

Restore the healing mission to health care

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The pending U.S. Supreme Court decision in the King vs. Burwell case will reawaken congressional debates on modifying the Affordable Care Act regardless of how the court rules. If the decision goes against the government — as I think it will — modification is indeed in the offing.

Whatever the court's decision, health care will be on the presidential candidates' agenda in 2016. It is time to start thinking about replacing the insurance-company-driven competitive health care business model with a different government-sponsored system. Government subsidies may not salvage the insurance exchange model. Congress is going to need a different approach.

My expectation is that ACA will be revised, not repealed. The ACA may well mutate into a single-payer government managed program — a direction I not only predict but advocate. Ideally, the change should take the profit out of the economic equation. It may well drive proprietary hospitals out of the marketplace, eliminate tax-exempt status for any provider and reduce all health care providers' current focus on the bottom line.

Under the current ACA, people are required to secure insurance through either a state-created "exchange" or a federally imposed structure. People who can't pay the full cost are given a federal subsidy. Such a subsidy removes the rationale for giving hospitals tax-exempt status. Assuming everybody is insured under the

ACA, there is no need to exempt hospitals from taxes to offset the cost of uncompensated care they provide to uninsured people.

As we continue to revise our system of health care finance, we should gradually eliminate the insurance companies as middlemen. In the place of insurance companies, the government should devise a method to provide Medicare-style insurance to everyone.

For those who argue that such a plan is “socialized medicine,” I can’t disagree — it is, but it works effectively for a major segment of our society now, and could work for the general population as well. So what’s in a name? The government does, in fact, do an exemplary job of managing the Medicare program. If this form of single-payer program is eventually deployed, there will be even less reason for subsidizing not-for-profit hospitals with tax-exempt status.

If that’s not enough to justify re-evaluating tax-exempt status for some health care providers, look at what happened recently in California.

The tax exemption for Blue Shield insurance was revoked because as a nonprofit organization it accumulated several billions of dollars in its corporate bank account, paid executives multimillion-dollar salaries plus bonuses, purchased an expensive skybox at the new Santa Clara football stadium and had the audacity to raise insurance premiums by double digits. To top it off, low-income people who purchase a Blue Shield plan through an insurance exchange will receive a federal subsidy.

So California revoked Blue Shield’s “not-for-profit” status and will begin taxing the company. Many health care pundits are watching to see if this trend spills over into the not-for-profit hospital provider side of the industry. Will highly successful not-for-profit health care businesses meet the sniff test? Will there be pushback when executive compensation is highlighted and “excess revenue over expenses” continues to increase because bad debt created by uncompensated care is eliminated? Will the future declines in the uncompensated care caused by the ACA further enhance profitability for large multihospital systems?

Not-for-profit hospitals and insurance companies continue to do good for our society, but I expect that the evolution of the ACA in the direction of a single-payer system will continue to reduce the need for granting tax exemptions to providers. Any business needs excess revenue over expenses, but health care

providers' focus on increasing margins has squeezed labor and, some argue, affected the quality of patient care.

Don't be surprised to see that in the next several years we fully eliminate the need for tax-exempt status for any health care provider. Don't be surprised, too, if we eliminate the role of private insurance exchanges and replace them with a Medicare-like single payer system.

What I am advocating is the elimination of the competitive business model in health care — a model that puts the focus on increasing the bottom line — and replace it with a government-funded approach that restores a healing mission to health care and provides affordable health care to everyone, paid for by taxes made affordable through a much needed restructuring of our tax system. The Supreme Court may well precipitate this cumbersome revision in how we fund health care for all.

Roger Hite of Eugene, a former university professor and a retired hospital administrator, is the author of "Mission Before Margin: My Mercy Memoirs, 1974-1986," which details how hospitals' current competitive business model replaced an earlier focus on their health care mission.

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