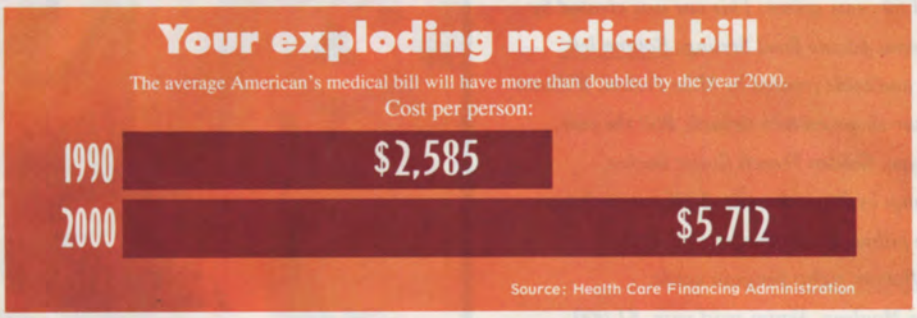
# the HEALTH CARE CRISIS

BY JOHN SEDGWICK

ILLUSTRATION BY MATT MAHURIN




## Don't let anyone tell you it can't be fixed, because it can

June Kirchik died last year at age 58. Officially, the cause was breast cancer, but it would be truer to say she died because she lacked health insurance.

If she hadn't worked, Kirchik would have qualified for Medicaid, and maybe she would be alive today. But she'd been employed all her life, as a child-care worker, as a nanny, in the Salvation Army and, finally, in family shelters and nursery schools. None of these jobs included health benefits, and none paid enough for her to obtain insurance on her own.

Kirchik had always been, as she liked to say, "strong as a horse," until one day in October 1990 when she was taking a shower and felt a lump in her right breast. She was living in a trailer park in a forlorn section of Miami at the time; the park was run by her ex-husband, Marshall Kirchik. Her liquid assets consisted of the $105 in food stamps she had stacked on her dresser. "I knew something was wrong, but I didn't have a doctor, didn't have no money," she later told the *Miami Herald*. "Nobody cares about you if you don't have money."

So Kirchik did the only thing she could do: She tried to ignore the lump and prayed for it to go away. Instead it grew, tightening the skin on her back. She finally showed it to her ex-husband, and he rushed her to Hialeah Hospital, a few miles from the trailer park. Early diagnosis and treatment is absolutely critical in overcoming breast cancer, as the hospital staff well knew. But Kirchik had no insurance and no money to pay for health care, so Hialeah turned her away. "They wouldn't see me, even when I told them the tumor was huge and growing," Kirchik said bitterly. She appealed to the Dade County Office of Emergency Assistance for funds. The agency told her she needed to have a medical evaluation before her request could be considered, and she couldn't be scheduled for an evaluation for at least 10 days. Kirchik didn't make it that long: A few days later the tumor broke through her skin.

Marshall Kirchik took June to Jackson Memorial Hospital Urgent Care Center. As a public hospital, Jackson was obliged to take her, insurance or no, but the admitting department was

not pleasant about it. "They gave me such a runaround about money," June Kirchik recalled. "This one lady said, 'Who do you think you are? You have to pay.'" The doctors saw her anyway and immediately performed a biopsy. The results were as dire as they feared: an advanced case of breast cancer. It was too late for surgery, but before the doctors could schedule chemotherapy, the hospital insisted Kirchik get some kind of financial assistance. She gamely struggled from one government bureaucracy to the next to get enrolled, but finally, in frustration and despair, she took to her bed and refused to get up. The pain in her breast was horrendous, but Kirchik had no money for medication. "I didn't want all those problems from them, the royal runaround or waiting in a wheelchair in a hallway for hours. I took care of myself the best that I could," she said. "I was a mess, a real mess. I didn't want to just lie there and die. But I didn't know how to stop it."

Finally, Marshall Kirchik encouraged her to try yet another hospital, Mount Sinai, but it, too, refused to take her for financial reasons. In January she returned once more to Jackson. Now her breast had blown up to the size of a football, and it had turned, as Kirchik said, "black as a trash bag." There was little any doctor could do. After monitoring her for 13 days, they sent her home to her ex-husband's trailer park and arranged for a medical van to bring her in for daily radiation treatments to try to contain the spreading. But the van rarely showed up. Two weeks after the hospital discharged her, June Kirchik died of her cancer. "I'll always feel like fighting the system is part of what killed her," Marshall Kirchik said.

### Pay a little now or a lot later

Stories like Kirchik's are usually filed away under the general heading of "the health care crisis." But *crisis* is too kind a word for the mind-numbing, life-threatening, ever-expanding black hole that now sucks up more than $800 billion a year and provides precious little good health in return. In 1990 the annual payment for health care was $2,585 per American—38 percent more than the Canadians pay, 88 percent more than the Germans and 124 percent more than the Japanese. Health care absorbs 14 percent of the federal budget, dwarfing every other item. Even the Pentagon's 6 percent seems puny by comparison. Health costs have contributed to the stagnation in take-home pay over the past 20 years, as they now, incredibly, hit corporations for a sum equal to after-tax profits. In 1990, General Motors spent $3.2 billion on health care coverage, more than it spent on steel.

These expenditures might seem more reasonable if the country only had more to show for them. Yet the U.S. trails the rest of the industrialized world in nearly all health-related measures: Of the 24 nations in the Organization for Economic Cooperation and Development (OECD), we rank 17th in infant mortality, 15th in male life expectancy and 13th in female life expectancy.

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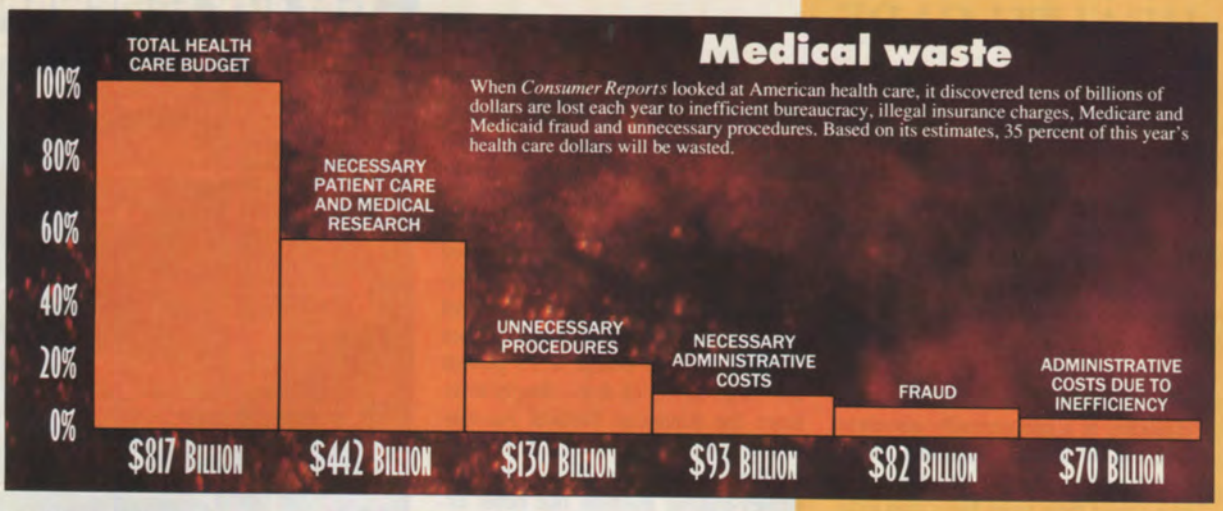
No, *crisis* is too kind a word. In human terms, it is more like deliberate cruelty on the part of a medical system that, in partnership with the insurance industry, has produced a society of two tiers, each of them justifiably miserable about its lot. The ones with health coverage pay increasing amounts for ever-shrinking benefits. Until very recently, Patricia Pignataro, who is self-employed as a temporary office assistant in Miami Springs, Florida, paid Washington National Insurance Company almost $9,000 a year for a major medical policy that carried a $1,000 deductible, a 20 percent copayment requirement and no prescription-drug coverage. "Health insurance used to be an incidental expense, $15 or $20 a month," she says. "Then it became my largest single expenditure—even bigger than my mortgage."

Now she has joined the more than 35 million Americans like June Kirchik who, at any one time, go without insurance altogether, either because their jobs don't provide it, or they've been laid off, or they are uncovered dependents, or they are too young to know how perilous life can be—a group dubbed the "young immortals." According to the U.S. Congress' Pepper Commission report on health care, nearly half of the uninsured are under age 25, and more than a quarter under age 18. Even more startling, only half of the uninsured *ever* see a doctor for any serious or chronic illness. Uninsured women face a special risk when they pass up regular breast and cervical exams for lack of coverage. The American Cancer Society estimates that at least 100,000 people die each year because their cancer goes undetected for too long.

Things are not looking up for the next generation, either. Because so many women don't get good nutrition and proper prenatal care, the number of low-birth-weight babies among blacks has climbed to one out of every seven. These babies face the prospect of an early death or a life spent crippled by mental retardation, blindness, deafness or cerebral palsy—a bleak outlook and, for society, an expensive one. "It's just like they say in the commercial," says Dan Hawkins, policy director of the National Association of Community Health Centers: "You can pay me now or you can pay me later. Only in this case it's, You can pay me a little now or a lot later." Although a basic nutrition package costs just $7 a week, it costs some




$1,400 a week to keep these babies alive in the intensive care unit, to say nothing of the later expenses of special rehabilitation, education and training.

And this leaves out the psychic costs entirely. "Our age has not been one to emphasize the intangible, the spiritual side of life," says Tennessee representative Jim Cooper, a conservative Democrat, "but it's got to be a psychological drain on everyone to go on like this. How can we feel well when our neighbors are dying?" Especially when they are dying so young. The often premature, high-risk babies might stand as poster children for everything that is wrong with our health care system. Still weighing as little as a pound four weeks after birth, each child could be cupped in its mother's hand if it weren't so frail that it's not allowed to be touched at all. The babies look almost feral: Their skin has not yet shed the dark fur they grow for protection in the womb. The feeding tubes that run inside their noses and down their throats keep them from crying out, which may be a mercy. Some of them, the crack babies, have a high-pitched wail that, as one nurse at Boston City Hospital put it, "can shoot right through your heart."

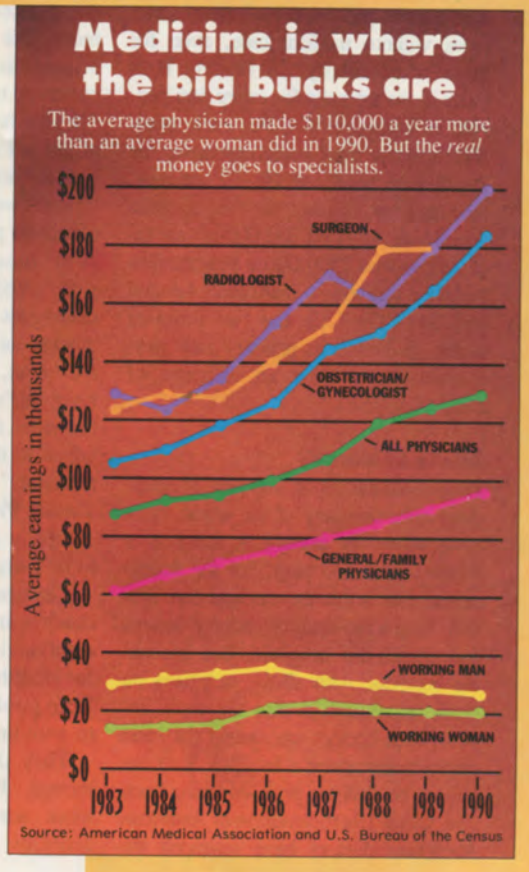
Even if these children make it out of the nursery, their prospects are grim. Because the U.S. trails even such countries as Bulgaria and North Korea in infant vaccinations, diseases that were once thought to be relegated safely to the past have come back with a fury. Measles was supposed to have been eradicated, but there were 28,000 cases in 1990, and nearly 89 deaths.

'Medicare and Medicaid created an unbelievably sweet deal for physicians.'

Milwaukee had an outbreak of more than 1,000 cases, at a cost of $1.5 million in hospital bills. (The vaccine, by contrast, costs $40 per dose.) Whooping cough and mumps have also made startling reappearances around the country. An epidemic of asthma recently swept through the young black populations of some inner cities. And, more alarming, a strain of drug-resistant tuberculosis has surfaced among the poor who have no regular access to health care, posing new hazards to the general population.

### High-tech, high-cost gizmos

For a crisis, this one has dragged on for quite a while. It was in 1904 that the American Socialist Party first proposed a version of universal health care coverage that addressed the problem of the uninsured; Theodore Roose-



velt was the first presidential candidate to espouse the idea, which he did during his failed Bull Moose Party campaign of 1912. Today, the United States stands with South Africa as one of the two industrialized nations on Earth that do not provide universal health care for their citizens.

The lack of universal health coverage is just one aspect of the health care morass. Costs are another. They are exploding at a rate normally associated with that of defense contractors. In the past decade the price of a hospital room rose almost three times faster than inflation. Partly, this was because those who can pay for their hospital care are also paying for those who can't. In 1989, the average hospital bill was inflated by 25 percent to cover care given for free and to cover Medicaid and Medicare shortfalls. But for one American out of six, medical care is not available at any price. Doctors are retreating to the suburbs, leaving vast stretches of rural America (18 counties in Texas alone) and heavily populated pockets of inner cities without medical care, even for those who can pay. In Beverly Hills there is one internist for every 566 people; in south-central L.A., each available internist must somehow cover the health care needs of 19,422 citizens. The result is a glut of very highly paid specialists—those $200,000-a-year radiologists and $500,000-a-year cardiovascular surgeons—that bloats salaries and fees. The U.S. has two times as many specialists as primary-care physicians (who earn an average of $93,000 a year).

### Who's to blame?

How could the nation's system of medicine, once the envy of the world, have gone so wildly astray? A number of factors come into play, but the fundamental one is that the medical care system, long a province of country doctors and church-run hospitals, has become big business, with all the emphasis on profit maximization that the term implies. And doctors are among the most savvy businessmen. As Paul Starr argues in his Pulitzer prize–winning book *The Social Transformation of American Medicine*, doctors have reshaped the structure of American medicine to their own financial advantage. They've organized powerful political action committees to protect their interests in Washington and have never been hesitant to use them. When Congress passed the bills creating Medicare and Medicaid in 1965, it had to allow doctors to set their own fees for their services and then allowed them to charge a 15 percent surcharge on top of that—simply to silence the American Medical Association's complaints about socialized medicine. "Those programs created a money-making machine like never existed before on this planet," says Representative Cooper. "It was an unbelievably sweet deal for physicians." Blue Cross/Blue Shield, the nation's largest insurer, founded and run by doctors, promptly matched the government's payment system. Health care costs, which had previously clung close to the rate of inflation, headed skyward.

But doctors aren't the only villains. There are also the insurance companies, which nowadays act more like savings banks than like insurers as they strive to restrict their coverage to the permanently healthy. "If you have ever been sick or ever might get sick, the insurance companies do not want you," says Cooper. "They want to insure 20-year-old computer programmers. But Lord help even *those* people when they get sick." And Lord help their employers, colleagues and families, too. After a worker at Ship-Pac in Kalamazoo, Michigan, came down with cancer, the company's insurer more than doubled the rates for all 60 employees. "We talked to the employee about early retirement," company chairman John Vander Ploeg admits. "The insurance company makes it extremely difficult to be compassionate."

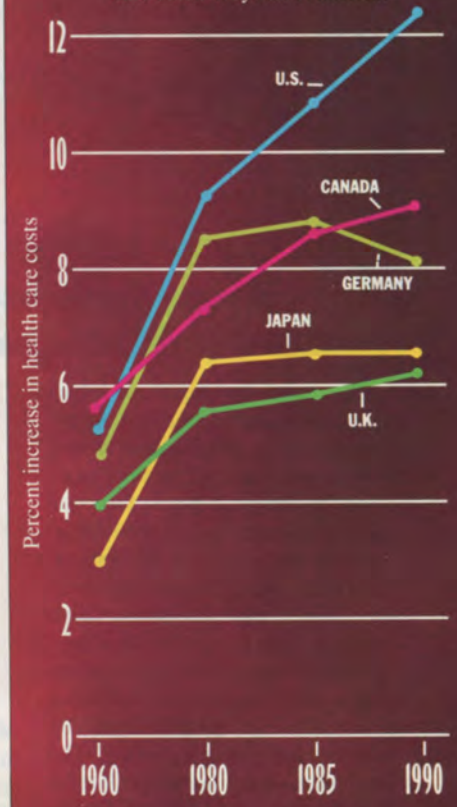
"Insurance companies are in a death spiral," adds Ed Howard, executive vice president of the Alliance for Health Reform. "They have gone from pooling risk, to managing risk, to avoiding risk altogether."

They don't do it very efficiently, though. Blue Cross/Blue Shield has more administrators to manage the accounts of 2.7 million people in Massachusetts alone than Canada has to oversee an entire nation of 25 million. The General Accounting Office has estimated that the United States could save $70 billion a year by switching from the present insurance system to the Canadian-style single-payer plan.

Hospitals should also feel guilty. They nosed up to the federal trough to take advantage of a provision that allows them to charge off the costs of expanding their facilities to Medicaid and Medicare customers. With all that easy money, hospitals have embarked on a building spree that has brought a smile to the faces of their CEOs but left the nation with over a third more hospital beds than it needs. This can be dangerous as well as costly, since hospitals need a high volume of patients to keep the staff's

## Get sick somewhere else—it costs less

Other industrialized countries have been successful in controlling their health care costs. Why can't America?




Source: Organization for Economic Cooperation and Development. Health care costs as a percentage of the gross domestic product (GDP). GDP, like GNP, is a measure of economic output.

skills up. Mortality rates in coronary surgery, for instance, rise as the number of surgeries decreases. In medicine as in life, practice makes perfect. Hospitals have also thrown money away on expensive, marginally useful technologies like $1.5 million Magnetic Resonance Imaging (MRI) scanners. The United States has four times as many MRIs per capita as Germany. Because hospitals do not compete on cost, they offer physicians these gizmos as incentives to use their facilities.

Add to this the billions of dollars that are wasted on such hugely expensive high-tech interventions as heart and lung transplants, while such common ailments as arthritis, bad backs and migraines, which afflict tens of millions, largely go untreated. This is to say nothing of the medical industry's reluctance to practice even the simplest preventive medicine, such as discouraging 50 million Americans from smoking or 30 million Americans from using drugs. "What people need most isn't the high-cost things," concludes Joseph Liu of the Children's Defense Fund. "It's the cheap stuff—immunizations, prenatal care, regular checkups, good advice."

**What people need most is the cheap stuff—immunizations, prenatal care, regular checkups, good nutrition.**

And finally, we have to blame ourselves. When it comes to medical care for us or our loved ones, hardly anyone is willing to spare any expense, and why should they? It's not their money. As University of California health care economist James C. Robinson put it, "Imagine if we sold auto-purchase insurance and said, 'Go and buy whatever car you want, and we'll pay 80 percent of it.'" Everyone would buy very pricey cars. Unfortunately, a high price does not necessarily guarantee a favorable medical outcome.

Consider the perplexing case of Ed Van Houten. Largely because of the perseverance of his wife, Marilyn, Van Houten spent two years in Miami-area hospitals, much of them in the intensive care unit, for myriad problems stemming from acute diabetes. He is paralyzed from the waist down, blind in one eye and deaf in one ear. His pancreas and his kidneys have ceased to function, requiring regular dialysis. His left hand has been amputated because of circulation problems, and his gallbladder has been removed. He suffers from heart disease, high blood pressure and sarcoidosis, a rare lung disease. For weeks at a time he passes into a self-described "fog" in which he has contemplated suicide. Ed himself has placed his quality of life at 0.5 on a scale of one to 10.

By all accounts, Van Houten would be dead now if it weren't for his wife, a nurse who works as a medical case manager and specializes in negotiating with insurance companies. She also knows how to get the better of hospitals that are trying to contain costs at her husband's expense. At one point in the course of his care, a hospital tried to bring in the police to evict him, but Marilyn Van Houten made a call to a local TV news team and forced the hospital to back down. One result of her tenacity is that her husband has now used up nearly the entire $1 million lifetime allotment of his private insurance policy, even though it pays only 20 percent of his medical expenses—Medicare pays 80 percent.

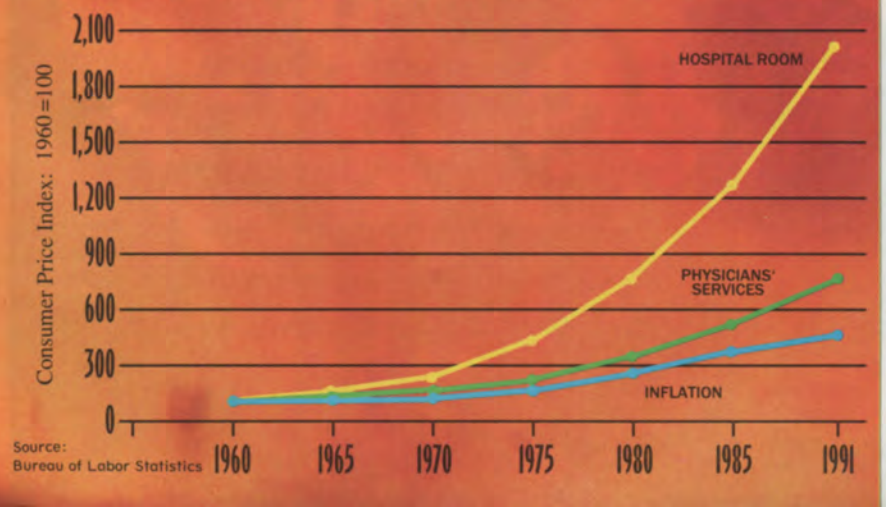
The grand total for Van Houten's care comes close to $5 million. His wife says such numbers are meaningless to her: "I have this problem when things get over $200,000 or $300,000," she declares. All she will say about the cost of her husband's treatment is that "it is a real big number, way up there." Like anyone in that situation, Marilyn Van Houten feels no reason to hold down medical expenses. She and her husband pay only a $450-a-month premium, which she rightly considers a bargain.

Ed Van Houten is now home from the hospital, and, at least temporarily, he seems to be doing better. He attends University of Miami athletic

*(continued on page 173)*

## Deadly inflation

What you pay for a hospital room or a doctor's visit is going up much faster than inflation.




Source: Bureau of Labor Statistics

# HEALTH CARE

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events and sometimes tosses a Nerf ball with his nephew. Thanks to publicity about his case, he is being considered for a joint kidney and pancreas transplant in an experimental program at the University of Miami School of Medicine—something that would customarily be barred to a person in his condition. The treatment, however, requires a $150,000 deposit. "I don't even want to think about that now," Marilyn Van Houten says. "You just can't think about these things. My philosophy is, 'If you need it, you'll get it.' "

### The solution sweepstakes

At bottom, the health care follies resemble the other fiascos of the runaway Eighties—the savings-and-loan debacle and Ivan Boesky–style insider trading. Just 10 percent of medical patients absorb 75 percent of the cost of all care. Like so many other things, good health has become a perquisite for a privileged few. "People complain about the prospect of rationing health care," says Representative Cooper, "but we ration health care right now. We ration it by the size of your billfold. If you can pay or you have insurance, you get the best medical care in the world. If not, you're out of luck."

At last count, there were 52 proposals circulating in Congress to address health care problems. Most prominent among them are the so-called "play or pay" scheme, by which employers would be required to offer health care coverage or pay into a federal fund that provides it for their employees, and a "single payer" plan (modeled on Canada's) that would replace the hundreds of insurance companies with a single federally funded government agency. President Bush has also submitted his ideas about a voucher system providing tax credits for the poor to pay for health care. And 20 states are developing bills of their own. Probably the most notable is Oregon's, which ranks 709 medical procedures by their likely outcomes, and then agrees to pay for only the first 587 under Medicaid.

Perhaps it is a measure of the country's sobering economic circumstances that the vast majority of the bills focus almost exclusively on the issues of cost containment and universal coverage. No one seems concerned about the deeper problem of quality. Medical care in America is concentrated in high-tech hospitals and medical centers, on miracle cures at the expense of basic, routine care for average people. Why, for example, should the house call be considered almost laughably quaint in America today? Modern medicine needs to be de-technologized, and doctors need to be re-humanized.

One of the very few proposals that do address the issue of quality is a plan formulated by Washington Business Group on Health (WBGH), with a grant from the philanthropic Robert Wood Johnson Foundation. WBGH is working with a number of Fortune 500 companies that have become increasingly frustrated by the return they are getting on their health care expenditures. Its plan involves reorganizing the medical delivery system into Organized Systems of Care (OSC), modeled along the lines of the more progressive Health Maintenance Organizations. Moving outward from high-tech hospitals, these OSCs would focus on health rather than on sickness and give patients more control over their own care. The system would also take full advantage of today's information and communication technology, both to keep in closer touch with patients and, more important, to provide a means of measuring the services' quality and effectiveness, something notably lacking in most health care plans today. "The word that I would use to sum it up is 'accountability,' " says Karen Milgate, the group's assistant policy director. "Right now there is no accountability for what gets spent, how much of it gets spent or where it gets spent. Basically, whatever the providers think is right, is right."

Organized Systems of Care is probably not the entire solution (it doesn't address the question of financing, for instance), but it is a strong start. If it had been implemented, June Kirchik would have had her breast cancer diagnosed early enough to do something about it. Patricia Pignataro's premiums would be more affordable, because she would no longer be paying for others who cannot pay and because she would no longer be paying for "sky's the limit" care of dubious value. And, no less important, Americans would feel proud for having done the right thing—for themselves and for their neighbors. □

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*John Sedgwick writes for* The Atlantic *and* GQ. *He wrote about domestic violence in the May 1992 issue of* SELF.