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Health-care lies

By Scott W. Atlas

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Politicians, academic leaders, the media and a host of self-anointed experts churn out "facts" about the American health-care system. It is time to sort truth from myth:

- Myth No. 1: The United States has a free-market-based health-care system.

Critics of the escalating spending on U.S. health care and the absence of universal insurance coverage maintain that the problems of our system serve as evidence of the "failure of the free market."

A free market exists when a business is governed by the laws of supply and demand and not restrained by government interference, regulation or subsidy. In a free market, the buyer makes value-conscious purchasing decisions and the price is a reflection of consumer demand, relative to supply of the good.

Does that sound like our system?

Consider: About 83 million Americans have health-care coverage through Medicare, Medicaid and SCHIP, federal and state programs that account for almost half of the \$2 trillion spent on U.S. health care.

Government regulation further imposes more than \$330 billion on our health-care system, making it the most highly regulated industry in America.

Little known to the lay public, "reimbursement rates" to doctors and other health-care providers are set by Medicare. In the end, a remarkable 80 percent or more of medical care pricing is based on government decree.

Worse, the government and the third-party payer system have completely interfered with any consideration of cost by the patient.

Since "someone else is paying," why would a patient even bother to consider that hospital and doctor prices vary wildly among providers? If patients did want the information, they wouldn't easily find it.

Patients have no idea what their doctor visits, surgeries, diagnostic studies or other medical services -- whether urgent or elective -- will cost until the bill comes weeks later.

Moreover, information about the quality of doctors, such as experience and training, is hardly ever readily available.

- Myth No. 2: Canada has shown that government-controlled health care is effective and holds down costs.

Although a badge of national pride, Canada's health-care system is a growing embarrassment. Canada is now one of only two countries where it is illegal to compete with the government -- the other being North Korea.

Scores of data document the alarming lack of access to timely medical care, declared unacceptable by Ontario's Supreme Court.

Recently published data from The New England Journal of Medicine and even the Canadian government itself reveal that Canadians typically wait months for procedures as critical as life-saving heart surgery, brain surgery and hip-replacement surgery.

Likewise, patients wait months for diagnostic imaging and even for appointments to see a trained specialist. What percentage of American patients wait months for critical medical interventions or access to specialists?

Zero.

The world's most tightly controlled government-based health-care system has also failed miserably to "contain" costs. Canada's public health spending is very high and on pace to consume more than half of total government revenue by the year 2020, two-thirds by the year 2035, and 100 percent by 2050.

- Myth No. 3: Centrally run health systems around the world are highly successful and should be emulated.

Americans are unaware that the distinct and growing trend across Europe is a move away from centralized, government-controlled health care.

In the Netherlands, where health care is a basic public right, the Dutch are reforming, adopting a system of *private health insurance*. Even Sweden, the mother of all welfare states, has moved toward privatization in an effort to reduce wait times and increase access, in the face of ever-increasing costs.

The data from the Euro Health Consumer Index shows a lack of health-care information to patients throughout Europe. All health-care systems should empower patients with information. Given the lack of transparency to the U.S. consumer, it is striking to realize that even we are far ahead of European centrally dominated systems in this regard.

What must be done?

A successful vision Washington should be based on certain fundamentals:

- (1) empower the individual, not the government, with control of the health-care dollar, so that value-conscious purchasing of medical care becomes a reality
- (2) force transparency on the system
- (3) de-link employers and employment from health-insurance coverage
- (4) create insurance affordability for all, by deregulation and generating a national health insurance market and providing tax relief, including refundable tax credits for poor families.

While the rest of the developed world is seeking privatization and competition, many thought leaders in the United States persist in pinning their hopes on more mandates and more government control of our medical care.

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