Solving the Health Care Problem

How Other Nations Succeeded and Why the United States Has Not

Pamela Behan
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How Other Nations Succeeded and Why the United States Has Not

PAMELA BEHAN

State University of New York Press
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Introduction

THE RESEARCH QUESTION

Of all the industrialized democracies, the United States is the only one that does not provide its citizens with either a national health care system or national health insurance (NHI) (Steinmo and Watts 1995: 330; Starr 1982: 288). More specifically, the United States is the only such nation that allows its citizens to go entirely without care for lack of funds or to go bankrupt as a result of health problems (Navarro 1992: vii). This book presents the results of an investigation into this unique characteristic of U.S. national policy.

This introduction describes the theoretical and methodological approach of that study and is intended for readers interested in such particulars. Other readers may wish to begin with chapter 1, using the introduction only to answer specific questions about the study not addressed in the regular chapters.

The body of the introduction begins with a description of the main theories of cross-national difference in the welfare state literature. This is followed by an analysis of weaknesses in the literature that this study was designed to address. The theoretical approach of the study is then described, including the premises used by the author to guide both data gathering and the categorization of outcomes for analysis.

The second section of the introduction describes the method used to study the research question. It begins with an analysis of the research question, which is argued to be comparative, qualitative, and historical in nature, requiring a comparative historical methodological approach. Dilemmas presented by such methods and the major strategies available to
address them are then cited and explained. The logic behind the choice of nations for comparison to the United States is described, followed by an account of the sources of data utilized. Finally, a short description of the rest of the book is provided.

EXPLANATIONS FROM THE LITERATURE

Since the 1950s, five central theoretical approaches have been used to account for national variance in social welfare policies such as health care. Three of these gained wide acceptance in spite of major limitations, most likely because they do not challenge the fairness of current arrangements. These theories are now recognized as relevant but limited in their usefulness on such questions.

Mainstream Approaches

Economic development has long been recognized as relevant to national welfare states. Until the early 1980s, convergence or logic-of-industrialization theory was the predominant explanation among social scientists for the emergence of national welfare state policies. This theory posits that all industrializing countries go through similar stages, which will eventually lead to convergence in national policies, including similar welfare state policies. However, convergence theory could never account satisfactorily for major policy differences among industrially advanced nations. In the early 1980s, studies increasingly challenged its predictions, focusing attention instead on the need for political and class variables (Quadagno 1987). Recently, globalization and welfare state retrenchment in a number of nations have revived interest in this theory, but available evidence still does not support its predictions (Olsen 2002; Banting 1997).

A second, widely recognized factor in welfare state determination has been national values or culture. The cultural theoretical approach regards policy differences among industrial nations as a matter of national political preferences, expressed through the democratic process (Fuchs 1986; Fein 1986; Ginzberg 1977; Lipset 1989). However, this theory could never explain the major discrepancies found between the policies preferred by the public and the policies actually adopted. Cultural theory came under challenge as studies increasingly emphasized the importance of conflicting values within national cultures, because it ignores the role of actors and power in asserting one version over another as a basis for

By the end of the 1980s, cross-national variance in welfare state policies was being explained in terms of three other theoretical traditions; one of these emphasizes interest-group competition, while the other two stress the organization of the central state and the strength of social democratic forces (Quadagno 1987). The first of these, pluralist or interest-group theory, is widely accepted within the United States but has proved to be of limited value on this question.

Pluralist theory notes that political actors in some nations, such as the United States, mobilize around specialized interests rather than along class lines (McConnell 1966; Polsby 1984; Dahl 1986:246). Pluralists then attribute the effectiveness of such organized groups in influencing legislation to cultural or strategic factors (Starr 1982; Marmor and Christianson 1982). However, this attribution rests on the presumption that all interest groups are relatively equal in power; as such, it cannot account for the enormous differences in their impact on legislation and policy. For instance, the coalition of organized physicians, businesses, and insurance companies regularly opposing national health insurance legislation has been extremely influential, but the advocates of such policy, in spite of broad public support, have not (Hirshfield 1970; Starr 1982; Blendon 1989). Explaining such differences in power is clearly central to answering our question, making pluralist theory, along with convergence and cultural theory, of limited usefulness here.

However, some quite useful information has been gained from comparative pluralist studies; it appears that pluralist political dynamics replace class-based dynamics only under particular national conditions. Countries that organize along interest-group lines have been noted to be those with weak or fragmented class organization, and political systems in which power is divided rather than centralized (Pampel 1994). For instance, if a nation's working class is divided, as it has been in the United States, its opponents are likely to pursue policies that exacerbate those divisions, and where the fragmentation of state power creates multiple points at which legislation may be blocked or altered, such policies are likely to be adopted as compromises. Over time, such policies would logically render politicians and bureaucrats less accountable to the shared interests of working-class citizens and more accountable to narrower interests. Political success would then become tied to the pursuit of narrow interests, creating a political system organized along interest-group lines.
The political and class conditions that result in such a system appear to be important variables to examine in accounting for U.S. policy exceptionalism. Fortunately, these factors are the same ones emphasized by the two remaining theoretical approaches.

**Political Institutional Theories**

Institutional theories stress the role of political and state institutions in determining and shaping welfare state policies. This is a multifaceted approach, which may emphasize the structure of state institutions, initiatives taken by autonomous officials, or the effects of policy legacies (Skocpol and Amenta 1986; Huber et al. 1993). It may focus on the activities of the state bureaucracy or the relative timing of institutional changes such as democratization or bureaucratization (Quadagno 1987). Its theorists may explore constitutionally mandated or evolved institutional processes and how they affect the strategic environment in which policy is decided (Huber et al. 1993; Immergut 1992b). Finally, they may seek to identify and compare the interactive effects of presidential/congressional and parliamentary systems, federal and unitary systems, bicameral and unicameral legislatures, and two-party and multiparty systems, along with those of electoral rules, the apportioning of representation, and regional and ideological coalitions (Olsen 2002:142–61; Banting 1997:281–84).

How would institutional theories explain U.S. exceptionalism? The United States differs significantly from other nations in its central state structures; specifically, its organization as a federation of states and the federal separation of powers are most often mentioned in this regard. These American constitutional structures are considered to be antagonistic to welfare state policies. The organization of the American national government as a federation of states has been theorized to slow the growth of its welfare state by weakening the power of the central government and its managers and by reducing support for welfare state policies at the national level (Gray 1991:7–11). Similarly, the constitutional division of the power to initiate and approve policy between the president and two branches of Congress, which may represent different parties or different ideological branches of one party, allows political minorities to veto welfare state legislation by providing multiple critical points where leverage can be applied and legislation stopped or altered (Steinmo and Watts 1995). The repeated failures of majority-supported legislation under this
system then reduce majority solidarity by making the pursuit of narrower interests more strategic and winnable.

As would be expected with such a political legacy, the influence of private-sector interests on legislation and policy has been argued to be relatively greater in the United States than in other nations (Starr 1982; Starr and Immergut 1987:239; Laham 1993). The connection between this influence and institutional structure is described by Ellen Immergut’s work, which describes how institutional procedures select the groups whose views will be represented and shape demands by structuring the strategic environment (1992b; see also Dahl 1956:137). U.S. national health policies are argued to have created both a new, bureaucratic health care model (Morone 1993) and a uniquely market-dominated policy legacy (Stone 1993).

Constitutionally mandated and evolved electoral processes in the United States are also relevant to political institutional accounts of U.S. exceptionalism. The winner-take-all system in the United States, for instance, is argued to have determined our two-party system, by preventing third parties from effectively influencing policy (Lipset 1967:335–38; Seligman 1987:95; Lipset 1989:201–05). The two-party system, combined with a lack of responsible party government, then led to the situation in which NHI’s most powerful advocate, organized labor, was primarily affiliated for most of the last century with the same political party that represented the southern white elite. That elite has been shown to have used its position within the Democratic Party and the congressional seniority system to prevent the passage of universal national welfare state programs, which would have destabilized the racist southern labor system (Quadagno 1994).

Several studies have suggested bureaucratic-related barriers to NHI in the United States, including the early introduction of universal suffrage (Hanneman and Hollingsworth 1992), the resulting form, impact, and political party connections of bureaucracies (Weir and Skocpol 1983, 1986; Olsen 2002:158–59), and the electoral, congressional, and legislative response to the resulting patronage-oriented bureaucratic systems (Steinmo and Watts 1995). More recent studies have suggested other political institutional barriers, including the overrepresentation of rural America in the Senate, the coalition of U.S. racial and religious conservatives (Banting 1997:281–84), the impact of institutional processes and rules on U.S. political parties (Maioni 1998), the constraining effect on
organized labor of the health insurance policy legacy it helped create (Gottschalk 2000), and the interaction between electoral politics and the congressional committee system (Olsen 2002:146).

**Social Democratic / Power Resources Theory**

Power resources theorists, in contrast, approach their subject from a class perspective. These theorists accept Karl Marx’s premise that the working class is a subordinated class in a capitalist society and that the state is generally dominated by the capitalist class. Unlike instrumental or structural Marxists, however, these theorists regard political control of the democratic state as a viable strategy for workers engaged in the democratic class struggle, with the state as the site of struggle (Korpi 1983). Power resources theorists regard strong welfare state policies as victories won over capital by organized workers and specify democratic politics as the primary mechanism through which labor is able to force such reforms. They note that it is usually a socialist or working-class political party that demands the implementation of such policies and, when in power, introduces them into law (Esping-Andersen 1990; Navarro 1989; Korpi 1983). In explaining national welfare state differences, power resources theorists specifically call attention to the balance of politically useful resources controlled by the capitalist and working classes in a given society (Korpi 1985).

A variation in the literature on this theme suggests that progressive policy has sometimes been implemented under conservative leadership to quiet working-class agitation and prevent the development of effective political opposition (Navarro 1989; Piven and Cloward 1971, 1977). Since this strategy is useless once effective political opposition has been organized, this variation has usually been applied either to industrializing states or to industrialized states such as the United States where the working class is exceptionally weak. One implication of this idea is that, in nations where labor has not overcome racial, gender, blue collar/white collar, or other divisions, capitalist actors should be able to design policy to exploit those divisions and obscure shared working-class interests.

How would power resources theory address U.S. exceptionalism? The United States is unique among industrialized nations in both the weakness of its labor movement and the lack of an effective socialist or working-class party (Navarro 1989). The “failure of socialism” in the United States has been variously attributed to characteristics of the Amer-
ican socialist movement or its supporters, the lack of a feudal heritage, the presence of a frontier, mass immigration, exceptional social mobility, particular political structures, and a unique national system of beliefs and values (Seligman 1987: 91–105). Whatever the cause of this weakness, there is little disagreement that a stronger labor movement or a mainstream labor party would have considerable impact on U.S. health care policies. Power resources theory would also call attention to specific attributes of that movement or party, such as the qualities of its leadership and organization or alliances with other classes (Korpi 1985). U.S. exceptionalism in health care policy may reflect unique qualities of the health care domain, which make comprehensive reform especially difficult in the absence of strong working-class resources for building and exercising power.

However, U.S. welfare state policy in general has been noted to favor market-dominated, means-tested programs with modest benefits (Esping-Andersen 1990). The only partial exceptions to this characterization of U.S. welfare state policy are the Social Security and Medicare programs.

The Social Security program is a publicly run old age pension program that is employment-related but not means-tested; it offers very real protection for former workers in old age but also reinforces the inequality of the marketplace with market-based eligibility standards and unequal benefits. It is redistributive and public but does not reduce worker dependence on the market; furthermore, it primarily redistributes income between generations and genders, rather than between income strata. This popular, nearly universal program is noted to have become law under a Democratic administration during the Great Depression, when working-class mobilization and labor militancy were at their height in this country (Navarro 1989). During this period, several policies initially advocated by American socialists became popular and were passed into law as part of the New Deal.

Medicare, the health insurance program for retirees closely based on the Social Security program, became law during an unusual period of overwhelming Democratic Party legislative as well as executive dominance. It should also be noted that the late 1960s, like the Depression era, was a time of political mobilization and militancy, although organized more around opposition to racism and imperialism than around social class. Perhaps as a result, Medicare is less universal and less public than Social Security; that is, it addresses the health needs of only one category of citizens and relies on a voluntary private market component for their
medical coverage. Only Medicare’s hospital insurance component is truly public. Although somewhat more class redistributive than Social Security, Medicare’s redistributive effects are also mainly generational and gendered; both its voluntary medical insurance component and the large proportion of health care costs it requires retirees to pay prevent Medicare from reducing worker dependence upon the market.

From a power resources point of view, then, neither Social Security nor Medicare represents the success of decommodifying or class redistributive welfare state policies in the United States; they represent exceptions only as public, nonmeans-tested social insurance programs. Class theorists would argue that democratic politics was the means of winning these public policy reforms during times of unusual militancy and mobilization, while the specific provisions of both programs reflect the overall weakness of the working class in the United States. As a policy that includes, at the least, an expansion of the public realm and of worker rights through that realm, NHI may be exceptional in the United States because of its relevance to the class struggle and not its unique domain.

Political institutional and power resources theory appear to be the critical theoretical approaches to include in a study of this question. Notably, these theories appear to be potentially complementary rather than necessarily contradictory. For instance, if political institutional arrangements determine the types of issues that can succeed legislatively, one side in the democratic class struggle may be systematically favored over the other by those institutions, giving it more influence in policy decisions. Alternatively, it is possible that the class struggle shapes political institutions so that over time, the power resources controlled by opposing social classes determine the processes that create or limit policies.

Weaknesses in the Literature

The literature exploring this research question shows several gaps, which this study was designed to address. First, formal studies in this literature have been dominated by single theory approaches, which are easier to test but tend to discount the shifting and multidimensional nature of national welfare state policy dynamics. However, there is no overwhelming reason to presume that the same dynamic is always the dominant one in different times and places and good reason to fear that such a presumption may lead to misleading results. The existence of patterns or configurations of wel-
fare state outcomes argues instead for the cumulative effects of multiple interdependent causal factors, with nonlinear, sequential, or interactive effects (Pierson 2000:809).

Second, the literature exploring U.S. health policy primarily involves studies of dynamics within the United States, rather than systematic comparison with other nations. However, national exceptionalism can only be established, by definition, in comparison with other nations; how that difference came to be is therefore a question for comparison with other nations as well. Without explicit comparison, no perspective can be gained on the uniqueness of processes within a single nation or on the differential impact of common factors under different national conditions.

Third, the literature on health care policy has tended to treat it as a separate issue, too specialized to be considered on the same grounds as other welfare state issues (Wilensky et al., 1987). This is perhaps a carry-over from the specialized nature of medicine and the claims of medical specialists to legitimately dominate matters of health care. However, national health care policy, however complex, involves the same issues of class redistribution, decommodification, entitlement, universal versus targeted citizen benefits, state centralization and market stratification as pensions, unemployment insurance, family allowances, housing assistance, and other social policies. There is no logical reason to exclude it from similar analysis and every reason to expect such analysis to be useful (Moran 2000; Clarke and McEldowney 2000; Blake and Adolino 2001).

Fourth, cross-national comparative studies of national health care policy have rarely used outcome measures appropriate for addressing such qualitative welfare state issues as who benefits from specific national expenditures or how well citizens are protected by them. There is a good deal of work yet to be done, therefore, in sorting out health policy dynamics around redistribution, decommodification, social rights, and other qualitative questions.

Finally, political struggles that involve class interests are rarely explored as such in American analyses. Social class is frequently ignored altogether, or proxies such as race are employed to “stand in” for class dynamics. Both of these strategies hinder clarity on welfare state issues that, if only by their redistributive properties, logically involve issues of class interest and competition. The assumption appears to be that, because politics are organized pluralistically in the United States, class dynamics are altogether absent here. However, that assumption should be logically treated as an empirical question, not a fact.
This study addresses these weaknesses by addressing U.S. health care policy as a qualitative, comparative welfare state issue and by explicitly considering multicausal or conjunctural causal dynamics, including those of social class.

Two Theoretical Premises

Any systematic study of this research question must take all of these theories into consideration. This study utilizes political institutional and class power factors as its main causal or explanatory variables, includes interest-group variables to test their relevance, and takes convergence and cultural theory into consideration in its choice of nations for comparison.

Two theoretical premises were formed early in this research and used to inform the data-gathering process. The first was that class power factors were necessary, but probably not sufficient, to answer this research question. This followed from the redistributive nature of the policy issue and the observation that, while working-class organization had started earlier and been at least as strong in the United States as in Canada or Australia, both the successes and the strength of the U.S. labor movement fell behind those of the other two nations over time. This suggested that some third factor or factors affected social democratic dynamics in the United States differently than in Canada or Australia.

The second theoretical premise was that political institutions might be the third factor that differentially affected class power dynamics in these nations. This followed from two empirical observations. One was that the battle for the right to collective bargaining took far longer in the United States than in Australia or Canada; the other was that U.S. labor found it necessary to abandon political tactics that were successful in both Australia and Canada. Logically, if unusually hostile political institutions in the United States had the power to counteract direct labor tactics and render most union strategies ineffective, U.S. social democratic dynamics would necessarily assume a different form than in nations where those tactics and strategies met with success. A relative lack of success could also prompt discouragement with working-class organization, explaining the loss of U.S. union strength over time.

The role of interest-group dynamics was then tentatively conceptualized as residual in relation to class issues; that is, where working-class political organizations are repeatedly blocked from achieving their goals, narrower forms of political organization might come to dominate welfare
state issues. This would not necessarily mean that interest-group dynamics assume no importance at all for such issues in nations where working-class organization has been successful; it implies only that they would dominate outcomes less than where working-class organization was less successful. Empirically, interest-group activity may be capable of accommodating itself to a wide variety of class power arrangements.

Theoretically, then, this author approached her subject with the expectation that both political institutional theory and power resource theory might be relevant to the research question. Whether one might turn out to be determinant of the other, or the exact nature of the relations between theoretically relevant factors, was not presupposed.

THE RESEARCH METHOD

The Nature of the Research Question

The research question addressed in this study is comparative, qualitative, and historical in nature. As argued earlier, policy exceptionalism is by definition a comparative issue. The uniqueness of dynamics that result in unique national policy outcomes can only be understood with reference to the dynamics and outcomes of other nations.

It is also a qualitative question. Both quantitative and qualitative methods have been used to compare and explain national policy differences. However, since our query seeks to unravel the complex political and institutional dynamics around a specifiable national policy outcome, it requires close attention to the dynamics of numerous policy events, a qualitative process. Neither complex, interactive causal factors, nor the complex variable qualities of policy outcomes in different nations can be adequately measured and compared through quantitative measures (Ragin 1987; Orloff 1993).

A number of comparative qualitative approaches could be envisioned. However, national policy exceptionalism is also a historical issue. That is, the U.S. lack of national health insurance is exceptional because, over time, all other industrialized nations have adopted such protections, while the United States has not. The question of how other nations have managed to pass such legislation into law, and how it has been blocked in this country, must be answered with reference to the past. Furthermore, contemporary efforts can only be understood with reference to a nation's historical legacy; the costs “of adopting previously available alternatives”