

[Why Hillary is still wrong](#) [1]

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As in the last campaign for a Clinton presidency, which Hillary nearly derailed with ill-advised health reform proposals, she has once again missed the point in her insults on private medicine.

On the campaign trail in New Hampshire she [accused](#) [3] the US health insurance industry of spending \$50 billion to avoid paying claims of their clients. But she has got the numbers wrong. Currently private health insurers are paying claims worth about \$600 billion a year and spending \$30 billion to adjudicate those claims, actually only denying claims worth \$3 billion ? not \$50 billion. The cost of scrutinizing claims represents good value for money, because it keeps the premiums at bay by rejecting fraudulent and frivolous claims.

However, the ideological thrust of Clintons argument is targeting at gradual replacement of private with public insurance ? in other words to expand Medicare for all Americans, with alleged administrative cost of only 3-6 percent. Her followers claim falsely that the administrative costs of private insurance (11-14 percent of premiums) alone would be enough to fund coverage for all presently uninsured Americans.

Fortunately, a meticulous actuary enquiry by the Manhattan Institute has recently [dismantled](#) [4] this myth. Administrative costs for public insurance such as Medicare do not reflect the hidden cost of tax collection and other government functions for the administration. Under the "lowest plausible assumption about the excess burden engendered by the federal tax system" the total Medicare administrative costs would account to a minimum of 24-25 percent of all outlays. However:

A more realistic assumption raises the true cost of delivering Medicare benefits to about 52 percent of Medicare outlays, or about four to five times the net cost of private health.

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