

Single-Payers and Safety Nets:

Reforming a Broken System



Ruji Chapnik CHP

Daniel Zarchy
World/National Editor

For insulin-dependent diabetics, insulin and supplies cost between \$1,008 and \$1,496 per year.

Getting a chest x-ray costs \$218.

A CT scan of the abdomen costs \$1,860.75.

The first 30 to 74 minutes of critical care in an emergency room cost \$3,016.75.

The most basic surgery costs \$2,347 for the first 30 minutes, and \$988.25 for every 15 minutes after that.

These are the costs one would pay at Riverside Methodist Hospital if he or she were in trouble. These are the costs of health care without insurance.

Still, for students about to graduate from college, health insurance is probably the last thing on their minds. But the weight of college debts, monthly rent and part-time jobs, in addition to the current health care system, puts America's youth in a dangerous position.

The United States of America spends more on health care than any country in the world, for a level of coverage other developed countries provide for a fraction of the cost. With sky-high premiums and a burgeoning population, doctors, patients, and even insurance companies agree: It's time for a change.

The Young and the Reckless
As students, it is easy to

avoid thinking about health care coverage, as most students are covered by campus insurance or their parents' plans. However, this coverage runs dry after leaving school, or around ages 23 to 25, depending on the plan.

"When you look in Santa Cruz County, the young adult population is a very big part of the uninsured or the underinsured," Santa Cruz City Councilmember Cynthia Mathews said. "It's a huge issue for young working people, and that shouldn't be the thing that determines your career choice, whether or not you have health care coverage."

Despite the frequency of health-care horror stories among youth, it has proven difficult to convince poor 20-somethings that they need to pay thousands of dollars per year for coverage they do not receive from their jobs, especially when they feel fit and healthy.

"They don't think they need it, but they absolutely do," said Santa Cruz City Councilmember Neil Coonerty, who owned Bookshop Santa Cruz for over 40 years. "You are taking your job based on being able to get health coverage, or you're taking a huge risk by not getting covered. It's very difficult for students, in particular."

Bookshop Santa Cruz, a cornerstone of Santa Cruz for the past 40 years, provides health

coverage for the majority of its 40 workers. The shop pays 70 percent of the premiums and leaves 30 percent to the employees. According to Casey Coonerty, the store's current owner, the Bookshop's health care costs rose 26 percent last year and 12 percent this year. As prices continue to soar, it is becoming harder for the store, and all businesses, to offer insurance.

"It's difficult for a small business to continue to do that," Neil Coonerty said. "It's also very important, and we've made it a priority."

In 2005, the Starbucks Corporation, a major employer for young workers, announced it was spending more on insurance for its 115,000 employees than on raw ingredients to brew coffee.

John Dixon, a UC Santa Cruz student who worked at Starbucks for a year, said his supervisors purposely prevented him from working the 20 hours per week necessary to qualify for benefits such as health coverage and valuable stock options.

"My manager deliberately scheduled me so that I worked an average of 19 hours a week and couldn't get these benefits," Dixon said. "It was kind of implied that he couldn't qualify too many employees for the benefits. There were four others who were in a similar situation as me."

According to Robert Goldfien,

chief of internal medicine at the Kaiser Medical Center in Richmond, California, these tactics are not specific to Starbucks; they are a frequent business practice.

“You hire someone less than full-time so they don’t get benefits,” said Goldfien, a UCSC alumnus. “It’s a tried-and-true strategy for keeping your costs down. They can transfer more of the costs to employees, they can look for cheaper plans, or they can find ways to exclude employees. Companies are very worried about this.”

High Costs, Low Benefits, and Catastrophe Plans

Zach Friend, chair of the Santa Cruz County Democratic Party and another UCSC alumnus, remembers what it was like to graduate from college and be faced with the health insurance dilemma. He explained that his decision to invest in health care proved to be a necessary financial burden.

“When I was graduating UC Santa Cruz I became too old for my parents’ program, I had to start paying for my own program,” Friend said. “I was starting to find that I was paying five to six thousand a year just in health insurance. I was fresh out of college, and I wasn’t making that much money. For college kids, by definition you probably don’t have much of an income because you’re in school full time.”

However, Friend explained that he continued to pay for insurance because the coverage was worth the high costs.

“[What if] you’re hit by a car or something?” Friend mused. “What if the bills were 30, 40, \$50,000? Not unreasonable if you have a hospital stay. What would I do? I’d just have to declare bankruptcy. I figured it was less of a risk to just eat the short-term costs.”

Many health care professionals point to the uninsured and underinsured when tracking the source of high costs. For those who do not have a primary care physician available to them, there is a greater chance that the patient will wait until the condition worsens and becomes harder, and more expensive, to treat. As a result, hospitals will incur costs that they recoup by increasing prices elsewhere.

“[The uninsured] wait and wait and wait until it’s an emergency, and then they go to the emergency room, and now you’re being treated in the most expensive environment possible,” said David Joyner, senior vice president of network management for Blue Shield of California.

Goldfien agrees that preventive medicine would cut down on costs, but mentioned that total health care costs are rising over time in general.

“A lot of what modern medicine is doing is improving quality of life,” Goldfien said. “A lot of that may not be saving money. You do it because people want better quality of life, and it’s worth paying for.”

With widespread coverage, Goldfien said, people would be more likely to

pursue and continue treatments which they may not understand, but which may prevent later problems.

“It’s easy to ignore the fact that you have high blood pressure and not get treated for it,” Goldfien said. “High blood pressure doesn’t cause any symptoms. The reason you’re getting treated for it is so you don’t have a stroke when you’re 60. When you’re young, you don’t worry about that.”

However, Joyner explained that the best solution to the current crisis is simply to endure high costs, even as a safety net. The costs are worth it, he said, just in case of a medical emergency. These plans are

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often called catastrophe plans, intended to protect the individual from medical catastrophes, but not much else.

“Now if you’re young and healthy, and you’re concerned about the affordability, what I would recommend doing is to find a high-deductible health plan, because that kind of health plan will protect you if you should be in a serious health care crisis,” Joyner said.

The current health care system, Goldfien said, relies on a constant intake of money from young, healthy people. In a given year, he claimed, 25 percent of people who have coverage with Kaiser do not consume any health services.

However, this system works to exclude people insurance companies dub as high risks, especially patients with chronic conditions.

“If you have diabetes and you walk to Kaiser, Blue Shield or Blue Cross, and you say ‘I’d like to get health insurance,’ they wouldn’t give it to you,” Goldfien said. “That is one of the reasons you need to have universal care.”

Time for a Change

Although the search for health care is not a new struggle, it has recently garnered much public attention. Presidential hopefuls Sens. Barack Obama, John Edwards and Hillary Clinton have all made promises of universal health care plans, but have not yet supplied the details.

There are currently five proposals circulating through the California legislature that promise universal care, but each one offers different benefits for different costs and coverage for different groups of people.

Of the five plans, Mathews explained, the City of Santa Cruz has endorsed SB

840, a bill sponsored by State Senator Sheila Kuehl (D-Ventura County) that would cover all Californians through a single-payer system using the newly created California Health Insurance System. Instead of co-pays or premiums, individuals would pay a three to four percent tax on all income above \$7,000, and employers would pay an eight-percent payroll tax.

“[SB 840] takes the insurance companies out, and the 30 percent overhead and profit that they draw out of the system,” Kuehl said in on her website.

Last year, SB 840 passed both houses

of the state legislature, but perished at the hands of a gubernatorial veto. Kuehl has reintroduced 840, hoping to garner enough support to avoid another veto.

Though Governor Schwarzenegger has yet to draft a specific piece of legislation, he is expected to combat Kuehl’s proposal with one of his own later this year. His plan would require a high-deductible minimum coverage for all Californians, provided through a number of organizations and subsidized by a four-percent payroll tax on employers. Families would pay for a portion of their coverage on a sliding scale based on income.

Joyner of Blue Shield, however, disagrees with Coonerty and Mathews, and feels that a government-run health care system would create more problems than it solves.

“I don’t think this single-payer solution that’s being proposed [SB 840] is a good or viable solution to the problem. Think about your experience going to the DMV, and imagine what a government-run health system would look like,” Joyner said. “I think the best solution that’s on the table is the governor’s proposal.”

Joyner emphasized the importance of including everybody paying their share and receiving coverage, saying it would convince people to see doctors earlier, thereby allowing people to go to otherwise costly doctor visits.

“Many of the problems that we have today are fundamentally about that fact that some folks are not in the risk pool,” Joyner said. “Therefore, they don’t pay anything toward their fair share, which means they don’t access health care except in the most expensive manner, which is the emergency rooms.”

Goldfien hold a different view from Joyner, arguing that a new government-run system would probably model itself after Medicare — which he argues is a very beneficial program.

“I think Medicare works pretty well,” Goldfien said. “It has its problems, but I don’t think many people would disagree that Medicare has been a good thing for the country.”

The Health Improvement Partnership of Santa Cruz County (HIP), “a partnership to increase access to care for all,” organized the Forum on Health Care Reform on May 11 at the Scotts Valley Hilton. The event brought together health care providers, insurance company representatives, politicians, and community members. Councilmembers Mathews and Coonerty were in attendance, as was Joyner.

Eleanor Littman, a registered nurse and executive director of HIP, explained that the forum did not focus on endorsing any of the proposals, but rather evaluated the benefits and problems of each.

“See, none of these are perfect,” Littman said. “And this time around, health care coverage will probably be more of a compromise; none of us will be totally happy with it.”

Littman also said the forum meant to emphasize the importance of working at the local level, in addition to the state and national levels.

“What we heard today is that these are problems that need to be solved at the state and federal level, and they’re not going to be solved at the national level unless we have state solutions,” Littman said. “At the same time, at the local community we have to be engaged or it’s not going to be a solution for us who live here, who go to school here.”

State Assemblymember John Laird (D-Santa Cruz), a long-time advocate for fair and affordable access to health care, was a key speaker at the forum. He explained that because of the division between Kuehl and Schwarzenegger, whichever health care bill passes will most likely have to be a product of the Democratic legislature and the Republican governor.

“There needs to be universal access at some point, it’s how we get there and it’s what it is,” Laird said. “That’s the bottom line.”

Though many of the proposed plans would provide individual plans, there has been a lot of attention on the dropping numbers of employers who offer coverage to their workers.

“Most people really do believe in universal health care, and certainly physicians and other medical professionals ought to understand how important that is,” Goldfien said. “On the other hand ... insurance companies won’t willingly offer coverage to people who can’t pay, or who aren’t a good risk from an insurance point of view. Ironically, these are frequently the people who need the care most.”