

The VOTE Textbook

Student Notes

Chapter 15: Health Care

Opening Story: Margaret Mead and the femur bone

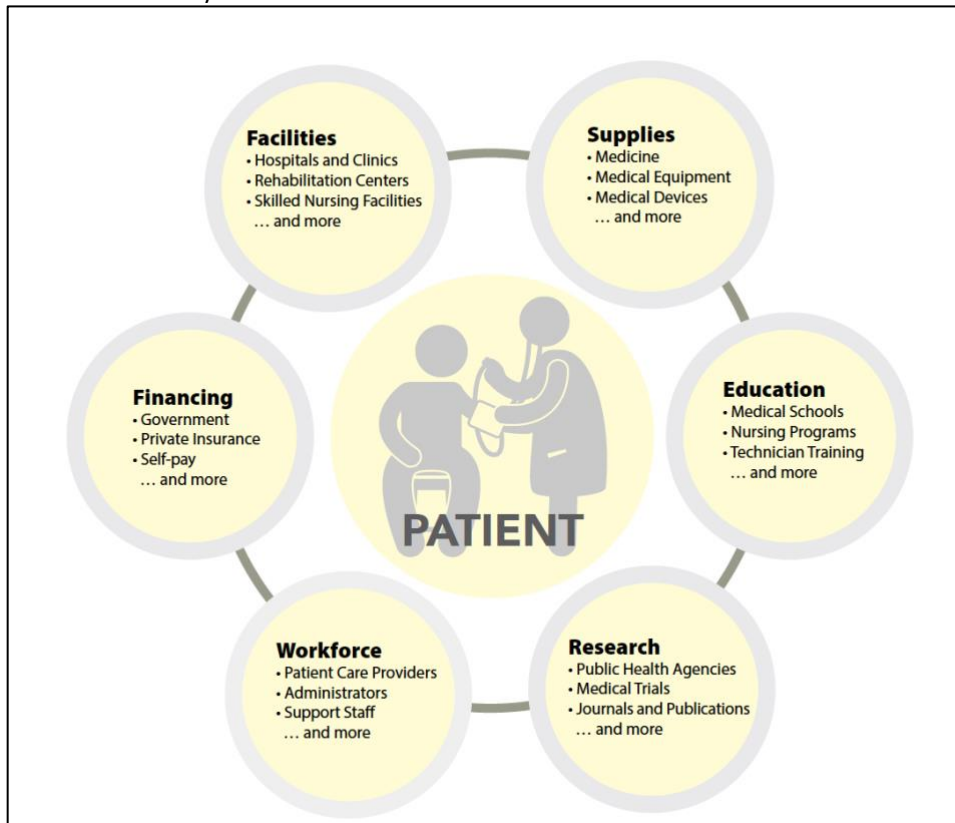
Health Care System: It is the organized way in which society provides medical care to people. (In other words, how people, institutions, and resources are used to provide and fund medical care.)

The Golden Moment

Shared Problem: Lack of access to high-quality health care

Shared Goal: Health and well-being for all

U.S. Health-Care System



Three main debates:

1. Who gets it?

The U.S. is still fighting about this, but our peer nations have already settled this debate. They all guarantee health care to people as a right.

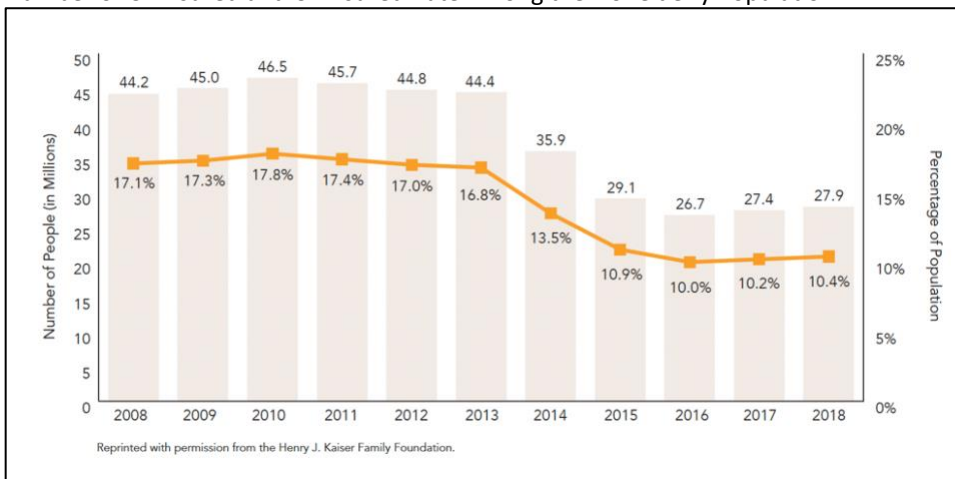
2. How do we fund it?

This question is the center of debate in the U.S., but our peer nations have already settled this question, using a variety of funding methods.

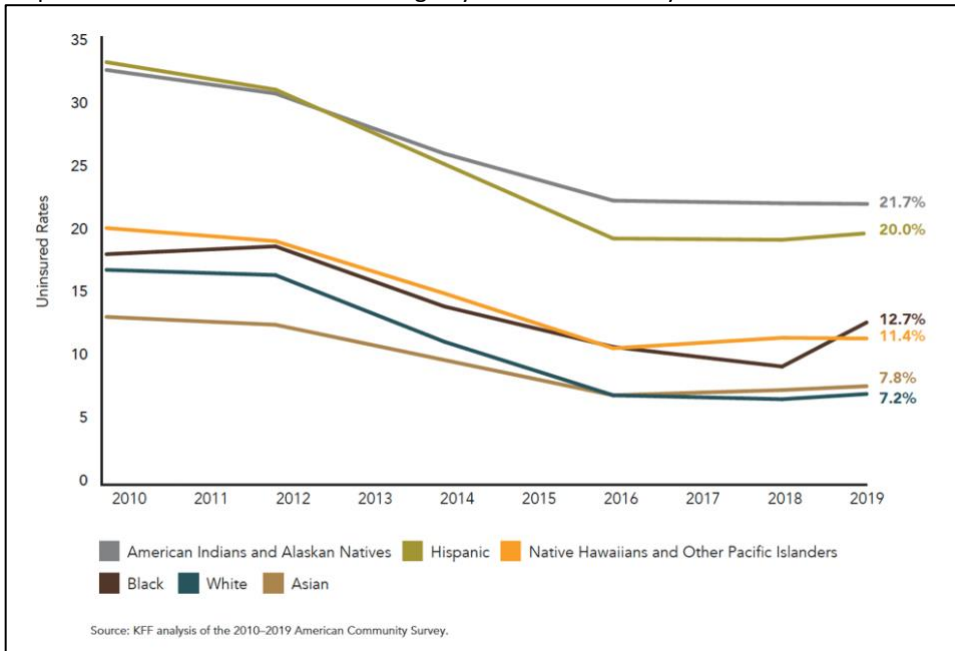
3. How do we provide it?

Until the U.S. settles the funding question, we won't have the bandwidth for this debate... but we will, someday.

Number of Uninsured and Uninsured Rate Among the Nonelderly Population



Disparities in Health Insurance Coverage by Race and Ethnicity



Shared Tools: Experimental Economics

Trading in a Pit Market: Experiment about the willingness to buy and sell wellness checkups. Patients are demanders; providers are suppliers.

Willingness to Demand a wellness checkup (maximum amount)

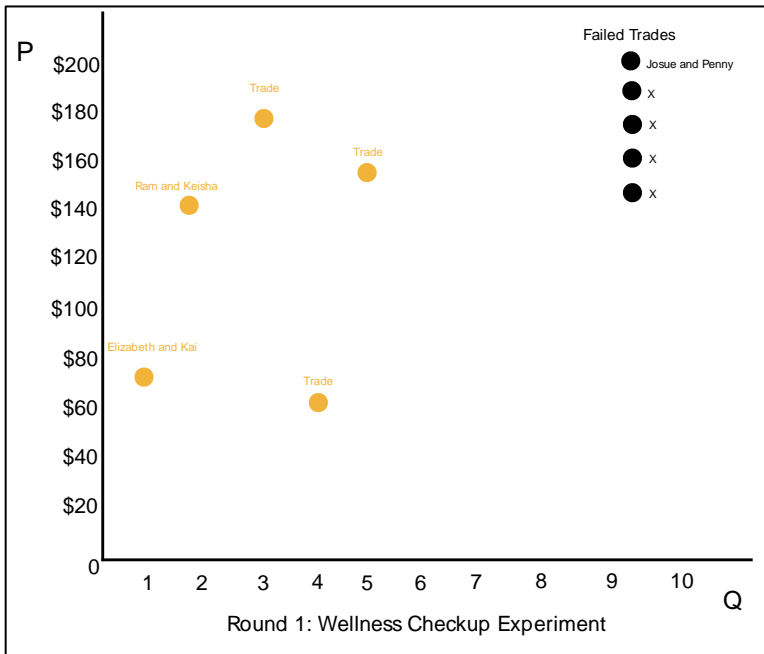
Objective:
 Maximize the benefit.
 A demander can't buy a wellness checkup for more than their assigned number.

Willingness to Supply a wellness checkup (minimum amount)

Objective:
 Maximize the profit.
 A supplier can't sell a wellness checkup for less than their assigned number.

EXAMPLE: ROUND 1			
Buyer	Willingness to Demand (maximum amount)	Seller	Willingness to Supply (minimum amount)
Josue	\$25	Jay	\$15
Sandra	\$40	Nina	\$30
Joseph	\$50	Francisco	\$45
Malik	\$75	Kai	\$65
Katie	\$95	Penny	\$100
Elizabeth	\$115	Keisha	\$125
Laila	\$130	RaShawn	\$130
Ashley	\$150	Paula	\$145
Craig	\$180	Kanchu	\$175
Ram	\$190	Henry	\$195

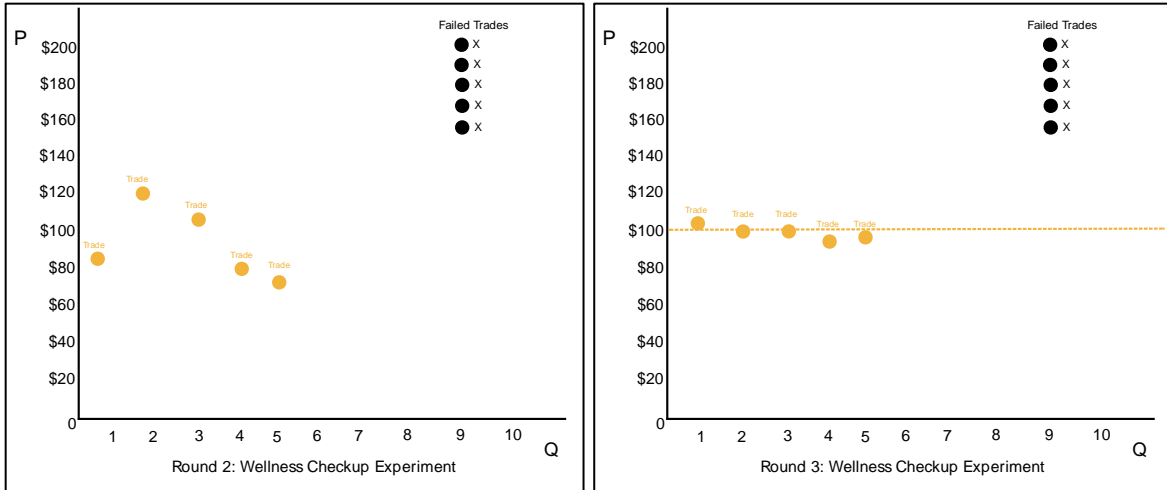
Round 1



- In Round 2 and then in Round 3, everyone is assigned a new number.
- Once again, buyers and sellers mingle and start negotiating.
- This time, however, they have additional information because they overheard the negotiations from previous rounds.
- Successful trades converge around the same amount.

Round 2

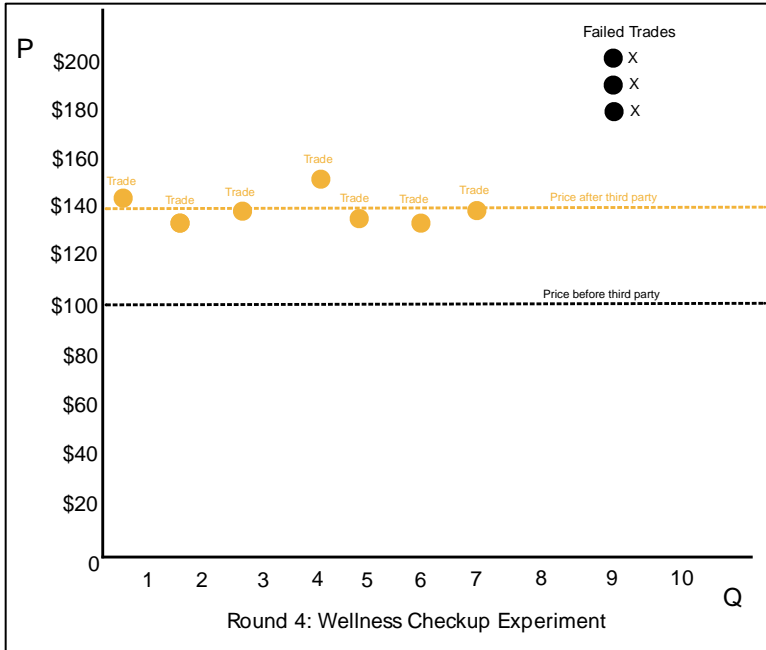
Round 3



Buyers	Sellers
<p>NEW: A third party pays half the price for wellness checkups. Buyers now double the maximum amount they are willing to pay.</p>	<p><u>No changes</u></p>

EXAMPLE: ROUND 4			
Buyer	Willingness to Demand (maximum amount)	Seller	Willingness to Supply (minimum amount)
Elizabeth	\$25 \$50	Keisha	\$15
Laila	\$40 \$80	RaShawn	\$30
Ashley	\$50 \$100	Paula	\$45
Craig	\$75 \$150	Seller 4	\$65
Ram	\$95 \$190	Henry	\$100
Buyer 4	\$115 \$230	Jay	\$125
Sandra	\$130 \$260	Nina	\$130
Joseph	\$150 \$300	Francisco	\$145
Malik	\$180 \$360	Kai	\$175
Katie	\$195 \$390	Penny	\$190

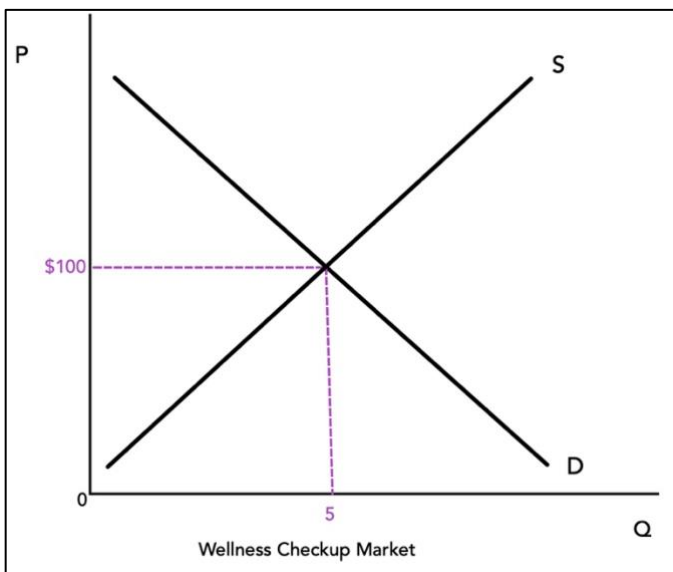
Round 4



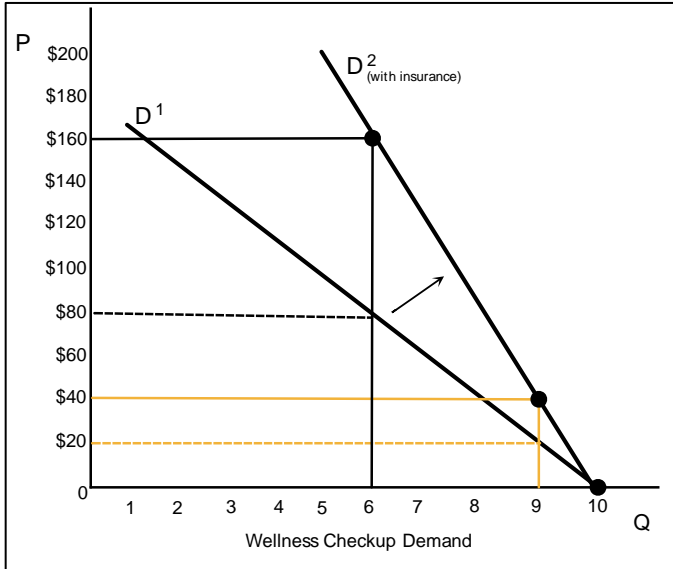
Radical Perspective: This experiment demonstrates how health insurance in the system of capitalism doesn't fix the problem of inaccessible health care because it puts profit first—before people.

Conventional Perspective: This experiment demonstrates how health insurance in the for-profit system of capitalism is a vital part of fixing the problem of inaccessible health care because people are motivated to act in ways that put them in the best possible financial position.

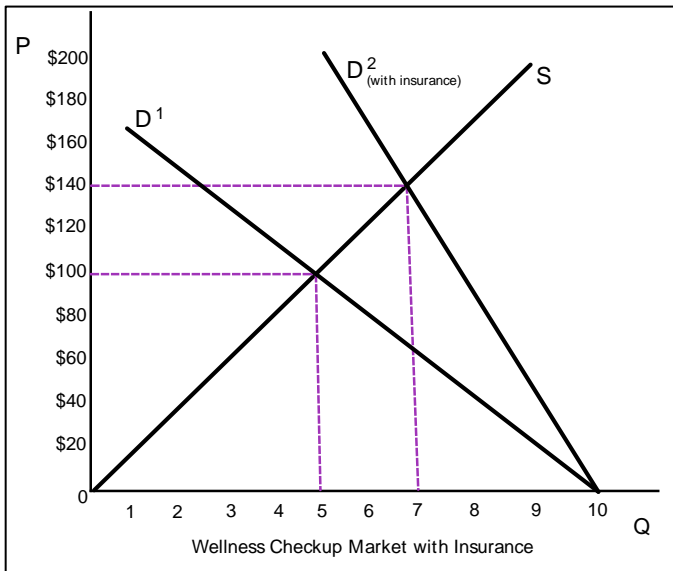
Conventional Tools: Third Parties in Markets and Demand-Curve Rotation

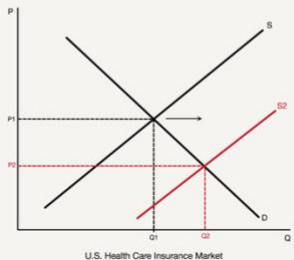
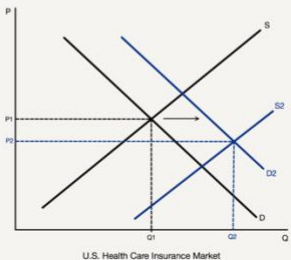


When a third party pays half the price, buyers become willing to pay twice as much for wellness checkups, so the demand curve rotates to the right.



Once supply is added to the graph, health insurance (the third party) increases the quantity of wellness checkups but it drives up the price.



Conservative	Liberal
<p>1. Shift supply right. a. Deregulate providers b. Deregulate insurers</p> <p>2. Result: Lower prices and more people insured.</p>  <p style="text-align: center; font-size: small;">U.S. Health Care Insurance Market</p>	<p>1. Shift demand right. a. Health insurance mandate</p> <p>2. Shift supply right. a. Regulate providers b. Establish health care exchanges</p> <p>3. Result: Lower prices and more people insured.</p>  <p style="text-align: center; font-size: small;">U.S. Health Care Insurance Market</p>

Health Care Policies	
Conservative	Liberal
<p>Conservatives want a deregulated health-care system of private insurance.</p>	<p>Liberals want a regulated, for-profit health-care system and government health-care programs.</p>


Radical Tools: Individuals at Risk and Social Safeguards

Radicals use the six core points as tools to analyze economic issues.

- Ownership
- Governance
- Meeting people’s basic material needs
- Production
- Sustainability
- Communities

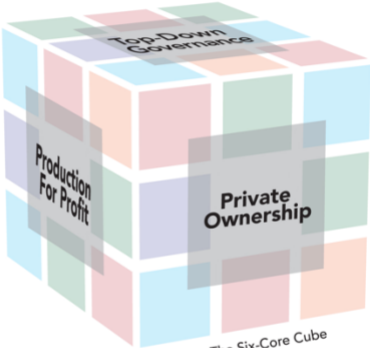
Radicals select the core point that makes the most sense for a particular issue. For health care, it is meeting people’s basic material needs.

Drill down into meeting people's basic material needs in capitalism:

Workplace Exploitation + Capitalist Competition	}	<p>The Pressure for Bad leads to The Visible Suffering</p> <p>... and is represented by the Six-Core Cube of capitalism, which can never be solved.</p> 
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The Unsolvable Six-Core Cube of Capitalism

1. Private Ownership
2. Top-Down Governance
3. Individuals at Risk
4. Production for Profit
5. Unsustainable Growth
6. Unhealthy Communities



The Six-Core Cube
of Capitalism

Why unsolvable?
It is built around six core points that are rotten to the core!

Individuals at Risk: There is no guarantee that basic material needs will be met, so people live in fear about their well-being.

Individuals at Risk

- Getting basic material needs met is a privilege, not a right.
- The well-being of individuals is traded for profit.
- Everyone is left to fend for themselves and must constantly worry about survival.



The Visible Suffering of Capitalism

- Hunger and malnourishment
- Harmful products
- Mass poverty
- Homelessness
- Extreme income inequality
- Pollution and climate crisis
- **Inaccessible, low-quality health care**
- Destructive market domination
- Impoverished elders
- Exploding public and private debt
- Damaging trade relationships
- High prices and no jobs

Drill down into communities in democratic socialism:

Workplace Justice
+
Coordination Among Competitors


The Pressure for Good
leads to
The Invisible Synergy

...and is represented by the
Six-Core Cube of democratic
socialism, which can be solved.



The Solvable Six-Core Cube of Democratic Socialism

1. Cooperative Ownership
2. Participatory Governance
3. Social Safeguards
4. Production for Use
5. Sustainable Development
6. Healthy Communities



Why solvable?
It is built around six core points that are beneficial to the core!

Social Safeguards: Meeting everyone's basic material needs is everyone's guaranteed right and responsibility.

Social Safeguards

- Individuals have a right to get their basic material needs met.
- Society provides universal benefits that are funded by all.
- People contribute their best to society when they have a guaranteed safety net.



Health Care Policy: Radical

Single-Payer Health-Care System

Universal health care is available to everyone, equally. It is financed through taxes, and results in affordable, high-quality health care for the whole society.



The Invisible Synergy of Democratic Socialism

- Abundant, healthy food
- Safe and helpful products
- Prosperity
- Housing for all
- Equitable income distribution
- Clean environment
- **Universal, first-rate health care**
- Fair and positive competition
- Secure and dignified retirement
- A thriving, debt-free society
- Mutually beneficial trade relationships
- Jobs and stable prices

THE BLAME GAME		
What causes lack of access to high-quality health care?		
<p style="color: red; font-weight: bold; margin: 0;">Conservative</p> <p style="color: red; margin: 10px 0 0 20px;">Too much government interference in capitalism</p> <p style="color: red; margin: 10px 0 0 20px;">We need free-market capitalism.</p>	<p style="color: blue; font-weight: bold; margin: 0;">Liberal</p> <p style="color: blue; margin: 10px 0 0 20px;">Not enough government intervention in capitalism</p> <p style="color: blue; margin: 10px 0 0 20px;">We need fair-market capitalism.</p>	<p style="color: green; font-weight: bold; margin: 0;">Radical</p> <p style="color: green; margin: 10px 0 0 20px;">The drive for profit in capitalism</p> <p style="color: green; margin: 10px 0 0 20px;">We need democratic socialism.</p>

Discussion Story: The Heart Attack

Understanding Health Care

Two Complicating Factors of Health Insurance

1. Moral hazard: People take undue risks because they don't bear the full costs of those risks. They act more recklessly and/or demand more health care than they would if they had to pay the full costs.

Conventional solutions:

- Copays
- Deductibles

Radical solution:

- Democratic socialism. With single-payer health care, moral hazard is not a problem because everyone pays in together to fund the system, so it is in everyone's mutual interest not to waste resources.

2. Adverse selection: the tendency of people who are sick to be the most likely to buy health insurance, and the tendency of healthy people not to want to shell out money for health insurance.

Conventional solutions:

- Legally binding application forms that give a truthful health history.
- Charge different rates based on smoking, age, and geography.
 - Conservative solution: Lifetime or annual caps on insurance benefits plus allowing factors such as pre-existing conditions, gender, level of education, and more to determine rates.
 - Liberal solution: Mandate health insurance coverage for all.

Radical Solution:

- Democratic socialism. With single-payer health care, adverse selection is not a problem because there is no private health insurance.

Health Insurance Providers

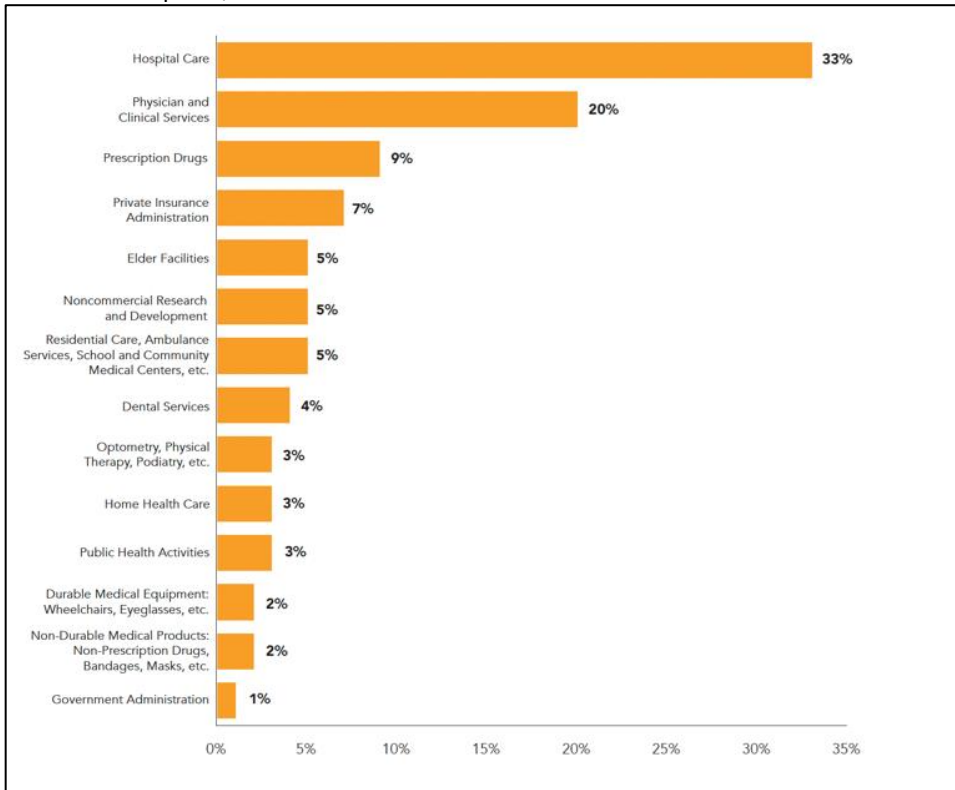
Public:

- Medicare: Guaranteed health-care plan for elderly and disabled people
- Medicaid: Health-care plan for low-income people
“Low paid – Medicaid; Grey hair – Medicare”
- CHIP: Children’s Health Insurance Program
- Tricare: Health-care plan for military personnel and their families
- IHS: Indian Health Service

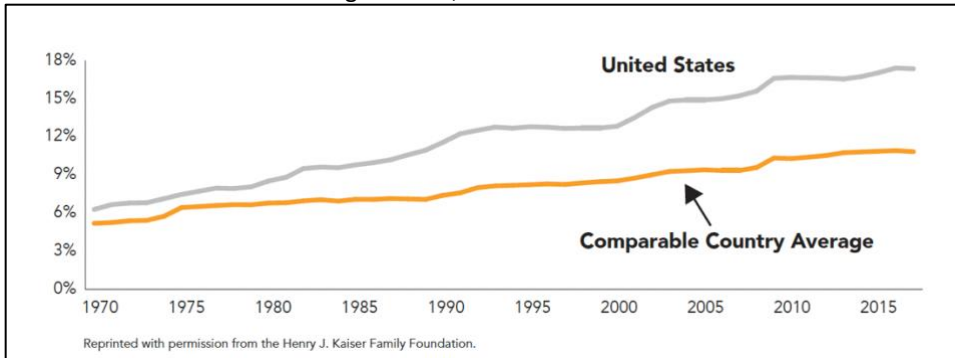
Private:

- Conventional Indemnity Plan:
Policyholder is reimbursed for treatment regardless of network.
- HMO (Health maintenance organization):
Primary care physician (PCP) coordinates care within a network.
- PPO (Preferred provider organization):
Network of health-care providers available without PCP approval.
- HDHP (High-deductible health plan):
Policyholder pays for health care until high deductible is reached.

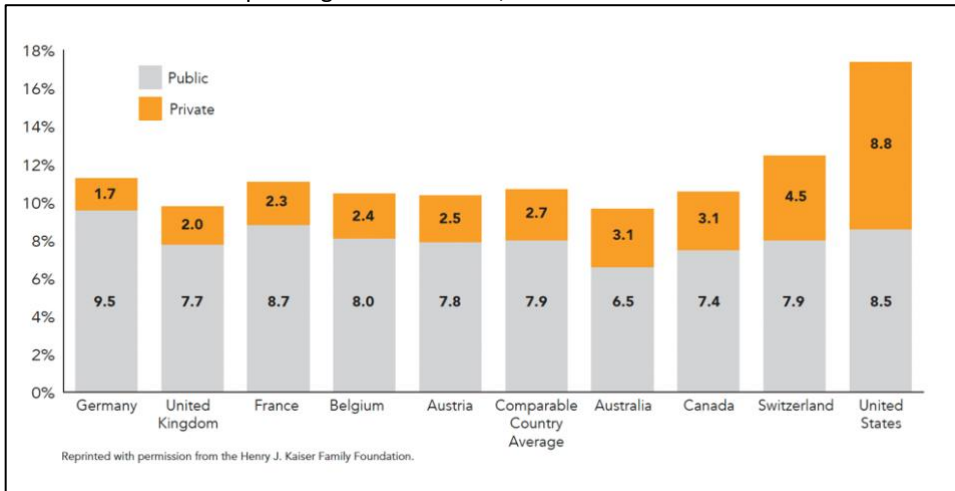
How the U.S. Spent \$3.6 Trillion on Health Care in 2018



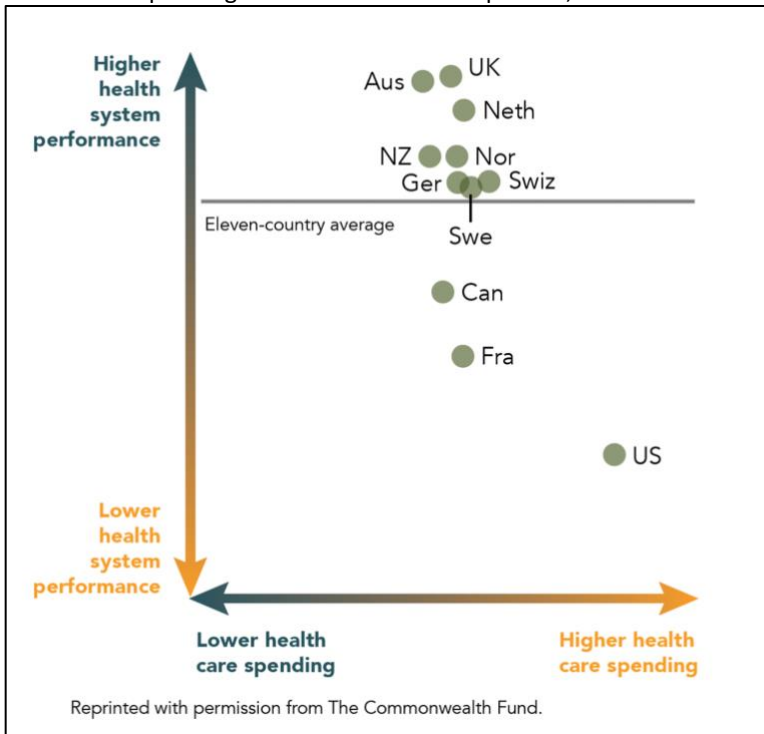
Health Care Costs as a Percentage of GDP, 1970 – 2017

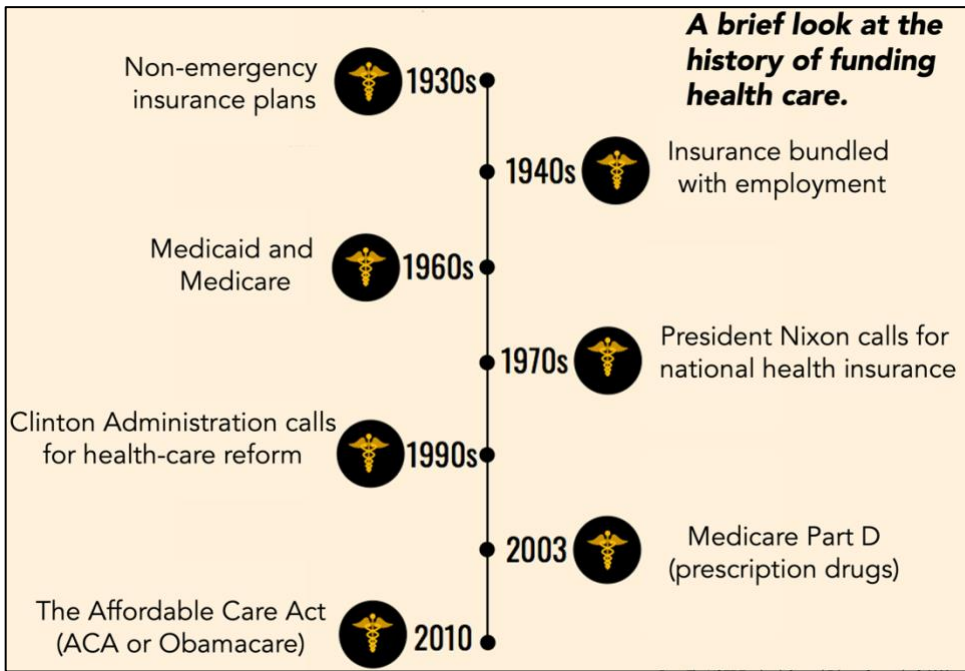
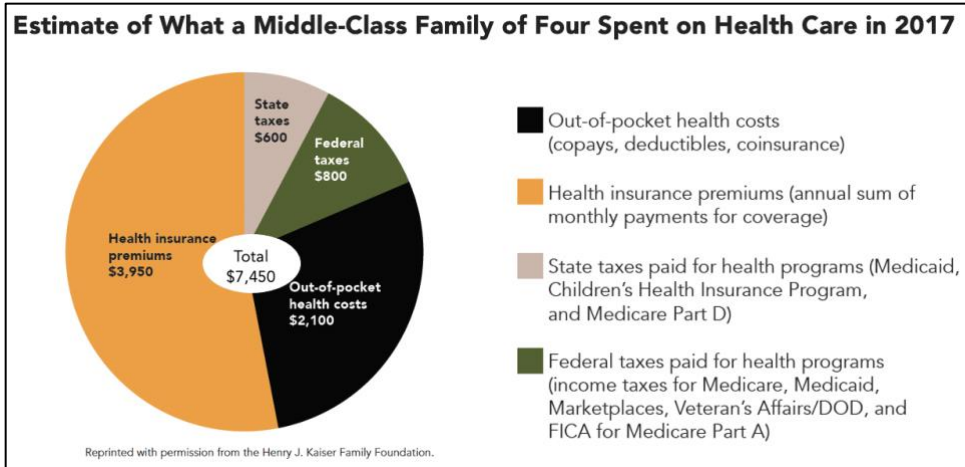


Public versus Private Spending on Health Care, 2016



Health Care Spending and Performance Comparison, 2017





The Patient Protection and Affordable Care Act (ACA) “Obamacare”

- Health insurance mandate
- Young-adult coverage
- Ban on exclusions
- Workplace insurance requirement
- Standardized policies
- Limits and caps
- Rebates to consumers
- Needs-based coverage

- Health insurance exchanges
- Affordable health care defined (in 2020, it was 9.78% of annual household income)

The Trump Administration (2017 – 2020) pushed to repeal Obamacare. The law was upheld, in part due to Supreme Court rulings, but several provisions were overturned.

The Biden Administration (2021 – 2024) pushed to expand Obamacare with some success.

Going forward, the only certain thing is that health-care policy will continue to be a hotly debated issue.

Three-in-One Activity: “First, Do No Harm”

Round I: Neutral—Self-Pay

Patients: Symptoms and Annual Income			
Patient 1 Annual Income \$100	Patient 2 Annual Income \$60	Patient 3 Annual Income \$40	Patient 4 Annual Income \$10
Symptoms: <ul style="list-style-type: none"> • Shortness of breath • Dizziness • Palpitations 	Symptoms: <ul style="list-style-type: none"> • Indigestion and stomach discomfort • A bloated feeling after eating • Loss of appetite 	Symptoms: <ul style="list-style-type: none"> • A tingling sensation or numbness in the hands and feet • Blurred vision • Excessive thirst 	Symptoms: <ul style="list-style-type: none"> • Coughing, especially at night, with exercise, or when laughing • Trouble breathing • Wheezing—a squeaky or whistling sound

Doctor: Diagnoses and Treatment Costs			
Symptoms: <ul style="list-style-type: none"> • Coughing, especially at night, with exercise, or when laughing • Trouble breathing • Wheezing—a squeaky or whistling sound 	Symptoms: <ul style="list-style-type: none"> • A tingling sensation or numbness in the hands and feet • Blurred vision • Excessive thirst 	Symptoms: <ul style="list-style-type: none"> • Shortness of breath • Dizziness • Palpitations 	Symptoms: <ul style="list-style-type: none"> • Indigestion and stomach discomfort • A bloated feeling after eating • Loss of appetite
Diagnosis: Asthma	Diagnosis: Diabetes	Diagnosis: Blocked Coronary Arteries	Diagnosis: Stomach Cancer
Cost of Treatment: \$20	Cost of Treatment: \$20	Cost of Treatment: \$30	Cost of Treatment: \$40

- No health insurance is provided.
- Patients calculate affordability. (Treatment Cost ÷ Income)

- For this activity, affordable health care is 10% of income.
- But patients will purchase health care for up to 30% of their income.

	Calculation	Patient 1	Patient 2	Patient 3	Patient 4	Number Treated
Round I Self-Pay	<u>Affordability</u> Treatment Cost + Income	Income: \$100 Treatment: \$30	Income: \$60 Treatment: \$40	Income: \$40 Treatment: \$20	Income: \$10 Treatment: \$20	?

	Calculation	Patient 1	Patient 2	Patient 3	Patient 4	Number Treated
Round I Self-Pay	<u>Affordability</u> Treatment Cost + Income	30% \$30 + \$100	67% \$40 + \$60	50% \$20 + \$40	200% \$20 + \$10	1 out of 4 (25%)

Only 25% treated is unacceptable from every perspective.

Round II: Neutral—Insurance

- Insurance:
 - \$10 premium for full coverage
 - No deductible or copayment
 - Patients calculate affordability: Insurance Cost ÷ Income

	Calculation	Patient 1	Patient 2	Patient 3	Patient 4	Number Treated
Round II Insurance	<u>Affordability</u> Insurance Cost + Income	Income: \$100 Insurance: \$10	Income: \$60 Insurance: \$10	Income: \$40 Insurance: \$10	Income: \$10 Insurance: \$10	?

	Calculation	Patient 1	Patient 2	Patient 3	Patient 4	Number Treated
Round II Insurance	<u>Affordability</u> Insurance Cost + Income	10% \$10 + \$100	Insurance Denied	25% \$10 + \$40	100% \$10 + \$10	2 out of 4 (50%)

It's better, at 50% treated, but it's still completely unacceptable from every perspective.

Voices on Health Care

Conservative

Response to discussion story: We can't access affordable health care because burdensome government regulations drive up prices and lower the quality.

Voice: Pages 611-615

Summary: Page 616

Talking Points: Page 617

- Private health insurance is the only option.
- There is no government regulation of providers or insurers.
 - Deregulated health-care providers (treatment costs ↓\$10)
 - Deregulated insurance companies (insurance premiums ↓\$5)
 - Still a cap on coverage of \$30, but now Patient 2 is covered.
 - Accessibility for unaffordable health care from charitable giving (family, religious, philanthropy, crowdfunding, etc.)
- Patients calculate affordability. (Insurance Cost ÷ Income)

	Calculation	Patient 1	Patient 2	Patient 3	Patient 4	Number Treated
Round III	Affordability	Income: \$100	Income: \$60	Income: \$40	Income: \$10	?
Conservative	Insurance Cost + Income (Donations)	Insurance: \$5	Insurance: \$5	Insurance: \$5	Insurance: \$5	

	Calculation	Patient 1	Patient 2	Patient 3	Patient 4	Number Treated
Round III	Affordability	5%	8%	10%	10%	4 out of 4 (100%) Solved
Conservative	Insurance Cost + Income (Donations)	\$5 + \$100	\$5 + \$60	\$5 + \$40 (+\$1 Donation)	\$5 + \$10 (+\$4 Donation)	

100% insured!

Liberal

Response to discussion story: We are vulnerable to fraud and abuse by insurers and providers. The helpful hand of government makes sure that health care remains accessible.

Voice: Pages 618-622

Summary: Page 623

Talking Points: Page 624

- Private and public insurance are both options.

- There is government regulation of providers and insurers.
 - Health care provider regulations (treatment costs ↓\$10)
 - Insurance company regulations (insurance premiums ↓\$5)
- Accessibility for unaffordable health care:
 - Taxes (below 10%)
 - Subsidies (above 10%)
 - Medicaid (income < \$15)
- There is no cap on coverage.
- Patients calculate affordability. (Insurance Cost ÷ Income)

	Calculation	Patient 1	Patient 2	Patient 3	Patient 4	Number Treated
Round IV	<u>Affordability</u>	Income: \$100	Income: \$60	Income: \$40	Income: \$10	?
Liberal	Insurance Cost + Income (Taxes/Subsidies/Medicaid)	Insurance: \$5	Insurance: \$5	Insurance: \$5	Insurance: \$5	

	Calculation	Patient 1	Patient 2	Patient 3	Patient 4	Number Treated
Round IV	<u>Affordability</u>	10%	10%	10%	Income < \$15	4 out of 4 (100%) Solved
Liberal	Insurance Cost + Income (Tax/Subsidize/Medicaid)	\$5 + \$100 (+5 Tax Paid)	\$5 + \$60 (+1 Tax Paid)	\$5 + \$40 (+\$1 Subsidies)	(Medicaid)	

100% insured!

Radical

Response to discussion story: The for-profit health-care system forces people to choose between getting the health care they need or facing financial ruin.

Voice: Pages 625-629

Summary: Page 630

Talking Points: Page 631

- Single-payer health care is the only option.
- Universal health care is a social safeguard that is funded by the government through a 10% across-the-board tax on income.
 - Treatment costs ↓\$10
 - There are no insurance caps or premiums
- Universal accessibility is guaranteed
- Patients calculate affordability. (10% of income)

	Calculation	Patient 1	Patient 2	Patient 3	Patient 4	Number Treated
Round V	Affordability	Income: \$100	Income: \$60	Income: \$40	Income: \$10	?
Radical	Tax + Income	10% Tax	10% Tax	10% Tax	10% Tax	

	Calculation	Patient 1	Patient 2	Patient 3	Patient 4	Number Treated
Round V	Affordability	10%	10%	10%	10%	4 out of 4 (100%) Solved
Radical	Tax + Income	\$10 + \$100	\$6 + \$60	\$4 + \$40	\$1 + \$10	

100% insured!

Shared Outcome: Health and well-being for all.