

# HEALTH CARE REFORM: THE PUBLIC VERSUS THE EXPERTS

By Robert J. Blendon and John M. Benson

Health care reform is a hot topic in Washington, and in the eyes of the public it ranks as one of the top three priorities for the new administration and Congress. Taken together, the economy and jobs have consistently been the number one concern, while health care battles the federal deficit for second place. In a recent (January 22-26, 1993) Harris survey, 88% of Americans said it would be a serious failure if President Clinton does not keep his promise to control health care costs, a higher total than for any other promise.<sup>1</sup> "A health care program" topped a list of seven possible initiatives that people wanted to see undertaken in Washington (KRC poll for the *Boston Globe*, January 10-12, 1993).

Political leaders and the media may, however, be misdiagnosing the reasons for this high level of public interest. Expert advisers say that escalating health care costs threaten the national economy, international competitiveness, and the federal deficit. That's not why the public is concerned about health care.

Expert opinion dominates media discussion of health care reform, and experts worry about health care as a national aggregate problem. National health expenditures as a share of GNP rose from 5.9% in 1965 to 10.5% in 1985, and are projected to reach 16.4% by 2000. Medicare and Medicaid costs made up 5% of federal outlays in 1970, 12% in 1990; the Congressional Budget Office predicts that they will account for 25% by 2002. The experts are also concerned about the effect of rising health care costs on business and on employee compensation. While wages and salaries (per full-time equivalent employee, in constant 1989 dollars) rose 1% between 1970 and 1989, and retirement benefits rose 32%, health benefits grew by 163%, according to the Employee Benefit Research Institute.

The general public does not look at the health care problem in terms of growing costs to governments and businesses. In fact, 69% say we are spending too little on health as a nation, while only 3% say too much (National Opinion Research Center, General Social Survey, February-April 1991). To be sure, in this context, health care spending is a surrogate for the high value Americans give to health. Even so, these responses suggest that the issue of overspending for health, as such, isn't what's touching a raw nerve.

## An Abstract Issue Gets Personalized

Instead, Americans see health care as a problem that affects them and their families personally. One person in four says that he or a family member has been without health insurance at some time during the past two years (Battleground '94 survey, January 4-5, 1993). Nearly half of employed respondents to a December 1991 ABC News/*Washington Post* survey said that during the past two years their employers had cut back health benefits or made them pay a greater percentage of health insurance costs. In a recent (January 12-13, 1993) survey by Princeton Survey Research Associates for *U.S. News & World Report*, 39% of adults said that a household member had been forced to accept changes in health benefits during the past year. One in four adults in the 1991 ABC News/*Post* survey said that during the past two years a household member had decided to stay in a job mainly because the current job offered better health care benefits than another one—a condition sometimes referred to as "job lock."

All of these problems have a financial component. In fact, cost is the main health care concern for Americans—cost to them personally. When respondents were asked how concerned they were about each of eight health care issues, assuming that no major changes were

made in the health care system, "being able to pay for the costs of health care not covered by insurance or government benefits" topped the list, with 75% saying they were "very concerned"; being able to pay for longterm care (74%) and being able to afford good health insurance (71%) were close behind, according to this poll taken by DYG, Inc. for the American Association of Retired Persons, December 3-22, 1991. In a May-June 1992 survey conducted by The Roper Organization for the Health Insurance Association of America, 56% cited the high cost of health care as their greatest concern about our current health care system, "thinking about the experience of you and your family." Similarly, a plurality of respondents to a May-June 1991 Harris survey chose out-of-pocket costs as the health care issue that personally concerned them the most. A survey conducted for the Kaiser and Commonwealth Foundations by Harris (January 31-February 24, 1992) found that 61% of Americans were worried "a great deal" or "quite a lot" that their health insurance would become too expensive to afford, 50% that they would have to pay very expensive medical bills not covered by insurance, 48% that their health care benefits would be cut back substantially.

Although satisfied with the quality of their own health care, Americans think they have to pay too much for what they get. Among 50 items listed in a September 1992 Conference Board question on the value of various purchases, hospital charges ranked last (with 65% rating the value "poor"); health insurance came in as nearly as poor a buy, ranking 46, doctors' fees at 41, dentists' fees at 39, and prescription drugs at 36.

## Differing Prescriptions

Because the experts and the public look at the problems of the health care

system very differently, they have sharply differing prescriptions for treatment. An October 1992 Congressional Budget Office report on "Economic Implications of Rising Health Care Costs" listed three primary causes of the rapid increase in health expenditures (pp. 21-27):

**•Development and use of new medical technologies.** Society has benefited greatly from advances in medical technology, but cost considerations usually receive little attention. New, expensive technologies are much more widely available in the U.S. than in other countries.

**•Growth of third-party payers.** The share of health care expenditures paid out-of-pocket fell from 49% in 1960 to 20% in 1990. Insurance tends to remove incentives for patients to seek low-cost providers, or for physicians to be cost-conscious on their patients' behalf. Private insurers' administrative costs rose 50% more than the increase in benefits between 1980 and 1990. Moreover, government support has added to health care demand, directly through Medicare and Medicaid, and indirectly through tax policies that encourage purchases of private health insurance.

**•Demographic factors.** Between 1950 and 1990, the percentage of Americans aged 65 and over grew from 8.0% to 12.3% (and it is projected to be 20.1% by 2030). Because older adults are much more expensive to treat than others, health care costs naturally increase as the population ages.

Not surprisingly, public perspectives are quite different. What the public cares about is the price they are charged for health care services; an aspirin, a laboratory test, a surgical operation. Concern

about the high price of health services translates into support for rate-setting and price controls (Table 1 and 2). Experts care about the volume of aspirins, labora-

one of the principal options proposed by the experts: managed competition. In an election-night survey conducted by Harris for the Henry J. Kaiser Family Foundation and the Harvard School of Public Health, voters favored regulation ("Government controls on how much doctors and hospitals are paid") over managed competition ("Having employers and employees choose between competing health insurance plans, each of which offers a limited choice of doctors and hospitals") by a 52%-41% margin. Those 65 and over were the age group most likely to favor regulation, while those under 30 most favored managed competition as the better approach to containing costs (Table 3). Those who hadn't graduated from high school were the least likely group of all to back managed competi-

tion (28%). An interesting finding is that half of those enrolled in HMOs and other managed care plans today would favor regulation rather than managed competition.

### The Individualist Society and Health Care Reform

In fact, HMOs are not especially popular, principally because Americans remain satisfied with their current health care arrangements—except for the price tag. When non-HMO members were asked by Harris in February 1990 how interested they would be in joining an HMO, only 7% said "very interested," 29% "somewhat interested," 20% "hardly interested," and 43% "not at all interested." This is still a very individualistic society. Similarly, 54% of respondents in a May-June 1991 Harris survey said that "being a member of a health plan that limits members to the most cost-effective providers and excludes those who are not cost effective" was an unacceptable way to control costs.

TABLE 1  
THE PUBLIC'S VIEW OF THE PROBLEM:  
HEALTH CARE CHARGES ARE TOO HIGH

Which, if any, of the following is responsible for higher health care costs?	
Hospital costs	83%
Awards in malpractice suits	75
Physician fees	73
Fraud and abuse in the health care system	72
Cost of medications	70
High risk individuals such as smokers and people who don't wear seatbelts	53
The poor whose health care is subsidized	44
Elderly with chronic health problems	41

Source: Survey by *Time/CNN*/Yankelovich Clancy Shulman, August 27-28, 1991.

tory tests, and surgical operations being used. The solutions envisioned by the experts, therefore, involve plans that will limit the volume of health care spending and usage: HMOs like the Kaiser plan, which traditionally use a smaller volume of resources to care for patients, and a

TABLE 2  
THE PUBLIC'S ANSWER TO THE PROBLEM:  
CURB EXCESS COSTS

Which statement do you tend to agree with most?	
Given the explosion in the cost of health care, sooner or later we are going to have to accept limits on what health care is available to the average person	20%
The cure to rising health care costs is not to put limits on what is available to average people, but to cut the waste, high profits, and fraud in medicine	77
Don't know/Refused	3

Source: Survey by the Gallup Organization for the Employee Benefit Research Institute, August 1992.

national spending cap on health care expenditures.

Experts and the public tend to talk past each other. The latter favors cost containment, but is unenthusiastic about

Largely because of fears of rationing, the public is currently unenthusiastic about the idea of a national health care spending cap. In the Kaiser/Harvard/Harris election-night survey, 43% of voters favored “the federal government setting a yearly dollar limit on total private and government spending for all health care.” But when those who said they favored a cap were asked if they would still favor it if this meant they might have to wait in line longer or travel further for some non-emergency care, support dropped to 23%. Focus group research tells

us that people are afraid that a cap would mean not that the price of a service will fall, but rather that the service will become less available. Again, we are a nation of very demanding individuals, who are generally inclined to individual-centered solutions.

### Higher Taxes for Health Services

Whether or not the public would be willing to pay additional taxes for a national health plan is unsettled. Because health care is seen as an individual family

problem, not a national problem, Americans will judge the proposed reform plan on the basis of what it will do for them:

**TABLE 3**  
**DIRECT MANAGED COMPETITION VS. COST REGULATION:**  
**BIG DIFFERENCES BY AGE AND EDUCATION**

	Managed Competition	Regulation/ Price Setting
<b>All Voters</b>	41%	52%
<b>By Age</b>		
18-29	52%	46%
30-49	41%	53%
50-64	40%	54%
65 +	33%	51%
<b>By Education</b>		
College Graduate	48%	44%
Some College	43%	49%
HS Graduate	40%	55%
< HS Graduate	28%	61%

**Question:** Which of the following ways of controlling health costs do you prefer? (1) Having employers and employees choose between competing health insurance plans, each of which offers a limited choice of doctors and hospitals; (2) Government controls on how much doctors and hospitals are paid.

**Source:** Survey by Louis Harris and Associates for the Henry J. Kaiser Family Foundation and the Harvard School of Public Health, November 3, 1992.

the extent of coverage; financial security against future loss of coverage; portability between jobs. At present, the lack of a presidential plan makes it difficult for polling organizations to get into these sorts of details. We can only look at the general attitudes that might lead the public to support or oppose various aspects of the plan once it is announced.

The most recent polls, without the detailed questions that will likely be asked later, indicate only limited willingness to

pay additional taxes. Fifty percent of voters in the Kaiser/Harvard/Harris election-night survey said they would be willing to pay an additional \$20 per month to “support a national health plan that would provide insurance coverage for all Americans.” Only 24% said they would pay an additional \$50 per month. Still, in a climate where the public generally does not want to spend more for additional government services, the willingness of a large number of Americans to pay something extra

may bode well for reformers—if the proposal is seen by individuals as one that will help them.

### Endnotes

<sup>1</sup> The 1992 presidential election made moot the debate which took place during the campaign about three possible types of national reform plan, and which found the public split nearly evenly among the options. President Clinton has dismissed both the tax credit approach taken by George Bush and the single-payer system favored by some liberal members of Congress. The big unresolved question is cost containment.

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