

A health insurance crisis is coming. So here's an idea.

America is about to face a health insurance crisis on top of its economic crisis and public health crisis. So now is a good time to ask: How about we consider finally decoupling your health coverage from your job?

A shocking new joblessness report shows 3.3 million new people filing for unemployment benefits. The Economic Policy Institute says we could lose 14 million jobs by summer. Morgan Stanley's chief economist puts the number at nearly 17 million.

A huge portion of those people will also lose health insurance.

Universal health care would not have saved us from the coronavirus. Countries with universal coverage have done both well (e.g., Germany and South Korea) and poorly (e.g., Italy and Spain) in controlling the infection. But they aren't hampered by our particular situation, in which losing your job usually means losing insurance. In none of them will people avoid getting treated because of the cost, or be saddled with crushing bills if they get sick.

When so many millions lose their jobs all at once, it ought to push us to reassess this unique and uniquely detrimental feature of our health-care system.

To be clear, people who lose their jobs now will not be without options. If you have employer-sponsored health coverage and lose your job, you can use COBRA to stay on that plan for 18 months — but you'll have to pay the full cost, which for many people is impossible. You can get private coverage through your state's Affordable Care Act exchange, or you may be eligible for Medicaid.

But all of it requires you to jump through some bureaucratic hoops. Until it's all sorted out, you'll probably go through a period of uncertainty and anxiety.

Now imagine something different. What if losing your job didn't change your health coverage at all? What if that wasn't one more thing to worry about at such a stressful time? And what if, even if you were secure in your job, your coverage didn't depend on your boss's preferences for what kind of coverage you should have (say, if he considers it morally icky to allow you to have coverage for contraception), what your deductibles should be or how much you should pay?

We just got through a presidential primary campaign in which some union members were suspicious about Bernie Sanders's Medicare-for-all plan because it would mean going off the plans they had negotiated with employers, and going to a government plan. But it's important to stress that decoupling insurance from employment wouldn't mean going to single-payer.

There are a variety of systems in the world that provide universal coverage, of varying degrees of government control. While a few of them include employer contributions to cover the cost of the system, none of them entwines health coverage with employment to the degree ours does.

In some (other) places, everyone gets coverage from the government; in some, everyone gets coverage through private (though heavily regulated) insurers; and some have a mix of the two. But in none of them does your employer decide what your coverage is, nor do you risk losing your coverage if you lose your job.

So why do we have this system in the first place? It's not efficient, it imposes a huge administrative and financial burden on employers, and it results in "job lock" as people stay in jobs they don't like and don't pursue entrepreneurial opportunities for fear of losing their coverage. Why would anyone design a system this way?

The answer is that it wasn't really designed so much as it was an accident of history. Because of wage and price controls in World War II, employers couldn't offer higher wages, so they began using health coverage to compete for workers. When the IRS ruled in 1943 that employer contributions to health coverage could be made pre-tax, the benefit spread rapidly.

Today, the tax exclusion for employer-sponsored coverage is the single largest tax expenditure in the federal budget, reducing revenue by well over \$200 billion a year. The Treasury Department projects that number will be \$400 billion by the end of the decade. And getting coverage through your employer is the default for most adults under 65 years old.

As we debated the future of health care in recent months, we heard over and over that fundamental change to our insurance system is impossible because everyone loves their private health coverage. Anyone who has actually had to test that coverage found that assertion laughable, but there's no question that people fear losing what they have, which makes change difficult.

So moving away from an employer-based system would require imagination — and some strong regulation. What we'd have to do, as health-care economist Uwe Reinhardt wrote in 2014, is get rid of "the illusion that employer-provided health insurance is an unearned gift bestowed on them by the owners and paid with the owners' money, giving those owners the moral right to dictate the nature of that gift." If we choose, we can cut the cord that binds our health care to our jobs, knowing that there are any number of ways to construct the system that are less expensive and more secure for all of us. All we have to do is decide that's what we want.

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