment System

- Interoperable between docs, hospitals, clinics, labs, pharmacies, etc.
- Access medical, billing information
- Prevent medical errors (adverse drug interactions)
- Faster referrals
- Fewer delays in ordering tests, results
- Fewer errors in reporting
- Fewer redundant tests
- Automatic drug ordering / re-fills

**ONE
PERSONAL CARD**

**ONE
PROCESSING SYSTEM**

**ONE
HEALTH PLAN**

**It's fair,
practical
and
guaranteed.**

**This plan will cover
everyone,
anywhere,
anytime
for medical needs.**

JOIN

**HEALTH CARE FOR ALL
WASHINGTON**

www.healthcareforallwa.org

FORM A LOCAL CHAPTER

Recommended Reading

Critical Condition: How Health Care in America Became Big Business & Bad Medicine

by Donald L. Barlett & James B. Steele

The Truth about Drug Companies: How They Deceive Us and What to Do about It

by Marcia Angell, M.D.

Bleeding the Patient: The Consequences of Corporate Health Care

by David Himmelstein, M.D., Steffie Woolhandler, M.D., M.P.H, with Ida Hellander, M.D.

Health Care Meltdown: Confronting the Myths and Fixing Our Failing System

By Bob LeBow, M.D., M.P.H

Falling through the Safety Net: Americans without Health Insurance

By John Geyman, M.D.

This presentation of
“A Portrait of Our Sisyphean Health Care System”
and
“A Working Plan *for a Rational and Humane Health Care System*”
was prepared and presented by

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National Delegate for Bill Bradley - 2000 Democratic Convention, Los Angeles
National Delegate for Dennis Kucinich - 2004 Democratic Convention, Los Angeles
Proud Dad of Two Sons, Wanderlust Son of Retired Parents, Tall Brother of Shorter Siblings

Former Professional Technical French and German to American Translator
Finance Assistant for a Local Public Transportation Authority

This presentation is not all encompassing regarding the health care issue. It is but a brief overview of our current non-system that is accompanied by a proposed working plan for your review.

The Section “Working Plan *for a* Rational and Humane Health Care System” is comprised of elements of proposed legislation from:

U.S. Congress HR 676 sponsored by J. Conyers, D. Kunicich, J. McDermott

U.S. Congress HR 1200 sponsored by J. McDermott

California SB 840 sponsored by Senator Kuehl

“The Massachusetts Health Care Trust” – An Amendment to MA Constitution
Initiative 725 – Washington State Initiative in 2000

Illinois HB 2268 “The Health Care Justice Act”

An Act relating to Universal Access to Health Care in Vermont – April 6, 2005

Dirigo Health Reform Act – Health Plan for Maine

as well as from published research conducted by dedicated public health policy professors and advocates from around the United States.