Spring 2010

Counting the Cost

Marc A. Clauson
Cedarville University, clausonm@cedarville.edu

Counting the Cost

by Marc A. Clauson, Ph.D.

If we learn anything from the current health care controversy, it will be the force of public debate — its power to oppose radical shifts in the scope and power of government. Learning about the legislation and its influence on our nation is the first step in this process. This is why so many have invested so much time and effort in reading and digesting, as much as possible, the health care proposals.

Congress has now passed and the president has signed both the Senate version of the reform bill and the "fixes" from both Houses. Reform was supposed to make health care coverage affordable and available for all Americans. But when affordability comes at the cost of more than a trillion dollars, by some estimates, we are headed for some serious problems. And when increased availability is made impossible for many citizens because of those huge costs, we have equal trouble.

Adding Up the Receipts

Medical research and innovation have transformed the quality of patient care. Few would disagree that the United States offers the best quality health care in the world. But you can't have quality service for nothing. Better care inevitably means higher prices.

But the government, too, is responsible for raising the cost of health care. For example, states can limit the number of providers who sell insurance in their state. In some states, that number is one. Less competition means higher prices. Also, medical care is heavily regulated, incurring costs but providing minimal benefit. Finally, Medicare and Medicaid are administered by huge, costly bureaucracies.

JAKUB KREC-HOWICZ | ISTOCKPHOTO

Insurance itself, especially Medicare and Medicaid, causes prices to balloon. If a private insurer or the government allows a maximum charge for a medical procedure, for example, the health care provider will charge that much, even if the procedure actually costs less. If the government allows less than the actual cost, quality or quantity may suffer.

Moreover, the lawsuit "boom" in America allows individuals to "hit the jackpot" with a sympathetic jury even without a demonstrable link between provision and injury. Liability is a huge cost of medical care — in direct payouts in lawsuits, in extra precautionary tests and procedures, and in insurance for hospitals, doctors, and medical providers.

Another cost arises from the medical industry's over-professionalization, mostly mandated by the government. Nurses cannot "practice medicine" because they aren't doctors. In some places, midwives cannot deliver babies for the same reason. In this case, the profession itself limits competition, which increases consumer cost.

Finally, insurance plans are provided by employers, not purchased directly from the insurer. Consumers can't shop around for the best deal or purchase benefits a la carte. Some "bundled" services are mandated by the government and may be useless to the purchaser. A worker in her mid-50s, for example, does not need maternity coverage, but she will have to pay for it as part of her insurance package.

Paying the Price

Under the new law, we cannot yet say if health care costs would increase or by how much — but they almost certainly will not go down.

The bill adds several new taxes — at least 11. The bill also adds significant bureaucracy by way of several new agencies to monitor and enforce regulations — about 118 new boards and commissions. The new bill calls for a mandated minimum level of coverage. Thousands of uninsured will incur costs they are not now paying — and without any compensation. The mandate is accompanied by penalties for failure to purchase insurance and a set minimum of health care services regardless of whether someone wants them.

If the minimum coverage mandated by the law is too costly for businesses, many will simply drop all health coverage for employees and pay the much lower penalty. This may well drive individuals to the government plan, which will then be faced with astronomical new costs — leading either to higher taxes or more borrowing, or rationing.

And what is the cost to individual liberty? Will limited resources lead to health care rationing? Will government agencies dictate what procedures are necessary? Will quality of care diminish in a sea of red tape? Will we risk losing top physicians to better offers abroad? The answer to all of these questions is, "We don't know yet!" One reason for this uncertainty is that the legislation is so long and convoluted that no one can fully understand it at this point.

Taking the Next Steps

The process will not be easy, but we must do all we can to stay informed about the nuances of the legislation. The documents themselves are unwieldy, and you will hear many conflicting reports from media outlets. Consult resources you trust for commentary. More than that, read the legislation itself or at least a reliable summary of it. Also, pay attention to the voting history of your state and local officials. The bill deeply affects our health care, our economy, and our civil liberties. One way or another, we will all pay for health care in America. T

Dr. Marc Clauson serves as professor of history and law at Cedarville University. He earned his B.S. and M.A. from Marshall University, J.D. from West Virginia University, M.A. and M.Th. from Liberty University, and Ph.D. from the Universiteit van die Vrystaat in Bloemfontein, South Africa. He has been at Cedarville since 2002.