(The following document is four pages in length.)

NATIONAL CENTER FOR POLICY ANALYSIS

60 Minutes Segment Shows Why Nationalized Health Care Won't Work

A recent 60 Minutes segment highlighted the closure of the outpatient chemotherapy clinic at University Medical Center, the county hospital that serves indigent patients in Las Vegas.

Some people may jump to the conclusion that problems with the private health care system are to be solved through a nationalized system.

The clinic's closure is a perfect example of the inherent failure of government-run health care systems, as seen in such countries like Britain and in Canada.

Socialized medicine – how long would you wait? Click here to hear one patient's story under a single-payer health system trying to get diagnosis and treatment for his brain tumor.

NCPA Solutions

- **People in the video would have had other options if they had private insurance.**
- **The grand total of government subsidies for private insurance and indigent care could be converted into a $5,000 per family per year subsidy. This would allow them to pay for core insurance that we want people to have. They could add personal funds to purchase additional coverage.**
- **Individual insurance should be personal and portable travelling with people as they go from job to job and in and out of the labor market.**

- **Budgetary shortfalls and rationing are common under taxpayer-funded health care systems**. The hospital in Las Vegas is a taxpayer-funded public hospital that treats indigent patients. It closed the outpatient chemotherapy clinic due to a budgetary shortfall. This is inherent with taxpayer-funded health care.

This scenario has played out time and time again in countries with socialized medicine. Cancer is an area of medicine where a small number of people are very costly; and prognosis is often poor. Many of the newest drugs cost $50,000 per year, and will only prolong life a few months. Socialized health systems often skimp on cancer care in order to divert money to other sources. After all, patients are also voters. If most voters are healthy and only in need of primary care, politicians will utilize funds in ways that promote easy access to primary care, even though targeting funds to treatment of disease might save more lives.[1]

For instance, covert rationing occurs in hospitals across Canada through an intentional lack PET scanners — the most advanced tools for diagnosing cancer. In mid 2005, there were only 12 PET scanners available in all of Canada. Of these, only 3 were for use in the public sector.[2] The remainder were in the private sector

(document continues on next page)

or only for academic use and were not available for use on conditions covered by Canadian Medicare. Those that do exist are often underutilized, or used to diagnose only a few selected cancers (the radioactive dye used to perform scans is expensive).[3] By contrast (in 2005), there were 1,129,900 clinical PET patient studies were performed at 1,725 sites in the United States.[4] Some sites have multiple PET scanners. As of November 2007, there were still only 22 PET scanners available for public uses in seven Canadian provinces.[5]

Indeed, a decade ago the World Health Organization estimated 25,000 British residents die unnecessarily each year due to a lack of advanced cancer treatments. This is the number that could likely have been saved if Britain had the technology available in the United States and other parts of Europe. NHS health trusts generally have a global budget for various cancer drugs. If you happen to be in the region where the budget for a cancer drug was exhausted, you might be denied a new treatment that is available in other regions of Britain.

- **This is the result of government subsidizing charity care rather than subsidizing coverage**. Medicaid, the federal-state partnership to provide care to low-income families, mostly funds medical services. Reimbursements are very low so hospitals that depend on Medicaid will have problems paying the bills. Hospitals that serve a disproportionate number of uninsured get (federal) DSH payments to bridge the gap – but these funds cannot be used to subsidize private coverage. A better way would be to allow states to use some of their federal matching funds to subsidize private coverage. In some cases, federal matching funds could be used to help laid-off workers with health problems hold on to their COBRA. Or it might be used to subsidize a portion of a high-deductible plan. A problem arises because many people drop their coverage once they lose their jobs under the mistaken believe government programs will step in and take care of their medical needs.

Endnotes

1. See *Lives at Risk*, Chapter 21 – "The Politics of Medicine."

2. http://www.cmaj.ca/cgi/content/full/172/13/1670

3. http://www2.canada.com/ottawacitizen/news/story.html?k=33983&id=475371cd-c0dc-4a77-853a-d9b408ff1898

4. http://interactive.snm.org/index.cfm?PageID=972

5. http://cadth.ca/index.php/en/hta/reports-publications/health-technology-update/health-tech-update-issue8/pet-table

(document continues on next page)

NATIONAL CENTER FOR POLICY ANALYSIS

7 Ways to Keep Health Coverage If You Lose Your Job

By Dr. Devon Herrick, Senior Fellow at the National Center for Policy Analysis

If you've lost your job, don't panic about your health care coverage. But, don't put off taking action, either. Here are seven options you should consider as soon as possible after getting pink-slipped.

1. **Use it before you lose it**. One of the first things you should do after getting laid off is ask the company HR person exactly when your employer-paid coverage expires. If you leave during the middle of the month, you may have employer-sponsored health insurance through the end of that month. That's time enough to refill a prescription or move up a needed doctor's appointment. After that, you'll have to explore other options.

2. **Stay in your employer plan by paying the (COBRA) premium.** What it is: COBRA is a federal law (the Consolidated Omnibus Budget Reconciliation Act) known by its acronym. What it gives you: Under COBRA, former employees have the right to stay in an employer's health insurance for up to 18 months. What it costs: Brace yourself. You have to pay 102% of the actual cost. If your situation is typical, the deductions from you paycheck for health insurance has been only one-sixth to one-fourth of the total cost, with your employer footing the rest of the bill. Under COBRA, you have to pay full freight. When to decide: Be aware that you must accept and sign up for COBRA within 60 days or lose that option completely. If you go two more days past that 60-day window and don't sign up for any other health coverage, you can lose in other ways, including delayed coverage for any pre-existing condition when you enroll in another plan at a new job. You can also be denied coverage if you try to buy insurance on your own. You can find more about COBRA at the Department of Labor website: http://www.dol.gov/ebsa/faqs/faq_compliance_cobra.html.

3. **Apply for the federal (COBRA) subsidy.** Under the new stimulus bill, you may qualify for a 65% subsidy of COBRA costs for that first nine months. The new assistance applies to those who have been laid-off since September 1. For details on how to apply for help, go to the Department of Labor website: http://www.dol.gov/ebsa/COBRA.html.

4. **Choose a cheaper former employer plan**. Did you opt for the most lavish plan available when your employer was covering the tab? Now that you are responsible for all of the cost, a less expensive plan may make more sense. These are usually high deductible plans, which cover catastrophic medical problems and frequently, some preventative services, as well. You may also be able to combine one of these plans with a health savings account (HSA) that allows you to make deposits and pay medical bills with pre-tax dollars. As soon as possible after your layoff, ask your former HR representative if the company offers a lower cost insurance plan that would cost you less under COBRA. It is also worth asking if that plan qualifies for a health savings account.

5. **Join a spouse's or parent's health plan**. You may be able to join a health plan through your spouse or parent at their workplace. However, you need to act quickly because federal law requires that you sign up within 30 days from the date of a job loss or loss of benefits.

6. **Shop around for inexpensive coverage.** There may be cheaper and better alternatives to COBRA, especially if you have no severe health problems. For example, a Dallas family of four with both parents in their 20's could buy a $2,000 deductible (PPO) plan for a $4,680 annual premium. That same family's annual COBRA premium would be closer to $13,000, not including their deductable payment

(document continues on next page)

or any temporary subsidies. If that family chose a $5,000 deductible, the annual premium will be less than $3,500. Some of these plans also qualify for a Health Savings Account, allowing you to set tax-free money aside to pay for medical expenses. You can contact independent insurance agencies in the yellow pages to compare policies or look at online shopping sites that compare prices, such as www.ehealthinsurance.com or http://www.healthinsurancefinders.com/.

7. **If uninsurable (because of pre-existing conditions) you may still be able to obtain insurance**. Under Federal law, people who have been continuously insured cannot be denied individually purchased coverage because of poor health. Different states deal with this in various ways. Some states require insurers to accept all applicants, regardless of pre-existing conditions. In a more common approach, 35 states have high-risk pools to insure those who are turned down by commercial insurers.

Because of the high cost, only about one-in-ten workers actually sign up for COBRA. However, don't let COBRA sticker shock prevent you from looking any further for solutions. If you ask questions and don't procrastinate past your 62-day window you will have more and better health coverage options. Even high-deductible, catastrophic coverage may prevent years of financial debts that severe illness or injury that can leave behind – one of the worst kinds of insult to injury that can follow a job loss.