



About the Author

Glenn Gruenhagen is the owner of Gruenhagen Insurance and Financial Services, Inc. He has over 31 years of experience in private business, insurance and financial planning.

Mr. Gruenhagen holds degrees as a Chartered Financial Consultant and Chartered Life Underwriter. He is a Veteran of the United States Marine Corp.

Mr. Gruenhagen has been elected 4 times to the District 2859 Board of Education in Glencoe, serving that district for over 14 years. He is also active in his community through his involvement with Rotary and Gideons International. He and his wife, Emily have been married for 34 years and have three children. They reside in rural Glencoe, MN.

To order copies of this book, contact:

Glenn Gruenhagen

gruenhagen624@embarqmail.com

320-894-6713

HEALTH CARE IN CRISIS

*Is the Government
The Problem or the Solution?*

By Glenn Gruenhagen
CLU, ChFC

Chapter 1: Problems and Solutions to Our Health Care System

Our U.S. health care system delivers, in many cases, miracle cures, but with cost increases that are out of control and take an ever increasing percentage of our U.S. gross national product and family budgets. Too many individuals and families are finding it impossible to afford their group or private health insurance premiums. A myriad of solutions have been proposed and implemented to try to contain costs. These solutions, in many cases, actually drive up the cost of health care as in the case of the Minnesota Care Law or only provide short term cost containment results. Now with the approaching retirement of the baby boomers, the entire health care system could face financial collapse.

Rule #1: Whenever you find yourself in an irreconcilable quandary, the question needs to be asked, "How did we get to this point with our health care system?" A study of history will usually provide the answers. Having sold health insurance for over 31 years, I would like to attempt to provide some perspective and solutions to the health care crisis. My contention is that the primary problem with health care cost has its source in three primary areas: 1) government funding, 2) government mandates, 3) government regulations. Please let me explain.

I started selling health insurance in 1978. The agency I was associated with had several senior agents who in the 50's and early 60's sold individual trust-based health insurance policies primarily for dairy farmers. The plan had a zero deductible and covered all usual and customary medical bills. This policy contained "contract law" or a schedule of benefits. The agent's sales slogan during that time was: "*Our Company will pay your medical bills, has never had a premium increase and has never had to change benefits*". In addition, because the health insurance policy was filed on a trust basis, the company practiced group underwriting on health history. As a result, many people with serious health conditions were approved into the plan without a pre-existing clause. Occasionally the policy was issued with some exclusion for specific medical conditions.

According to the senior agents, the policy also had one other important feature. **In addition to paying medical bills, if the insured kept the policy for their entire lifetime, the company would refund the entire premium regardless of the total medical claims that had been incurred when the insured passed away.** Quite frankly, I couldn't believe my ears. How could a company never increase your premiums, pay your medical bills and then refund your entire premium to your family at death? It sounded like a miracle to me, but all the senior agents confirmed that this was the health insurance policy they sold during the 50s and early 60s.

QUESTION: What event happened and why are we now selling health insurance policies with ever increasing premiums to cover escalating benefits, with higher deductibles and with no refund of premium benefit?

Their answer was unanimous. In 1965 Medicare was implemented and in 1966 the room rates in the hospital, along with other medical services started to increase in cost. Costs have never stopped increasing since. The absolute reason is that when government programs (socialism) are funded with billions of tax dollars, the individuals providing the services and charging for them "always" begin to increase the cost of those services provided; in this case, health care. It is also absolutely true with any other government program whether farming, welfare, education, roads, etc.

The above principle was also confirmed to me by a retired hospital administrator who was active when Medicare was started. He stated that in 1965 Medicare allowed doctors and hospitals to charge a two percent profit for their services. In 1966 Medicare eliminated the two percent profit rule from doctor and hospital charges because the price of health care services was already going up. Always remember that when tax dollars are provided to pay for services through government programs the primary characteristics activated in human nature are greed, fraud, deceit and lies. Since government is always spending other people's money (tax dollars), very little accountability is applied to the system.

FACT: In December 2004 FOX News reported that doctors and hospitals had overcharged Medicare \$20 billion that previous year. In my opinion, that is the \$20 billion the government is aware of. The real total was probably two to three times that amount. And instead of using the word overcharged, they should have used the words "*ripped off* or *stolen*" from Medicare. Keep in mind we're only talking about Medicare and not the dozens of other government programs always asking for millions and billions of additional tax dollars each year. A recent audit by the Federal Office of Management and Budget of over 200 federal programs found that 50 cents of every tax dollar spent on these programs was lost to waste and fraud. Can you begin to see why our founding fathers believed in limited government? A nation cannot survive under the fallout of this socialistic nonsense.

Also consider that in 1968 Medicare cost \$5 billion and was estimated to cost \$10 billion by 1990. Instead, by 1992 Medicare cost \$115 billion, a multiple increase of 23. Medicaid cost \$2 billion in 1968 and by 1992 it cost the government \$72 billion, a multiple of 36. Total federal spending during that same time period, *including military spending*, increased by a multiple of 8, but government funded health care increased by a multiple of 23 and 36. The above information was provided several years ago by retired Minnesota Senator Rudy Boschwitz.

In 2007 Medicare cost tax payers \$436 billion and Medicaid cost \$190.6 billion. If the government takes over the health care industry with "Obama Care" they will be forced to ration health care and apply a legal concept of "quality of life", which according to reports is already in the Minnesota Care law. This means that a government bureaucrat and not your doctor will primarily decide, based on your age and medical condition, if medical treatment should be administered to you. In other words, the government will determine whether your life is worth spending tax dollars on. Government run health care should be nicknamed "*fat chance*" and "*good luck*" health care". NOTE: Every socialized health care system in the world rations medical care. Of course, this leads to a myriad of other problems such as black market health care for sale to the highest bidder.

Another negative outcome of government funding of health care is that in 1965 the trial lawyers began to realize that billions of government dollars were flowing into the health care system. They decided that by changing a few laws they could profit financially by suing the doctors and hospitals knowing that the government would have to bail them out. Of course, other businesses that provide services to doctors and hospitals also realized how to play the increasing costs game, such as the prescription drug industry, which followed suit with dramatic price increases.

I could also comment on the numerous failed solutions applied to try to contain costs such as HMOs, etc, but the main problem, as I stated previously, is government funding and a continual growth of government laws and regulations. One of the unintended negative consequences of all this government involvement and increased litigation costs is the ever increasing documentation and paperwork. When you promote socialism, one of the results you get is an excessive amount of paperwork, much of which is now managed through technology. Between insurance company requirements and government mandates, there seems to be no end to it.

Advancements in medical technology should increase the efficiency and lower the cost of health care, but again the government funding, mandates and regulations, along with high liability costs continue to negate the benefits of technology and instead drive up the cost.

WHAT IS THE SOLUTION TO OUR HEALTH CARE DILEMMA?

1. We need to develop a five to ten year plan to eliminate government funding from the health care industry and reform government mandates, laws and regulations. The goal of this would be to return medical decisions back to the doctor and the patient rather than insurance and government bureaucrats.
2. Immediately implement tort reform. By returning to Contract Law we could limit medical malpractice liability costs for the medical industry (many government institutions already benefit from this). In addition, trial lawyers should receive a fixed fee instead of a percentage of settlements on malpractice. There should also be consequences such as “loser pay provisions” to discourage persons from filing frivolous lawsuits. The current tort system is nothing more than a legalized crap game for trial lawyers.
3. Make health insurance portable allowing employees to keep the same health insurance even though they change employers.
4. Increase competition within the private sector by allowing individuals to purchase health insurance across state lines, just as in auto insurance.
5. Provide private market incentives (tax credits or vouchers) for low income people to purchase their own health insurance. These health policies could exclude coverage for medical treatment of destructive and unhealthy behaviors such as alcoholism and illegal drug addiction; or a high premium should be paid for such coverage. In other words, premiums should be structured to reward healthy lifestyles.
6. Our governor and state legislature should approach the federal government to develop pilot programs to privatize some federal health care programs such as the cost for nursing homes. In other words, promote innovation and alternative ideas in the funding and providing of healthcare services.
7. Create a private sector insurance option for senior citizens to opt out of Medicare. In addition, Medicare should be “means” tested so that wealthy individuals are not required to be on Medicare.

I realize that the health care problem seems daunting and overwhelming, but the system must be reformed or health care for our children and grandchildren will be second rate and third world. The above information is designed as points of discussion and should be critiqued, refined and expanded, but the major theme is true: get the government out of the health care industry before they totally destroy it!

Chapter 2: Government Run Healthcare: Damaging And Destroying Technology and Innovation

Technology and innovation are cornerstones of our healthcare and US economy. They increase economic productivity and usually lead to dramatically lower costs. One only needs to consider the dramatic price reductions in the computer industry in the past decades. For instance, when VCRs were first introduced they cost \$800 or more to purchase. Presently a VCR can be purchased for less than \$100 and with 10 times the features of the originals. The above example illustrates the economic law of capitalism which has been duplicated in our economy thousands of times with tremendous economic benefits for all of us. Government can pervert and distort this economic law through mandates, regulations, funding, and subsidies. When government steps in excessively it can damage and even destroy the effects of technology, innovation, and productivity and actually drive up the cost of services. This is precisely what has happened in our healthcare industry.

My contention in this chapter is that if the government takes over the health care industry through Obama Care or expanding Minnesota Care, it will severely damage or destroy future technology and innovation in the healthcare industry.

How and why would government elected officials want to impose a socialistic government health care plan on the American people when the overwhelming and clear evidence from around the world is that government run health care is ineffective, inefficient, and extremely expensive? Eventually, government run health care endangers the lives of its most vulnerable citizens by rationing health care treatment.

First, let's answer the question of how government run health care would damage or destroy innovation and technology in the healthcare industry. We will use a specific example of how one medical device company was created.

Generally, mechanical engineers and medical personnel have innovative ideas of how to treat or improve a medical procedure or device. In this actual example a small group of partners sought funding to develop their new medical idea. These partners went to the private sector with a business plan seeking funding from venture capitalists. These venture capitalists are wealthy individuals or groups of investors willing to risk money on startup companies. In this instance, private venture capitalists provided \$10 million of funding with the requirement that specific goals be reviewed quarterly. It is important to note that venture capitalists demand results. If these goals and results were not met, all future funding was to be terminated immediately. Eventually, in this case, \$40 million was invested by venture capitalists. This amount of money was needed for start-up costs and also for the FDA approval process of medical devices (which desperately needs to be reformed). This start up company produced three new medical therapies in treating cardiovascular diseases which have helped doctors to save lives and treat patients more effectively. This company grew and produced 84 new jobs in Minnesota. Currently there are over a hundred new start-up medical device companies receiving private venture capital in the metro area.

Wealthy individuals willing to take risks by investing their money in startup companies have literally created millions of new jobs in a multitude of industries throughout our US economy. Question: When did our country experience exponential growth of private wealthy individuals investing in startup companies? The answer may surprise you. It was when President Ronald Reagan cut taxes on corporate research and development investments along with capital gains tax cuts and major individual

income tax reductions. This led to the greatest economic expansion in US history, which still benefits us today. By the way, it was the Reagan administration that approved the use of the Internet for the private business sector. Until about 1982 it had only been used by the military. The rest is history.

The Obama administration, almost all Democrats and a few Republicans propose to increase all of these taxes on wealthy investors, thereby discouraging private venture capital investment. They would rather see the government invest tax dollars and take over the US healthcare system. This will prove to be a total and complete fiscal and economic disaster for our healthcare system, causing a myriad of negative consequences in our healthcare system, including but not limited to, inhibiting or destroying technology and innovation.

Let me explain. Consider our government run welfare system. After spending approximately \$6.5 trillion to eliminate poverty, the poverty rate in this country is the same or worse than when the government declared war on poverty over 40 years ago. Government run welfare programs are little more than a government subsidized prostitution program paying extra money to women who have children out of wedlock. This has contributed to over a 70% out of wedlock birth rate for Americans with an African heritage. Also, welfare provides financial support to able bodied men instead of incentives for an honest days work. This same inefficient government now wants to take over the healthcare industry in our nation. To allow this socialistic philosophy to control our healthcare system is godless un-American nonsense.

It is extremely important to understand that private venture capital firms demand some evidence of success and strong accountability on a business plan using their investment. If government raises taxes on the rich it will destroy the incentive for private wealthy investors to take risks with startup companies. This will seriously damage or destroy the engine of creating millions of private sector jobs here in the US.

Government, on the other hand, tends to make decisions based on political favoritism instead of on the evidence and risk when funding private sector industries. Government also demands very little accountability. The natural result is that government wastes billions of tax dollars without success.

For example, in regard to stem cell research, there are over 1000 privately funded venture capital studies in the U.S. currently researching adult and umbilical cord stem cells. There is plenty of medical evidence that miracle cures have and will result from these startup companies along with the promise of financial gain. However, in the area of embryonic (abortion) stem cell research there are zero privately funded studies in the US. Why? Because after over 35 years of research there is still no medical evidence that medical cures will be developed from embryonic stem cells! Hence, the liberals scream for billions of government tax dollars, most of which will be flushed down the government rat hole of waste, fraud, and abuse.

I'd like to give one additional personal example of health care rationing. Recently my wife visited a doctor to schedule outpatient surgery. I asked the doctor what his thoughts were about a government controlled and funded health care system. It turns out he has worked in the Canadian health care system. He said the system was terrible for patients who need surgery and that in Canada my wife would have to wait two and a half years to have her outpatient surgery performed. In the U.S. it was scheduled in a couple of months. It seems as if bureaucrats promoting government run health care hope you die before you receive the medical treatment.

As Americans we have a choice when voting for state and federal representatives, any politician who does not support the removal of government funding from healthcare programs, replacing them with

private sector health insurance, should be voted out of office immediately. Elections have consequences. The decisions we make will determine not only for ourselves but also for our children and grandchildren the type of health care they will receive.

Chapter 3: Obama Care A Marxist Healthcare Bill

“From each according to their ability to each according to their need”

This well known quote by Karl Marx aligns with the liberal idea that we should tax the productive and give to the *able-bodied*, non-productive.

The House bill for Obama care is over 1,000 pages long and, if implemented, will be an economic and health care disaster on a scale unprecedented in U.S. history. Not only will it produce the negative results indicated in the last two chapters, but because it is a federal program it will magnify them exponentially compared to any state plan. The following are only a few items of serious concern, which may apply to either the Senate or House bill or both. This is a fluid situation and facts are changing constantly.

1. The government will be in charge of deciding what is and is not effective or quality care (Section 219).
2. Doctors will be paid for their performance in compliance with government treatment directives (Sec. 143). This will result in withholding treatment or rationing as government bureaucrats will decide if it is cost efficient based on a patient's age, weight and health condition whether or not to approve medical treatment. In general, approximately 80% of a person's healthcare costs are incurred during the last few years of their life. The government bureaucrats will attempt to save money by rationing healthcare to patients during the final weeks, months or years of their life. This is a subtle form of euthanasia. Former Lieutenant Governor of New York, Dr. Betsy McCaughey has actually read the healthcare bill, unlike President Obama and the majority of elected representatives. She states that on page 425 of the proposed healthcare bill everyone on Social Security (*including all Seniors and SSI recipients*) will go to MANDATORY counseling every 5 years to learn and to choose from ways to end your suffering (*and your life*). The Senate bill does not include this language. (Source www.defendyourhealthcare.us) \$500 billion will be cut from senior's healthcare. Of the \$500 billion that will be cut only 1% is projected to come from eliminating waste, fraud and abuse! To a much smaller degree, rationing is already being practiced with the government-run Medicare and Medicaid programs. If you support government run health care, consider that the current government programs of Medicare and Medicaid have approximately \$70 to \$100 billion or more of waste, fraud, and abuse in them, far worse than any private company. These programs will also be bankrupt in the next few years. This is the track record of government funded healthcare. No matter what government does, in almost every case it is 5 to 10 times more expensive than it could be if produced or delivered through the private sector. Because the private sector needs to make a profit to stay in business they have a greater incentive to eliminate waste, fraud and abuse, unlike the government.
3. New government bureaucracies that will be formed include: The Medical Advisory Council, The Interagency Coordinating Working Group on Health Care Quality, Patient Safety Research Center, Shared Decision Making Resource Center, and the Center for Health Outcomes Research and Evaluation, (see diagram at the end of this chapter). Of course, hundreds of new government union employees will be hired with your tax dollars, which will create additional union dues, resulting in further funding of liberal politicians. One might suspect that this is the primary goal of liberal politicians; secondary is providing citizens with effective, efficient and life saving treatment.

4. The program will also look at the “health” impact of anything being built in the environment including homes, creating excessive and unnecessary government regulations and raising the cost of construction (Sec. 333).
5. Collection of private health data at every turn, including in the workplace (Sec. 334). Your private health information will now be available to the government and, of course, government bureaucrats will be using it to make decisions about your future health care.
6. The Government plans to hunt for fraud, waste, and abuse (Sec. 511). This is beyond humorous since in my previous two chapters I have documented that the primary entity responsible for the waste, fraud, and abuse in the current system **is** the government. Hopefully, they will find themselves and eliminate themselves from the health care industry. On a serious note, if the healthcare you need is outside government guidelines and, thus, deemed fraudulent, your doctor could possibly be fined or barred from practice for recommending treatment outside the proposed government guidelines.
7. Health Savings Accounts (HSA), which allow individuals to control their health care spending, are on the chopping block as well.
8. On page 16 of the House of Representative’s health care bill, it becomes illegal to purchase private medical health insurance after the effective date of the law other than through the government run Health Insurance Exchange, which will be subject to the micro-management and mandates of the government. So much for private sector competition. In effect, they are going to tax the private insurance companies and then use that money to subsidize their premiums and manipulate people out of their individual health insurance coverage and into the government plan. In “government speak” that’s called “equal competition”. They make the rules, they take your money, and then they manipulate the system into what they want you to do. Some might call that Marxism instead of the freedom and liberty that we’ve grown accustomed to in this country.
9. Taxes, especially on the small business that create the majority of jobs, would rise dramatically. There will be mandates and fines for small business forcing them to provide health care regardless of their financial situation. The next result would be massive layoffs in the small and mid-size business industry and also more of our jobs being shipped overseas.
10. The Congressional Budget Office strongly disagrees with the Democrat projections of cost and believes that the total cost would be closer to \$1.5 trillion, not under a trillion dollars. Of course, based on the projections of government in terms of costs for their programs in the past, the CBO’s figure is probably also low.
11. The Obama administration also wants to mandate coverage of abortions with government run healthcare, which will increase the number of abortions, using your tax dollars to kill innocent unborn children. The language of the house bill is deliberately ambiguous and delegates major authority and decisions to unelected commissioners sitting on the health care boards, who have the power to mandate abortion coverage. Numerous amendments to prohibit the taxpayer funding of abortions have been proposed and all of them have been defeated.
12. Government run health care will result in fewer doctors, which in turn is a way of rationing health care. Not wanting to become servants of the state, some doctors will leave the profession and fewer individuals will choose to become physicians.
13. Doctors will be rewarded financially for rationing healthcare (gatekeepers).
14. For every private insurance agent eliminated, 25 to 30 government union employees will need to be hired to replace them.
15. Studies have been done that show that for every government union job created, the private sector will lose 2.2 jobs. That’s a rather poor tradeoff.
16. The President and the lawmakers in Washington, D.C. have yet to agree to include themselves and their families in the government run healthcare system.

This so-called health care bill is political and economic Marxist insanity. It is anti-patient, anti-doctor, anti-elderly, anti-child and also un-American. The politicians who vote for it should be impeached and immediately removed from office.

I know some of you will think that some of these statements are extreme, but please read the following explanation why socialism never works and always produces waste, fraud, and abuse.

First, the average American needs to understand how government unions operate in this country, especially since the goal of liberal politicians is to eventually turn all health care workers into government union employees.

Let me emphasize that there many decent, hard working government union employees, but the structure they operate in is corrupt and desperately needs reform. We need to privatize as many government run programs as possible.

Generally, every two years government unions negotiate their salary and benefit package. The leadership of the government unions generally tries to negotiate more pay, less work, more benefits and provide early retirement with paid benefits for their union members. These demands are made regardless of the amount of new funding available for a particular government program. I have observed firsthand as a negotiator for government union contracts for over 14 years that the state and federal leadership of government unions deliberately and intentionally tries to bankrupt government institutions so that every two years unions can show up at the state and federal legislatures and cry, "We're broke! We need more money!"

Therefore, no matter how many tax dollars elected officials send down to government programs, it is never enough. They are always short of money and broke. The number one employer in the State of Minnesota is the State of Minnesota. The number two employer is the Federal government. This means that those of us who don't work for the government have to work twice as hard to pay for these socialistic programs, most of which have a huge amount of waste, fraud, and abuse.

In addition to this, government union leadership resists changes that would bring efficiency to government programs and that would result in less government union employees. Instead, they support educational techniques and programs that are inefficient and require more and more government union employees, which increase union dues.

The union leadership also hates audits of government programs that expose waste, fraud, and abuse, and they have numerous friends in the media that run cover for them. The Democrat Party is the primary recipient of government union contributions and, therefore, are blinded proponents of government programs, regardless of the poor results, and generally refuse meaningful reform to change them.

In fact, many Democrats and their party leadership support new and expanded government programs with ever more government union employees, which in turn creates an increasing stream of political contributions from union dues and members. An example would be welfare. When President Obama took office, one of the first things he and the Democrat controlled congress did was to roll back the requirements of qualifying for welfare benefits across the nation. This, in turn, leads to more people dependant on welfare for their existence, which creates more demand for welfare services, which amounts to additional government union employees to handle the case loads, who will be forced to join the union and pay union dues, some of which will wind up in the pockets of the left-winged liberal democrats who pass the laws.

The pillars of the capitalist system; profit and competition, coupled with the rule of law and the possible fear of bankruptcy, produces competitive prices, excellence in services and products, along with increased prosperity. This is not evil as some liberals imply!

Economic Marxism and socialism, which eliminate the pillars of the capitalistic system, replacing them with generally sub-standard and expensive services and products, together with billions of dollars in waste, fraud and abuse is evil! Take for example, that the current administration is now trying to demonize the profits of the insurance industry as being evil.

Now let us consider “Obama Care”, government-run health care. The Democrats know that when the government runs health care in other places of the world, it always produces rationing and worse health care for patients. But quite frankly, the Democrats don’t seem to care. Why? Because if they can eventually turn millions of health care workers into government union employees who will then pay union dues, this will lead to huge political contributions made to the Democrat Party! This, I believe, is the liberal’s ultimate goal because money in politics turns into sustaining political power.

If you have your doubts, consider the abortion industry. Many in the Democrat Party want to fully fund abortion with taxpayer dollars and mandate that doctors must perform abortions. Net result: this will create many more abortion employees, who when subsidized with federal tax dollars, will bring more political contributions to the Democrat Party on the shedding of the blood of innocent children.

By now I think you get the picture. Liberals, especially Democrats, will bankrupt this county and destroy the U.S. dollar for political power. If you still have doubts, consider how most people act with inheritance within their families. Control of government equals control of trillions of dollars of inheritance (your tax dollars)! Some liberals may be well-meaning, but they have become brainwashed disciples of a Marxist philosophy that will ultimately reduce patient care and bankrupt this country. Please, for the sake of our children and grandchildren, get involved at every level and stop this Marxist socialist takeover of our health care system.

Remember the words of Edmund Burke “The only thing necessary for evil to succeed is for good men to do nothing”. Please contact your Minnesota and US elected representatives and firmly and respectfully voice your opinions on this extremely important healthcare issue.