

Real Medical Solutions That don't destroy your freedom

Any thinking person has to know that there are problems with our health care system in America. Rather than using the problems as an excuse for a power grab, wouldn't be more prudent to apply a problem solving approach, keeping what works and fixing what does not? Regardless of who pays for our health care it would make good sense to do everything we can to drive costs down. Even if the government pays for it, you, the tax payer ultimately pay.

Let's look at the problems one by one and see if we can solve them.

Problem: The fact that medical benefits are tax exempt gives labor an incentive to push for insurance that covers the first dollar spent for health care. This is the most expensive way to insure anything.

Goal: Move to a system where there is an incentive to keep costs down.

Proposal: Require that employers "cash out" employees. Make health insurance premiums and medical bills tax deductible from the first dollar. Legalize Medical Savings Accounts (MSA's) (A MSA is identical to an IRA, except that the money can be used for medical bills before retirement. It would be wise to allow people save up to three times their deductible in the MSA.)

Effect: Employers would be relieved of the burden of providing health insurance.

Employees would realize a raise on the order of \$14,000 in some cases.

People would quickly learn that high deductible insurance and putting what they save on premiums into a MSA is the most cost effective way to go.

Premiums would average in the \$200 to \$400 range per month.

People spend their own money far differently than they spend other people's money. (Don't believe it, what member of congress would spend their own money like they spend your money, your children's and grandchildren's money?)

Billing insurance companies would be transferred from the doctor to the patient. This activity does not make good use of the doctor's time and it drives costs up.

Problem: Doctors are being sued when they did nothing wrong. Many doctors pay over \$250,000 a year for malpractice insurance and they have never been sued. This cost must be passed on.

Goal: Protect doctors from junk lawsuits.

Proposal: Hold the doctor harmless if they followed established and documented best practices. (In other words, if the doctor did everything right, you can't sue them.)

Effect: Medical premiums could drop by 27% (Texas did this and that is what happened). There is a side effect. There are times when things go wrong and the doctors did everything right (we don't know everything). We solve this by bundling disability insurance with medical insurance. When a person is disabled as a result of his or her medical care the disability insurance kicks in. Disability insurance is not expensive. It only costs about \$20 a month. If it were limited to medical care related disabilities it could cost under \$5 a month.

Problem: People sue doctors expecting "jackpot" awards. This provides an incentive to sue at the drop of the hat.

Goal: Eliminate jackpot awards and still be fair to the injured parties.

Proposal: Limit nonfinancial damages to \$250,000 unless the jury finds that the doctor engaged in "gross negligence". If the patient had the wrong kidney removed and ends up on dialysis for the rest of their lives then this is gross negligence. The problem was easily avoidable and the consequences are life changing.

Effect: The incentive to litigate would be reduced. Everyone is treated fairly. We save massively on legal costs. Only lawyers lose (a good thing).

Problem: Market forces are largely absent from the medical industry because:

1. The medical industry is highly regulated by federal and state governments in an effort to manipulate costs.

2. Patients frequently have no idea what a particular test or procedure is actually costing.

3. It has been reported that medical associations limit the number of new doctors in an effort to keep supply down and demand up.

Goal: Allow the markets to function by:

1. Minimizing regulations.

2. Allow insurance to be sold across state lines.

3. Require that the laws of the state where the insurance company is headquartered govern that company.

4. Require that doctors and hospitals post their rates.

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5. Prohibit the practice of charging people with insurance a different rate than those without insurance, while allowing charitable services.

6. Prohibit market manipulation; wash out classes, and other methods of limiting access to the medical profession for qualified candidates.

Effect: Competition would increase, Market forces would drive costs down. There would be more doctors. People would shop around for the best rates. (This is impossible to do today.) Costs would drop dramatically.

Problem: Emergency rooms are forbidden from turning anyone away for any reason. This drives costs up dramatically and has forced many hospitals in the southwest to close (due to illegal immigration). Emergency rooms are the most expensive delivery system for health care.

Goal: Use emergency rooms for what they are best at, treating true emergencies.

Proposal: Allow emergency rooms to perform a triage on patients and refer non emergency cases to local clinics. That can address these cases at far lower cost.

Hold people accountable financially. They may be poor today; however, if that changes at some point they should have to pay their bills.

Finally deal with illegal immigration.

Effect: Dramatic cost reductions and shorter waits in emergency rooms. Those referred to clinics would also get faster service.

Problem: Insurance companies are dropping people (or refusing to renew policies) after they get sick.

Goal: Treat everyone honestly and fairly.

Proposal: Force insurance companies to be honest by disallowing this practice.

Effect: Insurance is intended to pay for things that are expensive and rare. Profits at some insurance companies would drop. Premiums would be adjusted to account for this.

Problem: People can't buy health insurance that covers preexisting condition.

Goal: Require honesty on both the insurance companies and the insured.

Proposal: You can't buy fire insurance while your house is in flames. You also should not be able to go without health insurance and then buy insurance only after you discover that you are sick. This is called 'Christian Charity' not insurance. When you buy health insurance you are betting that you will get sick and the insurance company is betting that you will not. Covering preexisting conditions is rigging the bet.

Effect: People who can afford to buy health insurance would buy it rather than try to game the system.

Problem: A very high percentage of doctors visits result in no treatment. This drives costs up and wastes valuable resources.

Goal: Reduce unnecessary medical services and utilize resources more effectively.

Proposal: Teach a class in family home medicine in the schools so more people can diagnose and treat common ailments. They must also understand that chronic conditions should come to the attention of a doctor. Most people learn this from experience over a lifetime. Providing a telephone or email consultation service could also dramatically reduce the number of doctor's visits.

Effect: People will become more self reliant thus reducing unnecessary doctor's visits.

Issue: People are purchasing insurance coverage they don't need because state regulations require too much coverage.

Goal: Provide *right sized* insurance.

Proposal: Allow people the freedom to purchase only what they feel they need. (A cafeteria approach) An older couple probably does not need maternity benefits. Monogamous married couples may not want AIDS coverage. Sell basic health insurance for a basic price and add options according to the needs of each person.

Effect: Costs would drop. In rare cases people would end up having to pay for some treatment themselves but over all prices would drop.

The forgoing simple reforms would do far more to control costs than the 2700 page health care reform act passed by congress. That bill will obviously make things worse.

True free markets have brought us amazing cost reductions in electronics for example. Neighborhoods served by two cable television companies have rates less than half the cost of areas served only by one company.

Competition makes everyone better. Businesses have to innovate to maintain market share. Monopolies have zero incentive to innovate or become more cost effective. They have 100% of the market and they know that is not going to change.

The laws of economics are natural laws. Natural laws cannot be violated. Those who attempt to do so will learn that there are always unexpected side effects that usually make things worse than it otherwise would have been.

Make these common sense reforms and far more people will be able to afford health insurance.