

## UNIVERSAL HEALTH CARE: A REGIONAL PERSPECTIVE—WHY NOT A “GEORGIA SECURECARE”?

Despite conventional wisdom that southern states have neither the money nor popular support for such a program, a Georgia group has outlined a universal, comprehensive, single-payer proposal called “Georgia SecureCare.” The group’s telephone survey in 2003 found that a majority of households was concerned about losing health insurance or access. Economic analyses demonstrated that SecureCare would reduce statewide health care spending by \$0.72 billion (~2%) in the first year while providing all Georgia residents with a generous benefit package. Despite initial increased healthcare utilization costing about \$3.84 billion, notable savings were attributable to lower annual administrative costs (\$3.82 billion) and bulk purchasing (\$0.74 billion saved for prescription drugs and durable medical equipment). For most families and for large employers, annual expenditures for health would decline. Georgia respondents to the telephone survey initially expressed ~72% support for SecureCare. After furnishing them with common objections to the plan, their support dropped to ~62%. A universal, state-sponsored plan would likely save money for Georgia, and it could easily win broad-based popular support. (*Ethn Dis.* 2006;16[suppl 3]:S3-4-S3-7)

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“Of all the forms of inequality, injustice in health care is the most shocking and most inhuman.”

*Martin Luther King, Jr.*—March 1966

### INTRODUCTION

The recent Hurricane Katrina disaster demonstrated how poorly the American healthcare system attends to the needs of its poor and minority subpopulations. This wake-up call should remind us that our peculiar system for financing healthcare delivery is ripe for change. Indeed, several proposals exist for the creation of universal, consolidated (single-payer), comprehensive healthcare financing. But some ask—most often in the conservative South—if changing the system will be too costly. They suggest that a universal health care financing system is merely a liberal fantasy with no popular support.

Is it possible that southerners fail to grasp the painful paradox about the current American system? Our healthcare system suffers from a structural problem: Americans are paying for universal health insurance, but they are not getting it.<sup>1</sup> Despite spending far more per capita than other societies for health care, America is farther away than most industrialized countries from providing care to all in need. Data from 1998–2000<sup>1,2</sup> show that our *public* spending alone, including direct government payments, public employees’ benefit costs, and tax subsidies, equaled or exceeded the *total* amount spent on health care per capita in most other

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industrialized nations (Figure 1). More recent data indicate that American public expenditures for health care continue to rise,<sup>3</sup> yet we continue to experience ever increasing rates of uninsured.

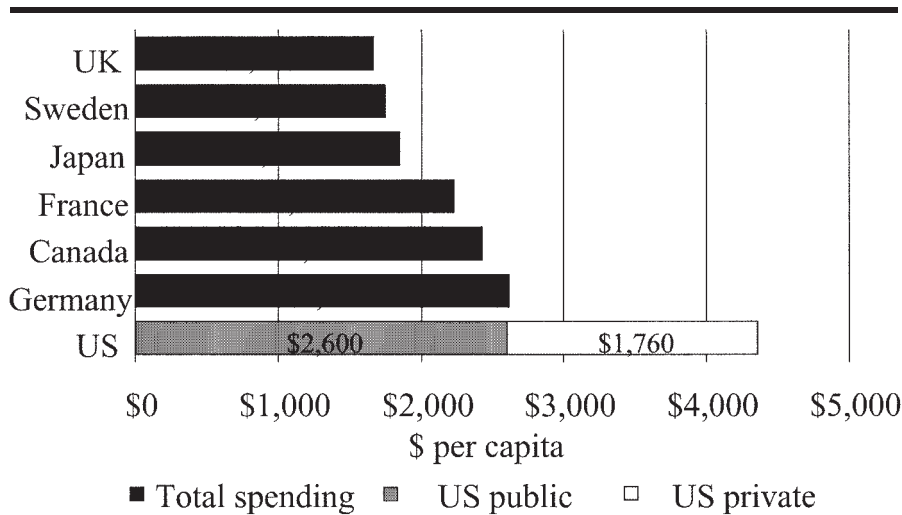
### MODEL PROGRAM FOR CHANGE

For more than a decade, the “Georgians for a Common Sense Health Plan” (GCSHP) has been meeting in Atlanta to consider how Georgia could respond to the major deficiencies in healthcare financing. Drawing from the thinking of “Physicians for a National Health Program” and the “Physicians’ Working Group for Single-Payer National Health Insurance”—as well as our community-based experience—the GCSHP has committed itself to key principles that should be incorporated into any future health plan:

- Universal coverage—covering everyone with full choice of provider.
- Comprehensive coverage—all needed care with no deductibles, minimal co-payments.
- Single, public payer for simplified reimbursement.
- Improved health planning.
- Public accountability for quality and cost, but minimal bureaucracy.
- A mechanism that would discourage investor-owned HMOs and hospitals.

### Is Georgia Ready for Major Health Financing Reform?

Based on these key principles, the GCSHP attempted to find out if our



**Fig 1. US public spending per capita for health (1999 estimates) was greater than total spending in other nations<sup>1</sup>**

ideals were realistic for our conservative state. We received funding from the Healthcare Georgia Foundation to answer three questions:

- (1) Are Georgians concerned?
- (2) Would our financing reform be affordable and sustainable? and
- (3) How wide and deep is Georgia political support for such health care change?

For addressing question one, a stratified sample of 800 Georgia households was identified for participation in a telephone survey (unpublished data).

**Table 1. Level of concern about health care or insurance among Georgians**

Are you concerned about health care or insurance?	TOTAL Response (%)	Strongest Subgroups	Subgroup Response (%)
Very concerned	36	Income <\$30,000	52
		No health insurance	48
		Democrat (ID)	45
		African American	45
		Democrat (history)	44
		South Georgia resident	44
		Not registered to vote	43
		Not married	42
		Living in rural area	41
		Somewhat concerned	23
Not very concerned	15	Republican (history)	23
		Republican (ID)	21
		Income ≥ 50,000–\$80,000	20
Not at all concerned	25	Income > \$80,000	32
		Ages 60 years and older	30
		Men	29
		Men, ages 18 years to 49 years	29
		Men > age 50 years	29
		North Georgia resident	29

In response to the question, “How concerned are you that you might lose your health insurance or that your access to health care might be restricted?” 59% of Georgians said they were “very concerned” or “somewhat concerned.” Expressions of greatest concern came from households making <\$30,000 per year or having no health insurance. Many of this group lived in rural areas or were employed part-time. (Table 1)

To determine whether financing reform would be affordable and sustainable, GCSHP outlined a hypothetical plan, named “Georgia SecureCare,” which would be operated by the state or a non-profit agency. In this hypothetical scenario, the plan would enroll all Georgia residents, including undocumented aliens. It would replace all existing public and private health insurance; coverage would no longer be connected to a job. Georgians would have full choice of any primary care physician or healthcare provider. There would be no deductibles and no co-payments with the exception of a \$25 co-payment for visiting a specialist without a referral from a primary care doctor. The coverage would include doctors, hospitals, emergency care, prescriptions, mental health services, dental care and long-term care. Simply by showing a SecureCare health card, a resident of Georgia would have generous access to doctors, hospitals, and other providers.

Doctors could remain independent; their fees would be negotiated collectively with the SecureCare Trust Fund. Hospitals, with incentives to become not-for-profit, would each negotiate a global budget with SecureCare, instead of billing for each admission, each hospital service, and each bandage. Local planning boards would allocate major capital expenditures and expensive technology. Progressive taxes or “premiums” would go into the SecureCare Trust Fund, and the consolidated public agency handling SecureCare would process and pay bills. The plan

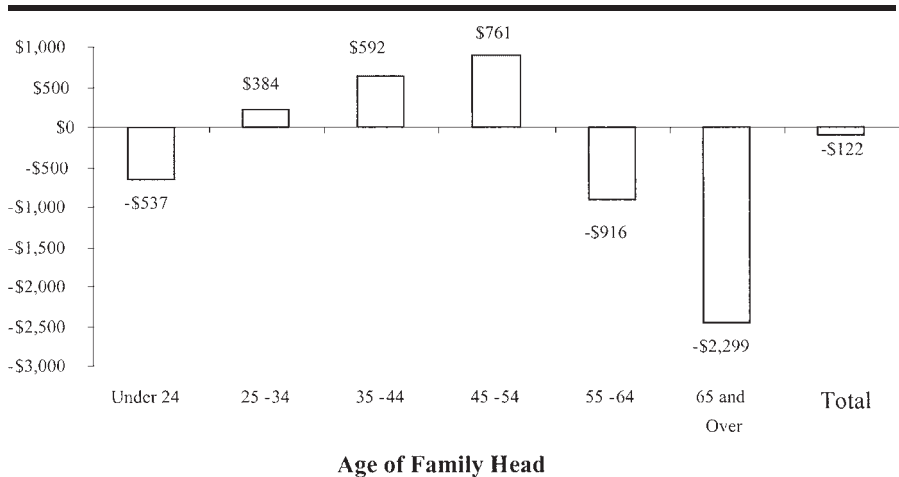
would be subject to accountability and quality control.

**Proposed Funding Sources**

SecureCare would be financed with funds that would have been used for public programs under current law, a new payroll tax to replace employers' healthcare contributions, and other dedicated taxes. It is important to recognize that this financing structure would replace the previous structure based heavily on employer premiums to insurance companies, personal premiums to insurance companies, private co-payments, deductibles, and conventional payments made out-of-pocket. Our detailed estimates of SecureCare financial requirements and expenditures were created from extensive spreadsheets based empirically on the Georgia healthcare payers and expenditures in the year 2003.<sup>4</sup> The reorganized sources of funding would include the following, with more than two thirds of the entire budget stemming from the first two sources:

- An employer payroll tax equal to 9.1% of wages and salaries for all employees (\$14.2 billion).
- Government spending for discontinued health programs (\$12.8 billion).
- An income-tax surcharge for all Georgians computed to be equal to about 22.2% of each taxpayer's federal income tax (\$6.0 billion).
- A one percentage-point increase (one penny per dollar) in the state sales tax on non-grocery items (\$1.25 billion).
- A tobacco tax increase of 50 cents per pack with proportionate increases for other tobacco taxes (\$215 million).
- An increase in taxes on alcoholic beverages (\$52 million).

The GCSHP analyses indicated that Georgia spent \$37.15 billion for health care in 2003.<sup>4</sup> The implementation of SecureCare was projected to cost an additional \$3.84 billion for increased



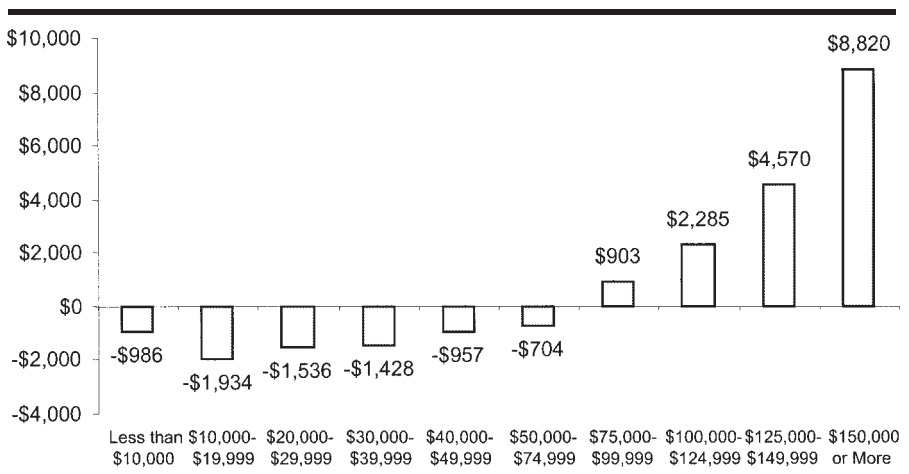
**Fig 2. Change in average family health spending by age of family head under the Georgia SecureCare program in 2003: after wage effects<sup>4</sup>**

utilization in the first year associated with initial unmet health care needs. At the same time, we identified annual savings of \$3.82 billion for administrative expenses, and another \$0.74 billion savings realized with the bulk purchases of prescription drugs and other items. Upon implementation of our hypothetical SecureCare plan, the net change for health spending in Georgia would be a decrease of \$0.72 billion, a savings of ~2% of the entire state health budget. Under this hypothetical, money-saving plan Georgia would for the first time provide generous, comprehensive benefits for all its residents.

**Impact of the Plan on Families**

In 2003 Georgia families would have received more comprehensive coverage while saving an average of \$122 on health care as a result of the SecureCare plan. In households headed by persons 55 years and older, the average savings per year would be greater than for younger heads of household (Figure 2).<sup>4</sup> Households headed by persons in their peak earning years (ages 25 to 54) would spend more for their health care.

From the perspective of annual family incomes, rather than age of family head, those families receiving average or



**Fig 3. Change in average family health spending by family income under the Georgia SecureCare program in 2003: after wage effects<sup>4</sup>**

lower-than-average incomes would save the most through the SecureCare plan (Figure 3). Those families in higher income brackets (\$75,000 to \$150,000 or more) would have, on average, a larger annual outlay for health care.

### Impact of the Plan on Private Employers

Our GCSHP spreadsheets demonstrated that SecureCare implemented in 2003 would have required Georgia employers, on average, to spend more for health care than they actually did.<sup>4</sup> For the average employer offering no health coverage, expenditures would have increased by about \$2,453 per worker. However, the workers and their dependents would have acquired generous coverage that was not available to them before. For the average employer who previously offered a health plan, expenditures would have increased only by about \$122 per worker. These estimates were made without consideration of the wage effects that might have moderated the impact of an additional payroll tax.

Private employers currently providing health insurance for 1,000 or more workers would likely have saved money under the SecureCare plan. The average savings for those firms would be about \$115 per worker per year. Companies of that size that currently do not provide coverage would expend an additional \$2,643 per worker per year.

### WOULD GEORGIANS SUPPORT SECURECARE?

In order to answer the GCSHP third question, "How wide and deep is

Georgia political support for such health care change?" our household telephone survey asked its respondents twice whether they would support SecureCare. The initial question was posed immediately following the explanation of SecureCare principles and its proposed structure. Then, following extensive presentation of the funding sources and a list of 16 common objections to a universal, single-payer system we posed the same question for a second time.

Responding to the initial question, 72% said they would "strongly support" or "somewhat support" SecureCare. The strongest positive sub-group responses came from: African Americans; families making less than \$30,000 annually; persons without health insurance; persons identifying themselves as Democrats; and persons not registered to vote. When asked again, following recitation of SecureCare's potential drawbacks, the percentage saying they "strongly supported" or "somewhat supported" the plan was reduced to 62%. The sub-group giving the strongest positive responses comprised people with no health insurance.

Although Georgia may typify a conservative region of the country in some respects, our household survey and economic analyses confirm that Georgians are concerned about the current health care system, that they would benefit from a universal, single-payer financing system, and that a solid majority is in support of such a major reform.

With the current unsustainable rate of inflation in health care costs and the rising numbers of persons who are

uninsured or underinsured, the GCSHP has found that most of our fellow Georgians want a change. Like other Americans, Georgians have come to see the current health care system as an embarrassment, a failed experiment, and a threat to their well-being. Most would agree with the recent comment of Professor Arnold Relman that "a real solution to the healthcare crisis will not be found until the public, the medical profession, and the government reject the prevailing delusion that health care is best left to market forces."<sup>5</sup>

### RESOURCES ON THE INTERNET

- . Georgians for a Common Sense Health Plan. [www.commonsensehealthplan.org](http://www.commonsensehealthplan.org)
- . Proposal of the Physicians' Working Group for Single-Payer National Health Insurance. [www.physiciansproposal.org](http://www.physiciansproposal.org)
- . Physicians for a National Health Program. [www.pnhp.org](http://www.pnhp.org)

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