

Health reform: reality strikes USA . . .

US President Bill Clinton's proposal for health-care reform is in for tough times now that it is being debated in Congress, because no one is entirely happy with the legislative details.

FROM the start, no one (except perhaps the president and his wife) believed that Congress would turn Bill Clinton's health-care reform plan into legislation intact. But now that the Clinton plan, in all its complexity, is actually before the Congress for debate, it looks as if it may be torn to shreds. This is not necessarily a bad thing.

Although observers were aware of the nature of the plan from the start, now that Congress is taking it apart line-by-line it is even clearer that the Clinton plan would create a monstrous new bureaucracy. Hilary Rodham Clinton has said in defence that the plan is no more bureaucratic than the present health-care system, but that is not a good argument in favour of either one.

The chief virtue of the Clinton plan, largely crafted by Mrs Clinton and Ira Magaziner (a management guru whose experience in health-care is close to zero), is that it provides "universal coverage". That one of the wealthiest nations in the world, with the most sophisticated of modern medicine, should offer coverage to everybody is a goal long overdue. Indeed, universal coverage is integral to most of the competing pieces of draft legislation before Congress. But the real issues are financing and logistics.

At present, the really poor are covered by the government's Medicaid programme. And the vast majority of people, from lower to upper class, have adequate insurance through their employers. It is the so-called "working-poor" (people with part-time or low-income jobs with small companies, for instance) who comprise the majority of the 37 million uninsured. In order for these people to receive government-mandated coverage, someone will have to subsidize the cost of their insurance premiums. Clinton's plan puts the burden for at least 80 per cent of the cost on employers who would be required to offer insurance.

But small businesses are claiming loudly (and not without merit) that mandated insurance payments would force them out of business, thereby simply throwing the working-poor out of work. As for big businesses, they have been subsidizing medical care for years. In a perfectly legal but publicly little-understood system, hospitals place a kind of surcharge on insured patients in order to cover the costs of the poor. Medicaid, for instance, does not reimburse hospitals for full costs. In short, the insured have been supporting the poor and uninsured all along.

But would the Clinton plan not change that? In principle, yes. By guaranteeing universal coverage, it requires that everyone would have insurance. But since not everyone can

pay, or pay equally, for that insurance, some form of subsidy will still be required. A good case can be made for facing the truth that the subsidy will have to come from taxes. But neither the administration nor Congress is quite there yet.

The other feature of the Clinton plan that spells trouble is Magaziner's devotion to the notion that all of America (perhaps like Gaul) can be divided into distinct parts known as regional health alliances. These would be brand-new bureaucracies that would collect premiums and make sure that each alliance offered a choice of health-care plans — good, better and best.

This scheme has run into vehement opposition. First, Americans are a mobile lot. Life under a regional alliance provides daunting bureaucratic obstacles to the person from New York who gets sick in San Francisco. The cost-cutting, deal-making nature of the alliances would virtually eliminate the current freedom to travel for care of particularly difficult medical problems. It is not just the wealthy who go to Houston or Cleveland for cardiac surgery. It is not just the well-connected who fly to Pittsburgh for organ transplantation. It would take a powerful argument indeed to convince a penny-pinching alliance manager to permit patients to go out of their region to get what they believe to be the best, rather than merely adequate, care. So, the majority of people who have good insurance coverage now will lose under the Clinton plan with its greater bureaucracy and tendency to equate quality with the lowest common denominator.

Is health care reform needed? Yes. Is universal coverage an appropriate goal? Yes, both morally and politically. Has Clinton got it right? Not yet. It will be a long spring and summer as Congress and the administration struggle to produce a plan that is just, consistent with freedom of choice and movement, and also economically feasible. □

. . . as UK faces the bill

The British government needs to redress its political neglect of health-related research.

MEDICAL research, despite its prominence among Britain's scientific achievements, has taken a back seat in recent manoeuvres. Sometimes this has been beneficial; the government's primary concern with wealth creation has left the Medical Research Council (MRC) virtually intact. But in the long run it cannot be good that research has been given