

# How to Cure Our Ailing Health Care System

Leonard Greene

The United States leads the world in medical spending, but trails far behind other industrialized countries in the quality of health. We have the finest hospitals, physicians, and medical technologies, but our freedom to choose among them is increasingly restricted. And despite all the money spent, one sixth of Americans have no health insurance at all.

Although our economy was founded on the principle of free enterprise, our health care system is a contradictory mix of public and private bureaucracies. Decisions on what services to use and how much to pay are made by government, private insurers, and employers, not by informed consumers and their physicians. The insured have no incentive to limit costs, while the uninsured too often resort to emergency room interventions at huge expense to the hospitals and the taxpayers, and at no cost to themselves.

The key to restoring a free market for health care is to take decision-making power away from government and private insurers and give it back to consumers. Under the Consumption Tax plan proposed by the Institute for SocioEconomic Studies in this space last week, a National Tax Rebate would be created, with a share of the rebate

set aside to provide universal access to basic health care. That share would enable every citizen to be covered for major medical expenses. In addition, a low co-payment starting at \$5 would ensure that every citizen would be able to see a doctor, regardless of financial circumstances. If further services were necessary, co-payments would be adjusted up based on a patient's income.

Medical fees will be determined by agreement between doctor and patient. It is expected that physicians will consider patients' ability to pay when assessing fees, and that some may base their practice on expensive medical procedures, while others may choose to treat patients of modest means. Third parties will no longer impose artificial prices.

The purpose of consumer-driven health care is to allocate services in accordance with reasonable need and yet assure that even those with the lowest incomes can access expensive treatment when necessary. This would be a big change from the current system. However, nothing less than a transformational approach can cure the American health care system of the entrenched bureaucracy that is both driving up costs and eroding standards of excellence.

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