



ObamaCare Shocker: Gov't Healthcare System Already Broken

Well, maybe it is not so shocking, but the existing government controlled healthcare system is already badly broken. If it rose to the efficiency level of the Postal Service, it actually would be a vast improvement.

The three major existing federal government-run medical systems — Medicare, Medicaid, and the VA — are disastrous failures, both medically and financially. The fourth major government system works fine, because it our tax money, and buys premium medical care for federal, state, and local bureaucrats in perpetuity. Oh, that we would have the privilege of using our own money similarly under Obama's plan, but alas, we may not.



Medicare is the government-run medical business for the elderly. It uses private doctors, and pays them below market rates, and loses trillions. Hospitals are reimbursed only about 94 cents for every dollar they actually spend on care, so many have gone out of business. It cost us \$413 billion last year to run this program, an increase of about \$30 billion (or 7.25 percent) over the previous year. Its unfunded liability is the ungraspable sum of \$38 trillion.

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The Department of Veterans Affairs has a government-run medical business for military veterans (not a health insurance plan), with its own hospitals and doctors. It works about like the government-run systems in Canada, Great Britain, and Cuba. It is perpetually underfunded, pays doctors very handsomely, and is fraught with waste, inefficiency, and abuse.

Medicaid is the government-run medical business for the poor, run and funded jointly by the feds and the states. It also uses private doctors and pays them below market rates. It cost the federal taxpayers about \$208 billion last year, plus the state taxpayers a roughly similar amount in addition, since it is jointly funded. Medicaid generally constitutes about a fifth of most state government budgets. It pays far below the actual cost of care, and has decimated the financial viability of much of our medical system.

Randomly picking the first state, Alabama, in a state-by-state [summary of Medicaid reimbursements prepared by the American Academy of Pediatrics](#), a 30-minute preventative medicine consult is reimbursed at the rate of \$13.00, a phone consult nets \$0, a shot is around \$9-12, and hospital care for a full day for a patient ranges from \$49 to \$113 depending on complexity. From that, a doctor must pay all the overhead of the practice.

The fourth system, by contrast, relies on government confiscation of tax dollars to provide premium medical care for its employees, and usually for its retirees for life. In Massachusetts, until recently, a



Written by [Gregory Hession](#) on August 17, 2009

subway operator could work 23 years, and retire with full benefits for life. Have you ever seen a single bureaucrat express shame about looting his or her neighbors to pay for a gold-plated medical plan? Have you heard President Barack Obama or members of Congress complain about what we are buying them for medical care? You won't.

Let us contrast this with the performance of businesses that are not encumbered by as much government regulation. Subject to vagaries of human mistakes, they consistently provide better and better service for lower and lower prices over time. High-tech, communications, and computer businesses fall into this category.

Businesses that are heavily regulated by government typically provide worse and worse service for higher and higher prices over time. Think airlines, higher education, and medical care.

The Senate Joint Economic Committee has released a report studying the drastic cost increases in government-run medical care. One conclusion: "In 1967, the House Ways and Means Committee predicted that the new Medicare program, launched the previous year, would cost about \$12 billion in 1990. Actual Medicare spending in 1990 was \$110 billion — off by nearly a factor of 10." Now it costs four times more than it did in 1990.

By Contrast, the U.S. Post Office is only going to lose about \$7 billion this year on expenditures of about \$70 billion, a mere pittance in comparison to the fathomless sums lost by government-run health businesses. President Obama, in a rare moment of candor, conceded, "It's the Post Office that's always having the problems!" If only it were true. The aforementioned government medical businesses are the real stinkers, leaving the Postal Service as second-rate in matters of cost overruns. The Postal Service is actually getting smarter — don't forget that it now contracts with Federal Express to deliver its packages, so it isn't all that un-savvy.

The real problem with the Postal Service, and the putative ObamaCare, was captured in Postmaster General John E. Potter's remark in a recent speech, "This country needs to have and to protect universal service." How familiar is that refrain from smothering socialist government leaders? It is certainly the theory behind the great Obama medical business grab.

This is the fourth installment in our "ObamaCare Shocker" series examining provisions of the proposed Obama [healthcare bill](#) pending in the House that deprive citizens of rights, or intrude on personal privacy or family autonomy. Gregory A. Hession, the author of the series, is an attorney in Massachusetts who specializes in family and constitutional law. Check back frequently for further parts of this series, where we will isolate and analyze the scariest parts of the 1,107-page Obama healthcare bill.

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