

# Elizabeth Blackwell Women's Health Center

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Winter 1978-79 Newsletter

## National Health Insurance: solution... or part of the problem?



*cooptation of reforms*

### Role of Insurance Companies

When Blue Cross/ Blue Shield was first formed in the 1930's and '40's, each was viewed as a social reform, a system to help people pay their medical bills. In fact, though, it was organized by hospitals to insure a guaranteed income. Over the years, the Blues have developed in a similar direction as commercial insurance companies--they are a business making profit off peoples' sickness.

They realize profit because the amount they pay out in claims is less than the amount they take in through premiums. But more importantly, insurance companies, like banks, play a key role in the maintenance of the capitalist economy. They act as a financier for other businesses by using the money working people pay in premiums to purchase stock, finance real estate development and make loans for corporate expansion.

Yet, news reports lead us to believe that insurance companies are losing money and not making any profit. These reported losses do not take investment income into

We all have a right to decent health care. Many poor and working people, though, are denied decent health care due to the rising cost of health care services and high insurance premiums.

A principle upheld by insurance companies and shared by all other businesses operating under the economic laws of capitalism, is that you get no more than what you pay for and, in most cases, you get less. This principle is in contradiction with the view that health care is a right--that everyone should get the care they need and should pay for it based on their ability.

National Health Insurance bills presently before Congress have been promoted as a way to provide increased health care coverage for everyone. Would National Health Insurance make health care a right for all, or merely support insurance companies through government subsidies? In this newsletter, EB examines this question by looking at: How insurance companies operate; what national health insurance would do; and the particular effects on women.

account. A case in point is Aetna, one of the ten largest commercial health insurers.

In one year, Aetna collected over \$1 billion in premiums. Since they did not have to pay it all out in benefits right away, they invested the money in other businesses. Investments on the \$1 billion reaped an income of \$344 million for Aetna. Since 55% of Aetna's premiums are from health insurance, we can assume that Aetna earned \$190 million in investments from its health insurance business that year. This \$190 million erased Aetna's reported loss of \$13 million and in fact Aetna profited enormously from its health insurance business.

What do working people get in return for the high premiums they pay? A misconception that insurance companies foster through misleading advertising is that all your medical bills will be paid for. In fact, the average person is insured for less than 40% of their health care costs.

The way insurance companies make people pay part of their medical bills is through deductibles and co-insurance. Insurance companies like to call this "sharing the risk with us." Deductibles refer to the amount people must pay before the insurance company will pay. The deductible can range from \$50 to \$2,000. An example of co-insurance would be where the consumer pays 20% of the bill and insurance pays 80%.

### Insurance Firms Exploit Elderly

Recent congressional hearings of the House Select Committee on Aging have exposed the billion-dollar-a-year business of selling useless insurance policies to the elderly. The failure of Medicare, which pays for only 38% of the medical costs for the average elderly person, has made people insecure about their future. Insurance agents prey on this fear with high-pressured sales approaches, many resulting in sales of insurance policies that are almost never paid on. Insurance companies reap enormous profits from this outrageous exploitation of the elderly. An estimated 4 million older persons in the US spend about \$1 billion a year on unnecessary insurance policies.

Insurance companies say these out-of-pocket payments prevent people from over-using health facilities. In reality, these payments prevent poor and working people from receiving needed health care services. In addition, insurance policies most often cover hospitalization rather than doctor visits or outpatient services. Thus, insurance companies help maintain a disease-oriented health care system based on profit, rather than preventive medicine based on people's needs.

### WHO CONTROLS INSURANCE COMPANIES?

50% of Blue Cross board members are hospital administrators and trustees; the other half are businessmen and doctors with hospital titles. Therefore their self-interest in maintaining a high rate of profit is reflected in high premiums, inadequate coverage and discriminatory policies. The major commercial insurance companies are tied to the largest US banks and manufacturing corporations. For example, the Rockefeller family interest controls Metropolitan Life and Equitable insurance companies.

As a commodity, health care is governed by the laws of capitalism which means that part of the money we pay for health care is extracted as profit. The role insurance companies play in the health care system is that of keeping health care a commodity that working people must purchase in order to survive and that capitalists profit from. The result is that health care is a privilege denied poor and working people who can't afford to pay.

### National Health Insurance — A Proposed Solution

National Health Insurance (NHI) has been promoted as a plan to provide increased health care coverage for everybody by paying insurance companies through income taxes, mandatory payroll deductions and employer contributions. What it will do is shift some payments for health services away from day-to-day expenses, spreading payment over time.

Various NHI bills have been considered by Congress dating as far back as 1912, and as yet none of them has been passed and implemented. At present, the primary bills are those proposed by Senator Edward Kennedy (D-Mass) and President Carter. The differences between the two are minor. Carter's

plan would be phased in gradually, his primary concern is cost to the national budget instead of providing for peoples health care needs. Kennedy's criticism of Carter's plan is how slow it would become effective rather than the substance of the program.

Through the collection of taxes and the spending of public money, governments have an enormous influence on the distribution of income and wealth. In the US, the government has perpetuated a lopsided distribution of wealth by 1) excessive collection of taxes from poor and working class people and the sparing of the rich from taxation and 2) payment of significant amounts of public money as subsidies to large corporations.

The issue of NHI is no exception to this.

WHO WILL PAY FOR NHI?

NHI would get most of its money from working people. Let's look at the 2 sources of financing the program:

- 1) Income taxes: some income is more taxable than others - wages are taxed fully, investment incomes are taxed less, municipal bonds aren't taxed at all. Wealthy people take advantage of enormous loopholes to avoid paying taxes.
- 2) Payroll deductions: this comes from the wages of employees and from the employers contributions. Most people earn money only from wages, so all of it is taxable. People with higher incomes may have non-wage sources of money which are not taxed. In addition, people with higher wages don't pay in any more to NHI after a specified cut off point.
- 3) The "employers contribution" actually comes out of the employees pocket in the form of lower wages or fewer fringe benefits.

While the insurance coverage from NHI appears to be extensive ("unlimited physician services and hospitalization, outpatient prescription drugs,..."), there will still be large deductibles and required co-insurance. This means that there will still be only partial coverage under NHI, and people will continue to pay out-of-pocket expenses.

*what is it now?*

The cost of medical care, along with basic necessities of food and shelter, presently leads the way in price increases. At 200.9, the consumer price index shows that what costs \$200 today cost only \$100 in 1967. In the case of medical care, \$241 today buys the same health services as \$100 bought in 1967.

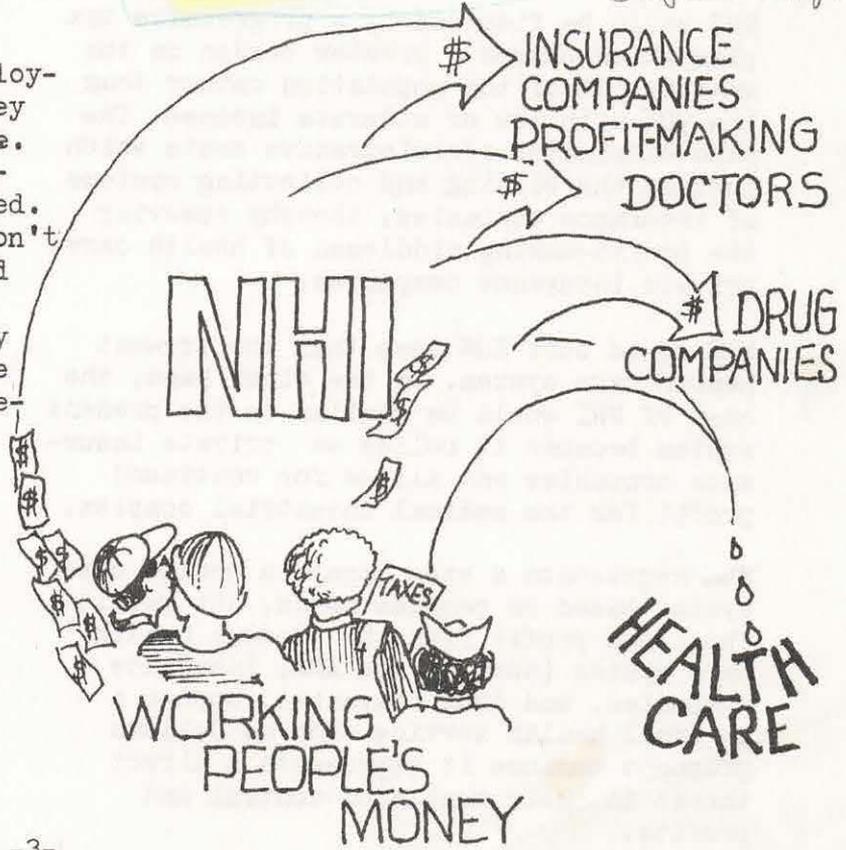
--Mpls. Tribune 11/78

WHO WILL BENEFIT FROM NHI?

Who stands to gain with the introduction of NHI? NHI will help finance the present health power structure. Hospitals will profit due to the fact that most people will have hospitalization coverage and therefore, hospitals will receive guaranteed payment of bills through government subsidies. NHI will provide a constant source of income for insurance companies because more people will be insured. The medical industrial complex (supply companies, drug companies, etc.) will benefit as they will be in greater demand due to increased coverage.

In summary, because both the Kennedy and Carter plans rely heavily on private insurance companies, NHI won't provide comprehensive health care for all but will provide insurance companies with a guaranteed income.

*cooptation of NHI*



## National Health Service — An Alternative Based On People, Not Profit

As an alternative to both the Kennedy and Carter plans, a bill has been introduced by Ronald Dellums (D-Calif) which calls for free universal coverage for all health care costs. Under Dellum's National Health Service (NHS), the present fee-for-service system would be replaced by salaried physicians. The result would be private doctors and hospitals couldn't profit from unnecessary hospitalization and surgeries. As an example of this, in England and Wales where a national health service exists, there are one-half as many surgical operations performed as in the US per capita.

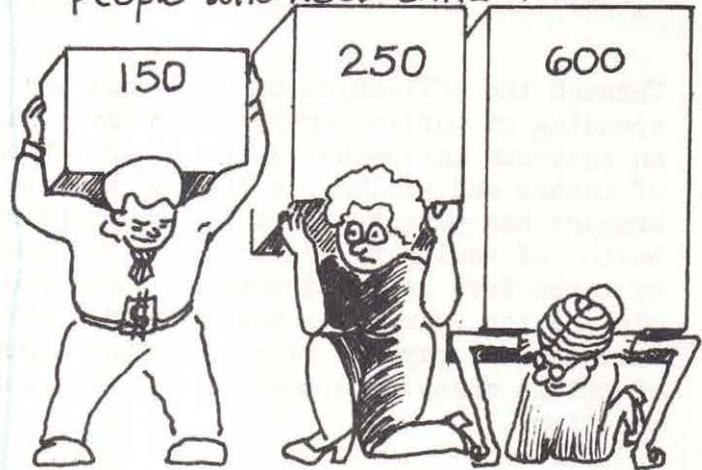
Under NHS, removing the fee-for-service system would change health care from a commodity subject to the laws of capitalism to health care as a right. This change would allow for a focus on preventive health service and health education. Therefore, rather than promoting disease oriented health care, NHS would provide for preventive health care such as screening for early detection of treatable diseases as well as prevention and follow-up of chronic diseases. The NHS program would conduct education on health issues such as occupational and environmental hazards and the need for adequate nutrition, rest and exercise.

NHS would be financed by a progressive tax plan which places a greater burden on the wealthy 10% of the population rather than the 90% with low or moderate incomes. The plan eliminates administrative costs which include the billing and collecting systems of insurance companies, thereby removing the profit-making middleman of health care, private insurance companies.

NHS would cost 20% less than the present health care system. On the other hand, the cost of NHI would be similar to the present system because it relies on private insurance companies and allows for continued profit for the medical industrial complex.

NHS represents a step toward a health care system based on peoples needs, not profit. Those who profit from the present health care system (such as the AMA, insurance companies, and drug companies) oppose a national health service such as Dellums proposes because it represents a direct threat to their continued control and profits.

*struggle for reform*  
**BURDEN of COST**  
The present method of rating premiums (experience rating) puts the heaviest load on people who need CARE MOST.



On the other hand, under NHS, those most able to pay would cover the cost of health care

In order to uphold the capitalist economic system, business and government will join hands to oppose any threat to that system. We at EBWHC, believe that a fundamental change in the entire economic, social and political system of capitalism is called for - a system based on peoples needs, not profit. For this to happen working people will need to educate each other to change the system. Until that time comes, legislation as progressive as NHS stands no chance of passing.

## HOW HEALTH INSURANCE POLICIES DISCRIMINATE AGAINST WOMEN

The contradiction between the stated goals of national health insurance and the principles insurance companies operate under is reflected in women's health care in particular.

- Insurance companies define insurance as payment for unforeseen events. The effect is often no coverage for preventive health care or maternity, since insurance companies consider maternity as voluntary and planned. As a result of this principle, only about 1/3 of the women giving birth to legitimate children between 1964 and 1966 had insurance coverage for hospital care, delivery and prenatal visits.

- Additional premiums are still often required if coverage includes maternity and single women are often excluded from maternity benefits at all. Only recently did Congress pass a bill requiring employers that presently offer health insurance to provide coverage for pregnancy and childbirth as well. But this bill doesn't help women who either work for a small company with no insurance plan, work part-time for no benefits, or are unemployed.

- Experience rating is a method insurance companies use for determining the cost of premiums based on the history of a particular groups usage of health care facilities. Women require more health services because they bear children, most generally take the responsibility for contraception, and need more regular check-ups. So they end up paying higher premiums.

- Insurance companies also use 'loading factors'. This means that insurance premiums charged to employers are higher as the percentage of women employed by them increases.

- Health insurance policies most often cover hospital costs but not doctor visits and outpatient services. For women, this division means that there is generally no insurance coverage for preventive care such as PAP smears, pelvic exams, and contraceptives.

If national health insurance follows these same principles, women can expect little improvement in health care coverage. On the other hand, women in particular would stand to gain from passage of the National Health Service bill because of its coverage of health maintenance and preventive medicine. Instead of women bearing the brunt of health care costs simply because they need to use health services more, those with the greatest ability to pay would cover the costs.



### BIBLIOGRAPHY

#### Primary Sources:

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2. "American Health Empire: Power, Profits, and Politics," Health-PAC
3. "National Health Service: Questions and Answers"

# Elizabeth Blackwell Women's Health Center:

## program and purposes

### REFERRAL

EB's referral service provides information on local doctors and clinics on a day-to-day basis to women who are faced with doctors providing inadequate care, and mediocre health services with inflationary prices.

### EDUCATION

Medically educating those who have not been provided with current knowledge of common and potential medical problems. EB's classes and speaker's bureau are aimed at promoting preventive health care practices. In contrast, the existing health care system maintains itself through the promotion of medical ignorance by monopolizing medical knowledge.

### ANALYSIS

EB's newsletter analyzes the profiteering health care system which is a financial burden for all people, but especially for women. The interconnection between the political, social and economic conditions that shape the health care system are examined. Conclusions drawn from collective analysis call for support or reformulation of a national comprehensive medical plan to benefit most working people, and call for a political mandate to eliminate profit as an incentive for the professional caring of people.

### ORGANIZING

EB will organize directly, as well as help organize businesses of health care services that emphasize prevention and health care maintenance.

### RESEARCH

Conducting research as a basis for a) producing publications and b) determining EB's programmatic direction. Research is one assurance that EB will continue to be a revolutionary voice, opposing medical practices that consider the viewpoint of profit, rather than people's needs.

## WHAT WOMEN CAN DO

The problems in the health care system are extensive and demand careful analysis, long-range planning will lay the basis for social change that can last. Meanwhile, short-range steps must be taken to cope with our immediate health problems.

The referral service at EB is one way women are helping each other get better health care in the Twin Cities. Over the years, EB has collected information on cost and services of various doctors and clinics. We are able to make referrals based on evaluations from women who've had experience with the kind of care these doctors provide.

Sharing information that has been helpful to us as consumers is essential in breaking down the monopoly of health care by professionals. You can help other women find better health care by filling out an evaluation form on your doctor or clinic, past or present. Call us or fill in the form on the next page and we will send you one or as many as you want. In addition, any article or information that has been helpful to you can be mailed or phoned in to expand our files, particularly in the area of prevention and health maintenance.

The center is open:

Monday - Friday: 4:30 to 7:00PM

Saturday: 12:00 to 4:00PM

TEAR OFF AND SEND BACK

\_\_\_\_\_ Please send me a brochure

\_\_\_\_\_ Here is my tax-free contribution of \_\_\_\_\_.

\_\_\_\_\_ Please call me, I want to volunteer

\_\_\_\_\_ I want to be on the mailing list

\_\_\_\_\_ I would like to fill out a doctor/clinic evaluation form. Please send me one.

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

PHONE \_\_\_\_\_