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## The Best Corporate Health Plan

**Jonathan Tasini****June 30, 2005**

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**The imploding health** care system is finally making one thing crystal clear: Corporate America is shredding its own global competitiveness because it can't shake the death grip of an anti-government ideology. This short-sighted ideology leads big business to shun single-payer national health insurance, which could save businesses hundreds of billions of dollars.

The simple fact is that private-sector insurance has failed. According to the 30-member-country Organization for Economic Cooperation and Development, in 2003, "the United States spent \$5,635 per person on health, more than twice the OECD average and around ten times more than the lowest-spending countries, Mexico and Turkey." According to the National Coalition on Health Care, "Health insurance premiums will rise to an average of more than \$14,500 for family coverage in 2006." The United States devotes 15 percent of its gross domestic product to health spending.

Because health care expenditures come either out of business profits or get passed on to consumers as higher prices, U.S. companies put themselves at a competitive disadvantage compared, at least, to every other country in the industrialized world. And that doesn't even touch the issue of China. Though the China competitive issue is bigger than health care, *The New York Times* [reported this week](#) that a Chinese auto worker earns \$1.50 an hour in wages and benefits, compared to \$55 an hour at General Motors.

There are two responses that the business community has to this crisis: eliminate health coverage altogether or shift the costs of health care to workers. You want a headache, check this out: according to the Henry J. Kaiser Foundation, the annual premium that a health insurer charges an employer for a health plan covering a family of four averaged \$9,950, or \$829 a month in 2004; workers contributed \$2,661, or 10 percent more than they spent in 2003; and, for single coverage, workers contributed an average of \$558 toward the \$3,695 annual premium.

I'm not here to argue the moral imperative for single-payer national health care. Instead, progressives need to turn their rhetoric to hard-core, good 'ole patriotic, rally 'round the flag" American business interests. In a "[Working in America](#)" [column six months ago](#), I wrote that "companies that don't advocate for a single-payer system are endangering shareholder value, throwing money into a system that is dragging down profits and competitiveness." That has become clearer as time passes.

What better example can one give than GM, the once-proud gold standard of American industry whose bonds' credit rating has plummeted to junk status? GM will spend \$5.6 billion this year on health care for its employees and retirees—more money than it shells out for steel for its cars—which means every GM car we buy costs \$1,500 more because of health care. Speaking to GM shareholders recently, GM's CEO Rick Wagoner said, "Our \$1,500-per-unit health care expense represents a significant disadvantage versus our foreign-based competitors. Left unaddressed, this will make a big difference in our ability to compete in investment, technology and other key contributors to our future success."

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Now don't get me wrong: GM has an obligation to its workers. And its saber-rattling threats that the United Auto Workers must agree by today to health care benefit cuts for auto workers is outrageous, and perhaps illegal (full disclosure: I am a UAW member). But the problem is unavoidable.

Even that poster child for corporate malfeasance, Wal-Mart, would have good reason to get behind a single-payer plan, if only to get some good press. Wal-Mart workers, who make an average of \$14,000 a year, are forced to pay a \$1,000 deductible—when they qualify at all for the company's stingy plan. Since most workers can't foot that bill, taxpayers already subsidize Wal-Mart: 13 percent of its 91,000 workers in Florida are enrolled in the state Medicaid program, 10,000 children of Wal-Mart workers in Georgia rely on state-funded health care and the company leads the pack in this dubious category in other states such as Iowa, Tennessee, Wisconsin, Arkansas and New Hampshire.

Some executives are starting to see the light. I recently had an exchange with a senior executive from a national employer lobbying group who said, "You're right that some are thinking, 'How much worse can it be?' Thus far, though, national health care is a bridge too far." Instead, companies are fiddling around the edges, engaging in discussions with various health care advocacy groups—but always falling short of the single-payer option. So we have to build that bridge and lead—or kick—corporate America across it.

Only a single-payer national plan will work. All the other gimmicks relying on market-based, employer-centered insurance have failed. The premiums for employer-based health insurance rose by 11.2 percent in 2004, the fourth consecutive year of double-digit increases—and every single type of plan (health maintenance organizations, preferred provider organizations, and point-of-service plans) registered double-digit increases. And, ultimately, state-based single-payer plans, while admirable, can't survive in the long term because they will lack the economies of scale only a sweeping national plan can make possible.

We need to put the real onus on corporate executives with a carrot-and-stick approach that is based on a clear principle: your ability to compete depends on single-payer health care. For those who refuse, it's time to mount an aggressive corporate and public relations campaign. One shareholder approach might be to cut back executive pay and benefits each year by the same percentage total health care costs amount to in the corporate bottom-line. If that doesn't work, a more serious step would call for divesting from companies that oppose single-payer.

Organized labor and their allies in the huge public employee pension funds should lead the fight. If unions represented the same proportion of the workforce they did in the 1950s—35 percent—40 million people would not be without health insurance because more people would be under unionized, employer-based health plans. And we'd end up with a different system because unions—whose main fight at the bargaining table today is over health care costs—would have a stronger hand to play in lobbying for single-payer. But even in its smaller state, unions need to take the fight on for the public good. Pension funds, representing hundreds of thousands of current and retired workers who face health care cost pressure, have a significant financial interest in seeing the system changed; the California Public Employees Retirement System alone has \$177 billion that it could use as leverage.

When I first broached this notion with colleagues, they snorted, "Yeah, but how do you pass this kind of thing with Republicans controlling the government?" That's a fair point—if your thought process is driven solely through a "red state, blue state" prism.

But I'd wager that the wind could shift dramatically, driven by a population of all colors that can coax or bludgeon the business community into doing what's in its best economic self-interest. And here's a prediction: A serious campaign based on single-payer national health insurance could propel someone to the White House in 2008.