

## Fitzsimon File

### The moral hazard of the health care debate

By **Chris Fitzsimon**

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Monday's release of the Progress Board report about the quality of life in North Carolina ought to jump start debates about the problems that continue to plague too many of the state's people. Health care would be a good place to start.

The report finds that North Carolina has one of the highest rates of people living without health insurance in the Southeast. More than 1.4 million people in the state have no coverage, hundreds of thousands more are underinsured, and programs like Medicaid are under constant attack at the state level for being too generous.

Forty percent of companies across the country don't offer employees health care coverage and many more now have plans with extremely high deductibles, well out of the reach of low-wage workers.

But the biggest problem in the debate is about more than numbers. It is the refusal to confront the insidious right-wing rhetoric that distorts so many issues about poverty and economic justice.

The backward-thinking tanks in Raleigh and Washington tell us that the problem with poverty is the people in it, that the problem with food stamps is fraud by the recipients, the problem with government health care is that people will abuse it, seeking services they don't need.

It is always the fault of the poor in this offensive worldview, which claims that poverty is a choice after all. Solutions to problems are based on that notion and health care is no exception. Malcolm Gladwell, the best-selling author of "The Tipping Point," takes on these assumptions that are framing the health care debate in [a recent essay in the New Yorker](#) that ought to be required reading for state policymakers.

Gladwell points out that economists use the phrase "moral hazard" as a way to describe how people change their actions if they have health insurance. The concept has helped convince the health care establishment that co-payments and deductibles are not important just to save the insurance provider money, but also to make people more cautious about seeing a doctor by forcing them to pay for at least part of it.

That is also the idea behind health care savings accounts, the cornerstone of the conservatives approach to health care, leaving it to individuals and the market to solve the problem.

It is not clear how a minimum wage worker is supposed to build a savings account or how the accounts will pay for expensive medical procedures, but it is always shopped as the alternative to government programs and employer-based insurance.

Gladwell believes that people with insurance are far more likely to have conditions checked by a doctor,

conditions that could have devastating health consequences and cost the health care system far more in the long run.

He uses examples like moles that could be cancerous or preventive procedures like mammograms. Don't we want people going to the doctor to stay healthy or catch life-threatening diseases early, while they can still be successfully treated?

Gladwell says "the focus on moral hazard suggests that the changes we make in our behavior when we have insurance are always wasteful." Deciding not to see a doctor for a prostate cancer test because of cost does not seem like a wasteful behavior or a decision we want to encourage.

The free-market worshippers often cite a Rand study in the late 1970s that found that people with higher co-payments did cut back on care they might not have needed. But Gladwell points out the study also found higher co-pays led people to forego care that is important, like treating high blood pressure.

Gladwell makes a compelling intellectual argument that universal health care saves money and lives. That solution may have to come on the federal level, but his message is also important for state policymakers.

It is time to reject the moral hazard doctrine. That is the first step toward solving the health care crisis, refusing to accept that people with insurance will always abuse it.

Then political leaders need to start realizing that people who are poor don't like it and don't choose it and many times simply need a helping hand to leave it.