Complexity and Waste in Our Health Care "System"

The current situation

Baffling medical bills that even insurance company representatives can't explain. Denials of the care we need and that our health care providers prescribe. The daunting process of assessing different health insurance plans with networks, tiers, premiums, deductibles, and so on.

The complexity and waste in our current system diverts money from other needs, hampers businesses and entrepreneurs, and leaves many people unable to access care without substantial financial burden. Maine municipalities and taxpayers pay for a system that costs too much without providing enough value.

You've probably seen the statistics: The U.S. spends more on health care than other developed nations, with similar or worse health outcomes.

Health care spending

% of GDP:
Maine: 27%
U.S.: 19.7%
Canada and the EU: 10-12%
Change in the U.S.: 6.9% in 1970 to 19.7% in 2020
Per capita:
Maine: $12,077
U.S.: $10,151
EU: $5,736
Change in the U.S.: $1,875 in 1970 to $12,531 in 2020

Sources: KFF 2020, 2022

Where does all the money go?

Waste in health care spending is often defined as anything that doesn't contribute to patient care or community well-being. It's been estimated that 25-35% of health care spending, or $760-960 billion, is wasted each year in the U.S.

The largest source of waste identified in a recent study was "Administrative complexity." Administrative costs for private insurers range from 15-30% of total spending, compared with 3-5% for Medicare. Why the big difference?

Our current "system" includes many payers, plans, and billing processes, plus spending on marketing and administrative staff tasked with deciding what services will be covered under which plans, for whom, and by which providers. And most private insurers are out to make profits for their executives and shareholders—in fact, they're chartered to do so.

Contrast that with Medicare, a publicly funded, single-payer system in which profit-making isn't part of the equation.

It doesn't have to be this way

No way around it, health care is complex, and expensive. Costs will continue to rise to unsustainable levels unless we do something different.

Most other countries in the world have some form of universal health care, ranging from government-run, to publicly funded single-payer, to tightly regulated private insurance. Common to all of these approaches is universal coverage, public investment in health care, and profit-making either strictly limited or nonexistent.

These systems are not perfect, but they save money, they are broadly popular, and they cover everyone.

Imagine:

Everyone has health care. Crippling **medical debt and medical bankruptcies disappear**. **Maine towns and cities** can apply funds, time, and other resources now spent on health insurance toward pressing needs such as infrastructure maintenance, economic development, and preparing for climate change impacts. **Businesses** can focus on innovation and investment rather than providing health insurance to their employees. **Workers** are free to choose employment based on their interests and skills rather than being locked in a job for health insurance. **Entrepreneurs** are free to create new businesses without worrying about how they'll provide health care for themselves, their families, and their employees. With a **simpler, more efficient system**, it's more feasible to **plan for and contain costs**.

The obstacles are not economic or medical, they're political

Many studies have shown that universal health care systems can save money and increase value. A Maine Center for Economic Policy study in 2019 outlined one model for how universal health care could work in Maine, finding that the state could save more than $1 billion and most people, by far, would pay less than they do now—and everyone would be covered. (Cai et al. 2020, MECEP 2019)

Questions? Thoughts? Ideas? We want to hear from you!
healthcareforallmaine@gmail.com

Sources: Kaiser Family Foundation (KFF) Health System Tracker; Shrank et al. 2019, Journal of the American Medical Association (JAMA); Maine Center for Economic Policy (MECEP) 2019, Commonwealth Fund (2021); Organization for Economic Cooperation and Development (OECD) 2022); Healthcare NOW compilation of economic studies; Cai et al. 2020, PLoS Med; KFF 2020

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ADVOCATING FOR COMPREHENSIVE, HIGH-QUALITY AND AFFORDABLE HEALTH CARE FOR ALL MAINE PEOPLE

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