

July 2009

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WESTERN PIEDMONT ASSOCIATION OF HEALTH UNDERWRITERS

HORIZON

Please join us for our annual cookout at Glen Oaks Country Club. Dwayne Wilson Insurance Agency will be sponsoring our July meeting.

A message from our president: Lori Alala

Well, we're off! Cristy and I, along with a few others from WPAHU will be attending the National Association of Health Underwriters conference in New York City beginning this Sunday, June 28. I am excited to about attending this conference. I am hopeful that the information shared will give me some additional insight as to what is really going on in Washington. We should have lots of good information to share when we return. I am also excited about the opportunity for our Chapter to bring home another Pacesetter Award. Cristy and Ellen worked hard to prepare and submit our Pacesetter book for 2008-09 and I want to extend many thanks for their efforts. This year would not have been the success it was, and the documentation for the Pacesetter book would not have been available, without the hard work of each 2008-09 WPAHU Board Member. So regardless of the outcome, I consider it to have been a very successful year for our Chapter. I want to personally thank Cristy Gupton for her leadership over the last year. She has led our Chapter through a difficult year that posed many challenges. I anticipate these challenges to intensify over the next few months as our elected officials debate Health Care Reform. Cristy has done a super job and we are all thankful for her personal commitment and dedication to our Industry and Chapter. Thanks Cristy!

As I step into the position of President of WPAHU on July 1, I realize that this is a trying time in our Industry and economy. Both the Health Underwriters Political Action Committee (HUPAC) and our State Political Action Committee (NCPAC) need your financial support. Likewise, please respond to every Operation Shout. As an Underwriter, these emails give you the information you need to share with your Clients. This only makes you more valuable, and solidifies your credibility as an Agent and Industry Leader. Money and Personal Action speak volumes. This is what we can do and this is what we must do to support our Industry.



Please remember to welcome our two newest members, Sheri Quakenbush with United Health Care and Angela Greene with NC League of Municipalities. We welcome their membership and participation in our Association.

REMINDER! Our annual golf tournament will take place September 24th at Glenn Oaks Country Club. This is our largest fundraiser for the year and the revenue generated from this event will go toward donations to nonprofit groups as well as toward operational expenses throughout the year. Please mark your calendars and plan on participating in this event. Your support is greatly appreciated. Look for more information to follow!

Final note, we have a great Board in place. With their willingness to serve, along with your support as Members, I anticipate a productive 2009-10.

I look forward to seeing you at the cook out at Glenn Oaks Country Club, compliments of Dwayne Wilson. Have a fun and safe summer!

Programs— Ellen Vickers

Hello INCREDIBLES! If you missed June's Award meeting, you missed a good time! Thank you all for being great sports. It was a lot of fun! We also want to thank Carol Matznick, Executive Director for the NCAHU and the Relations Chair for the NAHU for coming to our meeting. Carol gave an overview on navigating NAHU's website and showed the importance of responding quickly Legislative Operation Shouts. She did a great job!

Don't forget WPAHU's Annual Cookout on July 9, 2009 at Glenn Oaks Country Club from 4:00 p.m. - until.....

Bring your family, swimsuits and a hearty appetite!!!

Dwayne Wilson Insurance & Financial Services, Inc. will be sponsoring this meeting.

Please RSVP to dwaynewilson@charter.net

Dates to Remember:



July 9, 2009—
Cookout at Glen Oaks Country Club in Maiden

August 5, 2009—
Monthly Meeting

September 2, 2009—
Monthly Meeting



*Treasurer—
Pete Burger*

Financial Reports are always available for your review. Please contact Pete Burger for more information.



We challenge each one of you to give \$10.00 to HUPAC. Please see Gene Davis for more information.



ATTENTION.....ALL NEW MEMBERS

Angela Smith will be holding new member orientation immediately following all regular meetings.

Membership—Angela Smith



Let us remember our Independence and the many lives that have been lost to bring us here and be thankful that we are in nation that is free to pursue life, liberty and happiness. Let us embrace this and use this in our association this year and press on in our FREEDOM of LIFE, LIBERTY and pursuit of HAPPINESS!

Show others how to take that step and join in our journey together, holding hands and helping each other along the way and being the best that we can be as members in this wonderfully unique association with Western Piedmont and NAHU!

Share with them the importance of being a member and reaching out to our government and local representatives about health care and being well informed about what is going on. Take an application by to them and help them join in the walk towards a better system that we ALL can benefit from and not grow more and more in debt. Let's all enjoy America together!

Legislative Chair— Jeff Kristofak

All over the developed world, the political left only knows two ways to constrain health care spending: (1) squeeze the providers and (2) deny patients care. Since they don't believe in markets or incentives or entrepreneurship — the ways costs are controlled in other markets — there really isn't much left to do but take it out on doctors and patients. Today I want to address the mistaken idea that suppressing provider incomes is a socially good thing to do.

Of all the arguments for national health insurance, the absolute worst one is the idea that a single buyer of health care can lower the social cost of care by exercising strong bargaining power. The Physicians for a National Health Program, for example, argues that a monopsonist (single buyer) will be able pay doctors, nurses, hospital personnel and other providers below market rates. [Doctors who want the government to stick it to doctors? Medicine seems to attract more than its share of masochists. The only thing worse is an economist who hates economics. Read on.]

Paul Krugman, writing in *The New York Times*, uses a similar argument to advocate a public plan option in President Obama's government-run, government-regulated health insurance exchange. A public plan, he writes, would have the "bargaining power needed to bring down health care costs."

So what's wrong with this way of thinking?

Social cost is the sum of all the individual costs. That is, it's the cost to me plus the cost to you plus..... etc., summing over 300 million people. In doing the summation, we can't omit whole groups of folks. Although this may come as a surprise to some, doctors really are people! So are nurses. So are hospital personnel. Squeezing the incomes of providers shifts costs, but it doesn't lower them. It makes patients better off (in the short run) and providers worse off. But that does not lower cost for society as a whole.

As Gregory Mankiw explained in a recent *New York Times* [editorial](#), if we want to shift costs, we do not need monopsonistic buying power. We could simply impose a tax on all the providers and use the proceeds to subsidize the health care purchases of patients. Good for patients and bad for doctors, perhaps. But since the gains and losses cancel out, the benefits for society as a whole are nil.

The obverse of a monopsonist is a monopolist. Suppose the federal government awarded a single company exclusive rights to sell domestic wine. The monopolist would certainly raise the price to consumers. But does this mean the social cost of wine would be higher? No. The consumer's loss is the seller's gain. The cost of production remains largely unchanged.

Social cost, in general, is independent of the prices people pay. The social cost of the production of a good or service is the value of the resources used to produce it.

The reason why economists — from Adam Smith to the current day — do not like monopolies and monopsonies is that they misallocate resources. Under monopoly, for example, too little of the monopolized good will be produced. Too much will be produced of other goods and services. The same is true of monopsony.

Another problem with monopsony in health care is that in the long run you get deterioration in quality. Suppressing doctor incomes encourages bright young people to enter professions other than medicine. In Britain, a very high proportion of doctors are immigrants — trained in some other country. Increasingly, that is true in the United States as well.

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