

Shop for your health yourself

By Thomas C. Jackson

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Memo to All Employees: Lower take-home pay in today's check reflects the company's expanded role in purchasing goods and services for you. To save you time and money, new benefits include a selection of office and leisure attire (see list of participating vendors), and nutritional baskets of groceries bagged M/W for last names A-J ...

Patently absurd. Few among us would expect or allow our employer to dictate how our earnings are spent on food, housing and other essentials, even on a pretax basis.

Yet most people who get health benefits at work routinely surrender responsibility for buying a supremely personal item: medical care. You choose your plumber, the boss chooses your cardiologist.

Here's how it works: Instead of paying your full compensation in cash, most large employers take some money and buy health care on your behalf.

Because of the way the tax code is structured, this is both tax deductible for your employer and tax free to you. Not many employees know how much of their money is set aside for this purpose — or even realize that it is their own money.

Politicians may appreciate the confusion because it allows them to pretend that “reforms” are paid for by someone other than you. But economists have shown that compensation is compensation.

This wasn't an issue back in the days of indemnity insurance. You and your doctor called the shots, and the company plan just paid the bills at 80 percent.

Under managed care, the company is selecting actual services and

providers for you, and health benefits are as much prepaid routine expenses as they are “insurance” in any real sense.

The problem is that employees have little or no say in determining the purchasing criteria. Many suspect it's not quality or even value that employer-purchasers seek, but simply lowest cost. But even if your employer has your best interests at heart and does the best it can shopping for health care, why should that be good enough for you?

Some employers take seriously their role as patient advocates, devoting large staffs of talented professionals to the task. Others resent the burden, and it shows.

Anger at managed care plans themselves is largely misdirected, since they offer only what employers seek to buy for you. Your firm may take credit for battling an HMO on your behalf, but who brought that outfit on board in the first place?

Historically, the temptation to spend what appears to be other people's money has driven health costs way up. Employers responded with cost containment efforts, but these pleased no one.

Recent and proposed government mandates only give an ever-increasing cast of characters a role in making health care decisions for you. Common to all these approaches are assumptions about who should spend employees' health dollars. The answer, it seems, is anyone but the employees themselves.

What we should do is replace a system that shackles health benefits to employment. Workers currently pay the cost of their health benefits in the form of reduced wages. Instead we need a progressive tax subsidy that

allows workers to pick the health care coverage that best suits their needs. Refundable tax credits are a promising approach that would go a long way toward empowering those currently uninsured.

Reuniting the purchaser and the consumer is key to rationalizing the health care system. Until we reform the tax code to make this possible, health care will remain a dysfunctional part of our economy.

There's no need to eliminate health benefits at work; if your employer offers a crackerjack plan, you may well want to sign up. But you shouldn't be at a disadvantage if you want to take your business elsewhere.

The clear advantages of group-based benefits ought to be available outside the workplace through other affiliation groups, without the current penalty.

Aren't benefits complex? Sure. But of all decisions to delegate, why choose your family's health care? And look how financial sophistication increased as employees gained a hand in managing their job-based retirement savings.

While things such as “quality” are hard for even experts to define, most of us know what we like and don't like. It is sheer arrogance to presume that people can't make cost/benefit decisions for themselves.

Bottom line: it's your money and your life. Don't assume your employer, your union, the federal government or anyone else is doing you a favor by spending your health care dollars for you.

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