

Careless Industry: How corporate America perpetuates the health care crisis

David Sirota

Let's be honest—very few political operatives, politicians or pundits actually want to explore the real-life, day-to-day economic challenges facing the American people, because to explore them would ultimately force us to admit that our entire venerated political system is totally corrupt.

Take this idiotically simple question that is almost never asked in the normal course of this country's political debate: Why do we hear so much about how well-off America is, yet our country has the highest number of uninsured citizens in the industrialized world?

Why isn't that question asked? Because you can't answer it honestly without exploring how Corporate America has bought off enough politicians to make sure our government helps corporations perpetuate this travesty.

I'm not naïve. I know that corporations exist for one reason and one reason only: the relentless, single-minded pursuit of profit, no matter who gets shafted. That is their stated purpose in a capitalist society, and that's fine.

But in our country, corporations aren't supposed to pursue this purpose in a vacuum, unchecked, unregulated, unopposed. There is supposed to be a counterweight, a government separate from Big Business whose job is to prevent the corporate profit motive from destroying society.

That government once passed laws protecting the environment, so the profit motive wouldn't end up eliminating breathable air. That government once protected workers, so the profit motive wouldn't result in Americans toiling in sweatshops. And that government once demanded better wages, so the profit motive wouldn't result in a race to the bottom for poverty-level paychecks.

But that government, as we all know, is long gone. Our government has been the victim of a hostile takeover. Over the last thirty years, Corporate America has applied its most effective business tactics to the task of purchasing the one commodity that's not supposed to be for sale: American democracy.

To fight back, I decided to write a guidebook to help people

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see exactly how politicians' lies, myths and half-truths justify government policies that allow Corporate America to rip us off. That book is meant to provide a window into the one fact that the corporate lobbyists and their tools in the government don't want you to know: that the problems undermining America on a daily basis can be fixed if our government starts representing the interests of ordinary people.

Consider the health care crisis—a particularly newsworthy issue considering the recent headlines about Massachusetts moving toward a universal health care system.

The Bay State's moves are certainly controversial—especially the steep mandates on uninsured individuals and the desperate efforts to protect the health insurance industry. But they show that the issue is now simmering to a boil not only in Washington, but in state capitals all over America.

The Institute of Medicine was created by Congress in 1970 to be the chief, nonpartisan adviser to the federal government on all matters related to health care. That's why the announcement it made in 2004 was so stunning.

“Lack of health insurance causes roughly 18,000 unnecessary deaths every year in the United States,” the Institute said. Therefore, “By 2010, everyone in the United States should have health insurance ... [The Institute] urges the president and Congress to act immediately by establishing a firm and explicit plan to reach this goal.”

The health care system, which is supposed to preserve and protect human life, is allowing thousands of Americans to die every year, and America's top experts were sounding the alarm. So how is it that government and media have settled into complacency when the system is so bad for so many? The status quo pays big dividends.

In 2003, HMOs nearly doubled their profits from just a year before, adding \$10 billion to their bottom line. That year, top executives at the 11 largest health insurers made a combined \$85 million in one year. In the first three quarters of 2004, HMO profits increased by another 33 percent.

The sheer numbers behind these profits are staggering: In 2004 alone, the four biggest health insurance companies reported \$100 billion in revenues. That's \$273 million a day, every day, 365 days of the year.

That's the kind of cash that allowed the health industry to spend more than \$300 million on lobbying in 2003, and another \$300 million on campaign contributions to politicians since 2000. Their agenda is pretty simple: stop any proposals to curb health care profiteering by private insurance compa-

nies.

To make its arguments, the industry buys off high-profile expoliticians and makes them its spokespeople. Take Marc Racicot—one of Corporate America’s favourite tools. This former governor of Montana left public service to become an Enron lobbyist, then became chairman of the Republican National Committee, and then headed President Bush’s re-election campaign.

Now, Racicot has taken a job as the public shill for the insurance industry’s chief lobbying group in Washington, D.C. His direct access to the president will undoubtedly serve him well in that role.

Old pros in Washington know one of the easiest ways to kill a good idea is to invoke Americans’ fear of a slow, bloated government bureaucracy.

In 2004, White House Press Secretary Scott McClellan attacked President Bush’s opponents for wanting “a government-run system, where the taxpayers will pick up more of the tab” for health care. Republican National Committee Chairman Ed Gillespie, previously head of a health industry lobbying firm, declared that “the American people have rejected a government-run system of national health care.”

But most Americans have not. According to a nationwide ABC/*Washington Post* poll in 2003, “Americans by a 2-1 margin, 62-32 percent, prefer a universal health insurance program over the current [private] employer-based system.”

Doctors, too, are chiming in with support for universal health insurance. In 2003, the prestigious—and conservative—*Journal of the American Medical Association* published a proposal for government-sponsored universal health care that was endorsed by more than 8,000 physicians (including two former surgeon generals).

Even parts of the business community support government intervention. For instance, Ford, GM and Chrysler all endorsed Canada’s system, where the government funds health care for all citizens.

Similarly, a poll of Michigan small businesses found that 63 percent supported creating a universal health care system, even if it required tax increases. The health insurance industry, you see, is not only gouging patients—it is gouging employers who provide health care benefits to workers.

Still, everywhere you turn there is a politician deriding any proposal to use the power of government to expand health care.

“When government writes the checks when it comes to health care, they start writing the rules when it comes to health care,” said President Bush during the 2004 campaign. “And when they start writing the rules when it comes to health care, they start making decisions for you when it comes to your health

care, and they start making decisions for the doctors when it comes to health care.”

Sadly, the media reports this drivel with little question, even though it would only take one question to deflate Bush’s entire argument: If “government-run” health care is inherently bad, as he and the health care industry claim, wouldn’t Americans hate Medicare? The answer is yes, but they don’t—the program is widely considered one of the most popular in American history.

In 2004, Senate Majority Leader Bill Frist (R-Tenn.) was asked whether America could afford to provide health care to all of its citizens. As the first surgeon to head the Senate, some were hoping Frist would address the situation optimistically. Instead, he said, “it is impossible to get everybody covered,” citing the fact that his home state was “going bankrupt” trying to achieve universal coverage.

The mind reels at how someone like Frist could claim the government does not have enough money to deal with health care. His comment, after all, came just a few years after his family was forced to pay \$1.7 billion in criminal and civil fines for trying to rip off Medicare while running the nation’s largest for-profit hospital chain.

The issue came up again in the 2004 presidential debate when President Bush attacked Sen. John Kerry’s universal health care proposal. Kerry “wants everybody to be able to buy into the same plan that senators and congressmen get,” Bush said derisively, as if the idea of having us commonfolk get the same health care as the elite was too disgusting to consider.

According to a study by top experts in 2005, “the United States wastes more on [private] health-care bureaucracy than it would cost to provide health care to all its uninsured.”

As the World Health Organization noted, 15 cents of every dollar Americans spend on private health insurance goes to “administrative” expenses. That is a euphemism for everything from filling out and processing insurance paperwork to padding HMO executives’ salaries.

By contrast, when the government spends money on public health care programs like Medicare, those “administrative” expenses only consume about 4 cents of every dollar.

A universal system in which the government is the single payer for everyone’s health care would eliminate most of that bureaucracy and redundancy, save Americans a huge amount of money and still be able to extend high-quality coverage to everyone.

For instance, the universal health care proposal put forward by 8,000 doctors in 2003 would save roughly \$200 billion a year. That almost matches a report during the same year showing that if American administrative costs were limited to Canadian levels, our country would save more than \$280 billion a year.

The only industries universal health care would hurt are the big HMOs and drug companies. In the current everyone-for-themselves system, they can dictate high prices because citizens are not organized into large blocks that can negotiate lower prices. People are divided, and so the health care industry conquers.

In 2004, the nonpartisan group Families USA was asked to testify before a House committee on the issue of health care. But of course, the hearing was only a formality, really. Congress had no intention of listening too much to anyone who didn't come bearing a very large check.

Still, the political goons in the employ of the big insurance companies understand that in even the most mundane situations in Washington, the truth must be squelched at all costs. So it was no surprise when amidst the boring proceedings, fireworks started.

Rep. Mike Rogers (R-Mich.) apparently had heard enough about the health care crisis. So in the middle of the testimony by Ron Pollack, Families USA's executive director, Rogers snapped. "Just so I understand your organization," he said, "you support rationing, limited drug use, pharmaceutical use?"

It was a nice tribute to McCarthyism—couch an outrageous, unfounded accusation in a seemingly innocent question. The Families USA representative denied the charge. But it didn't stop there.

Like a drooling pit bull snarling at a passerby, Rogers barked, "You support rationing health care for American citizens and limiting the ability for them to have access to pharmaceutical treatment in order to keep costs down."

Rogers might well have screamed "Communist!" had his time not run out.

Why was he so aggressively hurling out deceptive accusations? He was just doing the job he'd been paid to do: Over the previous four years, Rogers found himself in possession of more than a quarter million dollars of campaign contributions from the health care industry.

Rogers is just a cog in the industry's spin machine—a \$275,000 cog, but a cog nonetheless. That machine has been effective over the years in one of its most important goals: tarring any government health care initiative as the precursor to "rationing."

So when advocates of government involvement make an appearance anywhere in Washington, the industry's hired goons can be counted on to shout them down before any ugly truth gets out there.

We are led to believe that because we have a private, for-profit health care system, we don't have health care rationing in America. But the whole point of most health insurance companies is to ration care, limiting the amount of coverage their

patients get in order to save cash. Even the Supreme Court admits that.

In 2000, the justices issued a unanimous opinion noting that the existence of HMOs means "there must be rationing and inducement to ration" care. The ultraconservative *Washington Times* admitted that the court made very clear that "it is the point of any HMO to ration care and within its prerogative to delay tests, avert expensive consultations or refuse experimental care."

Remember, this isn't just rationing of non-critical health services. In 2001, for instance, the *Sacramento Business Journal* uncovered evidence that senior citizens who were receiving cancer treatment were being priced out of their chemotherapy by an HMO that had arbitrarily decided to raise its rates.

"For many seniors on fixed incomes the choice is to die or take a shot at physical survival and life in poverty," wrote the magazine. "This is how the free market rations healthcare. . . . We have the specter of an HMO effectively turning out the elderly to die."

Beyond just the sheer corruption and deception of all this is the insulting pretence that these politicians actually care that health care rationing is going on in the first place.

They say they oppose a government-funded health care system because it would result in rationing, yet they are the very same people who actually write the policies that force the government to ration. The truth is, government programs are as good or bad at providing health care as they are given adequate money to do their jobs.

The health insurance crisis is serious and long-standing, but there are some simple approaches to getting it fixed that don't require huge giveaways to the big insurers.

One solution is a universal health care system where the government is the single payer. A shorter name for this is "Medicare for Everybody." As economist Paul Krugman notes, "The great advantage of universal, government-provided health insurance is lower costs." Medicare, Krugman notes, "has much lower administrative costs than private insurance."

Another solution is to regulate health insurance prices like any other utility. Because you are legally required to have car insurance, most states regulate the rates auto insurance companies can charge you. It's clearly not fair for the government to force you to acquire something, yet allow companies to charge you whatever they want for it.

It's equally true that some services—even if not officially mandated by the government—are absolutely essential to life: electricity, for instance. And in those cases, government regulates what companies can charge, so no one is left at the mercy of the profit motive when it comes to life's essentials.

What's more essential than healthcare? We all need health

insurance, but our government does very little to regulate the prices that insurance companies can charge consumers. That is simply wrong.

The solution is to regulate health insurance prices like any other utility and stop this kind of profiteering.

The official mission of the Department of Health and Human Services is to “protect the health of all Americans and provide essential human services, especially for those who are least able to help themselves.” But protecting the health of all Americans really isn’t on the agenda in our corrupt political system.

The same politicians in Washington who preach about the “culture of life” and “moral values” are too addicted to health care industry cash to care about people who can’t afford to see a doctor.

What is on their agenda is clear: more tax breaks for the wealthy, as 18,000 Americans die each year at the hands of our profit-at-all-costs system; more billion-dollar federal contracts for Halliburton, as one in six Americans can’t afford to see a doctor; and more corporate giveaways as the government cuts back programs for the truly destitute.

We do not have a government dedicated to “protecting the health of all Americans,” as we are told.

We have a bunch of bought-off frauds pretending to care about ordinary Americans, but really only interested in protecting the health of one thing: the insurance industry’s bottom line.



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