

The Economy and You Report

ESSENTIAL FACTS • OBJECTIVE ANALYSIS • CRITICAL THINKING • THOUGHTFUL COMMENTARY

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Stop the Healthcare Madness!

Despite the fact that our healthcare system is the most expensive in the world by a large margin, the ugly truth is that its overall performance leaves a lot to be desired. This alone says our healthcare system needs a major overhaul without even considering the large number of people who have limited access to healthcare.

Providing basic healthcare services to all citizens is a laudable goal, but there are right and wrong ways to go about doing it. Our political leaders are approaching the problem as an ideological issue, with the related special interests having the largest voice in determining what will be done, instead of Congress independently determining what should be done.

The administration's approach seems to be "Let's get something implemented while we can and then let's worry about how to make it work and how to pay for it." On the other hand, the opponents only want to yield as little as possible to protect their wallets and their seats in Congress.

No one has mentioned that the core problem we need to address is: "**How can we provide better and more complete health services to everyone at a lower cost that is acceptable to taxpayers and won't strangle our economy?**"

The answer is to improve our healthcare system's efficiency and effectiveness by changing how our healthcare system works, from insurance through service delivery. This is a very complex problem, but it doesn't mean significant improvements can't be made.

Faced with this problem, any group of competent managers would take the following steps.

1. Analyze the current system. How does it work? Where are the costs? What are the possible opportunities for improvement? Much relevant data is already available, but not necessarily all that is needed.
2. Obtain internal and external performance comparisons. What parts of our healthcare system are the best and worst in terms of cost-effectiveness and why? How do other countries manage to provide better healthcare at lower costs? What are the good and bad points about other healthcare systems?
3. After gathering and analyzing relevant data, solicit input from all involved parties about how to improve our healthcare system. This includes involving the public, who only wants good care at reasonable costs and insurance you can count on when you need it.
4. Develop alternative systems that appear to be feasible solutions. This will be the most demanding task and ideally, it should be accomplished by teams whose members are

independent from political and health industry influence. The special interest players should not be the umpires.

5. Implement pilot projects to find out what works and what doesn't work before implementing country-wide changes. Gambling with the whole country is not a good idea.
6. Once new systems demonstrate success, it will take far less time to implement them than by taking an undisciplined approach and doing much of the work all over again.
7. Monitor how well the new systems are working so problems can be identified and corrected.

This sounds pretty simple, but it will be incredibly difficult to accomplish in practice. Besides being a very complicated problem, the politicians, insurance companies, drug companies, doctors, hospitals and other service-providers want what's best for them and will strongly resist any changes that could remotely threaten their interests.

But we must change, because the current system costs too much, produces too little, and is not financially sustainable. However, if the right approach is taken, improving our healthcare system can be a winning proposition for everyone.

Several health and insurance industry executives have stated that there is enough wasted money in the present system to provide coverage for everyone without having to increase taxes or fees. Of course, no one knows what can be achieved, but increasing our healthcare system's cost-effectiveness 30% seems very reasonable. Many private companies have been able to achieve similar results when they got serious about improving performance.

We must re-engineer our healthcare system to improve its cost-effectiveness, but if Congress continues down its present path, the legislation will be full of compromises to please special interest groups that provide political campaign funds accompanied by tons of pork-barrel spending to buy political support.

Instead of producing a race horse, Congress will create a lumbering six-footed moose that can't even get out of its own way. And once new systems are in place, it will be very difficult to change them.

That's why Congress should seriously consider having a blue-ribbon group of business executives who have actually improved performance and reduced costs analyze our healthcare system and recommend courses of action.

Did I hear Jack Welch volunteer?

Stop the healthcare madness! Take the time to do it right or don't do it at all. Since it will take several years to make any significant changes to our healthcare system, some interim steps may be appropriate. This would be getting into dangerous territory where "temporary" can become "forever," but at least it would be better than proclaiming success when the fundamental changes needed to improve our healthcare system's efficiency and effectiveness have not been accomplished.

Whose Numbers Can You Trust?

In an article in *The Wall Street Journal*, Karl Rove said we can't trust Obama's numbers because his earlier projections for unemployment were too low - and if we can't trust his numbers, why should we trust him with healthcare?

If this isn't a case of the pot calling the kettle black, I don't know what is. Perhaps Mr. Rove is suffering from memory loss, but he should recall all the games the Bush administration played with numbers, including omitting the costs of war in his budget proposals, claiming to be fiscally

conservative while increasing spending, and implying tax cuts pay for themselves when they don't.

I don't believe Obama's claims about healthcare cost savings, future economic growth and future budget deficits, but I wouldn't take any Republican numbers at face value either.

Misrepresenting the facts and making rosy projections is a way of life on Capitol Hill and anyone who puts much faith in any numbers put forth by any politician will probably be very disappointed.

As I have already made clear, I think the approach being taken on Capitol Hill to healthcare "reform" is dead wrong, but not because I don't trust Obama's numbers. The fundamental problems with our healthcare system go much deeper than that and politics-as-usual will not get us to where we need to go.

Note: Although everyone should be skeptical of any politician's numbers, you can trust that any numbers in this report are as accurate, complete, and unbiased as a mere human can make them.

What If the Republicans and the Democrats...?

In addition to accusing Obama of erroneously forecasting the unemployment numbers, Karl Rove also accused him of using fear to promote his healthcare reform plan. Mr. Rove is correct on that point, but has he listened to what his fellow Republicans have been saying about socialized medicine, government death panels, and healthcare rationing? Apparently not.

Wouldn't it be nice if the Republican and Democratic parties held their own politicians and candidates to the same standards they try to impose on their opponents?

Fat chance of this happening, but if the politicians of both parties could find enough integrity and backbone to be honest with the American public, Congress might actually accomplish something that would be in the best interests of our country.

Well, we can always dream and hope.

***Work hard, play hard, help someone who needs it,
and remember to count the day lost that you don't learn something new!***

Regards,
Will Kaydos

PS: Please forward this report to everyone on your mail list who might be concerned about their economic future. Anyone who isn't very concerned, should be.

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