If We Bought Groceries Like Health Care

(This is the second in a series of articles that examines U.S. health care issues.)

While most Americans are satisfied with the excellent health care they get under our current system, as I pointed out in my article last week, that system is actually quite complicated. While the complexities are practically invisible to most people, they tend to make health care more expensive.

Even though few patients pay the full cost of health care directly, we all pay for it in the end, through higher taxes and prices for practically everything we buy, since health care costs must be factored into the price of everything from bread to thread. That is why I am writing this week about the complexities and distortions in the way health care is provided and paid for in our country.

A useful way to see some of these distortions is to imagine what life might be like if we delivered other essential goods and services under the same economic model now used to deliver and pay for physician and hospital services.

For example, imagine how different grocery shopping would be if we were to allow the government to control our spending for food, just as it does right now for health care. (Remember, this a fictional story; however, it will help put health care and health insurance issues into perspective.)

First of all, since our employer would be required to provide us with “Grocery Insurance,” our wages and salaries would be reduced by the cost of that insurance.

We could do our shopping only in stores that had a contract with our employer. In fact, we’d have to show our “Grocery Insurance” ID card before we were even allowed inside.

There would be fewer grocery stores around because no one could build one without a Certificate of Need issued by a government agency. It is a costly and slow process, but the government does not want grocery stores popping up all over the place and duplicating services or driving up usage. A government panel makes the decision as to what is needed.

Grocery stores that do get approved and built have two doors.

• Many shoppers come through the main door and are allowed to shop if they can prove that they have “Grocery Insurance” provided by a government program, their employer or purchased on their own.

• There is also a side entrance to handle emergency shopping 24 hours a day. A few years ago, the federal government essentially nationalized grocery stores by mandating that they admit, through this emergency side door, anyone who really needs groceries, whether or not they have “Grocery Insurance” or any ability to pay.

Inside the store, the shelves would contain a limited amount of goods, most with bland, generic labels, as mandated by law. Only foods with proven nutritional value would be allowed, and grocery items that “just made you feel good” would be denied.

On checkout, people would “co-pay” for groceries according to a “schedule of benefits.” For some items there would be no “Grocery Insurance” coverage at all and shoppers would have to pay the full price. At the end of the month, we might receive a bill from the grocery store telling us that, because grocery coverage had been denied or had only paid a portion of the charge, we owed additional money for our groceries.

Talking to “Lucy,” a grocery store owner, we find that her business is in a mess. She is losing several million dollars a year.

• One of the big issues is that the store is not getting paid for the groceries taken by the many indigent shoppers who are allowed to come in through the side door and take whatever they need, as mandated by federal law.

• In addition, more and more of her customers are on some kind of a government aid program for their groceries. There is “GroceryCare” for senior citizens, “GroceryAid” for shoppers with low income, and the “State Children’s Grocery Insurance Program” (SCGIP) for the children of certain low-income families who do not qualify for “GroceryAid.” The government pays grocers as little as 30 percent of their costs for shoppers on these programs, forcing stores to shift the rest of those costs onto other shoppers — you and me — in the form of higher prices. Grocers have no alternative to doing this to their regular customers except to go out of business, which is happening in many parts of the country.

• Moreover, the cost of filing claims for payment by both private and government insurance is tremendous. Lucy has a large staff dedicated to this job, but it is costly and frustrating. If one of her clerks inadvertently violates the bureaucracy’s rules, buried in multiple thick manuals, she, as the head grocer, would be subject to felony indictment, fines, jail, and loss of license to operate a grocery store or even to work in one once she gets out of jail.

• If that’s not bad enough, her costs for “grocery malpractice insurance” have been going through the roof. More and more shoppers are hiring attorneys to sue grocers and stores. Multi-million-dollar judgments are making it more and more difficult and expensive to stay in the grocery business these days.

This all sounds like a nightmare, but in fact it’s a good parallel to the way we actually do run health care and health care insurance in our country. There has got to be a better way. We’ll discuss some ideas in a future article.