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We can lower healthcare costs by limiting the role of insurance

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The biggest challenges are those that require thinking outside the box — especially so when it comes to reducing healthcare spending in Texas.

How else to explain new data showing healthcare spending is *still* increasing under the Affordable Care Act?

The federal Centers for Medicare & Medicaid Services reported last month that total healthcare spending in 2014 — the first full year under President Obama's healthcare law — rose by 5.3 percent.

That's the largest single-year increase since 2007.

Texasans are paying for it at every turn. Average premiums for 2016 plans obtained through the law's exchanges increased by 14 percent across the state, while deductibles for mid-level Silver plans average more than \$3,100 for individuals and \$6,500 for families.

In fact, the Affordable Care Act's central tenets — mandating that everyone have insurance and requiring that insurance cover more — are exactly what's *causing* the problem.

That's because the law's goal of increasing insurance coverage is misplaced. Putting an insurance card in everyone's hand does nothing to address rising healthcare costs.

It merely inserts a third party between you and your healthcare provider. This inevitably raises costs over time.

Insurance incentivizes everyone — insurers and patients alike — to spend more.

When insurers are negotiating rates with healthcare providers, they're not spending their own money — they're spending yours. They have less of an incentive to spend that money efficiently, knowing they can always just charge you more.

But don't get mad — you do it, too. After paying premiums, health insurance gives the illusion that you're spending someone else's money.

As a result, you don't shop around for the best prices, and you are more likely to receive treatments you don't need.

This drives up insurers' costs, which they recoup in higher premiums and fees.

It's time for a new way of thinking about healthcare spending: We must *reduce* the role of insurance in medical care, rather than continue increasing it.

Simply put, insurance shouldn't pay for essentially every medical treatment; it should instead return to its traditional role of covering unpredictable, catastrophic expenses (think car crash, cancer, etc.).

In the few medical fields where insurance is *not* the primary method of payment, costs have plummeted and quality has greatly improved.

Consider Lasik eye surgery. Not too long ago, this procedure cost several thousand dollars. Today, you can have the same procedure done for several *hundred*.

The same goes for plastic surgery. What used to only be affordable to Hollywood stars is now affordable on middle-class incomes.

The reason is simple: Insurance largely doesn't cover the costs. Patients spend their own money, incentivizing them to spend it wisely.

Doctors deal exclusively with patients, incentivizing them to provide the highest quality care at the most-affordable price.

Of course, we can't radically reduce the role of insurance overnight. But keep this in mind when you hear politicians say the Affordable Care Act will help control costs.

It might sound good on the stump, but that way of thinking only guarantees that Texans will keep paying more and more with each passing year.

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