HAVENS CENTER Award for Lifetime Contribution to Critical Scholarship

JOIN
HOWARD ZINN

Historian, Playwright, Social Activist, author of A People's History of the United States and the forthcoming A Power Governments Cannot Suppress

‘THE USES OF HISTORY AND THE WAR ON TERRORISM’

THURSDAY, OCTOBER 5, 7 PM
ORPHEUM THEATRE, 216 STATE ST., MADISON

ANNOUNCEMENT

The Award Ceremony and Lecture will be preceded by “An Evening with Zinn” reception and fundraising event in the Orpheum Lobby Restaurant starting at 5:00 pm for the Havens Center, Liberty Tree, and the Progressive Magazine. For more information, contact info@havenscenter.org or 608-262-0854 or visit www.havenscenter.org.

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Lecture 9

Wednesday, October 4

Healthcare and the Market

ADDITIONAL READING ON HEALTH CARE
Philipp Longman, "The Best Care Anywhere"
Available on course website:
http://www.ssc.wisc.edu/~wright/Sociology-125-2006.htm
Health care spending as a percentage of GDP in 1997

- Sweden: 8.6%
- Canada: 9.2%
- France: 9.6%
- USA: 13.4%
- Japan: 7.2%

USA 2004: Almost 16%
Percentage of People Under 65 Lacking Health Insurance by Poverty Status, 2001

- Below poverty line: 33%
- 100-149% of poverty line: 32%
- 150-199% of poverty line: 26%
- 200% or more: 8%
Ratio of African-American infant mortality rate to white infant mortality rate, 1964-1998
<table>
<thead>
<tr>
<th></th>
<th>Canada</th>
<th>France</th>
<th>UK</th>
<th>US</th>
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<tbody>
<tr>
<td>Health spending per capita, 2002</td>
<td>$2,931</td>
<td>$2,736</td>
<td>$2,160</td>
<td>$5,267</td>
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<tr>
<td>Private share of spending</td>
<td>30%</td>
<td>24%</td>
<td>17%</td>
<td>55%</td>
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<tr>
<td>Life expectancy</td>
<td>79.7</td>
<td>79.2</td>
<td>78.1</td>
<td>77.1</td>
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<tr>
<td>Infant mortality per 1,000 births</td>
<td>5.2</td>
<td>4.5</td>
<td>5.0</td>
<td>6.8</td>
</tr>
<tr>
<td>Physicians per 1,000 people</td>
<td>2.1</td>
<td>3.3</td>
<td>2.0</td>
<td>2.7</td>
</tr>
<tr>
<td>Nurses per 1,000 people</td>
<td>9.9</td>
<td>7.0</td>
<td>9.0</td>
<td>8.1</td>
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<tr>
<td>Hospital beds per 1,000 people</td>
<td>3.2</td>
<td>4.2</td>
<td>3.9</td>
<td>2.9</td>
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</tbody>
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*Source:* Organization for Economic Cooperation and Development, OECD Health Data 2004
Life expectancy and health spending, 1990
The “Moral Hazard Problem”

A moral hazard =

a situation in which there is no incentive to worry about costs since someone else is paying the bill. Insurance sometimes creates a moral hazard by enabling people to engage in riskier behavior.

Moral Hazard in Healthcare =

If you have insurance, you will tend to overuse medical services since you do not have to pay each time you go to the doctor. This has the effect of imposing costs on others.
Administrative overhead as a % of total costs, 2003

REASONS FOR HIGH QUALITY & LOW COST IN VETERANS HEALTH ADMINISTRATION HOSPITALS

• Economies of scale;
• Ability to buy drugs at a reduced cost by negotiating discounts,
• Incentives for investing in quality,
• Strong incentives for preventive medicine because of the life-time link to the patient;
• Ease medical record and information systems and health monitoring because of this life-time connection.
Figure 1. Health Expenditures in the United States and Canada as Percent of Gross National Product

1971: Enactment of Canadian National Health Insurance
Figure 2. Costs of Health Insurance and Administration as Percent of Gross National Product