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A realistic formula on healthcare

By Thomas Oliphant, Boston Globe Columnist | December 12, 2004

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FROM THIS distance, the politicians in Massachusetts appear to be having a vibrant debate about healthcare worthy of, oh, at least the 1980s, perhaps even the 1970s.

Onto the state's wobbly table have been piled ideas for more taxes and no taxes, more spending and no spending, mandates on employers, work requirements for people who are poor, and two-tiered systems whose quality depends on how much money you have.

It is a political recipe for what Massachusetts government has appeared to do very well in the past decade or so -- which is nothing, while the problem gets worse.

That problem is not at its core the 10-15 percent or more of the state's residents who lack health insurance of any kind. The core is the 80 percent or more who have health insurance, or the employers who help pay for it -- and hate its exploding costs and enlarging gaps.

In the interests of conducting a debate in a time warp, the left and right are positioning themselves for another shouting match that satisfies core constituencies while accomplishing nothing.

After the next legislative and election season, both sides will be able to relate to Tom Lehrer's line about the Abraham Lincoln Brigade in the Spanish Civil War: "We lost all the big battles but we had all the great songs."

"Calcified," was the word Secretary of State William Galvin used when I sought him out for an analysis of this sorry state of affairs.

As he sees it, the first reality that people in Massachusetts might consider facing is that the federal government is out of commission, drowning in debt, indifference, and deference to special interests. That makes what happens in the states far more important than it usually is. From the right, Galvin sees a trial balloon from Governor Romney that offers the chimera of universal coverage at no cost to workers, employers, or taxpayers. His advice about such silly schemes is "count the silverware."

From the left, State Senator Richard Moore and an affiliated corps of activists have pushed a tax increase on cigarettes and a mandate on business to provide coverage with subsidies for the small employers and working people of modest

means. The plan has intriguing elements like taking people with major healthcare problems out of the general insurance risk pool. But politically it leads with its tax-and-spending chin and does not appear to have legislative leadership support.

Galvin favors a new debate that focuses on the bloated status quo with its runaway, debilitating costs. As a basic rule, somewhere between one-fourth and one-third of all healthcare dollars are simply lost because of wasteful, duplicative administrative procedures in the private and public sectors that are curable with currently available information technology.

Galvin also favors what has become known around the country as re-insurance -- the state taking responsibility for individuals with "catastrophic" health bills exceeding \$50,000 a year. The idea is actually in operation in several local governments, so far accompanied by nothing but raves.

If that sounds vaguely familiar to policy wonks, it should. This is the new idea that John Kerry put on the national agenda early in his presidential campaign. What Galvin is also talking about amounts to setting the current stale debate of the last three decades on its head.

Instead of beginning with a plan to create an insurance tent that holds everyone, Galvin suggests squeezing the wretched excess out of the mess called the status quo. Instead of pretending that there are no extra costs to expanding coverage or focusing first on raising the revenue to fund universal coverage, Galvin suggests adherence to a sound economic principle that says one way to broaden the distribution of a product is to lower its cost.

There are big-time savings available for workers whose paychecks are being gouged, employers whose cost structure has gone nuts, and the uninsured who can gain access to a better system in stages.

Politically, Galvin notes that too much of the politics of 2004 focused on the mobilization of core constituencies -- a situation tailor-made for polarization as well as gridlock. The new debate awaits participants.

Come to think of it, given the stale character of what Massachusetts has been serving up, maybe what the state really needs is a fresh, old face.