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Access to Health Care, Basic Necessities a Matter of Life or Debt

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Examining the argument that "medical and other debt shouldn't exist because debt is part of a rigged system of mafia capitalism that extracts wealth from people who are trying to meet their basic needs."

This week the Strike Debt Rolling Jubilee, a project that arose from Occupy Wall Street, will announce its purchase of more than $1 million of medical debt as part of a weeklong national conversation about why people shouldn't be put in debt meeting their basic needs.

(Image: Patient holding hands via Shutterstock)

The Rolling Jubilee raised funds to purchase bundles of debt for pennies on the dollar. Unlike the rapidly growing industry of collection agencies that purchase debt and then hound debtors until they repay, the Rolling Jubilee will erase their purchased debt, freeing debtors from their obligation. Rolling Jubilee members view debt as the intersection between Wall Street and people's lives. They argue that medical and other debt shouldn't exist because debt is part of a rigged system of mafia capitalism that extracts wealth from people who are trying to meet their basic needs.

We spoke with Thomas Gokey of Strike Debt and Dr. Steffie Woolhandler, co-founder of Physicians for a National Health Program and author of the leading studies on bankruptcy caused by medical debt, to learn more. We explored why medical debt exists in the United States, what its impacts are on health and what could be done to end medical debt completely. Woolhandler also described the impact of the 2006 Massachusetts' health law, which was used as a blueprint for the national health law, on debt and health care costs. The solution, a national single-payer health system, described as "Expanded and Improved Medicare for All," is already supported by the majority of Americans. Until this and other solutions to our crises are realized, Strike Debt provides a guide for organizing and resisting the culture of debt that binds us.

Living in the Land of Health Injustice

The US has used a market-based health system for so long that most people probably feel that it is normal, but in truth, the US health system is an aberration. Most industrialized nations have publicly-funded universal health care systems paid for through taxes that cover virtually 100 percent of necessary care. Their systems have been in existence for many decades, and while no system is perfect, other countries spend half what the United States does per person on health care, cover everyone and have better health outcomes.

After World War II, the United States moved toward a system of health insurance primarily accessed through employment. Then, under President Reagan in the 1980s, there was an intentional effort to create investor-owned health-care services, turn health insurance into a profit-making sector and privatize the delivery of health care in for-profit hospitals. Creating a for-profit health care system is a thirty-year experiment with clear outcomes: uncontrolled costs, growing health disparities, falling life expectancy and other indicators of poor health status, including high numbers of preventable deaths. If such an experiment were to have been conducted by a research team, ethics would have demanded that the experiment be stopped a long time ago.

The basic flaws of the US system are obvious. When health insurance is tied to employment, the healthiest segment of the population (i.e. essentially those who are working) is covered. Those who cannot work, perhaps because of a serious accident or illness, lose their coverage or struggle to afford it on the individual market where the prices are higher and the coverage is skimpier. When the bottom line is profit, not health, health insurers compete to attract those who are healthy in the first place and then find ways to restrict and deny payment for care through provider networks, authorization processes and out-of-pocket costs.

Patients and providers spend so much time and energy trying to navigate the complicated health system in the United States that it is hard to see the forest for the trees. But each time that a patient delays or avoids necessary care, that a patient is asked what kind of insurance they have before they are asked what they need, or that a family has to choose between paying for treatment and paying for basics such as food and shelter, a health injustice has occurred. These scenarios do not happen in other wealthy nations.

In fact, medical debt and bankruptcy are uniquely American experiences among wealthy nations. Some enter into medical debt because they are uninsured and need medical services, but the majority of people who end up with medical bankruptcy have health insurance. Dr. Woolhandler and her colleagues interviewed over two thousand people in bankruptcy court. They found that more than 60 percent became bankrupt because of medical illness and medical bills, and nearly 80 percent had insurance when they first became ill. Despite being insured, the out-of-pocket costs for the premiums, copays, deductibles, co-insurance and uncovered services combined to create an unsustainable financial burden.

Woolhandler's landmark bankruptcy study was based on data from 2007, before the financial crisis of 2008. At present, over one-third of working families have no savings, and nearly two-thirds do not have enough cash on hand to withstand a $1,000 emergency. When families are living paycheck to paycheck, one serious accident or illness is enough to push them over the edge.

In addition to the obvious risk of financial ruin, we asked Woolhandler about the impact of being uninsured or underinsured on health outcomes. The consequences are well-documented. People without insurance do not receive primary or preventive care, have worse outcomes when they do seek treatment and are more likely to die. The same goes for those who have skimpy health insurance. Copays and deductibles cause people to delay or avoid necessary care

ObamaCare Will Escalate Health Injustice

There is a lot of confusion about the Affordable Care Act (ACA). At its root the ACA was an insurance company takeover of health care in the United States which included lots of ways for health corporations to profit. There has been a marketing effort to sell people on the ACA by claiming more people will have health insurance, but what is not mentioned is that the type of insurance coverage people will have is going to be skimpier. While it is true that more people will have insurance, the ACA will still leave tens of millions without insurance when fully implemented, and there will be an increase in expensive under-insurance plans.

Prior to the passage of the Obama health reform, there were efforts by some state-level insurance regulators to require insurance companies to provide more extensive coverage by spending 80 to 85 percent of premiums on health services rather than on profit and administration. The Obama law stopped those efforts by putting in place a law for the first time which said that 60-40 plans are acceptable. In a 60-40 plan, the insurance company pays 60 percent of the covered costs, while the enrollee pays 40 percent plus the full amount of uncovered costs, those not included in their policies. Enrollee costs include premiums, deductibles, copays, co-insurance and other out-of-pocket expenses. It is these out-of-pocket costs that quickly lead to health-care debt and bankruptcy.

The ACA will push coverage in the direction of under-insurance in a number of ways. One is through taxing so-called "Cadillac Plans" which are merely insurance plans that provide the kind of coverage all Americans once viewed as standard – actual health insurance. Employers are planning to avoid the Cadillac tax by lowering benefits so that their plans do not meet the Cadillac Plan criteria. Employers are also planning to drop health benefits and pay a penalty instead, which saves money, or to drop health benefits and offer subsidies to employees to purchase health insurance on their own. Other employers are changing the status of their employees to be consultants or less than full time to avoid having to provide health benefits.

The ACA will result in more people purchasing inadequate insurance plans when the state insurance exchanges open later this year. There will be four tiers of coverage from 90-10 to 60-40 plans. Most people will be forced to choose the lower tiers because premiums will rise even higher when the requirement to offer policies to people with pre-existing conditions begins.

Those who qualify for subsidies by earning below 250 percent of the federal poverty level (the Federal Poverty Level income for a family of four is $23,550, the qualifying income, $58,875) will be allowed to purchase 70-30 plans only.

And the Obama administration narrowly interpreted the law so that qualification for subsidies based on the cost of premiums only applies to individual, not family, plans. This means that if the cost of an individual plan is less than 9.5 percent of a person's income, even if that person actually needs a family plan which would cost more than 9.5 percent, they do not qualify for a subsidy to buy a family plan.

One way to know how the Obama law will fare is to look at the experience of the pilot project in Massachusetts. The 2006 Massachusetts health-care law cut the number of uninsured in half, which is similar to what the ACA is expected to accomplish. Those who are still without coverage are primarily the working poor. The health insurance exchange has not brought the cost of premiums down and is not used by the majority of the public. The exchange is mainly used by those who receive a subsidy from the government because subsidized plans must be purchased from the exchange. To pay for subsidies for insurance

premiums, Massachusetts cut important safety net public health programs, especially programs like those for mental health services that are not covered by insurance. The cost of health care in Massachusetts, already the highest in the nation, continues to rise. And the cost of health care continues to be a barrier for people who need health services. Medical debt and bankruptcies continue at the same levels as before the law was passed.

Based on predictions by groups like the Congressional Budget Office and the experience in Massachusetts, we can predict the result of the ACA: continued lack of insurance for at least 30 million, more people in the costly individual insurance market, more people with under-insurance, continued increases in the cost of health care, continued financial barriers to necessary health care and continued high levels of medical debt and medical bankruptcy. In other words, health injustice will continue in the United States.

How to End Health Injustice

One of the first steps required for change is awareness of the problem. The Strike Debt Rolling Jubilee "Life or Debt" campaign will help some people directly, but it will do more to highlight the ongoing problems of medical debt and the debtor system. The Rolling Jubilee has joined with single-payer health care advocates for a week of national solidarity actions to educate about the single-payer solution and to shift the broader conversation to one that questions a system that profits from people's attempts to meet their needs.

The dominant message in the United States is one that places the blame on individuals when they are unable to meet their basic needs for health care, housing, education and food. The individual is blamed for making a bad decision to borrow money or for not being able to put money aside in a savings account. This is meant to make people feel shame. It is a form of social control that disempowers people and silences them. But Strike Debt recognizes that 76 percent of Americans are in debt and asks, "How is it possible that three-quarters of us could all have just somehow failed to figure out how to properly manage our money, all at the same time?"

This is a fundamental question because real transformation becomes possible when people stop feeling isolated and ashamed and instead join together to tell their stories, to find connections between their stories and to question the root causes of their shared situation. For us, this was a key reason for the physical occupations in the fall of 2011. In the occupations, people met others who were struggling with the same problems of homelessness, unemployment and debt. The Strike Debt campaign says it well, "You are not a loan. You are not alone." Working in solidarity is both empowering and powerful.

For too long in the United States, politicians and the corporate media have defined the narrative. We can use single payer as a prime example. A single-payer health-care system or "improved Medicare-for-All" would ensure access to health care from birth to death for everyone in the United States. This is eminently affordable, indeed the US already spends the most per person on health care in the world; we just get the least return for our spending. It is not a question of the cost; rather it is a question of the US political system being able to put in place real solutions despite the power of the insurance and for-profit health-care industries.

The arguments for single payer are widely supported and well-known. It is the only proven path to a national health system that will provide coverage to everyone in the United States, control costs and produce excellent health outcomes. There is a solid majority of the public,

including a majority of health professionals, who supports a single-payer health system despite the intentional misinformation campaign that characterizes single payer as "socialism" and "rationing." But single-payer supporters are disempowered by being told that they are asking for too much and that what they want is not politically feasible. They are urged to be pragmatic and to accept incremental solutions.

Tens of millions of dollars have been invested in front groups such as Health Care for America Now to channel popular energy away from single payer and into Wall Street solutions such as the ACA. And it has been very effective. During the health-reform process, the groups who supported health reform were effectively split. Single-payer supporters were divided into those who held firm for a single payer plan and those who supported what was called the public option. Single-payer supporters who held firm were chastised for not being pragmatic and supporting a public option, which was mislabeled as a step toward single payer even though the evidence showed that a public option was neither a practical step nor was it intended to be included in the health law.

As the health law neared the final steps in the process, and the provisions in the bill were increasingly unacceptable, two additional methods of social control were employed. One was straight up lying. Politicians and their front groups called the health law "universal, affordable and guaranteed," when it was none of those. And the other was to tie the success of the law to the success of the Democratic Party and to frighten the public into believing that Republicans would be much worse. This line of thinking ignored the fact that the state model for the bill was passed under a Republican administration, Governor Romney, in Massachusetts, and that the blueprint for the bill was developed in the conservative Heritage Foundation.

There are important lessons to learn from the health-reform process. First, is that advocates must have a solid understanding of what constitutes a real solution so they are not led down a path toward a false solution. Second, is that advocates must work in solidarity for real solutions with confidence rather than accepting watered-down solutions. And third, is that advocates must not tether their work to the agenda of any political party but must be willing to hold whoever is in office accountable.

Commodifying Human Needs Violates Human Rights

The human rights framework is being used more and more as a way to understand problems and their solutions and to empower people to demand that basic needs are met. The concept of human rights runs counter to the incentive of the market, which is to make everything a commodity. When human needs are treated as commodities, those who control access to them have a captive population.

Like the company towns that arose during the Industrial Revolution, Wall Street controls the currency, the jobs, and goods and services, so that many people have nowhere to go. It is estimated by author John Curl that 92 percent of the working population in the US is trapped in indentured servitude, dependent on their job for their survival. As anthropologist David Graeber points out, the earliest wage contracts were slave rentals. Today, the reality for almost all Americans is living as indebted wage slaves.

One of the tools used by dictatorships to control their populations and prevent uprisings is to impose economic sanctions. Sanctions are easy to recognize when we look at other nations, but not so easy to see at home. The United States is the wealthiest nation in the

world, and total wealth is growing. But this wealth, much of which is derived from the resources and labor of the population, is flowing to the top 1 percent or above, while the wealth of the bottom 99 percent is falling. There is enough wealth in the United States to provide free education and health care to all and to create a full employment program. The US could invest in a clean energy infrastructure and affordable housing. The failure to do so is equivalent to imposing sanctions on the majority of the people.

Although some do not know it yet, all people in the United States are united by their human rights to have basic needs met. Indeed, the United States has signed onto two international treaties that delineate these human rights. One is the Universal Declaration of Human Rights and the other is the International Covenant on Economic, Social, and Cultural Rights. These rights, including our right to health care, are being violated. It is up to the people to realize this and to join together in demanding that our rights be honored. Human rights are the glue that binds us to each other. Debt is the shackle that enslaves us to Wall Street.

Starting at the Roots

The commodification of health care is the root cause of medical debt and bankruptcy, but we see the same pattern when it comes to other essentials such as housing, education and more. The Strike Debt campaign on medical debt is part of a broader campaign against our debt-based economy. Debt has been part of human society for thousands of years and, as David Graeber notes, there are "potentially catastrophic social consequences of debt." In order to avoid a debt crisis:

"It soon became traditional for each new ruler to wipe the slate clean, cancel all debts, and declare a general amnesty or 'freedom', so that all bonded labourers could return to their families. (It is significant here that the first word for 'freedom' known in any human language, the Sumerian amarga, literally means 'return to mother'.) Biblical prophets instituted a similar custom, the Jubilee, whereby after seven years all debts were similarly cancelled. This is the direct ancestor of the New Testament notion of 'redemption.' "

Strike Debt seeks to "build popular resistance to all forms of debt imposed on us by the banks. Debt keeps us isolated, ashamed and afraid. We are building a movement to challenge this system while creating alternatives and supporting each other. We want an economy where our debts are to our friends, families and communities – and not to the 1%."

This type of thinking is fundamental to achieving a society based on equality, prosperity and human rights. A culture shift away from the dominant narrative of the marketplace to one of social solidarity is essential because a population that is empowered and works together is more difficult to oppress and control.

The Strike Debt campaign prepared a Debt Resisters Organizing Manual to provide people with tools to both resist debt and build the society we want to live in. The manual is an ongoing work that is available for free on the Strike Debt website. It explains debt and how it is created. It provides specific actions that people can take to decrease their individual debt. And it provides information so that communities can understand ways that debt controls their collective lives, for example when public debt is used to justify cuts to social services and basic public infrastructure.

Debt is a global problem. It is a tool that has been used for decades to advance a neoliberal agenda of privatization of goods and services. Secretary of State John Kerry's first trip to

Egypt was to push their new government to accept an International Monetary Fund (IMF) loan with the requirement that it end subsidies for fuel and food, among other structural adjustments. The United States, through the World Bank and IMF, routinely requires Structural Adjustment Programs as conditions of loans that demand decreased funding for public programs and increased foreign ownership of resources.

Indeed, rather than ending debt as wise rulers of the past have done, for the first time in the 5,000-year history of debt, Graeber writes, "we have begun to see the creation of the first effective planetary administrative system, operating through the IMF, World Bank, corporations and other financial institutions, largely in order to protect the interests of creditors."

But more civil societies are taking a stand against debt that has been imposed upon them without their consent. In Spain, this is being done through the "No Pagamos" (We Won't Pay) campaign. Likewise, it is happening in the UK and Greece. We have written previously about successes in Latin America such as Venezuela and Ecuador.

As neoliberal policies take root at home, more communities in the US are building Strike Debt chapters and fighting back. To find a chapter near you or to start one, visit Strike Debt. It is time for Americans to stand together, with the people of the world, and end the systemic problem of debt enslavement. For this, our solidarity is more important than ever.

You can listen to our interview with Thomas Gokey of Strike Debt and Dr. Steffie Woolhandler of PNHP.org on Medical Debt and Bankruptcy on Clearing the FOG.Margaret Flowers and Kevin Zeese

Kevin Zeese JD and Margaret Flowers MD co-host ClearingtheFOGRadio.org on We Act Radio 1480 AM Washington, DC and on Economic Democracy Media, co-direct It's Our Economy and are organizers of the Occupation of Washington, DC. Their twitters are @KBZeese and @MFlowers8.

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