

Pro/Con for PWM Update to US Privatization Position

1. Should LWV US consider healthcare, like other programs that provide and protect basic human needs, a public good?

Adding healthcare makes the US position on privatization consistent with other US positions.

The LWV position on Basic Human Needs lists healthcare as one of those needs.

The LWV Healthcare position supports quality care that is affordable, accessible, and able to protect the health of the nation's most vulnerable urban and rural populations.

Furthermore, it supports single-payer (public) funding as a desirable and viable approach with health insurance access independent of employment status.

There is no need to add healthcare since other positions encompass healthcare as a right.

We cannot afford to make unlimited healthcare a public good for all residents. Taxes will rise. Wait times may increase. Universal coverage would further ration resources and treatments, even for those able to pay. Those who are unable to afford premiums, deductibles and copays should find less expensive plans or reprioritize their spending.

So long as the US does not treat healthcare as a basic human need, the League cannot.

2. Healthcare may be a public good for people on Medicare (over 65 or disabled) and for those who earn less than federal poverty levels, but must it be a public good for everyone?

Lack of healthcare affects the entire community and cost-sharing (deductibles, co-pays, co-insurance, etc.) are now so high that almost half of all insured people are not accessing the care they need.

Ensuring that the healthcare system keeps everyone well, not contagious, and prepared for public health emergencies, serves everyone.

Communities benefit from people who are pregnant or raising families getting the care they need; children whose health is neglected become into less healthy, less productive adults.

Economies benefit from adults being healthy enough to be fully productive and living healthier lives longer.

People who are young and healthy shouldn't have to pay higher premiums to cover the medical costs of people who are old and ill.

It's not fair to make society pay for people's poor lifestyle, diet, or poor insurance purchase decisions.

It's cost prohibitive to cover everyone with healthcare in a free-market economy and we have no social obligation to do so; however, we treat the elderly and disabled differently out of respect and compassion, not because it's required.

People in ZIP codes without access to healthcare can choose to move.

Healthcare is now 18% of GDP; universal healthcare would crater our economy.

3. Should corporate decisions limit people's choice of doctor and the kinds of care available to them?

People should be able to choose their doctor based on factors that they value (recommendations, distance, bedside manner, expertise) and not be limited by corporate (employer or insurance) decisions.

Doctors and other providers should not have their earnings determined by the income of their patients (as now, with those serving the poorest residents earning the least).

Corporations claim they manage care more efficiently & effectively, in part by controlling cost and usage through in-network models.

If a patient's doctor is not in their insurance network, they can change doctors.

Providers who serve the poor have made the choice to earn less.

4. Should healthcare decisions be made by patients and their doctors, rather than insurers and for-profit corporations?	
<p>Today, the insurer makes many decisions about provider access and treatment because the insurer determines what is covered and its cost.</p> <p>Research shows that compared to people in countries with better outcomes and lower costs, US residents under-utilize health services, see doctors less frequently and leave hospitals sooner. In the US, unlike other developed countries, the decision to seek basic care includes concern about unaffordable cost.</p> <p>Patients whose lives are at stake should make healthcare decisions with their chosen healthcare providers, who have the training and experience to guide them, involving trusted advisors or family as the patient chooses.</p> <p>Physicians make their decisions based on medical standards of care. These decisions should not vary based on the patient's income or insurance coverage.</p>	<p>Patients seek as much care as they can get, which is wasteful and leads to over-using healthcare resources.</p> <p>Healthcare providers have a vested interest in providing more care than is needed to increase their earnings, to protect themselves from malpractice lawsuits, and to ensure good results on customer surveys.</p> <p>Private entities know how to manage efficiently. A corporation can reduce overall costs by over-riding provider decisions that cause over-utilization, by providing incentives to reduce the amount of care provided, and by ensuring only medically necessary care is provided. We should trust the free-market mechanisms of our economy.</p> <p>Without corporate restraints US residents would over-utilize health services even more than they do today, further accelerating healthcare costs.</p>
5. Should allocation of healthcare resources (or other public goods) be made based on fiduciary responsibility to patients and communities — or to shareholders of for-profit corporations who own the physician group, the hospital, the clinic, the nursing home and have a right to profit?	
<p>Equity is crucial in the distribution of basic human needs, but not in "free market" healthcare where middlemen (insurers) determine and collect payments and (without medical expertise) determine the health services to be rendered.</p> <p>Patients are not customers; providers are not salesmen. Patient healthcare should be allocated based on medical need and decided by clinical standards of care, not on ability to pay or ZIP code. Healthcare resources for communities should be allocated based on public health assessment of community needs, not its wealth.</p> <p>The essence of a public good is that everyone needs access to it, regardless of where they live or how much they can afford. "Unfettered pursuit of profit" reduces such access.</p> <p>Free market principles distort the allocation of public goods by seeking to maximize profit rather than public benefit.</p>	<p>The majority of hospitals in the US are non-profit already and many corporate entities, including private equity corporations, have physicians on their boards of directors.</p> <p>There is nothing illegal about using funds collected for the purpose of providing healthcare from paying private profit. At the nation's founding, private toll roads were common. Soon after, private prisons were established.</p> <p>Public-private partnerships marry the best of both worlds: public financing and private efficiency</p> <p>Duplicating healthcare administration activities is the price we pay for the better service and customer-aligned care a competitive environment provides.</p> <p>Spending tax-payer dollars wisely means letting the free-market work for us, letting efficient corporate entities be rewarded for their good management.</p>

6. Is there any evidence that profit-seeking in healthcare limits access, such as affordability?	
<p>As many as 40% of insured US residents report skipping Rx's or follow-up care because of cost. Significant disparities in access and outcome persist (maternal mortality, medical debt, distance from care) for various vulnerable populations.</p> <p>Costs are out-pacing inflation — as are profits (especially for insurers, e.g., United Health).</p> <p>The federal Budget is under pressure to reduce benefits, while paying out billions in corporate profits/excess revenues and administration that give no value.</p>	<p>If Americans were healthier, they wouldn't be so dependent on accessing healthcare.</p> <p>The populations with the worst health have had worse health for generations. Whether it's a matter of genetics or poor decision-making, corporate profits don't cause most health disparities, such as those stemming from increased and mismanaged chronic disease among marginalized populations.</p> <p>Healthcare costs in the US are higher for many reasons besides profit-seeking, such as the cost of malpractice insurance and a widespread bad health habits and lifestyles.</p>
7. What would it mean that a for-profit entity would "fail to deliver programs that provide and protect basic human needs"?	
<p>Examples of such failures — to greater or lesser degrees — abound in healthcare: nursing homes with higher death rates and more frequent hospitalizations (from falls, bed sores, infection), with insufficient staff — and hospices with poor services, inattention, rampant fraud.</p> <p>But such failures also happen in other sectors: private prisons have higher costs, fewer staff, increased violence, too little food, fewer rehab opportunities, less accountability, and more corruption.</p> <p>Privatized utilities (water, electricity, internet) set rates that are unaffordable for the vulnerable, focus their geographic reach on higher-profit zip codes, and can prey on the vulnerable with offers of locked-in contracts that balloon prices.</p>	<p>Serving people in less-populated areas is more expensive and vulnerable people add costs when bills go unpaid. Protecting against fraud begins with strict tests of eligibility and need. Internal business fraud is rare.</p> <p>In some geographies, it's too expensive to build the necessary infrastructure, but households often feel entitled to more than is efficient to provide. If they want internet, electricity, or water they could move to areas with wires and water mains.</p> <p>For-profit entities have a right to make a profit and to keep their financial/operational records private. Government spot inspections are unreasonable; inspectors should always give advance notice and should not be able to audit accounting or contracts, just because public funding may be involved.</p>
8. Isn't de-privatization an extreme step?	
<p>All Leagues assess every bill prior to supporting, opposing, or seeking to amend it. Leagues will also assess whether legislation calling for de-privatization is warranted, e.g., by an entity's failure to serve the public good by failing to provide equitable access, quality, or safety.</p> <p>If regulation, constraint, or oversight could fix such failure, a League could advocate for bills that require that — after determining the risk, cost, or benefit in comparison to de-privatization.</p> <p>Public policy to fund assets/services serving basic needs requires fiduciary responsibility to the taxpayer/public purse as well as fiduciary duty of care to those served, regardless of "ownership" of the public good.</p>	<p>Governments should not take over ownership or management of private enterprises. That is the definition of socialism.</p> <p>Private corporations have a right to make a profit, and healthy competition focused on profit is what makes the free market work. Public sector control means no competition, so it is less efficient.</p> <p>When a market is not working, it may be caused by over-regulation that has stifled innovation and new technological solutions. Adding regulation or depriving corporations of the revenue needed to engage in free-market practices is short-sided and will lead to further inefficiencies and poor performance, not better.</p>

9. Should all entities serving the public be de-privatized to remove "profit"?	
<p>Not at all. Corporations composed of providers exercising fiduciary duties to patients may earn more because they are trusted or because corporate middlemen no longer "squeeze" them. Nonprofits and others who serve every customer well are serving the public good, not failing to serve it.</p> <p>The only corporations at risk of de-privatization are those that — to increase profits — limit access (unaffordable cost or location), quality or safety, or otherwise fail "fiduciary duty."</p>	<p>Governments should never take over private enterprises. That is the definition of socialism.</p> <p>This is a slippery slope that needs guardrails. The threat of de-privatization may cause private entities to refuse to make the investments required to improve services or even to refuse to invest in maintenance — which are far more likely to harm safety, quality, and future services.</p> <p>If a government has made a bad contract, it needs to live with it, just as others do.</p>
10. Is there any evidence that profit-seeking of public goods limits access, quality, or safety?	
<p>There is ample evidence of private entities taking over public services by promising free-market "efficiency" but delivering far less:</p> <ul style="list-style-type: none"> • Private prisons (e.g., in FL): Relative to public prisons, assaults run 65% higher, with assaults on guards 49% higher, contraband hit rates 250% higher, and claims of cost savings are deceptive, since public prisons house sicker and more violent inmates. • ICE detention centers: far more deaths and violence; GEO is being sued for coercing slave labor to run prison operations by wrongfully detained citizens and immigrants. • Private water companies may charge 50-60% more than public water and, as Virginia municipalities have found, may have repeated double-digit annual rate hikes. • Chicago privatized street parking in 2008 (38K meters), a "lesson in worst practices," with private investors making back \$1B in 10 years, leaving 60 years on the contract — meter rates have tripled, and Chicago pays significant additional costs. • LS&S with 17 library systems in 5 states, is the nation's 5th-largest library system — promising to save money for a set fee, it reduced staffing, collections, story times, and community influence. 	<p>Private entities know how to manage costs efficiently and they hire people with track records of good management, usually paying more than public employees doing equivalent jobs and so getting higher quality employees.</p> <p>It's best practices to segment customers and products into lower-quality/lower-priced and higher-quality/higher-priced, but that doesn't mean the lowest quality isn't good enough or that the lowest price is too high. Setting prices and quality at "what the market will bear" is how the free market works.</p> <p>This country is over-regulated and often it's those regulations that drive up cost and too often discourage innovation.</p> <p>No enterprise should be forced to sell its services for less than the marginal cost of providing that service. If it's uneconomic to serve some customers, the business can determine that; of course, they have a right to exit a market. It's up to customers to figure out their own workaround, just as they do for anything they want but can't afford.</p> <p>Governments voluntarily enter into public-private partnerships and then complain when the private entity makes more profit than anyone expected. That's capitalism and we should applaud it.</p>