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## **America's Socialized Health Care**

**by Lawrence Wilson, M.D.**

Health-care systems in most developed nations are in financial trouble. Health benefits are being cut back because of exploding costs. Degenerative illnesses such as diabetes and cancer are at epidemic levels in spite of new drugs and treatments. While doctors, politicians, and insurers blame each other, they rarely mention the real problem.

Skyrocketing costs are due to the structure of health care in all these nations. All are mainly socialized, including America's. This means they operate as top-down bureaucracies, out of touch with people's real needs. Almost no market forces are allowed to operate for rational decision-making and cost control.

The results are predictable. In 2002, America spent \$1.6 trillion on health care, up 9.3 percent from 2001. Drug costs increased 15.3 percent while hospital costs increased 9.5 percent. Out-of-pocket costs, the most market-related, declined.

A graph plotting the percentage of government payment for health care with the total cost of health care would turn almost vertical after the passage of Medicare and Medicaid in 1967.

America really has three health-care sectors. The socialized part or government sector comprises about 65–70 percent and includes Medicare, Medicaid, and the Indian Health Service. It also includes the Department of Veteran Affairs, the Public Health Service, programs such as KidCare, and the bulk of medical research. The latter includes the National Institutes of Health, National Cancer Institute, National Heart Institute, and about 30 other government institutes. The “donors” for research in these institutes have little say over what or how wisely their health-research dollars are spent.

All the above are funded from taxes confiscated from the people at the point of a gun, making this a less-than-compassionate system. All are insulated from the health-care marketplace and thus from rational decision-making. All are run as huge bureaucracies, with their inherent problems of fraud and high administrative overhead. Medicare rules alone are 133,000 pages in length. This makes the 10,000-page income-tax code look like a model of simplicity.

### **The war on cancer**

An example of the dismal failure of the government sector in America is the “war on cancer,” which is administered by the National Cancer Institute. It has cost taxpayers some \$30 billion over a 35-year period. After adjusting for a longer life span, between 1950 and 1989 the incidence of cancer rose by about 44 percent. Breast cancer and colon cancer in men have risen about 50 percent, while some others have risen 100 percent. A recent article in the *Journal of the AMA* was entitled “Are Increasing Five-Year Survival Rates Evidence of Success against Cancer?” The answer was “No.”

The news mostly announces new cures and new drugs, but nothing about the waste of money in federal cancer research. A recent news broadcast said some cancer had declined “due to lifestyle changes.” For this the taxpayers paid \$30 billion. However, this waste is predictable because national research laboratories are not primarily interested in a cancer cure, no matter what they claim. They are interested foremost in keeping their jobs and second in getting more money next year from Congress. This is the nature of all bureaucracies.

### **The regulated sector**

The so-called private sector of American health care is better termed the regulated sector. It includes insurance companies, HMOs, and licensed pharmacists and physicians. To receive any government reimbursement they must “play by the rules” imposed by the socialized sector. As a result, this sector is mainly an extension of the socialized sector.

Insurance companies are burdened with a thousand state and federal mandates regarding what services they must supply. HMOs are also heavily regulated and are in fact creations of the U.S. Congress by virtue of the HMO Act of 1973.

Medical schools also receive government subsidies and grants. This means that what is taught is influenced if not dictated by these funding sources. Physicians are regulated by state licensing boards and, of course, must abide by Medicare and HMO regulations if they choose to work in those settings. To call any of these aspects of the health-care system “private” is a joke.

### **The free-market sector**

Perhaps 2 percent of the health-care system is private or free-market. It is composed of the unregulated, non-mainstream holistic and alternative healing schools and practitioners. People pay cash for their services and products. Practitioners and suppliers must respond to people’s needs to stay in business.

I have a medical degree but have worked as an unlicensed nutrition consultant (not a dietitian) for 23 years. My attention is focused 100 percent on what clients need, not on getting

grants or subsidies, receiving insurance reimbursement, or paying lobbyists to plead my case in Washington. In the free-market sector, costs for vitamins, for example, have decreased.

Sad to say, many alternative practitioners who are shut out of mainstream medicine have lobbied for licenses. There is no real need except they can charge more, keep out the competition, and perhaps force insurers or the government to reimburse their services. These include chiropractors, some naturopaths, acupuncturists, and physical therapists.

### **The medical cartel**

Another factor driving up costs and contributing to poor quality care is the medical cartel. A cartel exists when one group works together to set prices and control all steps in the production and distribution of a commodity or service. Through licensing and other laws enacted in the early part of the 20th century, one group, the American Medical Association, controls how many medical schools exist, how many students enroll, what is taught in the schools, the availability of hospital residencies, and, indirectly through licensing laws, who will get jobs in medicine. It would be difficult to find an industry in America that is more tightly controlled by one group or union.

Alternative therapies and practitioners have been ruthlessly suppressed, their proponents often being run out of the country. Thousands of Americans flee each year to Mexico and Europe to obtain products and therapies banned in the United States but in use for as many as 50 years elsewhere.

The kingpin of the cartel is the restrictive state-medical licensing laws, passed in the early part of the 20th century. Previously, there were no licenses and the health-care system worked well. However, one group of physicians, the allopaths or drug doctors, felt they were not making enough money. The AMA, formed in 1847, was quite candid about its intentions. It sought vigorously to reduce the supply of doctors by eliminating the competition and controlling the number of medical graduates. With backing from the Carnegie Foundation and the Rockefeller Institute for Medical Research, the AMA was quite successful. Because of its efforts, the number of healing schools fell from 140 in 1900 to 77 in 1940.

The purpose of a cartel is to improve the income of its members. From this perspective, American health care is a resounding success. John C. Goodman and Gerald L. Musgrave, in their excellent book *Patient Power*, explain that “the AMA endorsed the idea of a medical cartel and made participation in it ethically mandatory.”

In his book *Price Discrimination in Medicine*, Reuben Kessel states,

The delegation by the state legislatures to the AMA of the power to regulate the medical industry in the public interest is on a par with giving the American Iron and Steel Institute the power to determine the output of steel.

## **The FDA**

The large drug companies became part of the medical cartel through their agent, the federal Food and Drug Administration. Anyone who believes the FDA is an impartial or even helpful agency needs to read *The History of a Crime; How Could It Happen*, by Harvey Wiley, M.D., the first director of the FDA. In the book, he meticulously details how the FDA became infiltrated by food and drug companies and how its mission became completely subverted. As a physician, I believe no other domestic agency has caused more deaths than the FDA.

Physicians are the legal drug pushers in our society. Those who step out of line and prefer to prescribe vitamins, herbs, or non-patentable drugs often lose their licenses, though they do no harm. Only one state, Arizona, has a second medical homeopathic board that allows medical doctors to escape from under the thumb of the state board of medical examiners and practice as they see fit. In the past two years, a few states enacted laws to protect physicians from losing their licenses just because they use methods unapproved by their medical board.

Through physician licensing and hundreds of other rules, only those who practice drug medicine hold licenses, work in hospitals and HMOs, and direct government research institutes. This effectively blocks change. Most alternative-health practitioners who practice a far less expensive type of healing are shut out of the mainstream.

Special-interest laboratory laws also abound. In America one cannot walk into a laboratory and request a cholesterol test. One must first go to a doctor to obtain permission. Results may not be sent to the patient, only back to the doctor. This means another doctor visit. Thanks to these rules, a \$10 test may cost \$100 or more. The extra cost discourages people from caring for their health. Instead, they wait until a crisis occurs, which further raises the cost of health care. In Mexico, by contrast, one just walks into a laboratory, orders the test, and receives the results.

## **Deregulating health care**

Whenever an industry becomes mired in special-interest rules, deregulation is the answer. It is a healing process that many industries periodically need. America “deregulated” trucking, airlines, the phone system, and power generation. In every case, dire predictions of chaos did not come true and the public benefited greatly. Power deregulation has also been very successful. What failed in California was not deregulation but simply another form of regulation.

Private regulation of health care is not new. For her first 120 years, America had a true free-market health-care system free of government interference. Herbalists, hydrotherapists, nature-cure practitioners, allopaths or drug doctors, homeopaths, Native American healers, religious healers, osteopaths, and others offered services and competed with one another. Each had its own schools, clinics, and hospitals. I was born in a formerly homeopathic hospital in New York City. There were few licensing laws, so no group had a legal advantage. Whoever helped

people the most prospered. Competition between many kinds of practitioners kept prices low — people paid for exactly what they wanted. Our health statistics ranked first in the world. Today America's worldwide rank in many health-care areas ranges from 19 to 22.

Deregulation in health care would have to be a two-part affair of (1) eliminating government regulation and government involvement; and (2) eliminating the control of the medical cartel. Obviously, this would not be easy to accomplish because (1) the welfare-state concept, which Americans embraced in the 20th century, entails a government "safety net"; and (2) the medical cartel has been in charge for more than 100 years and most people are unaware of the way it controls the system.

### **Personal responsibility**

The biggest problem with the drug-medicine cartel is that drugs and surgery do not prevent disease, do not address deep causes of disease, and do not make people healthy. They mainly suppress symptoms. According to the American Public Health Association, 48 percent of the determinants of disease are now due to "behavioral lifestyle," 25 percent are due to genetic constitution, 16 percent to the environment, and only 11 percent are due to lack of access to medical care. Often drugs make people sicker, which only adds to the cost. Malpractice lawsuits due to harm from the system add even more cost.

According to a recent article in the *Journal of the AMA*, modern medicine is the fourth leading cause of death in America, just behind cancer, heart disease, and strokes. This study only included deaths that occurred in hospitals. The Nutrition Institute of America just completed the first broad survey of the side effects of drug medicine.

It found that adverse drug effects and medical errors account for some 669,000 deaths, making drug medicine the leading cause of death in America. (See [www.nutritioninstituteofamerica.org](http://www.nutritioninstituteofamerica.org).) Instead of giving poisons, other healing systems balance body chemistry, correct spinal abnormalities, detoxify the body, or alter subtle electrical or vibrational imbalances in the body.

### **A new paradigm**

An entirely different model of health care is possible. Instead of focusing on diagnosis and treatment of disease entities, it focuses on supplying missing factors of health. The new model is a true science of preventive medicine. There is no reason to wait to supply the factors of health. Prevention is hundreds of times less expensive than treating a condition when it has fully developed.

The new model uses more-sensitive assessment methods that detect imbalances long before a disease occurs. Whether by checking one's spine, hair tissue mineral analysis, or

acupuncture pulses, small problems can be detected and corrected before they become serious ones. It is the only way to control health-care costs and really improve people's health.

The new model stresses participation and presumes the patient is responsible for his health. Changes in diet and lifestyle can only be recommended. Self-discipline and a desire to be well are required. An adult-adult or client-consultant relationship with the doctor replaces the parent-child relationship that currently exists between doctors and adults. Patients need to ask a lot of questions. Taking responsibility is healing in itself. It is empowering, replacing the futile and energy-wasting attitudes of fear, denial, and self-pity. Natural products can help restore balance and remove toxins from the body. Drugs and surgery would still be used but only as a last resort, as they are far more costly and dangerous.

The new model redefines health. It is not just an absence of cancer or heart disease. It is the state of relating harmoniously with one's physical, emotional, intellectual, and social environment. Health is never a commodity that can be bought and sold, doled out to the poor or guaranteed by a government agency. All such thinking is incorrect. Health is an outcome of understanding one's self and perfecting one's relationship with one's surroundings.

### **Adopting the new model**

The health-care cost crisis offers an opportunity to view health care like any other industry. There is no market failure. How can there be market failure when there is almost no health-care market in the sense of free agents who willingly buy and sell on the basis of free access to information?

Deregulating health care would have to be part of dismantling the welfare state, as the two are closely related. Medical licenses are not only the basis for the cartel's control. They are meal tickets for any doctor who wants to participate in the welfare state.

Replacing licensing with private certification would break the power of the cartel and help restore a free market. No physician would be prosecuted and jailed for doing his best. Many people, brainwashed by 100 years of life under the cartel, would object, as they have objected to all the other deregulation efforts. But the American people would be much better off.

Instead of the FDA, several competing consumer rating groups would do far more to protect the American people than the current system. Lest this seem impossible, it was the system used successfully in America for more than 120 years. Several organizations tested new medicines and medical devices and decided which merited their seal of approval.

Though we may not wish to admit it, American health care is only slightly less socialized than the single-payer systems of Europe and Canada. No wonder costs are out of control. Deregulating health care would benefit all Americans and restore a crippled system to sanity. Health care does not have to be costly or dangerous.

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