Dodging the bill

by the St. Louis Post-Dispatch

Everyone loves an underdog. That's why Debbie Shank's eight-year legal struggle with retail giant Wal-Mart was so riveting and, as of Tuesday, emotionally satisfying. It's a regular David and Goliath story.

But there's another way to think about the case, which has played out in federal courts and on newspaper front pages. It illustrates a uniquely American problem that saps efficiency - not to mention billions of dollars - from the health care system.

First, some background. Shank is a former Wal-Mart employee, or "associate," in companyspeak. She worked nights stocking shelves at a store in Cape Girardeau, Mo. Unlike many Wal-Mart employees, after her probationary period was over, she signed up for the company health care plan in February 2000.

Three months later, she suffered devastating injuries in an automobile crash. Wal-Mart's company plan paid her hospital bills. But after she won $700,000 damages in a lawsuit over the crash, Wal-Mart sued to recover $469,000 it had spent on her care. This week, Wal-Mart dropped its demand for the money. Her family said that negative publicity Wal-Mart received was responsible for the company's decision.

There's certainly some truth in that. But Wal-Mart had made its point. Last month, the U.S. Supreme Court refused to review an appeals court decision that allowed the retailer to collect money it paid for medical care. Goliath, having won the legal war, decided to cut its public relations losses by dropping his pursuit of David's money.

Most corporations, and even state Medicaid programs, have similar policies. And as Jonathan J. Cooper reported in Wednesday's Post-Dispatch, they're becoming increasingly aggressive in trying to collect.

At the heart of the conflict between Shank and Wal-Mart is a subtle difference in priorities. On the one hand are the cost and responsibility for past care; on the other, the cost and responsibility for future care.

Wal-Mart already has shelled out hundreds of thousands of dollars for Shank's hospital care. When she no longer was able to work, it didn't have to worry about the future costs of caring for her substantial injuries.

Shank, who is 52, is confined to a wheelchair. She suffered brain damage and probably will spend the rest of her life in a nursing home. Her future care probably will cost, at the very least, hundreds of thousands of dollars. That's money that her family, and eventually Missouri taxpayers, must provide.

The settlement Shank received for her accident wasn't enough to pay for both her past and future care. The legal maneuvering, then, was about whether her family would be bankrupted immediately or at some point in the near future. Of the $417,477 that went into a trust fund for future medical expenses, the family says only about $270,000 remains. It's a safe bet that when it runs out taxpayers will pay for her care through Medicaid.

Insurance companies, hospitals and patients spend billions every year trying to get someone else to pick up the tab for care. That's only logical under the health care system we have now; you save money and increase profit when you dump risk and cost onto someone else.

A more rational approach would be to forgo that considerable waste of time and money and, instead, provide seamless coverage throughout each person's lifetime. But if you want a rational approach, you have to change the rules. That means major health care reform.

Without it, we'll keep fighting in court to stick someone else with the bill for our health care. And we'll all end up paying more as a result.

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