

Lives at Risk: Single-Payer National Health Insurance Around the World

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Lives at Risk: Single-Payer National Health Insurance Around the World By John C. Goodman, Gerald L. Musgrave, and Devon M. Herrick. Foreword by Milton Friedman. 2004. Lanham, MD: Rowman & Littlefield Publishers, Inc. (In cooperation with the National Center for Policy Analysis). Pp. 272. \$70.00 hardcover. \$22.00 paperback.

Practically everyone wants to reform America's health care system. Twenty-first century demographics and medical technologies virtually guarantee that health insurers—public and private—will not be able to pay for the treatments American consumers already expect. So reform we must, but how? Goodman, Musgrave, and Herrick strongly favor market-oriented solutions. But, they fear, America could be tempted toward a single-payer system like that of Canada, Australia, New Zealand, and the U.K. In their view, the sirens luring Americans toward the rocks are myths and truisms. These are the targets of *Lives at Risk*.

The book has three sections:

"Twenty Myths" catalogs and attacks a set of commonly held beliefs about single-payer systems. "The Politics and Economics of Health Care Systems" examines obstacles that lie in the way of developing marketbased, consumer-driven health insurance. These include political considerations and the incentive problems peculiar to health insurance contracts. In "Reforming the U.S. Health Care System," the authors offer their own vision for reform.

The books structure suggests that for these authors, halting the drive toward national health insurance is priority #1. "Twenty Myths" spreads across roughly 168 pages, and it is first in the book. In contrast, "Politics and Economics ..." and "Reforming ..." only occupy 27 and 37 pages, respectively.

What are the arguments—myths to these authors—that turn American eyes north to Canada or east to Britain? Single-payer advocates see the following just across the border or just over the ocean: (1) a "right" to health care, (2)

egalitarian access, (3) care allocation according to need, not wealth, (4) better health outcomes, (5) up-to-date technology, (6) higher quality of care, (7) better cost controls, (8) more efficient providers, (9) less unnecessary care, (10) lower administrative costs, (11) resources focused on maximizing health improvements, (12) more preventive care, (13) elimination of problems associated with U.S. managed care, (14) lower cost burden on businesses, (15) better care for the elderly, (16) better care for minorities, (17) better care for rural areas, (18) cheaper prescription drugs, (19) greater contentment with health insurance, and (20) benefits that can only come from government action.

These 20 hopes become the myths analyzed in the first 20 chapters. The authors calmly, carefully catalog and eviscerate each of these arguments. They methodically reveal how claims diverge from reality by painting a sharp contrast between the current American system (which the authors wish to change) and the single-payer

systems abroad.

Single-payer proponents argue that Canada, Britain, and others deliver health care more cheaply, more efficiently, and more equitably; but in *Lives at Risk* these lofty claims dissolve beneath mountains of data. In the United States, five percent of patients have to wait more than four months for surgery; in Australia, New Zealand, Canada, and Britain, the percentages are 23 percent, 26 percent, 27 percent, and 36 percent, respectively.

Wealthier British citizens receive better care than poorer citizens; the poor suffer higher cancer death rates than the wealthy. Americans of all socioeconomic classes have better access to MRIs, CTs, lithotripsy units, coronary catheterization, and so forth. Britain gives younger patients priority over older patients for many procedures. South Asians in Britain, Inuits in Canada, Maoris in New Zealand, and Aborigines in Australia receive poorer care and less care than their nonminority countrymen.

Goodman, Musgrave, and Herrick are not merely bomb-throwers who demolish single-payer insurance and then retire to the drawing room. Having addressed the failings they see in single-payer systems, they turn toward reforming the American system. They propose specific ways to harness the desires and intelligence of consumers to create a better system in the

United States

Section 2 ("Politics and Economics ...") describes the practical difficulties of achieving reform. Here, they focus on problems familiar to readers of the public choice literature: group politics, coalition-building, income and spending distributions, bureaucratic self-interest, and organizational inertia. They also address the difficulties inherent in designing institutions for a market in which moral hazard, adverse selection, risk, uncertainty, and private information abound.

Section 3 ("Reforming ...") lays out the basics for an ideal health insurance system. For these authors, such a system will be laden with market-driven features, including Health Savings Accounts. Our current system is characterized by free riders, legions of those lacking formal insurance policies, perverse incentives, and legal obstacles to efficiency and equity. The authors list ten characteristics of an ideal system. Without getting too specific here, these cover such areas as optimal subsidies, optimal penalties, tax structures, budgetary impact, and the proper role of the federal government.

In assessing *Lives at Risk*, one should know something of the authors. They come at the question with an agenda and make no secret of it. At the same time, they are careful

scholars and back their claims with solid references. All have strong reputations in health care. Goodman has been called "the father of Medical Savings Accounts." In 1994, Goodman and Musgrave authored *Patient Power*, one of the best-known responses to Hillary Clinton's health care proposal.

Lives at Risk is a must read for anyone interested in reforming the U.S. health care system. Opponents of single-payer insurance will find their views strongly validated by the book's carefully documented evidence. At the same time, open-minded proponents will learn the weaknesses in what they advocate. The book will lead some to rethink their support, and others to work harder in honing their arguments. Either way, the single-payer proponent who reads this book will become a smarter advocate of whatever views he holds afterwards. A reasoned proponent of single-payer insurance can dispute the data presented, but he will have to work harder to do so, and that will enrich the public debate we need. Whether or not the reader buys the authors' proposals, he will leave the book with a far greater understanding of the task ahead.

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