Time to fix the un-Affordable Care Act
by Rick Staggenborg

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The Affordable Care Act (Obamacare) is facing a crisis. Despite assuring medical care to millions of people with no access before its passage, over 30 million remain uninsured. Most of these are low-income working Americans whose employers don't provide insurance. Millions more are under-insured, struggling or unable to pay medical costs their insurance doesn't cover. This problem is worsening for many, as insurers cut coverage and increase patient cost sharing in order to provide new services mandated by the ACA.

Due to lack of cost controls in Obamacare, millions of workers cannot afford to pay increasing premiums, copays and deductibles despite expensive tax subsidies. Even those with insurance remain at risk for bankruptcy if they experience catastrophic illness or injury. Of bankruptcies 60 percent are due to medical bills. The lives of entire families are ruined as a result.

The Affordable Care Act was an attempt to provide care to more Americans without disrupting the profits of the medical insurance and pharmaceutical industries. It provides insurance to a sicker population, since many were previously uninsurable. Others could only buy insurance at ruinous rates. Obviously, providing care to a much needier population would cut heavily into insurance industry profits without a massive tax subsidy. That's why Obamacare amounted to a bailout for the insurance industry.

"Bailout" implies insurers were in financial trouble. It's true. Though they had been making record profits, the fat times were about to end. The dirty little secret that both Republicans and Democrats have been hiding is that without taxpayer subsidies, insurance industry profits would have first stagnated, then fallen until the industry collapsed. This has been known for years. It's called the "death spiral" of the insurance industry.

It's simple economics: As insurance costs rise, fewer employers provide it. Even under new Obamacare mandates, 75 percent of Americans working full-time do not receive insurance through their employers. As the number of insured drops, individual and group insurance rates rise, in order to maintain the corporate profits on which CEO salaries and investor dividends depend. That leads to further decreases in enrollment. The process repeats until no one can afford coverage.

This problem is worsened by the fact that most of those who remain without insurance are the working poor, who are unable to pay their share of increasingly expensive policies. Despite a brief lull in the rate of increase of health care costs (prior to major provisions of Obamacare going into effect), income gains have consistently lagged behind rate increases. A 2005 study projected that without ever-increasing tax subsidies, the average cost of insurance premiums for a family of four would equal average income by 2025. Under the ACA, taxpayers will make up the difference between what a family can pay and what premiums will cost. That's the real reason a redesign of our health care delivery system is inevitable.

While the ACA has provided insurance to about a third of the previously uninsured, the cost of subsidies hit $10 billion when only half the eligible population had applied. Even if all eligible persons were covered, it would only amount to 3 million more helped, at a cost of $20 billion per

year. Meanwhile, over 25 million Americans would remain uncovered. Clearly, it's time to look at a more economically rational solution to the crisis of health care costs and access.

Single payer is the system used by most countries with universal health care. In a single payer system, the government determines how to allocate health care dollars to provide the best care to the entire population. Most countries that use it have better health care outcomes than the U.S. by almost any measure. This superior care is delivered at a fraction of the costs of care in the U.S., which has the most expensive system in the world while leaving nearly 1 in 10 uninsured.

Several studies have shown single payer can save money at the state level. An independent study to see if this is true for Oregon is in progress. If it does, as expected, it will be up to us to generate the support that will enable legislators to find the courage to challenge the powerful insurance industry lobby and create such a system. You can help by joining the local chapter of Health Care for All Oregon.

Learn more at hcao.org or by emailing dcjean45@gmail.com.