COVID-19: BEYOND TOMORROW

Health Care Policy After the COVID-19 Pandemic

The coronavirus disease 2019 (COVID-19) pandemic will end sooner or later as all pandemics do. Even though the severe acute respiratory syndrome coronavirus 2, like many other viruses, may linger, it will no longer be an existential threat. Neither the reason for the end, nor its timing, is clear now, but it is not too soon to begin discussing postpandemic health care policy.

To simply return to the prepandemic health care system during a presidential election year would be a mistake. This is a time to think more boldly about the future of the US health care system. The health care system is dysfunctional for many individuals in the US; it is too costly, too unequal, and too uncertain in its eligibility and coverage, with an increasing number of uninsured. However, designing and implementing a better health care system will not be easy. In exploring the challenges and difficulties ahead, it is useful to distinguish between those that are primarily technical issues (although these are not exempt from politics) and those that are political obstacles to significant reform.

Technical Issues

The technical issues involve 2 main issues: how to raise the nearly $4 trillion each year to pay for US health care; and how to organize and deliver the care and compensate those who provide it. The experience of other high-income countries indicates that the most efficient and equitable method to finance universal coverage is through a flat tax on consumption, such as a value-added tax, collected from businesses but passed on to consumers via higher prices. An alternative is a retail sales tax, which is more cumbersome and costly to collect than a value-added tax, but makes the connection between the tax and health insurance more apparent to the public.

Even though it has seemed that major reform of health care would only occur in the wake of a major war, a depression, or large-scale civil unrest that changed the political balance, it now appears that the COVID-19 pandemic may provide the dynamic for major political change.

To return to the prepandemic health care system would be a mistake. The health care system is so large, it would probably be necessary to approach these goals in stages. It is important, however, to realize that the complexity of the current system is one of the main reasons it is so costly, with high administrative expenses. A few countries find it more feasible to achieve universal coverage through compulsory health insurance administered by insurance companies under close regulation and supervision by the government. The intent and effect of such programs is similar to that achieved by tax-supported public insurance. For historical and political reasons, the US might prefer this approach in contrast to a so-called single-payer system. Regardless of approach, universal systems have proven to be the best way to ensure that everyone has access to care without bankrupting individuals or governments. How to raise the money to pay for health care is important and continues to receive attention. But more important are questions about how to organize and deliver care and how to compensate the individuals and organizations that provide it. Answers to these questions could have a substantial effect on how much money must be raised (ie, the cost of care). If US health care spending was at the same per-capita rate as other high-income countries, the total would be $2.7 trillion instead of $3.7 trillion, admitted it is difficult to reduce health care costs. It is critical that savings be found so that those dollars can be redistributed to provide more effective care to more people.

Most health policy experts agree that the prepandemic health care system was inefficient. However, there is no consensus as to what delivery system would be better for the US diversity of health plans. The competition among the plans will have several advantages if the plans follow a few general principles. First, the health plans should be private. Government-run health care would not
work well for the US for its entire population. Over the past decade, Medicare has become increasingly privatized, with about 35% of its recipients enrolled in private insurance plans. Second, public insurance would pay for everyone to be enrolled in a health plan of their choice, with open enrollment every year for anyone who wants to change plans. Third, the plans would receive a risk-adjusted capitation fee to compensate plans for the differences in the expected use of enrolled populations.

Capitation reimbursement provides incentives to use resources efficiently, unlike fee-for-service reimbursement that provides incentives for overuse. This is not just a theoretical proposition. The Kaiser Permanente Health Plan has been paid per capita for more than 50 years and has seen its enrollment increase to 12 million patients, one-third more than in the Veterans Health Administration care system. Fourth, within that general framework, each health plan should be free to deploy resources as they deem best. Some plans might want to pay physicians a fixed salary; others might want to have productivity incentives for their physicians. Some plans might choose to deploy many nurse practitioners and physician assistants, others might not. Most plans would probably want to emphasize primary care, retaining specialists and subspecialists for patients who need their attention. The details of this kind of health care system have been published.2

Most goods and services do not have or require capitation payment because price serves to allocate resources according to the customer’s willingness and ability to pay. Consumers do not knowingly pay more for a good or service than the benefit they expect to get from it. Health insurance changes the dynamic. When insurance is paying the costs of medical services, patients want any care that offers some expected benefit, regardless of cost. Physician-led health plans that receive risk-adjusted capitation payment are in the best position to allocate resources more efficiently and effectively according to judgments about benefits and costs.

Political Obstacles
Changes in the health care system have always been opposed by many. As Machiavelli observed,4 proposals for a new order face strong opposition from those who benefit from the old order. This group includes high-income patients who prefer a health care system that caters to their interests and values.5 The prepandemic system allowed includes high-income patients who prefer a health care system that caters to their interests and values.5 The prepandemic system allowed

ARTICLE INFORMATION
Published Online: June 12, 2020.
Conflict of Interest Disclosures: None reported.

REFERENCES