

September 25, 2006     No one disputes the diagnosis: American health care is in lousy shape. As a practicing physician for more than 30 years, I find the pervasiveness of managed care very troubling. The problems with our health care system are not the result of too little government intervention, but rather too much. Contrary to the claims of many advocates of increased government regulation of health care, rising costs and red tape do not represent market failure. Rather, they represent the failure of government policies that have destroyed the health care market. It's time to rethink the whole system of HMOs and managed care. This entire unnecessary level of corporatism rakes off profits and worsens the quality of care. But HMOs did not arise in the free market; they are creatures of government interference in health care dating to the 1970s. These non-market institutions have gained control over medical care through collusion between organized medicine, politicians, and drug companies, in an effort to move America toward "free" universal health care. One big problem arises from the 1974 ERISA law, which grants tax benefits to employers for providing health care, while not allowing similar incentives for individuals. This results in the illogical coupling between employment and health insurance. As such, government removed the market incentive for health insurance companies to cater to the actual health-care consumer. As a greater amount of government and corporate money has been used to pay medical bills, costs have risen artificially out of the range of most individuals. Only true competition assures that the consumer gets the best deal at the best price possible by putting pressure on the providers. Patients are better served by having options and choices, not new federal bureaucracies and limitations on legal remedies. Such choices and options will arrive only when we unravel the HMO web rooted in old laws, and change the tax code to allow individual Americans to fully deduct all healthcare costs from their taxes, as employers can. As government bureaucracy continues to give preferences and protections to HMOs and trial lawyers, it will be the patients who lose, despite the glowing rhetoric from the special interests in Washington. Patients will pay ever rising prices and receive declining care while doctors continue to leave the profession in droves.