

Getting the Haves to Come Out Behind: Fixing the Distributive Injustices of American Health Care

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What Are the Symptoms?

1. U.S.-style health insurance weakens price elasticity and makes it possible for providers to reap supra-supra competitive profits from their monopoly position.
2. Providers behave like self-appointed, reverse-Robin Hoods, exploiting the poor and the working/middle classes, and redistributing the resulting wealth and medical resources to the upper-middle class and the wealthy.

What Are the Symptoms: II?

3. Providers reject efforts to control moral hazards and implement cost benefit trade-offs, resulting in “nothing but the best” health insurance coverage terms and delivery systems. . . Unfortunately, “nothing but the best” costs much more than many Americans are willing and able to pay.
4. The fact that costs are hidden while benefits are immediately evident encourages everyone to demand more and better health care than they would want if they faced the true costs of their decisions.

What Are the Symptoms: III?

5. Low and moderate-income Americans get shortchanged on the delivery side because they are less assertive and die sooner.
6. Regulation of the health-care sector serves the interests of elites and incumbent providers of services, and not those of consumers.

What Does the Paper Get Right?

- Agrees with me/my past work.
- Offers a pragmatic/market oriented policy analysis that explicitly bridges positive and normative perspectives.

Some Problems With the Paper: I

■ Rhetoric

- Industry and other elites “manipulate people’s thinking”
- The system is “rigged against the true interests of the political majority.”
- This “systematic exploitation of the majority by affluent minorities” is a “breathtaking injustice” and a “extortion-like protection scheme.”

FOREWORD BY RICHARD A. EPSTEIN



Medicare Meets Mephistopheles

DAVID A. HYMAN

“One need not agree with Hyman’s critique of Medicare to see the merit of expressing pro-market criticism in easy-to-read satire. What’s more (and unexpected), you can learn more about the relevant history of this important program in this book’s clear account of its origins, structure, and financing than in scholarly tomes or the impenetrable babble of descriptions of Medicare’s current reforms. A useful volume for Medicare backers as well as detractors.”

— PROFESSOR TED MARMOR
Yale University, author of *The Politics of Medicare*

Some Problems With the Paper: II

- Agreement on symptoms is not the same thing as agreement on the diagnosis.
 - Need a theory of distributive justice to make the diagnosis stick.
 - The Princess Bride Problem



“Four-Foot-High Letters on the window saying ‘Bank’ – that’s not entrapment?”

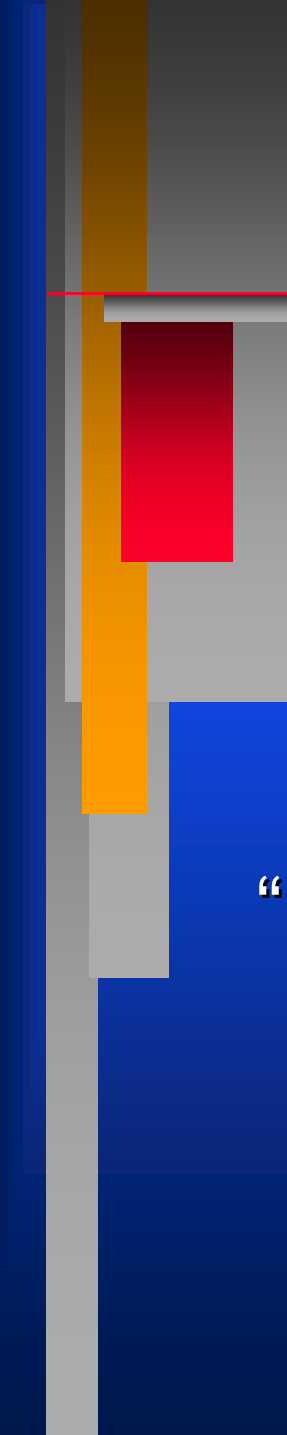
Some Problems With the Paper: III

- Which outputs should we care about in assessing distributive justice on the delivery side of the ledger?
 - Spending?
 - Treatments?
 - High quality care purchased?
 - QALYs?
 - Health

Some Problems With the Paper: IV

- Even if we stipulate to the diagnosis, H&R don't say much about the treatment – and nothing at all about how to get there from here.

The article “takes no firm position on the particular health policy that should replace the ones we criticize.”



All we need are “altered subsidies and incentives for consumers, some deregulation of insurers and providers, substantial redesign of insurance products, and some tweaking at a few other points.”

“H&R offer no details, plans, or priorities. This makes their proposal harder for their political opponents to attack, but it also makes it less a proposal than a prayer.”

What should we do, and in what order?

How should we fix the tax subsidy?

Level up or level down?

Tax credit or tax deduction?

How should we improve the performance of antitrust law?

“Should the fountain in the courtyard of the FTC periodically run red with the blood of price-fixing doctors?”

How Should We Do It?

“Strip away the job titles and party labels, and you will find two kinds of people in Washington: political hacks and policy wonks. . . After two decades in Washington as a wonk working among hacks, I have come to the conclusion that the gap between Republicans and Democrats is as nothing compared to the one between these two tribes. We wonks think we're smarter than hacks. Hacks think that if being smart makes someone a wonk, they'd rather be stupid. Wonks think all hacks are creatures from another planet, like James Carville. Hacks share Paul Begala's view that wonks are all "propeller heads," like Elroy on "The Jetsons." Wonks think the differences between hacks and wonks are as irreconcilable as the Hutus and the Tutsis. Hacks think it's just like wonks to bring up the Hutus and the Tutsis.”

Six Rules of Hacking

1. People hate numbers, but love a good anecdote.
2. A good slogan is half the battle.
3. Find allies.
4. Pick a good enemy.
5. Have a simple solution.
6. Never give up, never surrender.

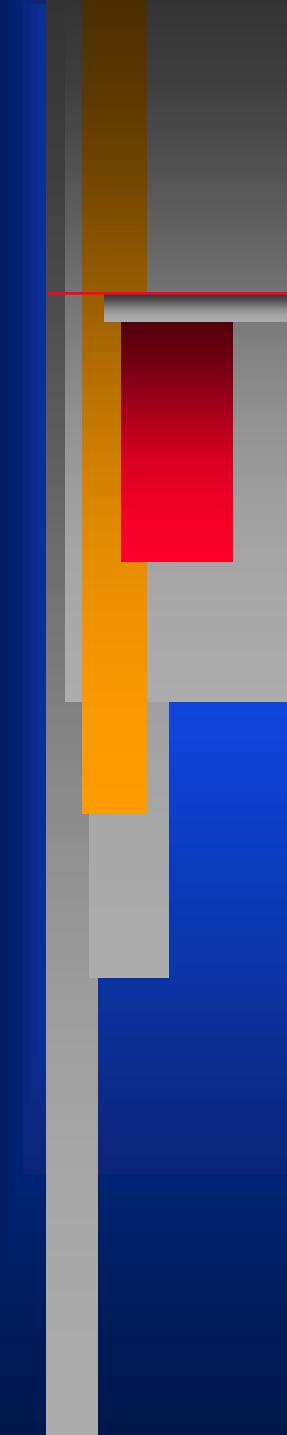
The Basic Problem

“When government does, occasionally, work, it works in an elitist fashion. That is, government is most easily manipulated by people who have money and power already. This is why government benefits usually go to people who don't need benefits from government. Government may make some environmental improvements, but these will be improvements for rich bird-watchers. And no one in government will remember that when poor people go bird-watching they do it at Kentucky Fried Chicken.”

P.J. O'Rourke, *All the Trouble in the World* 19 (1994).

Concluding Thoughts

1. If it were easy, we'd have done it already.
2. Pragmatism can't paper over fundamental philosophical differences.
3. Every dollar of spending is a dollar of income for someone else.
4. Learning From the President's Advisory Panel on Federal Tax Reform.



“Getting the ‘haves’ to come out behind will not just happen. It will take the correct diagnosis, a good plan, a lot of hard work, and even more luck.”