

# The Health Care Rubik's Cube

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THE FUNDAMENTAL DILEMMA of health policy is that the system is so interdependent that apparently no one part can be fixed without fixing them all. But efforts to change the system as a whole, to finance insurance expansion by reducing waste, or to improve quality by restructuring delivery arouse the sleeping dogs of health care. Each economic interest group knows its own interest and knows how to make the slumbering mass of voters fear that change is more likely to be for the worse than for the better, and that the devil we know is better than the devil we don't.

Health reform is again near the top of the political agenda, but every politician studiously tries not to evoke the system-transforming would-be solutions of years past. The mantra today is, think big but promise no new taxes, no changes for the currently insured, no payment cuts to providers or suppliers, no 500-page policy documents, nothing that can be lampooned as regulation gone amok. Just change the red side of the Rubik's Cube, without changing the yellow or the green.

In this issue we present several sets of papers that look at health care reform in this constrained environment, with an emphasis on financing and insurance. We begin with two papers on tax reform, the centerpiece of Republican proposals and an important component of Democratic offerings. Jason Furman of the Brookings Institution summarizes the reasons why everyone likes tax policy in health policy, but also why meaningful changes are so fraught with unintended consequences. Furman concludes that tax policy needs to be coordinated with structural reform of the insurance industry,

which might be translated into a proposal to kick some sleeping dogs into

wakeful action. Eugene Steuerle and Randall Bovbjerg of the Urban Institute identify the “original sin” of health care as creating service entitlements for beneficiaries while shifting payment responsibilities somewhere else, anywhere else. They advocate budget-based policies that force trade-offs in health care priorities similar to the budget-driven trade-offs that are the norm elsewhere.

In our second cluster of papers, Cathy Schoen and colleagues from the Commonwealth Fund and Katherine Baicker of Harvard University diagram the complex interactions within the insurance and delivery systems and present alternative views of the minimum necessary yet sufficient combination to make a meaningful difference. The challenge is to not repeat the political disaster of the 1994 Health Security Act, in which the imperative to finance coverage expansion without new taxes required efficiency improvement in the delivery system, in turn unleashing the dogs of war.

But maybe the chorus to our drama wants to play a role different from that in years past? Bruce Bodaken, of Blue Shield of California, describes the efforts by a broad coalition of insurers to promote universal insurance, even at the cost of limiting their market flexibility; Paul Ginsburg of the Center for Studying Health System Change describes the evolving role of employers as purchasers of health care and agents for their employees’ health dollars; and Andy Stern of the Service Employees International Union presents his view of common interests between unions and employers on these complex matters.

To forget the past is to be doomed to repeat it. The third section, therefore, is a look back to the lessons of the Health Security Act and some of the more modest (and more successful) initiatives of the intervening decade. Joe Antos of the American Enterprise Institute; Christine Ferguson of the George Washington University, Hill staffer Liz Fowler, and Len Nichols of the New America Foundation; and Jacob Hacker of Yale University are veterans of the reform battles, and they offer worldly wisdom to whoever wants to see meaningful health care reform in his or her lifetime. Senators Ron Wyden (D-OR) and Bob Bennett (R-UT) add bipartisan spice to the political porridge, repeating yet again that health care is in such a mess, there’s something for everyone in reform. And just in case someone felt that managed competition was less than fully alive, Wynand van de Ven and Frederik Schut of Erasmus University write about the successful transition to such a system in the Netherlands.

The greatest challenge facing reformers is the complexity of the health care system and the interdependence of each piece on the others. These papers address challenging issues, in the hopes that illuminating the interconnections will facilitate changes in some of the parts and thereby in the whole. We thank the Robert Wood Johnson Foundation, the sponsor of this thematic issue, for its continuing commitment to the analysis and reform of even the most difficult issues in health care; and Liz Fowler for her role as guest editor.

JAMES C. ROBINSON, EDITOR-IN-CHIEF