Sawbones 170: Health Insurance

Published January 27, 2017
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Clint:
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[Intro, Theme Song Plays]

Justin:
Hello everybody and welcome to *Sawbones*, a marital tour of misguided medicine. I'm your co-host Justin McElroy.

Sydnee:
And I'm Sydnee McElroy.

Justin:
I am on an upswing from my, uh, inf- infirment. Is that the word for being sick?

Sydnee:
[sarcastic]Sure. Yeah.

Justin:
Really?

Sydnee:
N- no?

Justin:
Maybe?

Sydnee:
I've never used that word. I mean, I gue-, I guess?

Justin:
Are you, do you... But Sydnee, my lovely co-host here.

Sydnee:
I'm not. I mean... Well, I'm getting better.

Justin:
Yeah.

Sydnee:
I am also getting better, but as you can tell I sound like you did last week.

Justin:
Yeah [laughs].

Sydnee:
Charlie keeps complaining because she says I have a man voice and not a mommy voice [laughs].

Justin:
[laughs] So Syd, we… This week wanted to talk about something that is on a lot of people's radar, currently.

Sydnee:
That's right Justin. I wanna talk about health insurance. Nobody ever wants to talk about health insurance I don't think. I mean, we are forced to, often.

Justin:
We don't literally wanna talk about health insurance.

Sydnee:

I love to talk about health insurance. I-

Justin:
Okay.
Sydnee:
No... I want to... Let me clarify, I do. Most people I think feel like they have to because of, you know, circumstances—

Justin:
Mm-hmm.

Sydnee:
... because of the current situation.

But I don't think anybody thinks, "You know what? I really just want to go out with my friends Friday night, hit the town, get a few drinks, and just talk about health insurance."

Justin:
Nobody likes insurance because it's… it's an acknowledgement of the fact that calamity could occur.

Sydnee:
Exactly.

Justin:
And nobody likes to dwell on that.

Sydnee:
No, we wanna live in the now.

But we need to talk about health insurance. It's important because things are changing as—

Justin:
Mm-hmm.

Sydnee:
... they have repeatedly over history. So let's get into that.

Justin:
All right. Let's do it.

Sydnee:
Several people recommended this topic. Uh, Beth, Chevon, Josh, and Julie, so thank you. I think this is especially relevant, hopefully this will also be a little bit helpful.

Now it probably wouldn't surprise you to learn that doctors have been getting paid for their services for a really long time [laughs].

Justin:
Like many tradespeople.

Sydnee:
Exactly. Well, you say tradespeople, that's actually... One of the things we'll get into is whether or not medicine is a trade.

Justin:
Okay.

Sydnee:
But let's start back in the Code of Hammurabi, there are references to various cost associated with different medical procedures.

So we see kind of like a price list even back then. And it's funny because there's this one specific section that's all about the different costs for a physician treating you with a metal knife.

Justin:
Mm-hmm.

Sydnee:
It... Now, I mean, I ge-... The metal knife seems to be the important part of the treatment, not so much what they're doing with it.

So like are they cutting out a tumor? Are they cutting open an abscess? Are they doing something to your eye? I don't know.

Justin:
Doesn't matter.

Sydnee:
The metal knife is the key. Either way, the cost is stratified based on like your station in society.

Justin:
Yeah, well they didn't know… They didn't know what the... You know, you have a metal knife that's gonna cost you extra. 'Cause they had invented metals knives but they hadn't invented ways to sharpen 'em.

Sydnee:
[laughs].

Justin:
So like you could try it like, "Listen, for a metal knife, now if you wanna use... I can… I could do a clay knife. Uh, my friend Jerry makes a knife out of straw, I could use that for discounted rate. But like—

Sydnee:
[laughs].

Justin:
... if I'm gonna use my good stuff on you—

Sydnee:
It's gonna cost more.

Justin:
... it's gonna cost."

Sydnee:
Well, and it really is only gonna cost more if you… Sort of if you could pay more. So if you were in a higher societal strata—

Justin:
Mm-hmm.

Sydnee:
... you paid more for the treatment and if you were like a plebeian's son, you would pay less.

Justin:
Sounds good.

Sydnee:
Yeah.

Justin:
I'm a liberal, so—

Sydnee:
And if—

Justin:
... that sounds good to me.

Sydnee:
Yeah. So the less power you have in society, the cheaper the treatment is, although...

And that sounds good, although what it also is reflecting was this belief that the service you're providing is not as valuable.

Justin:
Mm.

Sydnee:
Like if you fix a king you've done a great thing for society, but if you fix a plebeian’s son you haven't really helped us that much.

Justin:
[laughs].

Sydnee:
I mean, like that's... So it sounds nice on the surface, I don't know that it actually is nice.

In ancient Mesopotamia, you would get, as a doctor, you would get paid more if you were doing a delivery, if you were delivering a baby, and the child was male.

Justin:
[sarcastic] Oh, yeah. Well, you guys have a lotta input in that, right?

Sydnee:
[sarcastic] Right, because we have so much to do with that.

Justin:
[As Ancient Mesopotamian Doctor] "There's a special way you turn it. If you turn it wrong you'll—"

Sydnee:
[laughs].

Justin:
[As Ancient Mesopotamian Doctor] “... break it off. You gotta turn it right or you'll break it clean off. It's a little... It's a twist, and then a yank."

Sydnee:
[laughing] It's funny 'cause that offends me both as a doctor and a woman.

Justin:
Yeah.

Sydnee:
So, two levels.

Justin:
Yeah, perfect.

Sydnee:
Two levels there.

The ancient Greeks and the Romans argued about just kinda what you were talking about, Justin.

Is medicine... They actually talked about, is it an art versus a craft? Which I think, when I say craft it'd probably similar to what you're saying in—

Justin:
Or a hobby.

Sydnee:
Well, no [laughs]. Hopefully not. Although, you know, you could make the argument that historically there were lots of people who kinda just—

Justin:
There were a lot of hobbyist doctors, yeah.

Sydnee:
... medicine was their—

Justin:
Yeah.

Sydnee:
... their hobby.

No, but the argument on whether it was an art or craft, and I think you can use the word trade in place of craft in this context, was that an art was something that you did for the sake of it.

Justin:
Mm-hmm.

Sydnee:
That you did because you were compelled to do it. You knew no other way. This is what you must do.
Justin:
Sure.

Sydnee:
You are driven to do it. And for an art you could not take money in this Greek concept. You would never take money for your art.

That would, that would be insulting to what you do and what you are filled… You know, the drive you're filled with.

But for a craft or a trade, if you make things for people, for purposes, you know, if you're a—

Justin:
Mm-hmm.

Sydnee:
... leather worker, or—

Justin:
Mm-hmm.

Sydnee:
... a, I don't know, a metal—

Justin:
Worker.

Sydnee:
... worker.

Justin:
Metallurgist.

Sydnee:
Whatever.

Justin:
A blacksmith.

Sydnee:
A blacksmith, there you go.

Justin:
There you go.

Sydnee:
Then you would get paid for that. That was a craft or a trade.

So there was a lot of argument with Hippocrates and some of the other great medical thinkers, "Should we take money for this?"

Justin:
[laughs]

Sydnee:
And everybody kinda—

Justin:
And the one doctor in the group's, "Yes! I think that we should."

Sydnee:
[laughs]

Justin:
"Doctors should, I think."

Sydnee:
[laughs] It was... And it's funny because they all waffled, probably because they kinda wanted to get paid.

Justin:
Did they invent waffles too?

Sydnee:
[laughs] No.

Justin:
Did one go…?

Sydnee:
I—

Justin:
No?

Sydnee:
... I have no idea who invented waffles. I actually can't give you that piece of information.

Justin:
Okay, well next week.

Sydnee:
Next week you can tell me who invented waffles [laughs].

Justin:
Okay.

Sydnee:
I'm assuming Leslie Knope [laughs].

Justin:
Probably the Belgians, right?

Sydnee:
Galen said that... He was pretty firm on this, that physicians practice medicine either because they love humanity, or because they love honor, or because they love glory, or because they love money.

Now it was preferable to Galen that you practice medicine because you love humanity, but if you practice it for any of those other reasons, it doesn't necessarily make you an inferior physician.

You’re just an inferior philosopher.

Justin:
That's a very black and white like... Can't you love all those things? That's all good.

Sydnee:
Not to Galen.

Justin:
Yes, money, glory, people. I'm into all of it, for sure.

Sydnee:
Galen no, he felt that if you practiced for the love of humanity, then you are a better philosopher, but you might still be a good doctor if you just practiced because you loved money.

Justin:
Mm-hmm.

Sydnee:
For the record, Galen would only take money if it was offered. So, he—

Justin:
But he would hint. Oh, boy would he—

Sydnee:
[laughs]

Justin:
... hint.

[As Galen] "Is there anything else you're forgetting before... I see you got your shoes, your coat... [tick-tock noise] Anything—"
Sydnee:
He would just kinda—

Justin:
“... else?"

Sydnee:
... stand there—

Justin:
[laughs]

Sydnee:
... hinting, like the guy who brings your car around or—

Justin:
Yeah.

Sydnee:
... helps you carry your luggage to your room or whatever. Just kinda stand there.

Justin:
Just rubbing his fingers together like—

Sydnee:
Mm-hmm.

Justin:
... Rob Schneider in *Home Alone 2*.

Sydnee:
[laughs] It's funny because there's a reference... And clearly there were doctors who asked for payment, because there's a reference in the *Canterbury Tales* to how much doctors love gold.

So, this idea that doctors love money... While this sounds like this beautiful academic like, "Oh, we would never take money for our art!" there were obviously doctors who were fine with it.

You begin to see this kind of idea though that because it is something that's necessary for survival, you know.

Justin:
Mm-hmm.

Sydnee:
... providing medical care.

That you should stratify how much you charge people, kinda based on what they can pay.

And so you see some medieval Islamic writings that reference that the rich should pay the physician more than enough because he cannot charge the poor.

So kind of like, "Let's… If you have the means, give your doctor more money than you really feel the service was worth."

Justin:
Mm-hmm.

Sydnee:
"... because there's going to be someone down the line who will not be able to pay him at all and a good doctor would not ask for money from someone who could not pay."

Justin:
Mm-hmm.

Sydnee:
So you're subsidizing poor people.

Justin:
Mm. Mmm.

Sydnee:
It's an interesting concept. Hmm. Let's see if that sticks with us [laughs].

Justin:
[laughs]

Sydnee:
And in Europe in the 17th and 18th century, we see some similar ideas.

You would… A doctor would either take just like room- You would basically charge your patient for the travel to their house, for the time. Like if they had to stop and get food on the way or whatever.

Basically just kinda your travel expenses.

Or you could even have... And you would only do that, again, for someone who had the means.

Or you could have like a physician on retainer, where you would pay a yearly fee and have a doc at your beck and call, and in return, the physician would take care of all kids, and people who were living in poverty for free.

Justin:
Hmm.

Sydnee:
So, rich people again, pay the physician for the community so that the community gets their services.

Justin:
That has some sketchier connotations to me. Like I'm not sure I want the one rich guy in town to own the doctor like Richard Pryor in *The Toy*. Like he'll only come by if you mind your P's and Q's and...

Sydnee:
Well... And obviously that's very problematic, because you are giving people who have money control over...

I mean, I hate to think of myself as a limited resource, but certainly at the time a physician would've been a limited resource.

Justin:
Mm-hmm.

Sydnee:
And obviously if there's a sick kid in the community but the baron or whatever has a hemorrhoid, the baron’s hemorrhoid is probably gonna get preferential—

Justin:
Yeah. Right.

Sydnee:
... treatment.

Justin:
Right. And he's gonna use the metal knife.

Sydnee:
[laughs] The nice one.

Justin:
The nice one.

Sydnee:
The nice metal knife.

There were also situations that were a little more charitable.

There were churches that would pay for local physicians to be part of the community and provide care to everyone in the community.

And you see one example in Venice of the government paying physicians to take care of the people of Venice.

Justin:
Mm.

Sydnee:
And even then to kind of be involved in early health policy and like public health matters, to advise them on what they could do and what was safe, and what was healthy.

Justin:
Mm-hmm.

Sydnee:
So you see this kind of concept of a "government-sponsored health care system", so to speak.

Justin:
Mm-hmm.

Sydnee:
I mean, obviously a very loose association of one.

Now, as we kind of move over to the US, because as we move into… closer and closer to modern times, I'm really gonna focus this on health insurance and the history of how it arrived to today in the US.

Obviously, our system is very different from many other systems—

Justin:
Mm-hmm.

Sydnee:
... in the world, and many other developed nations.

Justin:
You could even say all industrialized nations, in the world.

Sydnee:
Yeah, you could even say all. You might say that, Justin, and you would be right [laughs].

You know, I don't know... I'm not gonna cover the history of how all the other health care systems arrived. So, I'm sorry [laughs].

But, if you don't live in the US, this might be even more interesting to you.

Justin:
True.

Sydnee:
In 1780, the Boston Medical Society, obviously we're in the US now, set minimal fee limits to prevent doctors from undercutting each other.

So there was this... Because the requirements for becoming a doctor were still fairly loose, especially in the early days of US history, it didn't take a lot to say you were a doctor. There was… There—

Justin:
Right, right.

Sydnee:
There wasn't a lot of oversight.

You would have these traveling doctors who would do things for very little money and maybe undercut other actual trained physicians who were trying to make a living being a doctor.

And so—

Justin:
There's just a guy following around a real doctor, like, "I'll take it off for 35!"

Sydnee:
[laughs]

Justin:
"I'll get that leg off there, no problem."

Sydnee:
That's exactly the kind of thing they were protecting against.

Justin:
[laughs]

Sydnee:
So, they actually set like lower, lower price limits. So it's price-fixing, is what it is.

Justin:
Yeah.

Sydnee:
So nobody could charge less than this. You could make your cost higher as economic, you know, as like financial situations got better.

So with inflation, you could increase your prices, but you could not go below these lower limits.

And they charged visits for…. for visits when stuff wasn't done, which was a novel idea at the time.

There were a lot of patients who, if you went to your doctor, got a check up and your doctor said, "Looks like you're doing good. You don't need any medicine, you don't need any surgery. You know, I'll see ya in a year, or whatever."

Justin:
Mm-hmm.

Sydnee:
A patient wouldn't pay.

Justin:
Yeah.

Sydnee:
Because they felt like, "Well you didn't do anything for me. I'm not gonna pay you unless you do something for me."

Justin:
Yeah, that makes sense.

Sydnee:
Which was bad, one, for the doctor and two, for patients, because that also led doctors to maybe do and give out medicines and things that weren't necessary.

This was the first time where you see doctors saying, "No, you're... We're charging you for our assessment, for our opinion, for our medical expertise.

Sometimes that results in a medical procedure or medicines, sometimes it doesn't.

Justin:
Right.

Sydnee:
And both are valuable. And you start to see this idea.

The problem with this is that as different groups and different states, as they developed throughout the country, did this, you saw fees vary wildly.

So in Boston at the time it would cost $40 to have your leg amputated [laughs]—

Justin:
Good deal.

Sydnee:
... whereas in South Carolina, you could get it done for $5.
Justin:
[laughs in surprise]

Sydnee:
And part of that too was because any place where you saw physicians setting the prices, unfortunately, it was way more expensive.

Not so great for our history.

Where you see governments or people kind of—

Justin:
Dictating.

Sydnee:
... collectively—

Justin:
Yeah.

Sydnee:
... dictating what they would pay, you see a lot cheaper prices.

Justin:
Mm-hmm.

Sydnee:
And as physicians moved out West, as we began to expand out to the Western Frontier, you see costs go from money to, "You can pay me in

chickens," "You can pay me in goods," "You can pay me in fixing my barn," that kind of thing.

You see almost like a just a bartering system, anything goes.

Justin:
Mm-hmm.

Sydnee:
Now, as we're moving into modern times, here's a good reference point.

By the year 1900, the average American spent $5 a year on health care.

Justin:
What's that in modern day money?

Sydnee:
A hundred dollars.

Justin:
Hatchi matchi!

Sydnee:
A hundred dollars a year was what the average American was spending for all of their health care needs: visits to their physician, medicines, whatever.

A hundred dollars a year.

Justin:
Okay. That's a bit of a specious comparison though, because it was 1900 and nobody had any idea of how to do anything.

Sydnee:
[laughs] That is… That is a great point Justin.

Justin:
It was all made up, and it was all fake.

Sydnee:
It was- It was all made up, that... Well, not all, but a lot of it was. You—

Justin:
It was largely made up.

Sydnee:
And you had no idea what was and what wasn't made up, is the biggest point.

Justin:
Well yeah, right.

Sydnee:
Because medicine wasn't tightly regulated you could- Everybody could sell whatever they wanted for as cheap as they wanted to because it was just…

It was basically a free market. You sold it just like you did anything else, you know, your latest hair tonic or whatever.

Justin:
Right.

Sydnee:
You just sold your medicine.

And I mean, we've talked about before, in medicine shows, you could give it out for free. "Here's my medicine for free and then—"

Justin:
Now-

Sydnee:
"... I'm gonna give it to the local pharmacy and you're gonna keep buying it from the local pharmacy because you like it so much."

Justin:
"And because it has cocaine in it."

Sydnee:
"Yeah. Because it has cocaine or opium, or a lot of alcohol."

So you would basically just go buy the cheapest med with the most outrageous claims and most of the time you got better 'cause, you know, most of the time it was probably just a virus anyway.

With the creation of the FDA in the early 1900s and the regulation of medications and as well as the way that we started to regulate training of physicians.

And you know, who could say they were a doctor and what a doctor could do, we start to see a change.

And this is because of evidence-based medicine and science. We actually start to figure out what works, continue to do that, improve upon it and do away with the stuff that's just plain old—

Justin:
Mm-hmm.

Sydnee:
You know, plain fake.

Now with that, you start to see things get a little more expensive because for one, fewer people are providing it, so you get rid of the lower end of the price spectrum, people who were just making stuff up.

Justin:
Mm-hmm.

Sydnee:
And you're- As you concentrate more on actual doctors you start to see things get a little more expensive and you're decreasing competition of course.

And patients were also getting savvier, they began to learn that, "Mm, you

know what? There is some stuff that actually works and some of this stuff isn't real and I'm willing to pay for something that really works."

Justin:
Mm-hmm.

Sydnee:
And so that also drives prices up little bit as well. Hospitals wanted to get in on all this evidence-based action.

Justin:
[laughs]

Sydnee:
Because at this point in history, hospitals in the US were basically really scary places where people went to die.

Justin:
Sure.

Sydnee:
That was it.

Justin:
It's a bad look.

Sydnee:
Yes. You didn't wanna be in a hospital, if you were—

Justin:
You didn't want—

Sydnee:
... in a hospital, I mean—

Justin:
Hospital wanna turn that brand around.

Sydnee:
Exactly. ‘Cause that was not very profitable for them [laughs].

Justin:
Right.

Sydnee:
So, with all this new evidence-based medicine, they wanted to kind of re-brand hospitals as these positive, happy, places where very smart, science-based doctors worked.

And you could come get the latest treatments and medicines and get better.

Justin:
It's so interesting to think of those ideas as separate now, isn't it? Like—

Sydnee:
Mm-hmm.

Justin:
That you think of that... I don't know, the two are just kind of inextricable in my mind, that the doctor is at the hospital and...

I mean, obviously hospitals had doctors, I'm assuming, right?

Sydnee:
Oh sure. Well, I mean, hospitals had doctors, but it was really... You wouldn't go to a hospital unless you were just so sick that your family dragged you in there going, "We think they're dying, we don't know what to do."

Justin:
Mm-hmm.

Sydnee:
You would never think, "I'm getting sick, I think I should go to a hospital."

Justin:
Yeah.

Sydnee:
That wouldn't occur to you up until this point in history.

One really important tactic in this, and this could be a whole show unto itself, actually I think we've done this before, is the concept appears at this point in history that you should give birth in a hospital.

Justin:
Mm-hmm.

Sydnee:
And when you start associating hospitals with a place to bring new life into the world, that really re-brands them.

Justin:
Yeah.

Sydnee:
This helped in hospitals—

Justin:
Now first they didn't have any idea what to do. I mean, they put the—

Sydnee:
Mm-hmm.

Justin:
... cart before the horse on that one.

The pregnant ladies would come in, they would just be like, "I don't know, push?"

Sydnee:
Exactly.

Justin:
"I don't know. Listen we're really interested in the marketing of this.”

Sydnee:
Yes.

Justin:
“Like, please tell your friends, like we have nothing to do to help you."

Sydnee:
"But we kept all your midwives out and they really know how to do this and—”

Justin:
Yeah.

Sydnee:
“... we're not quite sure and this is probably a big mistake."

Justin:
"Did you want us to put you to sleep?"
Sydnee:

[laughs].
Justin:
"'Cause we could do that. Do you wanna sleep through this?"

Sydnee:
"Queen Victoria loved it."

Justin:
[laughs].

Sydnee:
So this helped, hospitals got cleaner, and they got better.

But they also got more expensive.

And people were still a little hesitant, especially as it got more expensive. They really didn't wanna go because it was super expensive.

And so unless they got really sick, they... A lot of the beds in a hospital every night would remain empty. And hospitals wanted to fix this.

And they got an idea from cosmetics.

Justin:
Really?

Sydnee:
So at Baylor University Hospital in Dallas somebody noticed that people paid more for cosmetics each year than they did for medicine.

And the reason that they figured is because it was piecemeal: you don't go to the store and buy all the lipstick you'll ever need in your entire life at once, you know?

Justin:
Mm-hmm.

Sydnee:
You buy a tube of lipstick and that's affordable. And then you buy another one when you need another one.

The idea was, "Why don't we sell health care like that?"

Justin:
Okay.

Sydnee:
Instead of having to come when you're super sick and rack up this huge bill that it's gonna take you years to pay off.

Why don't we offer that you can pay a small fee each year and then we'll provide you health care as long as you keep paying that fee each year?

Maybe you'll need it, maybe you won't, but you've already paid your fee.

Justin:
Mm-hmm.

Sydnee:
So they offered a group of local schoolteachers a deal that you could pay 50 cents a month and in exchange the hospital will take care of you.

If you came in, if you were sick, if you come in, you just get taken care of, and you've already paid your 50 cents, so you're good.

Justin:
Mm-hmm.

Sydnee:
The Depression hits soon after this, and this idea really takes off because lots of hospitals are starting to have this same problem, they have even more empty beds after The Depression.

So more and more start offering this idea, "Hey, 50 cents a month, all the care you need."

All the hospitals wanted in, and this initial idea they called Blue Cross.

Justin:
[explosion noise]

Sydnee:
[laughs]

Justin:
[doom-doom!]

That's just the… That's like a… That was a cliff-hanger.

Sydnee:
Was it?

Justin:
I don't know if it was a cliff-hanger. It was a twist.

Sydnee:
It's more of a… It was more of a, "And that's the rest of the story."

Justin:
"And now you know—”

Sydnee:
Yeah.

Justin:
“... the rest of the story."

Syd, I wanna know more. You can just like, leave me hangin'!

Sydnee:
There's more Justin, but first we gotta go to the billing department.

Justin:
Let's go.

[ad break, theme song plays]

[ad break ends]

Justin:
So Syd, you were telling me, we were... You had just introduced the concept, the twist, of Blue Cross.

Where do we go from there?

Sydnee:
... that's right.

So these, this Blue Cross concept, which was the beginning of kind of a...

And you can think about it as the beginning of like an "employer-sponsored" health care plan.

Justin:
But who was it real- I mean, who was organizing this initiative? Was it the hospitals?

Sydnee:
It, it began to be organized by employer groups.

So like this was a specific school, like this group of school teachers was with a sp- They would do it through one business at a time.

Justin:
Okay.

Sydnee:
So… And yeah, you would make a deal with a hospital so it was kind of a, almost like an HMO too.

Now, as it spread throughout the country, it was done differently. It could just be your business, your factory, your whatever, that made this deal.

Justin:
Mm-hmm.

Sydnee:
"You pay us this much," you know. Or they would pay on your behalf maybe.

And as you begin to see this spread it starts to mutate into kind of an employer-based healthcare system.

Justin:
Okay.

Sydnee:
Now it's beginning to spread but it's not everywhere.

What really helped it take off was World War II.

Justin:
All right.

Sydnee:
So with World War II we have this huge increase in, you know, production and stuff being made in the US, there are a lot more factories and we need a lot more workers.

Now, at the time factories, you know, the initial impulse was, "Let's pay higher wages so we can attract the best workers to our factory, our business."

Well, the federal government, just anticipating that, began to put wage controls on the different businesses. You can only pay this much.

So that that way they could spread the talent throughout all the different industries they—

Justin:
Mm.

Sydnee:
... needed and not focus just on who would pay the most money.

Justin:
That makes sense.

Sydnee:
In that light, employers needed other ways to attract the best employees to their businesses.

And what's better than fringe benefits?

Justin:
Oh, all right.

Sydnee:
So this is where we start to see the idea of—

Justin:
So they get their own free Wi-Fi, their own computer, their own cellphone.

Sydnee:
Well, I mean, this is the 1940s so, no, they don't get that [laughs].

Justin:
So they would have been like, “Tin cans and string. No problem.”

Sydnee:
[laughs]

Justin:
“We can… you can stretch a tin can string all the way back to your house for free. We'll do it.”

Sydnee:
I—

Justin:
“We have a guy who knows a guy."

Sydnee:
I think what you get is your kids get one of those hoops with a stick that you get to roll.

Justin:
"Hey-

Sydnee:
[laughs]

Justin:
“... you got... Hey, you got a kid at home, right? What will they think about this bad boy?”

Sydnee:
[laughs]

Justin:
“Yeah, there's flame decals on it. It’s a hoop with flame decals on it. And the stick's got flames too, but the stick's small so you can't tell as well."

Sydnee:
I feel like we're right… Like I don't really know, I don't do toy history, but I feel like aren't we just on the verge of the Slinky? Isn't this the like coming up on the slinky?

Justin:
It feels… Well, yeah, well the Slinky was a military cast-off, so…

Sydnee:
So I feel like this was probably about Slinky time.

Justin:
Yeah, that's around—

Sydnee:
So maybe give… "We'll give your kid a Slinky."

Justin:
It’s around Slinky time. It’s around Slinky. Let me just Google that while you're talking.

Sydnee:
[laughs]

Justin:
I'll update you.

Sydnee:
Well, I feel like it's—

Justin:
By the way—

Sydnee:
... Slinky time.

Justin:
... 18th century by chef to the Prince-Bishop of Liege—

Sydnee:
Oh, the waffle.

Justin:
The waffle.

Sydnee:
Okay, not Leslie Knope.

So as they begin to come up with the idea fringe benefits other than Slinkies [laughs], the real benefit was better health plans.

So, "We will cover more, we will offer you more services," because that was not included in a wage cap.

So you couldn't pay 'em more than this, but you could offer them as much as you wanted and all of these other...

You know, and not just health care but retirement benefits and that kind of stuff.

I guess this would have been the beginning of the idea of like 401(k)s and—

Justin:
Mm-hmm.

Sydnee:
... stocks, and whatnot.

So with this you see employer-based insurance really take root. This is the biggest… This is the biggest boom of that.

And what follows is in '43 you get tax-free if it's employer-based insurance, and you get another tax benefit in 1954 and this really spreads the idea.

Now, as employer-based health care system is taking root in the US, there are people who have other ideas.

Justin:
Mm-hmm.

Sydnee:
Truman attempted to implement a single-payer sort of health care system in the US.

Justin:
How would that have worked?

Sydnee:
Basically you opt in, 'cause you're not forced to, you pay a regular fee and doctors who participate in this get paid by the government. There you go.

Simple.

Justin:
Yeah. Everybody liked it.

Sydnee:
No.

Justin:
And that's why we have—

Sydnee:
Well… [laughs]

Justin:
... single-payer health care to this very day.

Sydnee:
Nope. Nope.

Justin:
Thanks for listening to *Sawbones* everybody—

Sydnee:
[laughs] No.

Justin:
I've been… Justin—

Sydnee:
That's an alternative fact, that's not true.

No, what happened... Oh, and by the way, labor unions liked this a lot.

Justin:
Mm-hmm.

Sydnee:
But hospital the Hospital Association, The Chamber of Commerce, and I'm sorry to say the American Medical Association—

Justin:
Don't be sorry. You're not a part of that group.

Sydnee:
Well, I'm not a part of it but I still feel responsible, they're doctors.

They hated it. So they branded it as socialism. Socialism was, as you can imagine, pretty scary to everybody.

So it was completely shot down and so the labor unions instead backed the employer-based system thinking that this would be something that they could actually make progress with.

Like, they can work with this and move this closer to what they wanted it to be even though they would've preferred the single-payer system that was originally—

Justin:
Right.

Sydnee:
... you know, proposed. Now the number—

Justin:
God, our... It is shocking to me that our inability to think big when it comes to health care or like really have a vision for that—

Sydnee:
Mm-hmm.

Justin:
... is- Like it extends back this far. Just like, it's always patchwork. It's always just like... I don't know, maybe the country's just so big that it's impossible like re-

It’s like a… It's like a huge infrastructure project and I get that, but it's just our inability to like aim high for this… with this specific area is like, baffling to me.

Sydnee:
Well... And I think what we're gonna see as I kind of walk us through what happens next, is that this idea that just because we came up with the employer-based insurance system first, made it inherently better, or right—

Justin:
Mm.

Sydnee:
... or the best option. I mean, it just happened.

And there were a lot of just things that, again, just kind of...

The Depression, World War II, these, I don't wanna say they're accidents, but they were things that just happened at that moment in time that forced this forward.

But again, not necessarily because it was the best just because it was what was.

Justin:
Well and I get also... I can see where you would be... With something where it’s like life and death like this, it's not like you get a trial run, right? Like you have to get it right.

Sydnee:
Right. And the... Once you start down a road the idea of overhauling it becomes more and more—

Justin:
Right.

Sydnee:
... difficult.

We've said that with health care for a long time. Every day we don't fix it, it's going to be more expensive to fix it.

Justin:
Right.

Sydnee:
Now, you see the number of people with employer-based health insurance go from 9% in 1940 to 63% in 1953.

Justin:
Shew, wow.

Sydnee:
So, obviously this idea caught on pretty fast.

By the '60s, 70% of people have employer-based health insurance.

Justin:
Slinky was 1943 by the way. So we're like right on, you were right on target.

Sydnee:
Exact- I figured it was Slinky time!

Justin:
Yeah.

Sydnee:
Now even though a lot of people have employer-based health insurance, you still have a lot of senior citizens and people who are living in poverty that have no access to care.

'Cause if you didn't have a job that provided insurance, you didn't have insurance.

Justin:
Right.

Sydnee:
So in 1965 we see, and this was a series, but in general, by 1965 we see Medicare and Medicaid signed into law.

And so then you get like a publicly-run option for either older Americans, so Medicare is for senior citizens, now people over 65, and Medicaid for people who are living in poverty.

Justin:
I wish I could find the person that named those two things and punch them in the throat. Why on ear-... They're the same thing, it's just the same words. You used synonyms.

Sydnee:
I know.

Justin:
It's, it's infuriating. OldAid—

Sydnee:
[laughs]

Justin:
... SeniorAid, something. Come on!

Sydnee:
[still laughing] I know. I used to get them confused, I don't now, but it's also—

Justin:
Well that's good to hear.

Sydnee:
It's also my—

Justin:
Imagine my relief! That's good to hear, Sydnee!

Sydnee:
I meant like back in med school.

Now, again in the '70s we see Ted Kennedy proposing a single-payer system again.

So we're still pushing back against this idea of employer-based health insurance as necessarily the status quo.

Nixon actually countered with something that looked fairly, not completely, but similar to the Affordable Care Act.

If you want to be honest, there were a lot of things in it that looked kind of like the system that's in place, well, as of the recording of this podcast.

Now as everything kind of fell apart with Nixon's presidency, so did all of these plans for health care.

The next big push was with Bill Clinton in the '90s and Hilary Clinton, frankly.

They tried again... The proposed system by the Clintons was again sort of similar to the Affordable Care Act.

But insurance companies hated it and all of the employer-based insurance companies' programs fought it very hard.

And liberals felt like, "It still isn't quite the single-payer system that we want."

Justin:
Mm-hmm.

Sydnee:
So nobody got on board with it and it fell apart again.

Finally, in 2010, under president Obama we see the passage of the Affordable Care Act.

So this is really a bill, or this concept, has been floated since Nixon. We find- Now, obviously it's different, but same kind of idea.

And it provided expanded Medicaid, expanded Medicare.

There were these… When you talk about the health care change, kind of these pooled risk groups that you could buy into, so other insurance policies that might be more affordable for you.

Justin:
Mm-hmm.

Sydnee:
It expanded employer-based coverage, and it created the mandate, the ever-debatable mandate which forced you to get health insurance.

Basically you can't just not have insurance and then when you get sick, go to the hospital and rack up huge bills. You gotta get insurance.

Justin:
Because as you've said to me many times before this bill passed, we already have guaranteed health care for everybody, it's the most expensive system in the world.

Sydnee:
Yes. It's—

Justin:
Because people still got to the hospital.

Sydnee:
It's the most inefficient, expensive way to do it, which is when you get sick just go to the ER.

As opposed to having access to affordable care.

There was a public option which would've been the beginnings of a single-payer health care system in the original Affordable Care Act, but that got cut out with all of the arguing over it as it passed through Congress.

So we've kind of decided in this country that health insurance is something that if you have a good job that provides it, you get.

And if you don't have a good job that provides it, the government will come in and offer you some sort of option.

Justin:
Right.

Sydnee:
And this is where we've landed.

Justin:
Okay.

Sydnee:
So where are we right now? Through the various changes that were made by the Affordable Care Act, between 20 and 30 million more Americans got coverage.

Some of that was through the expanded Medicaid program, some of that was through the health care exchanges, some of that was related to letting kids stay on their parents' insurance up to the age of 26.

Some of that was through not allowing insurance companies to refuse coverage to people with pre-existing conditions.

A lot more people got coverage. The number of uninsured Americans dropped from over 40 million to less than 28 million, or to around 28 million, sorry, by 2015.

The percentage of Americans without insurance is less than 10%, it's like 9.1 or something percent, for the first time, period. For the first time ever, period. That's the end of that sentence.

So, we are the most covered we've been at this moment in history, as a country.

Justin:
Yep, as of January 27th—

Sydnee:
[laughs] At whatever time it is.

Justin:
... at 11:46 AM.

Sydnee:
At 11:46 AM.

Now, there are some challenges, of course. Cost is still an issue for people who are trying to buy private insurance.

I know plenty of people personally who were really worried about the mandate because they still can't afford any of the coverage options that are out there.

They're working, they just... And they… So they don't qualify, necessarily, for Medicaid, they're not old enough for Medicare, but they still can't afford some of the options of health care.

So that is still an issue that we have to figure out.

We've got to get young, healthy people to buy in. A lot of people who kind of have that like, "I'm young, I'm gonna live forever. Who cares about health insurance?" attitude.

It hurts the whole system because we need those young, healthy, people who are going to—

Justin:
And you can't get 'em with taxes 'cause like, they don't care.

Sydnee:
No.

Justin:
[as Young Person Who Will Live Forever] "Taxes are April's problem—

Sydnee:
[laughs]

Justin:
... it's only February. Woo hoo!"

Sydnee:
We've gotta get those people into the system because, yes you're gonna pay in and you're not gonna use as much when you younger, hopefully, hopefully.

But as you get older you're probably gonna need it. We all are, and we all need preventative health care.

So, you know, go get your vaccines and your cancer screening.

The cost of health care is crazy, that's a big problem.

And it necessitates that we get results and that everybody get on board because it's so expensive.

And that obviously is one of the big challenges is reducing the cost of heath care as well.

Now if the ACA, the Affordable Care Act, if it goes away which I'm afraid is inevitable. I feel is inevitable, hopefully I'm wrong, the Medicaid expansion that happened in 2010 is gone.

So everybody who got Medicaid after the expansion will lose it.

Justin:
Okay.

Sydnee:
Therefore be uninsured.

If you have Medicare, you're probably gonna see higher premiums, you're gonna see higher deductibles, your drugs are going to cost more and we're gonna re-open something called the donut hole.

Now this is a crazy thing that again took me quite a while to understand in my medical education.

In Medicare, there's always existed this donut hole in your drug coverage. So once you spend up to, I think currently it's around $3,000 on medicines—

Justin:
Mm-hmm.

Sydnee:
... that's covered by Medicare, they make you start paying for it until you get to 4,000-and-something dollars and then they'll start paying for it again.

Justin:
Wha-... That's baffling.

Sydnee:
It's crazy. That donut hole used to be a lot bigger and I cope with it because periodically, as my patients who are on Medicare get to the donut hole, I gotta switch all their meds to something way cheaper.

All of their medical problems are not as well controlled as we're trying to switch around meds and figure what'll work.

And I'm trying to find patient assistance programs, and then eventually we rack up enough debt that we get back on Medicare and then I can actually take care of them again.

We're gonna see that donut hole open back up again.

The other thing about Medicare to know, and this is gonna affect all of us, over the next 10 years spending is gonna be up to 802 billion. Billion. If the Affordable Care goes away.

So that's gonna affect everybody, not just people on Medicare.

Justin:
Spending by who?

Sydnee:
On Medicare, by the government on Medicare.

Justin:
Okay.
Sydnee:
Which means our taxes that we… go to Medicare.

Justin:
But why are we gonna spend more on it if it's getting worse?

Sydnee:
Because of... It was a more inefficient system before.

Justin:
Oh, okay. Good, good.

Sydnee:
Yeah.

Justin:
So we’re going to the inefficient one.

Sydnee:
Yeah, we're gonna go the inefficient way.

Justin:
Perfect.

Sydnee:
Okay. Small businesses, premiums are gonna go up, you no longer probably will have to offer coverage, which was part of the Affordable Care Act.

So, I guess if you wanna stop offering coverage... I don't know if that's an advantage or a disadvantage. I'd say the employees would say it's a disadvantage.

Justin:
Mm-hmm.

Sydnee:
So that's how... But premiums are gonna go up.
And for everybody, here's how it's going to affect you: If you have a pre-existing condition, an insurance company can once again deny you coverage.

If you are under 26, if you're between the age of 19 and 26 you can no longer be on your parents' insurance.

There will be no enforced preventative care service. So once again, your insurance company can deny to cover vaccines, pap smears, mammograms, colonoscopies, whatever you need, they can deny it.

Annual and lifetime limits are back, meaning that if you are unlucky enough to have necessitated like a NICU stay when you were little, you may hit your lifetime cap before you even leave the hospital. Good luck with that.

You can also charge more based on age. We used to charge seniors three times more for insurance. So you can do that again.

And gender. Women consistently get charged more, or used to get charged more, for health insurance, before the Affordable Care. So that's coming back.

You also don't have to cover maternity care, you don't have to cover mental health services, and you don't have to cover black lung.

So all the black lung benefits are going away too.

So these are all the changes that are gonna happen when the Affordable Care Act, I assume, is about to be rolled back.

What is going to replace it? I don't know.

Justin:
You're not alone. [laughs].

Sydnee:
I have no idea. Yeah. I don't think anybody knows for sure.

There apparently are a lot of secret plans that are very great that no one knows about.

I've heard things about privatizing Medicare, leaving Medicare up to the free market.

All of these things that I just mentioned, about lifetime limits and charging seniors more, and women more, and kids, and all this stuff, if you leave it up to private insurance companies, they can do that.

I mean, you lose all that regulation. They don't have to cover anything they don't want to.

So if you privatize Medicare, I mean, if I were a senior citizen, I would be firmly against that.

And they're talking about Medicaid block grants. And what that means is that right now Medicaid is an open-ended benefit, meaning that the federal government will give money to each state based on need.

So as more people have Medicaid, more money flows into the system in your state—

Justin:
Mm-hmm.

Sydnee:
Or as new treatments, novel treatments, are developed that might cost more money or new things that Medicaid's gonna cover, there's more money allowed to cover that.

If you give each state a block grant they choose how to divvy up that money and it won't change.

So even if you add more people to Medicaid, or new treatments become available, or you wanna cover more, there's no more money.

So, what's gonna happen is essential services are gonna have to be cut and Medicaid is gonna have to be more and more sparse to cover the people in the state for the period of time that you got the grant.

Justin:
Who... Okay. If you're an outside observer, this seems like, "Well wait a minute. People are gonna get sicker and overall it's… people are gonna have to spend more money on it."

"So, it's less efficient and also makes people sicker."

So where is the pressure to make this go away coming from?

Sydnee:
So one thing that the Affordable Care Act did, if you are on the higher end of the earning spectrum, you probably paid higher taxes.

Well, I mean, you certainly paid higher taxes, because of the Affordable Care Act. I guess, if you pay your taxes, you paid higher taxes.

If you don't, you know, you probably didn't care.

Those people will benefit, I guess, you could say from the repeal of the Affordable Care Act because those taxes also go away.

So if you are on the high end of the income spectrum, this would benefit you.

If you are on the high end of the income spectrum and you have lobbying power, I can see that you would use that lobbying power to try to repeal this.

The other pressures would be the insurance companies themselves.

It'd be interesting to know where the hospitals would come down on this 'cause I know our hospital has seen an improvement because more and more of the patients they take care of are covered.

You know, if you don't have health insurance and you have a hospital stay, there's no way you're gonna be able to pay for that. And the hospital knows that, and they're still gonna… We're still gonna take care of you.

But the hospital knows that they're never gonna get paid. So they'd rather insured patients come in.

But a lot more regulation came with the Affordable Care Act and depending on your opinion on how involved the government should be in health care, you might not appreciate all that regulation and oversight.

Certainly there are some doctors who are opposed to it, who feel that medicine should be more of a, "You pay for what you can get, and you can get like catastrophic coverage for horrible accidents, but otherwise you should just pay out of pocket for things."

I would not be one of those doctors.

So there are segments of the physician population that were against the ACA.

Justin:
Mm-hmm.

Sydnee:
But I'd say the insurance lobby is the biggest thing. That would be my guess.

For me, I just wanna take care of people and I think a lot of physicians feel the way I do.

I just wanna be able to take care of people and I... My personal view is that a single-payer health care system makes the most sense.

I think the Affordable Care Act moved us closer to a system that would allow us to take care of everybody.

I mean, that's all we need, right? We need everybody to have access to affordable health care, preventative health services, and medications that they can pay for.

And to see your doctor when you're sick so that you don't end up in the hospital because you've been so sick and you couldn't afford to go to the doctor. 'Cause that doesn't make sense for anybody.

So, this is where we are, I don't know what's coming next, but I will tell you this, our...

Before the Affordable Care Act, we figured out ways to take care of people, even people without insurance, and we will figure out ways to take care of people no matter what the current administration throws at us.

We've been doing that all along, we will figure it out, we'll get through this.

So, you know, I don't wanna scare people. If you're about to lose coverage, don't worry, your doctors are thinking about it too and we'll find ways to take care of you.

Justin:
"The rich should pay the physician more than enough because he cannot charge the poor towards whom he must extend his charity."

That's gonna do it for us this week on *Sawbones*. Um, I... won't say I hope you had fun but—

Sydnee:
[laughs]

Justin:

... uh, [laughs] thanks for sticking around, I guess?

Sydnee:
If you care about these issues, wherever you come down on the political spectrum, I would really urge you to call your representative in the House or the Senate.

There are a lot of changes being made right now, and your voice should be heard.

So it doesn't hurt to call your local representative, it's really easy to find out. If you Google, "Who is my representative?" you can find out instantly.

Justin:
Yeah.

Sydnee:
You just put in your zip code and they'll tell you, and tell them how you feel about health care and what you think should happen next.

Justin:
And thank you to all our sponsors. Thanks to the Maximum Fun network for letting us be a part of it, and thanks to you for listening.

We've run long so I'll cut it there except to say thanks to the Taxpayers for letting us use their song, “Medicines”, as the intro and outro of our program.

Thank you to you Sydnee for doing such a great show.

Sydnee:
Thank you Justin.

Justin:
Yet again. Week in, week out.

Sydnee:
[laughs]

Justin:
You never let me down.

Sydnee:
I do my best.

Justin:
Until next week, my name is Justin McElroy.

Sydnee:
I'm Sydnee McElroy.

Justin:
As always, don't drill a hole in your head.

[Outro, theme music plays]

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