

# Group thinking

Could consumer-run healthcare provide an alternative to government-run options? | *Mark Bergin*

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SEATTLE—The parking lot outside the Group Health Medical Center in north Seattle is packed as patients flock to the facility for their Monday morning appointments. With just four Group Health clinics throughout the city, members have few options for primary care. But with premiums often undercutting the competition, more than 500,000 Washington State residents have sacrificed choice for price.

Many federal lawmakers believe Americans across the country might opt for a similar sacrifice, if given the chance. Group Health is one of the nation's few remaining healthcare cooperatives, a model on the decline since its heyday in the 1930s and 1940s. Cooperatives differ from typical insurance companies in that they are owned and operated by members with a bottom line rooted in consumer satisfaction, not profitability. Might the cooperative be poised for a comeback?

Sen. Kent Conrad is among those saying yes. The North Dakota Democrat and chairman of the Senate Budget Committee believes the expansion of the Group Health model could allay calls within his party for a universal government-run program: "It's membership-owned, membership-controlled, not government-run, not government controlled."

Conrad points to large cooperatives like Land O'Lakes, Ace Hardware, and the Associated Press as proof that the not-for-profit structure can function successfully on a national scale. Sen. Chuck Grassley, the senior Republican on the Senate Finance Committee, agrees in principle but is resistant to Democratic proposals to seed a national network of healthcare cooperatives with taxpayer money: "It's a healthcare Fannie Mae."

Grassley's views might not matter in a Democrat-controlled Senate except for his influential relationship with Montana Democrat Max Baucus, chairman of the Finance Committee. Baucus appears committed to fostering a bipartisan compromise despite the Senate supermajority recently attained with the addition of Minnesota's Al Franken.

Much of the attraction to the cooperative structure flows from the existence of a working model in the Pacific Northwest. But is Group Health truly the picture of serenity lawmakers from both sides of the aisle seem bent on painting?

Founded in 1947, the Puget Sound cooperative has often drawn scorn from Seattle's medical community for deficiencies in its coverage of emergency services and chronic illness. It famously earned the moniker "Group Death" in past decades, though supporters dismissed that tag as the product of sour grapes from healthcare providers unable to compete with Group Health's low costs.

Such negative perceptions have largely waned in recent years as the consumer-governed organization has developed a more sophisticated operation, adding deductibles, co-pays, and even some out-of-network benefits. In the 1980s, Group Health abandoned its policy of charging equal premiums for all members, a change critical to its survival.

Today, the cooperative stands among the best-rated healthcare providers in the region, according to a 2009 report from J.D. Power and Associates. Still, its ranking for consumer choice is below average, a deterrent for many people committed to a particular doctor or without a Group Health facility in their neighborhood.

North Seattle resident Ryan Roper, 33, is concerned about the lack of provider options but recently enrolled with Group Health anyway due to the low premium. "The drawback is the limitation on who you can see, and I

don't think there's very good out-of-state care. We'll see how it goes."

Retired land surveyor Ed Klaport, 80, came to Group Health 35 years ago and cemented his belief in the cooperative model through his wife's positive experiences working for the organization as a nurse. "Some of my friends blow my mind. They belong to Group Health but still support a one-payer system. If the one-payer is the government, it's going to knock down competition. It'd be hell. Instead, if they use this as a model, the way it is, it'd be OK."

But opponents of government-run healthcare are suspicious of Washington's focus on cooperatives. They argue that Democrats would not allow the cooperatives they create to be independent enterprises. "If a 'co-op' is run by the federal government under rules imposed by the federal government with funding provided by the federal government, it's simply government-run health insurance by another name," writes the Cato Institute's Michael Tanner at Townhall.com. "Opponents of a government takeover of the healthcare system should not be fooled."

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