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## **In Defense of a Free Market in Health Care**

**by Robert D. Helmholdt**

None of the so-called health-care reforms expressed in a plethora of political speeches will work, because all government reforms in this area are simply tinkering at the edges of a terminally ill and fatally flawed program. It's just political preening in a quest for votes, popularity, and power. The last thing we need is more Washington, D.C.-style social science designed to improve health care!

For example, how will any political cure prescribing more of the same poison of government reform work as an antidote for the current poison produced by prior government reforms? Such a prescription reflects the maxim that every act of political intervention makes matters worse and invites ever more radical intervention. And are the enlightened reformers calling for new reforms the same politicians and bureaucrats who have given us monumental waste, extravagance, staggering debts, unbalanced budgets, and mismanaged Medicare and Medicaid programs?

Why are health-care costs out of control? Because for decades an overwhelming paternalistic government nanny has been force-feeding Americans with entitlements, which are goods or services received by Mr. Jones, for which not he, but rather the government, pays. The money used is “free” money — money that is neither earned nor saved by Mr. Jones but is spent in his behalf. Simply put, “free” money is money that the government takes from someone to be spent as it sees fit on someone else. The inflationary spiral in health care is caused specifically by this “free” money. Demand soars when patients are no longer required to balance the benefits of care against the costs.

Moreover, because payments are made to providers rather than to patients, millions of consumers are immune to price considerations.

When a health service is transformed into a government service, add the cost of all the bureaucratic machinery required to run it — all the bureaucrats with their salaries, pensions, annual leaves, sick leaves, and Civil Service–protection making it impossible to fire incompetents

— and it gets to be a very high-cost operation. Not surprisingly, it all ends up with lower-quality care at a much higher cost!

Furthermore, the introduction of the government or any other third party into the trade has a tendency to lead to the degeneration of the morality of both doctor and patient. One might even conclude from observation that personal morality declines as public responsibility increases — thus all of the out-of-control fraudulence associated with government-provided health care!

In addition, rising costs are exacerbated by the threat of malpractice from sue-syndrome patients nurtured by a few unscrupulous attorneys fostering the psychology of entitlement.

Superimposed on all this mess is the pervasive unhealthy belief in our society that one may by right get something for nothing. But it makes no more sense to claim a right to health than to claim a right to wisdom or courage. However, in an age when people are clamorous about “rights” without responsibility, they don’t want to be told that health is primarily their duty and responsibility. They always forget that one person’s government care is another person’s shackles in taxes!

It also makes no more sense for one’s employer to own an employee’s health insurance than for it to own his home insurance or auto insurance. The only reason for this practice is the discriminatory provision of federal tax law giving tax deductibility to company-owned health insurance, but denying tax deductibility to individually owned health insurance. This tax-deductible feature is a powerful incentive to perpetuating a system that is basically wrong and grievously unfair!

The solution becomes clear. Instead of the pabulum that is usually recommended, government-connected health programs should be repealed, not reformed. Of course, what terrifies people is, Who will take care of someone in poverty who needs a \$50,000 operation? Incredibly, and in spite of all evidence to the contrary, many believe that only government can take care of those in need.

In reality, people in the private sector are usually honest, innovative, productive, and compassionate, and are constantly trying to figure out how to serve their fellow citizen more efficiently and cheaply — because their very survival in a free competitive market system requires it.

The reason the operation costs \$50,000 is the inflation brought on by all the “free” money to pay the government health program bills. Without these government programs, which caused overall health-care costs to soar, those same \$50,000 operations would likely cost a fraction of that, well within reach of the person’s community, church or synagogue, or even family or neighbors or relatives.

There should be a complete deregulation of the health-care industry. Competition, not regulation, would keep health-care costs and insurance premiums low. Existing state and federal regulations, price controls, entitlement programs (especially Medicare and Medicaid), and benefit

mandates are responsible for the crisis in our health-care system. The only health-care reforms that will make a real positive difference are those that reject government reforms and instead draw on the strength of the free market!

And this goes for removing barriers to safe, affordable medicines. We should abolish harmful government agencies such as the Food and Drug Administration (FDA) and rely entirely on free-market solutions. The mission of the FDA is to protect us from unsafe medicines but, in fact, the FDA has driven up health-care costs and deprived millions of Americans of desperately needed treatment drugs with irrational and inordinate 10-year-plus delays in the approval process, thereby increasing drug costs exponentially.

From a historical perspective, it's interesting to note that as recently as the 1960s, low-cost health insurance was available to virtually everyone in America, including people with existing medical problems. Doctors made house calls. A hospital stay cost only a few days' pay. Drugs were relatively inexpensive. And charity hospitals were available to take care of families who couldn't afford to pay for health care.

Then the federal government moved in with Medicare, Medicaid, the HMO Act, and tens of thousands of regulations on doctors, hospitals, and health-insurance companies, inciting skyrocketing costs.

Oh, what a godsend it would be to restore a free market in health care and a two-party contractual agreement between doctor and patient, which is what the true doctor-patient relationship is: only if treatment is agreeable to each party and value is received in exchange for value is it likely that treatment will be efficient, effective, and cost-controlled.

Restoring a free-enterprise, voluntary system to health care would produce the best health care at the least cost that the world has ever seen. Unfortunately, however, government bureaucracies inherently refuse to retreat from any extension of power they have assumed and are exercising. But with enough Americans coming to their senses about what's happening and with political courage (the rarest virtue), we can reverse the trend toward national health care and a planned (socialized) economy and restore the freedoms that once distinguished Americans from the rest of the world, including health-care freedom, which produced the finest health-care system in history.

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