Healthcare Insurance: A Conflict in Public Policy

Kit McCalla, D.O.

Health Policy Fellowship 2006

Abstract

The American health care system is based on an unsustainable framework based on subsidies and cost shifting. Medicare, Medicaid, insurance regulation, and tax laws subsidize the private insurance industry. Tax deductions allow corporations to defray part of the cost of providing insurance to their employees; in effect, these tax breaks subsidize the insurance industry. Without a policy of universal access to health insurance, Medicare and Medicaid will continue to indirectly subsidize the private insurers by removing the most costly population from their clientele: the elderly and the poor.

I recommend we end the policy of subsidizing private health care insurance by enacting federal legislation ensuring affordable access to healthcare insurance. By offering a public-private partnership of insurance carriers and using reinsurance mandates, we would create a risk pool of all Americans and stabilize gross cost shifting inequities in the healthcare system. Federal policy would eliminate exclusionary underwriting for chronic illness. More healthcare dollars could be focused on preventative care rather than palliative care. As a result, Americans’ health status would improve and spending would decline. It is not the role of government to compete with private industry, but it is the role of government to regulate the industry so that access to healthcare is available to the majority of citizens.