

Is Healthcare Fixable? Part One

First, let's look at the situation.

A tale of two numbers. (U.S. Debt Clock)

Total liability: Just a hair under \$28 trillion dollars.

How much we're paying this year: \$ Just a hair under \$1.1 trillion dollars.

We pay back less than 4% per year on completed procedures. Each taxpayer would have to pay back roughly \$230,000 just to bring the program back to even.

Reducing how much we pay on it won't improve anything. In fact, it will only make what we already owe that much larger. (U.S. Inflation Calculator) With inflation at 2.3%, it means that the procedures we do today won't be funded for another 50 years.

The numbers aren't straight forward; remember that the industry is even more expensive than this, these numbers only reflect the federal level.

Why is it so expensive? How would a libertarian fix this?

Break even goal: \$1.2 trillion

(Investopedia)

"1. Administrative Costs

The number one reason our healthcare costs are so high... is "the administrative costs of running our healthcare system are astronomical. About one quarter of healthcare cost is associated with administration, which is far higher than in any other country." One example... was the 1,300 billing clerks at Duke University Hospital, which has only 900 beds. Those billing specialists are needed to determine how to bill to meet the varying requirements of multiple insurers. Canada and other countries with a single-payer system don't require this level of staffing to administer healthcare." We have regulations that mandate a certain number of people per patient. Eliminating that mandate solves the biggest problem.

Est price saved: (Beckers) 31% -> 15.5%, \$186 billion

"2. Drug Costs

Price fixing and cronyism. (Capitalism) "The FDA exemplifies self-empowered influence, continually regulating the pharmaceutical industry so tightly that it has killed new or biosimilar medications before they reach the marketplace, solidifying monopolies on medications. This crony capitalistic practice secures more market share and influence for major industry players, preventing healthy competition in a free market." (Health Affairs) Only 3 drug companies account for 90% of drugs... and they don't have competing brands in most cases.

Est price saved: (Scientific American) 1/3 as much compared to other free market countries, (Drug Facts) \$136 billion

"3. Defensive Medicine

Doctors are afraid they will get sued, so they order multiple tests even when they are certain they know what the diagnosis is. A Gallup survey estimated that \$650 billion annually could be attributed to defensive medicine. Everyone pays the bill on this with higher insurance premiums, co-pays and out-of-pocket costs, as well as taxes that go toward paying for governmental

healthcare programs.” Give people a choice to opt out of suing. If people agree to not sue, they have the option of getting healthcare that is about 3 times cheaper than the rest.

Est price saved: It would depend on how many people opt out of suing. Let’s say half do, then it saves us \$325 billion.

Personal anecdote, I actually had this exact thing happen to me. The last time I went to a clinic was 4 or so years ago, for a case of what was either strep throat or tonsillitis. Either way the treatment was the same, a round of amoxicillin would have set me straight. The doctor, however, insisted that I take a test for a herpes infection of the throat. That same test came back as failed. A -year- later, and I received paperwork for the procedure, 20 dollars in medication cost 250 dollars to get.

“4 + 5. Wages and Work Rules + Expensive Mix of Treatments

U.S. medical practitioners also tend to use a more expensive mix of treatments. When compared with other developed countries, for example, the U.S. uses three times as many mammograms, two-and-a-half times the number of MRIs and does 31% more Caesarean sections. This results in more being spent on technology in more locations. Another key part of the mix is more people in the U.S. are treated by specialists, whose fees are higher than primary-care doctors, when the same types of treatments are done at the primary-care level in other countries. Specialists command higher pay, which drives up the costs for everyone.” If you get 4% back on treatments, how do you get more money? Do more treatments! To survive, competitive markets will have to do the exact same thing. To pay for a specialist, you have to be sure to use that specialist many, many times.

Est price saved: (Standard American) If doctors were not incentivized to run more tests, the cost falls by \$210 billion.

6. Branding

“There is no such thing as a legitimate price for anything in healthcare,” says George Halvorson, the former chairman of health maintenance organization Kaiser Permanente. “Prices are made up depending on who the payer is.” Doctors and hospitals work with drug companies to only recommend their brand of drug. This is not the free market because you, the consumer, can’t shop and compare. And the hospital has no incentive to recommend a cheaper option.

Est. price saved: (Single Care) 23% less than the current costs, \$86 billion

Total savings: \$943 billion. Combine that with the \$1 trillion we pay this year and will pay down that debt in 36 years, leaving our grandchildren unencumbered by the debt.

We need a drastic solution

We will likely get into this in Part 2, but when somebody tells you something like “The Healthcare for All Bill will reduce costs by \$100 billion over the next 10 years,” politely tell them to shut up. Healthcare costs are set to increase by \$200 billion next year alone.

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