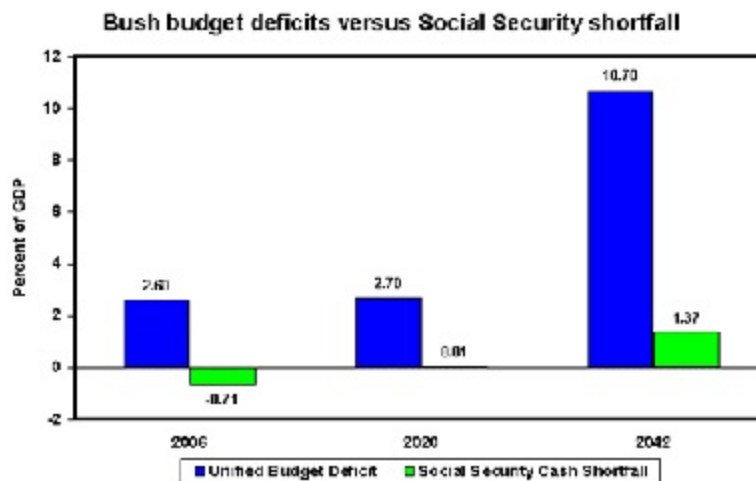


Where's the Outrage?
June 2005*

This is my fourth newsletter. I'm beginning to feel like I'm getting the hang of this. For the most part I have covered important recent events. I have commented on the Pope, Terri Schiavo, Election 2004, judicial appointment, the intelligence failures of 9/11, presidential leadership, Social Security, and Steroids in Baseball to name a few topics. In this newsletter, I would like to chat with you about economics and health care. These are two subjects that everyone loves to discuss for hours. NOT! But these topics are important. We need to discuss them in order to plan for the future.

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Note: Spending estimations are based on Scenarios 2 and 5 in CBO (2003)

The President continues to say that Social Security is in crisis. If he is right, we have to act now, especially if our current federal budget deficits continue at the present rate. If we project those deficits out to the year 2042, they will be over 10% of our Gross Domestic Product. That is the year when Social Security is expected to get into serious trouble. Democrats are strangely muted on this subject. Equally odd is the fact that the Republicans, historically the party of fiscal responsibility, are spending faster than anyone could have imagined just ten years ago. This year's deficit alone is projected to be a record-setting \$450 billion.

The President has asked Americans to comment on and propose changes to Social Security. However, even though Mr. Bush has been talking about Social Security for over sixty days, he has yet to make a single formal proposal to Congress. Why? Four years ago he insisted that the country needed tax cuts and education reform, and he quickly and successfully passed legislation to those effects. Why hasn't he made a formal proposal on SS such as those he made for the Patriot Act and No Child Left Behind? Perhaps he believes that any proposal to remedy the impending Social Security crisis would be dead on arrival in Congress. Or is he playing partisan politics with our future? If social security reform fails, he can blame the Congress for never getting legislation to him. If it passes, he can claim victory because of his sixty day tour across the country. Is our President trying to have his cake and eat it too?

Unions and management. They are supposed to work together to do the best for the company. Well, that is not happening in the transportation industry in the US today. GM and Ford have just been downgraded to junk bond status. United Airlines has asked a judge for permission to default on their pension plan. To quote the great Vince Lombardi, "What the hell is going on out there?"

Workers of today are going to pay for the mismanagement of yesterday. When Ford and GM ruled the auto industry, they employed folks right out of high school at top salaries to work the assembly line. This was great, as long as GM and Ford dominated the auto industry. But then came very real competition from the imports. In response, GM and Ford closed plants, outsourced jobs, and laid off workers. Of course, the two car companies did not hurt the pocketbooks of their CEO's and other managers, who continued to receive their standard (huge) bonuses.

Fifty percent of all the cars sold in the US in the late 60's had the GM logo stamped on them, now General Motors is supplying less than 30% of the cars sold in America. So who pays for the failure of management to make autos that are as cheap and reliable as the imports? Are the fat CEO's and other members of upper management going to forfeit their salaries until they make a product than can truly compete? William Clay Ford, Jr., CEO of the Ford Motor Co., has honorably stated that he will forgo his salary this year (as the heir to the Ford estate, he can probably afford it—still the gesture speaks). What about the other fellows in upper management in the auto companies? Will they follow suit---as they *should*?

And what about labor? When are the unions going to demand a cut in management's salaries and benefits? When will they follow William Clay Ford's example, and volunteer to accept lower salaries and less expensive benefits to do their part to save their industry? The unions need to step up and say, "we'll help you fix our company." But they should also demand an equal share of the profits. Both labor and management in the American auto industry need to

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make it a priority to design an affordable American vehicle that rivals the Lexus LS, Honda Accord or BMW 3-series.

United Airlines has crossed the line in my book. If people sign up to work for a company and pay money into its pension plan, barring a 1920's-like collapse of the markets, the money MUST be there when those folks retire. Under no circumstances should management play with that money. It should be a criminal offense to run a company in such a way that workers lose their pensions. At the very least executives should be forced to give up their lucrative employment packages before workers lose *anything*. Maybe some of the executives seven-figure incomes might be trimmed to a mere six figures until the company becomes profitable.

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We all know that healthcare is a major problem in this country, partly because health care in this county is so *good*. I'm typing my newsletter while I wait for my mother at her doctor's office. She has had a battery of blood tests and will be getting a chest x-ray, a mammogram and a CT scan of her brain, chest, abdomen and pelvis tomorrow. Twenty years ago, her follow-up with her physician would have entailed another physical exam and maybe a new blood count. All of the tests she will have tomorrow will probably improve her doctor's ability to diagnose and treat her, how *much* they will improve that care is debatable; but one thing is for sure: they cost a *lot* of money.

Several years ago, I was covering the ER at a small hospital. One of our patients was a twenty year old man who turned around and hit his head on a metal pole in the warehouse where

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he worked. He was not knocked out. In the ER, this patient was awake and mentally normal. I did a physical exam that revealed only a small bump on his forehead. I gave him an ice pack and some Motrin. He was livid. He wanted X-rays. He wanted scans. He wanted more than he needed. In order to avoid a potential lawsuit, many ER docs will appease angry patients and order whatever tests their patients want, even if the tests may be of marginal use. These tests *cost*. Who pays for them? You and I will—and do--in rising health insurance costs, physicians' fees, and hospital fees.

Here's another scenario: a young mother takes her two-year old daughter to the ER because the child has a fever of 102. The youngster has no significant prior history. Her six-year brother had a cold four or five days ago. The little girl is playful and happy in the ER. Her physical exam is completely normal for a two-year old; her blood work is also normal. I tell the mother that her child has a viral infection—a bad cold-- and will get better in a couple of days, to continue Tylenol for fever, and to follow up with her pediatrician in couple of days. The mother wants more. She wants expensive tests to make sure her child doesn't have pneumonia or meningitis. She wants antibiotics, even though antibiotics will not cure a viral infection and may even make it worse.

These two anecdotes illustrate one of the problems with our healthcare system. Every one wants the fancy tests. We want MRI's and CT scans. We want the latest test for cancer which we saw featured this past Sunday on *60 Minutes*. Unfortunately, few people realize or

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even know how much these tests cost; and *no one* wants to pay the price for this kind of healthcare.

Another problem in our medical system is that everybody wants instant access to the highest quality healthcare, whether he or she has the ability to pay for that service or not. Few industries that I know of have immediate access, and no other industry will give away its services or products to non-paying customers. Some argue that everyone in America has the “right” to high-quality healthcare. As a physician who cares for the rich and the poor of our society everyday, I wish that everyone had the right to immediate and top quality healthcare, regardless of their economic situation. But Congress has not granted us this right. Nor was such a right written into the constitution by our founding fathers. This means that medical care is different for the rich and the poor.

This problem can be illustrated by another anecdote. We all know that the pharmaceutical industry has made some remarkable discoveries over the last fifteen years. Newer is frequently better; but because the drug companies are just that—*companies*—new also almost always means more expensive. So, two fifty-year old males present in my ER with signs and symptoms of pneumonia. They were both previously healthy. There is a great new drug that is effective against most pneumonias. This pill is expensive. Five days worth can cost over \$100. The first fellow has expensive comprehensive health insurance and drug coverage and is given the new antibiotic in the ER. He is also given a prescription for this new antibiotic. This man gets well quickly and returns to work less than a week after the onset of his illness. The

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second patient has no health insurance policy. He is given the same new expensive antibiotic in the ER. As he leaves the ER, he is asked about his bill of over \$1500. Although he works, he can not afford insurance. He agrees to a payment plan that he can not make. He only buys a couple of the antibiotic pills because he cannot afford all of them. He has a relapse of his incompletely treated pneumonia; and, while the first patient is returning to work, this unfortunate fellow is being admitted to the hospital with a more complex case of pneumonia. This, too, will cost. A lot. And who will pay?

Medical care *is* different for the rich and the poor. And these differences cost not only in dollars, but also in terms of pain and suffering, lost days of work, and workplace productivity. So, what are we going to do about it?

I have not even touched on end of life issues. One chilling statistic that is thrown around in medical circles is that 60% of Medicare health dollars are spent during the last six months of a person's life. Let this stat swirl around your brain for a minute. Expensive, often painful, procedures are administered to patients who cannot be saved in order to squeeze out a few more, often agonizing, days or hours of existence.

As I type this piece, hospitals around the country are buying newer and more expensive CT scanners and fancier MRI units. They are expanding their laboratory capabilities. Please do not misunderstand me. Advancement is good, but it comes at a price. Our current healthcare "policy"—determined by health insurance companies, not citizens--is simply to decrease reimbursement to hospitals or doctors for certain procedures. Today, for example, performing

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one of the most technical but also “routine” surgeries, coronary artery bypass, the thoracic surgeon will take home less than half of what he charged a decade ago. This is not a healthcare policy. This is simply a matter of those in power passing costs on down the line, while the government acts like the little Dutch boy putting his finger in the dike.

There must be a serious bipartisan look at healthcare. We must ask the hard questions about the kind of healthcare system we want. Do all citizens have a right to the same quality of health care regardless of cost and ability to pay? There are over forty-five million Americans without health insurance. Who pays for their treatment if they become desperately ill and do not have ready cash? And what about tests? Can patients trust doctors to know when *not* to order them? Can doctors trust patients not to sue them for exercising their best judgment? Should treatment decisions be made on the basis of cost? What about the issues of care for terminal patients? Who decides about the extent or manner of treatment for those with no hope? When is palliative care the better choice? If we continue in our present system, the costs for delivering high-quality, high-tech medical care will only increase every year. The potential to break the American economy is clearly on the horizon. We need a comprehensive healthcare plan with real debate from Washington.

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Recent News:

- The Mississippi Burning trial has begun. Edgar Ray Killen is accused of orchestrating the deaths of James Chaney, Andrew Goodman and Michael Schwerner in 1964. In this

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same week the US Senate apologized for not abolishing the terrorist tactic of lynching sooner. Our country does have a scarred history. We are not perfect. Our nation is truly remarkable because we constantly strive to achieve justice even forty years later.

Germany is the only other country that I can think of that has the strength to stand up and face its demons. America is a truly great country.

- When is it okay to say that we are in the middle of a civil war in Iraq? The insurgents are killing Shiites and Kurds. Many of the insurgents are thought to be Sunni's. So?
- The White House has slammed Amnesty International for calling Gitmo a gulag. If we are the country that knows right from wrong, a religious country led by a Christian President, then I really do not understand what has been going on at Guantanamo Bay. Hundreds of prisoners have been held without charge for years. If they are terrorists, let's try them and convict them. If they are not terrorists then we should let them go. Can't the government determine if a person is a terrorist or not in two years' time? Why all of the secrecy? Is this the freedom that America stands for?
- Back to Iraq, is this an endless black hole? The ultimate money pit?
- Can our six-party talks with North Korea finally be labeled a failure? North Korea has called Vice President Dick Cheney a "most cruel monster and blood-thirsty beast". This kind of rhetoric from North Korea makes it sound like a country that is not willing to sit down and negotiate anytime soon. During the past two years, North Korea has made enough plutonium to make four to six more nuclear weapons. The multi-lateral talks

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stalled over a year ago. North Korea shows no signs of going back to the negotiating table. If this isn't a failed policy, it sure appears to be D-minus work.

- What's with oil prices? Prices at the pump have varied ten to thirty cents in a month's time. Analyses on television's "smart money" shows have pointed to projected shortages during the winter season (did not happen) and during the summer driving season (may not happen). Here's what I do not understand: shouldn't oil company profits decrease during a time of uncertainty and shortages? ExxonMobil posted \$7.86 billion (billion with a *B*) in earnings for the first quarter of this year. They posted \$25.9 *billion* in earnings for all of last year. Just to put this huge sum of moolah into focus - Microsoft, Wal-Mart, Coke, and McDonald's earned less than ExxonMobil when all of their earnings are combined! Don't look now, but that sucking sound is your money going to your friendly neighborhood oil giant.

* with writing and editing assistance by **Catherine Ross, PhD**.

special thanks to the folks at the Economic Policy Institute (www.epinet.org) for granting me permission to use their graph. The whole article can be found at http://www.epinet.org/content.cfm/webfeatures_snapshots_20050323

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