



America Needs Socialized Medicine? It Just Ain't So!

BY JANE ORIENT

Paul Krugman attributes “America’s Failing Health” to the lack of Canadian-style socialized medicine and thus to the persistence of a free-enterprise sector in American medicine (*New York Times*, August 27).

Because “interest groups are too powerful, and the antigovernment propaganda of the right has become too well established,” his prescription is a “modest step in the right direction,” rather than a one-step enactment of a Canadian system.

Let’s see now: the United States has been taking such “modest steps” toward socialized medicine since the 1940s. There was Hill-Burton, or federal aid to build hospitals, in 1946; Kerr-Mills, to provide federal aid to elderly who couldn’t afford needed medical care, in 1960; then Medicare in 1965, and Medicaid.

In the Clinton years, there were additional modest steps, notably the State Children’s Health Insurance Program (SCHIP). And George W. Bush brought us another try at a Medicare prescription-drug benefit, which is to be implemented in 2006—unless there’s a replay of seniors’ reactions to the last attempt to introduce a prescription-drug benefit in 1989, when the seniors assaulted Rep. Dan Rostenkowski’s car.

What has been the result of these incremental intrusions into American medicine? An ever-increasing number of uninsured? A noncompetitive automobile industry? An overall drag on the economy?

Why, no. Those are mere temporal associations. Correlation doesn’t prove causation. The real explanation is that there hasn’t been *enough* federal intervention, in Krugman’s view. The remnant of a private sector competing with the government for those scarce resources is, paradoxically, the cause of the problems.

Scarce resources? Not exactly. In the United States it is said we spend *too much* on medical care, but there is a misallocation of the resources. That’s because selfish people want too much medical care for themselves and their families, and greedy doctors and hospitals want to provide too much treatment to those who can pay for it.

What we need, Krugman apparently supposes, is an infallible government planning mechanism to divide up the resources and to put a rigid ceiling on spending, and nongreedy doctors and hospitals to allocate the available care in the fairest possible way. Public-spirited doctors and hospitals will replace the ones we have now as soon as all their checks start coming from the government.

And of course the government will allocate a lot of resources to providing health care to healthy people, whether they want it or not (especially mental-health care), to keep them healthy. If some people get sick before all ill-health is prevented and end up circling emergency rooms in an ambulance or parked in a corridor, that will keep the pressure on for more spending.

When the effects of socialized medical programs are measured in a way that controls for confounding variables (like educational level and drug abuse), it is hard to show any effect on any health outcome, such as low birth weight. If one compares infant mortality in Canadian and American Indians of the same genetic stock, however, the Americans do better.

But the big picture, Krugman claims, is lower infant mortality and longer life expectancy in a number of

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countries that have socialized medicine. In this case, correlation *does* prove causation, Krugman implies—even if the statistics aren't comparable. (Since very low-birth-weight babies are considered stillbirths in some socialized countries, whereas they are counted as live births here, the United States looks worse—even though many more tiny preemies survive here.)

Krugman may call his proposal a “modest step.” But the incremental march toward socialism is the way to bring about revolutionary changes. It is hardly less modest than Jonathan Swift's proposal to solve the Irish famine problem by eating babies. And if the Krugman Plan were presented honestly, it might provoke a similar reaction.

What to Look Forward to

This is what “single payer” Canadian-style socialism would mean:

- Everyone is forced to pay, through taxes, for other people's “health care,” especially for their well-baby visits, mental-health screening, contraceptives, sterilizations, or other politically favored services.
- No one is permitted to pay for “covered” medical care for himself or a family member, unless the family member is a dog or a cat.
- No medical practitioner or facility is permitted to earn a profit by providing more sophisticated, more convenient, or more effective care.
- Doctors' total earnings are capped, so that if they do more than the maximum permitted amount of work, it will be at their own expense.
- The availability of care is totally controlled by a political process.
- Employers and employees get to unload the entire burden of medical insurance onto taxpayers, dragging down the entire economy instead of individual industries that have succumbed to Big-Labor demands for unaffordable benefits.
- The Medicare Pac-Man will devour the entire federal treasury even sooner, unless there are massive cuts in promised benefits.
- The sick must compete with the healthy and the well-connected for a share of politically rationed resources.

Honest description, however, is not to be expected of socialists. Krugman, for example, says that the government “offers” insurance to the elderly. The fact is that the day Medicare took effect, Lyndon Johnson got all insurers to cancel existing health benefits for the elderly. One can decline to accept Medicare Part B (physician coverage), for which there is no private substitute, but the only way to avoid Medicare Part A (hospital coverage) is to give up all Social Security benefits. Thus a correct description would be: “The U.S. forces the elderly to depend on the federal government for health insurance.”

Krugman likes the idea of having the government “assume the risk” for catastrophic health costs, “thereby reducing the incentive for socially wasteful spending.” Translated, this means having the government take over all true medical insurance (which is meant to cover catastrophes, not routine expenses) and enabling the government to ration expensive care to the sick.

Krugman repeats the assertions that government health insurance—unlike the Post Office and the Pentagon—has less overhead than private enterprise. It is remotely possible that Medicare spends less on administration than some private insurers, although a 1994 study by the Council for Affordable Health Insurance showed that private insurers spend less. Nobody really knows because government accounting makes Enron's look like a model of simplicity and honesty. But the threshold for investigating a Medicare carrier for fraud is about \$200 million, as whistleblower Theresa Burr discovered. (See “Report from a Medicare Whistleblower,” *Journal of American Physicians and Surgeons*, Winter 2003; www.aapsonline.org/jpands/vol8no4/burr.pdf.)

Moreover, Medicare imposes tremendously costly burdens on “providers.”

Krugman is right in his assessment that there is much wrong with the status quo. The system of third-party payment is upside down and backwards. But instead of rebuilding the foundation, the Krugman solution would kick out the props, hastening the collapse of an unwieldy monster and crushing the best of medical care in the process.

