ATLANTIC CROSSING Uwe E Reinhardt

US health care stands Adam Smith on his head

Health professionals' benevolence has enabled politicians to resist moving the United States to a fully universal system of health insurance

"It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own *interest*. We address ourselves, not to their humanity, but to their self-love," wrote Adam Smith famously in *The Wealth of Nations*, laying the intellectual foundation for the assumed benevolence of free markets. The argument was that, in a properly structured, competitive market, the supplier of a good or service, although intending only his own gain, is "led by an invisible hand to promote an end which was no part of his intention . . . By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it."

Had Adam Smith lived to observe the political economy of 21st century America's health care, he may well have stood his famous dictum on its head, writing: "Although, by providing health care on an uncompensated basis, American physicians and hospital executives seek to promote the public good, their benevolence is led by an invisible hand to engender a situation of which society must be ashamed." That heretical thought occurred to me when, as a trustee of the Duke University Health System, I listened to the chancellor's truly touching description of our system's efforts to bring needed health care, without being compensated, to the community's uninsured, low income citizens.

For more than half a century now US health professionals have sought to operate, for the nation's ever growing number of poor and uninsured citizens, an informal health insurance system by providing care to them without being compensated. The premiums for this informally extended coverage are collected from payers who do not have the market power to resist that "cost shift," as it is called in the US. Large government payers—mainly the federal Medicare programme for elderly people

and the federal and state Medicaid programme for the poor—simply refuse to accept that cost shift into the medical fees they pay. Indeed these payers often, quite irresponsibly, pay less—sometimes much less—than the full cost of providing care to their beneficiaries. Although the federal and state governments try to undo that impropriety through sundry backdoor subsidies, they typically do not fully compensate the providers. Until now, therefore, the brunt of the cost shift has been absorbed by private insurers, who under the competitive pressure they face may at any time try to turn off that spigot. Many US hospitals already totter near the point of bankruptcy, mainly because of underpayment by government and the burden of their uninsured patients.

Why, it may be asked, can such private benevolence add up not to the public good but to the public bad? The answer is that this benevolence gives undue moral cover to politicians who shirk their duty. To illustrate, in a speech on health reform in Cleveland, Ohio, on 10 July 2007, President Bush casually shrugged off the plight of the uninsured with the remark, "I mean, people have access to health care in America. After all, you just go to an emergency room"—with nary a concern expressed over how these emergency rooms will cover their costs. The president, of course, merely repeated here the mantra of politicians opposed to universal, government led health insurance that "to be uninsured in America does not mean going without care."

Although it is a fact that Americans who are critically ill are entitled by law to critically needed health care delivered by the nearest hospital, whether or not they can pay for it, the mantra misses the fact that such care is usually untimely. Uninsured children with asthma, for example, are more likely to be hospitalised than similarly situated, insured children, and so are

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uninsured diabetic people, to offer but two examples among many. In its 2003 report *Hidden Costs, Hidden Value Lost: Uninsurance in America*, the Institute of Medicine of the US National Academy of Sciences had estimated that, largely because of the lack of timely medical intervention, some 18 000 Americans die prematurely each year for want of health insurance.

Absolutely without intending to do so, the efforts of US healthcare providers to cater to uninsured people have aided and abetted great irresponsibility among the nation's political leaders, thereby perpetuating the plight of the uninsured. This is so because the benevolence of health professionals has provided political leaders with moral coverage for resisting any and all efforts to move the nation at long last to fully universal health insurance. By their benevolent ingenuity healthcare professionals in the US have, albeit unwittingly, allowed politicians to go to church or synagogue and feel right with God, just after voting down the latest proposal for universal coverage.

To identify this uniquely American phenomenon is, alas, not to provide a solution. In principle, America's providers of health care could force the hands of politicians, if they colluded in refusing to pull the politicians' coal out of the fire in this way. In practice that might engender a prolonged period of intense suffering among poor people, one that could last years before touching the conscience of the legislatures. It would not leave the providers of health care feeling right with God. And thus health professionals will continue to use their ingenuity to keep the US in the club of civilised nations, for which we must thank them.

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