

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, 7PM
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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AND THE PROGRESSIVE MAGAZINE**

Lecture 9

Wednesday, October 4

Healthcare and the Market

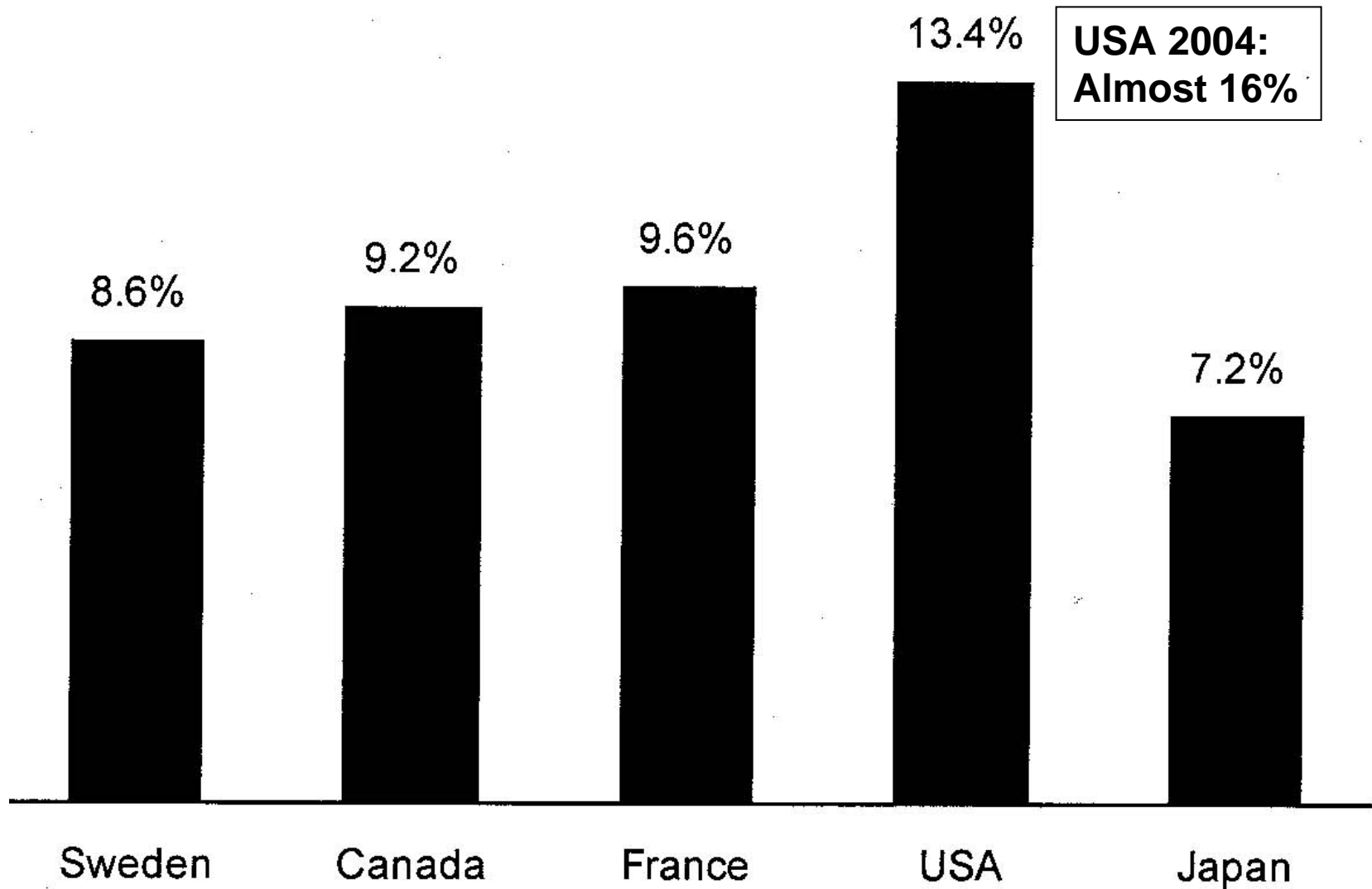
ADDITIONAL READING ON HEALTH CARE

Philipp Longman, "The Best Care Anywhere"

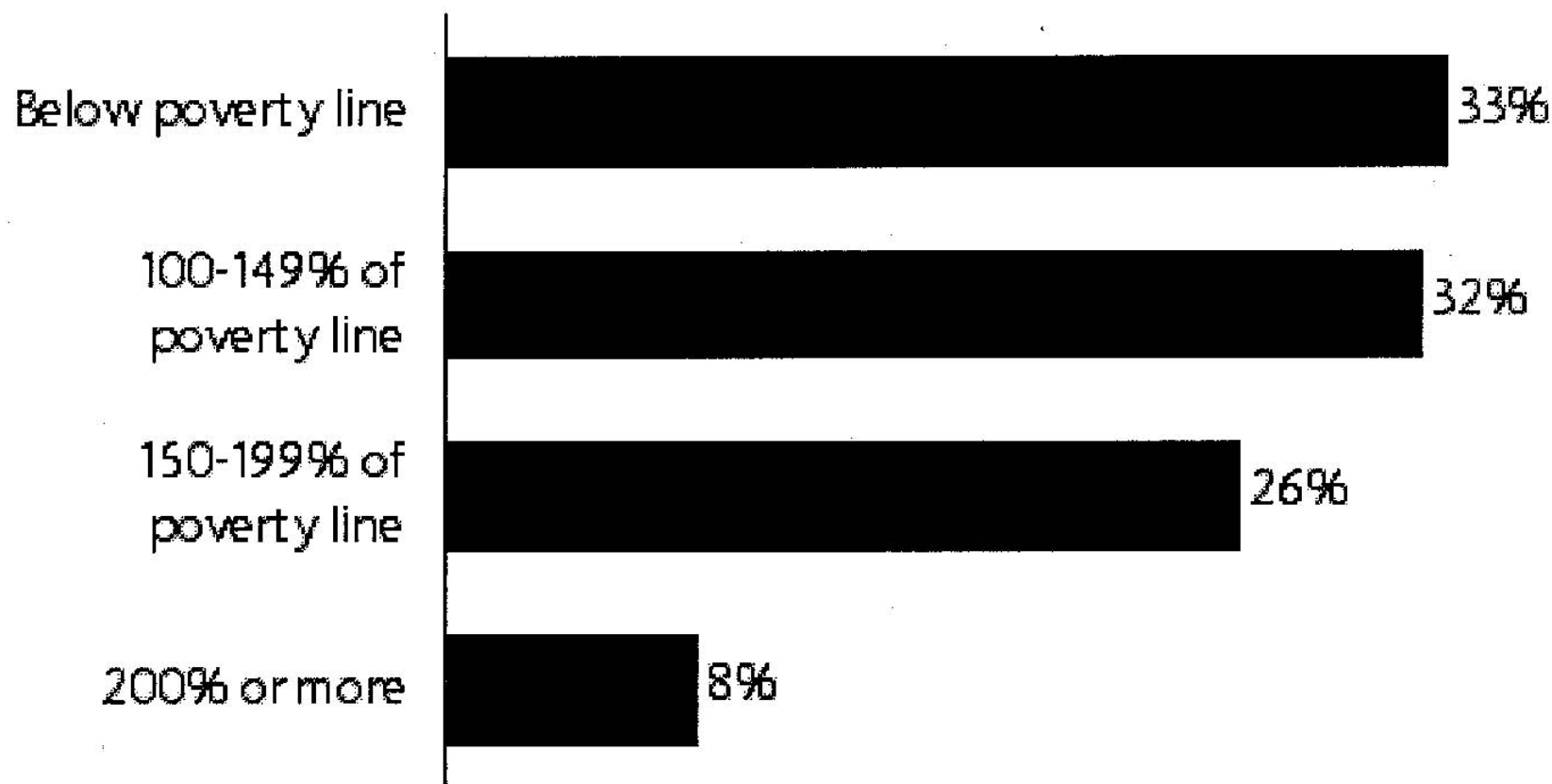
Available on course website:

<http://www.ssc.wisc.edu/~wright/Sociology-125-2006.htm>

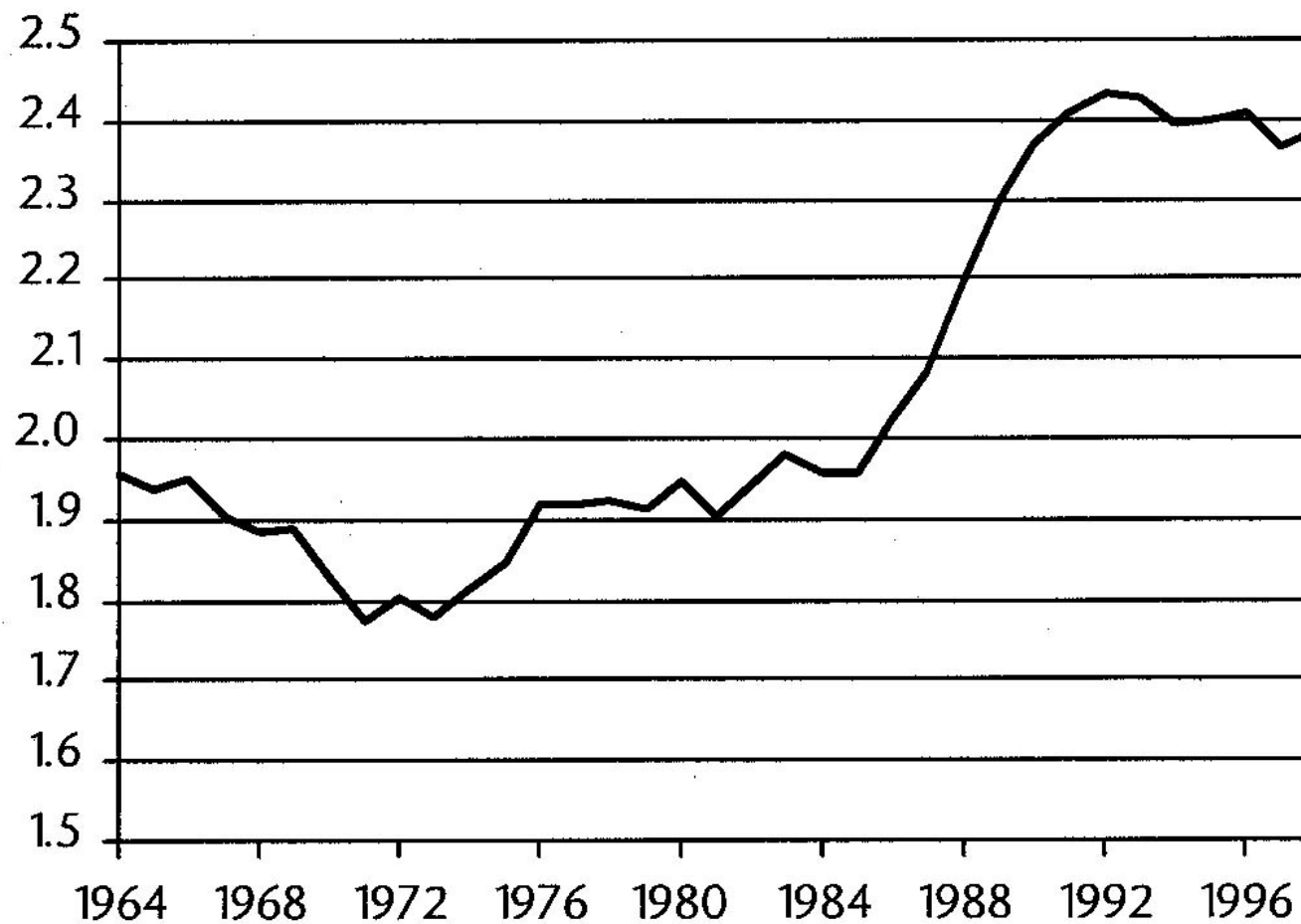
Health care spending as a percentage of GDP in 1997



Percentage of People Under 65 Lacking Health Insurance by Poverty Status, 2001



Ratio of African-American infant mortality rate to white infant mortality rate, 1964-1998

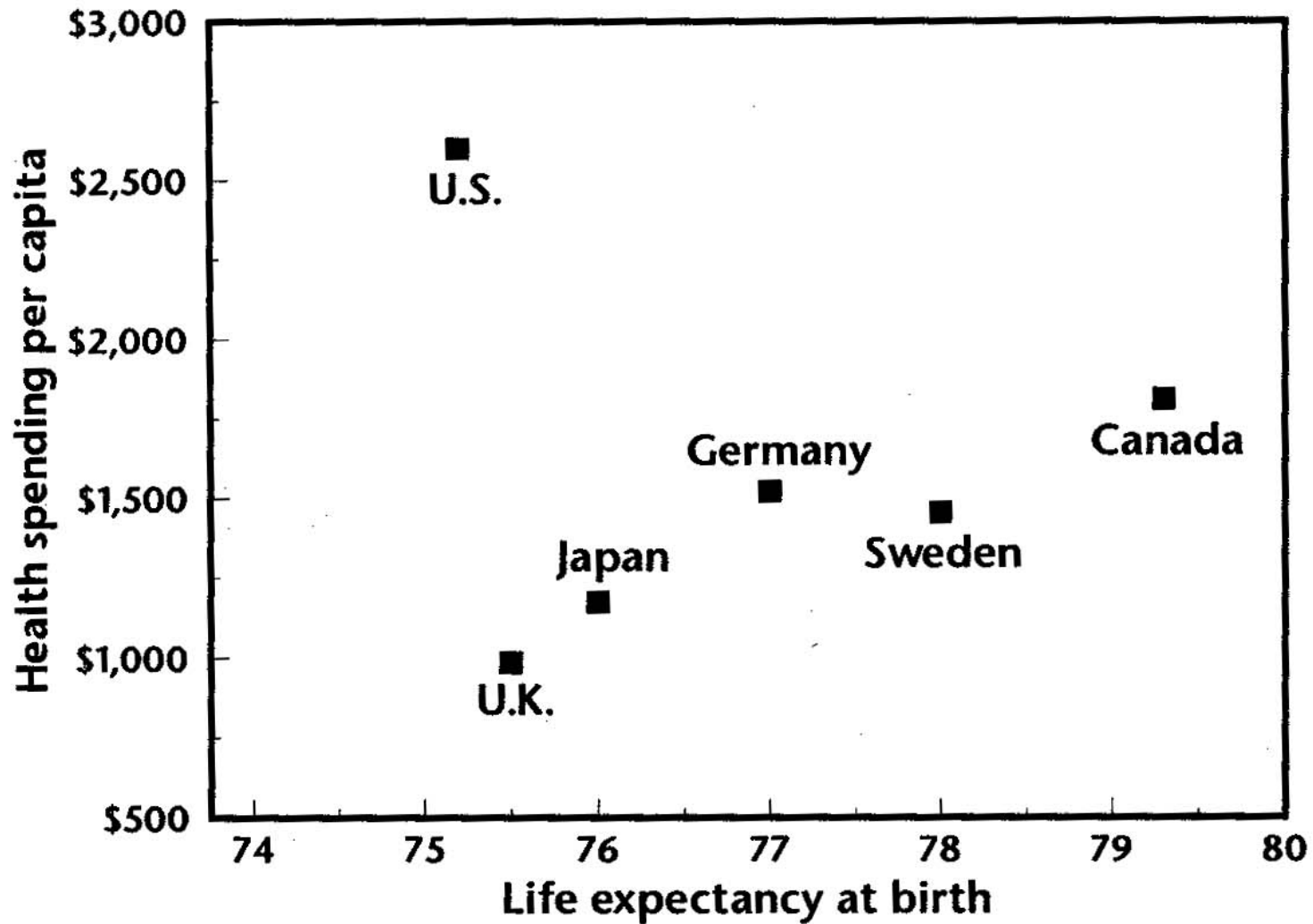


*Table 1***INTERNATIONAL HEALTH COMPARISONS**

| | Canada | France | UK | US |
|-----------------------------------|---------------|---------------|-----------|-----------|
| Health spending per capita, 2002 | \$2,931 | \$2,736 | \$2,160 | \$5,267 |
| Private share of spending | 30% | 24% | 17% | 55% |
| Life expectancy | 79.7 | 79.2 | 78.1 | 77.1 |
| Infant mortality per 1,000 births | 5.2 | 4.5 | 5.0 | 6.8 |
| Physicians per 1,000 people | 2.1 | 3.3 | 2.0 | 2.7 |
| Nurses per 1,000 people | 9.9 | 7.0 | 9.0 | 8.1 |
| Hospital beds per 1,000 people | 3.2 | 4.2 | 3.9 | 2.9 |

Source: Organization for Economic Cooperation and Development, OECD Health Data 2004

Life expectancy and health spending, 1990



The “Moral Hazard Problem”

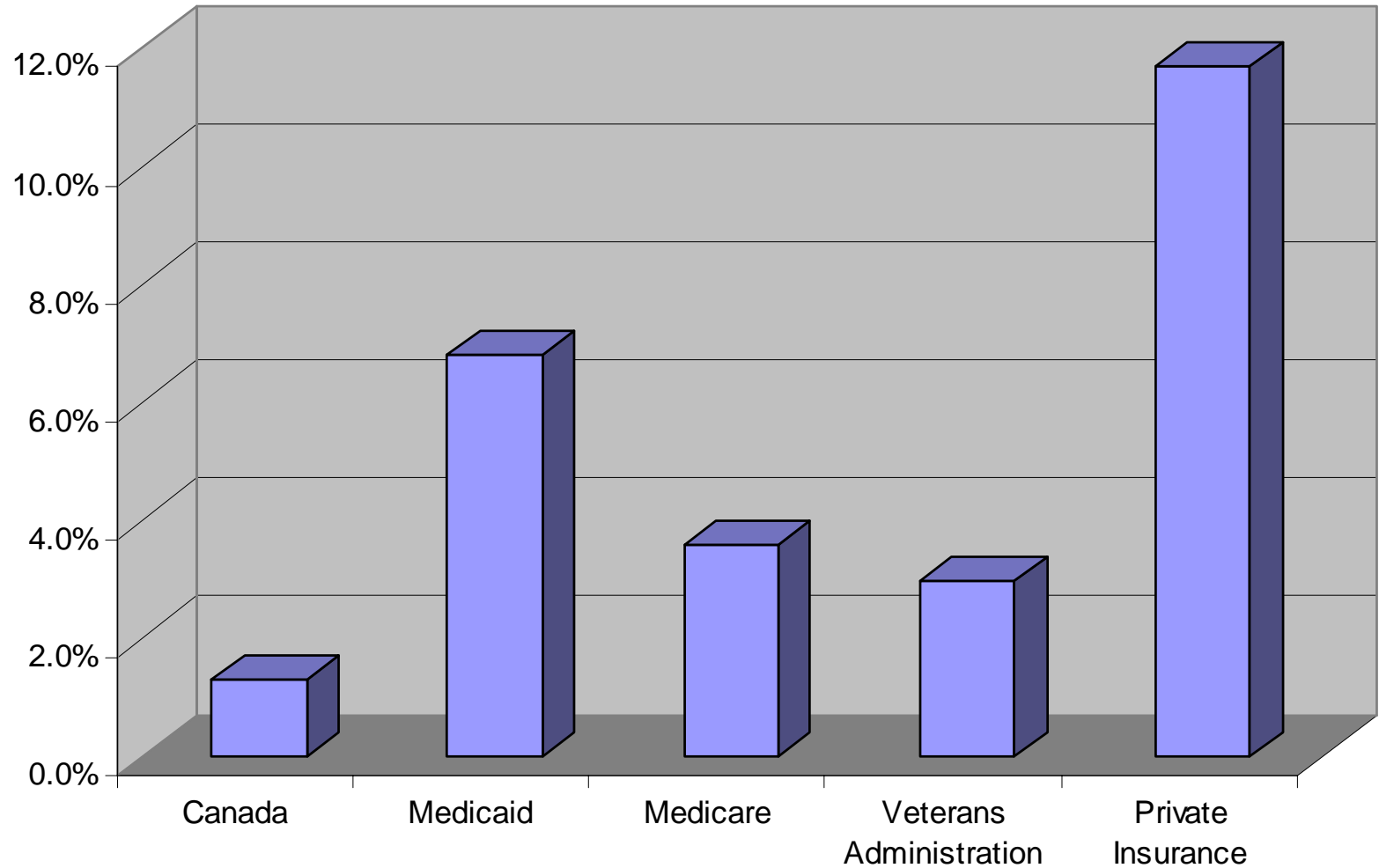
A moral hazard =

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

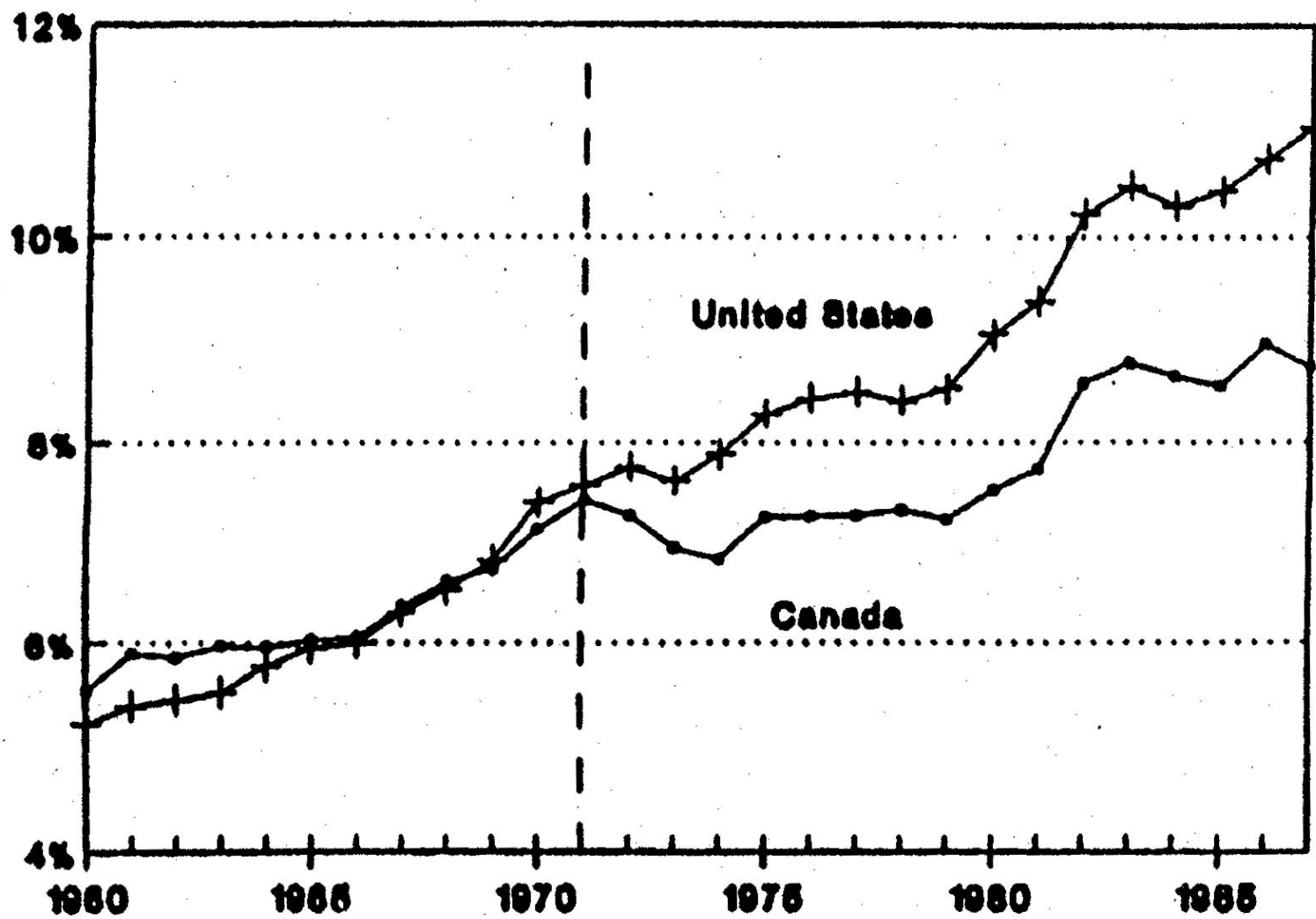


Source: New England Journal of Medicine 2003 (except for VHA estimate)

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

