spending. Speaking for the UnitedHealth Group, which claims to finance and manage health care for over 70 million Americans, Stevens issued UnitedHealth's report, arguing that many of the cost-saving measures it is already using, could be applied to the Medicare program.

Stevens' report sets out 15 steps which, he claims, are the way to save over half a trillion dollars. Of his 15 steps, the largest grouping (6 steps) is under the category "Reducing Avoidable and Inappropriate Care."

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Kill the HMOs To Cut U.S. Health-Care Costs

by Edward Spannaus

It is well-known, but little discussed, that the United States spends far more on health care per capita than any other country, yet ranks lower than any other industrialized country on most measures of well-being, including longevity. Indeed the rule-of-thumb is that the U.S. spends twice as much as European countries on health care, and has less to show for it.

The most glaring cost factor in the U.S. health-care system—which Obama Office of Management and Budget Director Peter Orszag and the rest of the White House Nazi doctors refused to admit—is the excessively high administrative costs charged by private health-care insurers.

Rather than cutting life-saving medical treatments to balance budgets, Lyndon LaRouche insists that it is this high overhead cost of our corrupt, private insurance-dominated health-care system which has to go, and that the only solution is to dump the HMOs (health maintenance organizations) and to go back to the Hill-Burton system of ensuring adequate medical infrastructure.

Numerous studies have shown that the administrative costs for Medicare—a government-run program—are about 2%, compared to 30% or more for private insurance. (Some have estimated that the total overhead and administrative costs for the private U.S. health-care system is as high as 50%!)

A Government Accounting Office study, already in the 1990s, found that the U.S. could save enough simply on administrative costs, with a single-payer national health program, to cover all uninsured Americans.

A 2003 study published in the *New England Journal of Medicine*, found that in 1999, administrative health care costs per capita were $1,059 in the U.S., compared to $307 in Canada. By one measure, administration was 31% of health-care expenditures in the U.S., compared to 16.7% for Canada's mixed public-private insurance system. Canada's national health insurance program had overhead expenditures of 1.3%; its private insurers, 13.2%. (The comparison is only useful up to a point, since the Canadian system rations some aspects of health care—which, if anything, *increases* its administrative costs; but overall, Canadians have more hospital care per capita than do U.S. citizens.)

The *NEJM* study found that it would save $209 bil-

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Rather than spend money on medical care for those who need it, the HMO system wastes 30% of its expenditures on overhead. Administrative costs for the government-run Medicare program, on the other hand, are estimated at 2%. Shown: Waiting for flu shots, Sterling, Va., October 2004.

lion annually, just to cut U.S. overhead costs to the level of Canada. That figure is about $400 billion today, according to testimony by Harvard's Dr. David Himmelstein, to a House subcommittee on April 23, 2009. Himmelstein argued that only a publicly financed, single-payer system can rein in costs while guaranteeing universal, comprehensive coverage. The savings could also eliminate co-payments and deductibles for all Americans.

Himmelstein attacked the half-measures being proposed by some Democrats, including that of a "public plan option," and showed that costs have skyrocketted under the "Massachusetts plan," which has a public plan co-existing with private insurance.

Congress Raised Medicare Costs

Even Medicare's costs have risen significantly under the HMO system which Congress grafted onto Medicare in 2003, at the behest of the insurance companies. The Medicare Modernization Act in 2003 allowed private insurance plans to participate in the Medicare program, in what is called "Medicare Advantage." Although billed as a cost-saving measure, the private fee-for-service components of Medicare are costing the government from 13% to 19% more than the traditional Medicare program—without any evidence of better performance or outcomes.

Rep. John Dingell (D-Mich.), the head of the House Energy and Commerce Committee until he was deposed by Speaker Nancy Pelosi earlier this year, said in February that "the real beneficiaries of Medicare Advantage are the insurance companies, which have profited handsomely."

What is needed is, first, to expand the existing Medicare plan, as suggested by economist James Galbraith, who proposed to increase Social Security and Medicare payments, and to lower the age for Medicare eligibility from the current 65 years to 55. Second, the 1973 "Health Maintenance Organization and Resources Development Act," which allowed the creation of the HMOs, must be repealed, before its murderous effects extend any further.

'Act Now!': Measures To Solve the Crisis

Everyone knows that the U.S. health-care system is in urgent need of reform. The fight is over whether the crisis should be "solved" to the benefit of Wall Street and the HMOs, or for the general welfare. And if the latter option is to be achieved, more is needed than than tinkering with the health-care sector itself; it requires a global financial reorganization, a transformation of the way we think about our economy and ourselves. Here is a summary of the LaRouche Political Action Committee's proposed measures.

1. **U.S. financial reorganization.** Congress must pass LaRouche's Homeowners and Bank Protection Act of 2007 (see www.larouchepac.com). This would place Federal and state chartered banks under bankruptcy protection, and freeze existing home mortgages until they can be adjusted to fair prices. All speculative debt obligations, such as derivatives and mortgage-backed securities, will be written off.
2. **Global financial reorganization.** The world's four principal powers, the United States, Russia, China, and India, must meet to map out a New Bretton Woods system. This will be a *credit* system, as understood by the first U.S. Treasury Secretary, Alexander Hamilton—not a *monetary* system. Other nations that wish to join will be welcome in the next phase.
3. **Reconstruction of the physical economy.** Repeal the U.S. 1973 law that allowed the creation of the HMOs, and return to the Hill-Burton Act's mandated standards for per-capita medical facilities. Retool the bankrupt auto industry, especially its machine-tool core, for production of vital infrastructure such as high-speed rail (maglev), water management, and power. Nuclear power is indispensable, including to solve the problem of water scarcity in many parts of the world, by means of nuclear desalination.