

The Decision Is Whether We Will Reform Health Care with Our Eyes Open

By: Michael Cannon

Donald Berwick may have mastered the science of health care management and delivery. (I for one would jump at the chance to enroll my family in the Berwick Health Plan.) But his recent [oped](#) in the *Washington Post* shows he has yet to absorb the lessons that [economics](#) teaches about [government planning of the economy](#), such as through [ObamaCare](#).

Berwick, whom President Obama recess-appointed to be administrator of the Centers for Medicare & Medicaid Services (CMS), sets out to defend ObamaCare from a fairly devastating [critique](#) by Robert Samuelson a few days earlier. Berwick responds, in essence, *nuh-uh*:

I saw how this law is helping tens of millions of families and is finally putting our health-care system on the right track...I have seen how improving care can reduce costs dramatically.

Berwick fails to see the world of difference between those two statements. Yes, in his private-sector work, Berwick has helped hospitals save more lives, kill fewer people, and save money in the process. I'm pretty sure he has saved more lives than I ever will.

But all he saw from his perch at Medicare's helm was people happy to receive checks from the government, and a bunch of well-meaning bureaucrats setting goals. He [did not see](#) the costs imposed by those subsidies. As for goal-setting, this one sentence captures it all:

The CMS, for example, has set ambitious goals to reduce complications that, if met, would save 60,000 lives and \$35 billion in just three years.

If. Met. A recent Congressional Budget Office [review](#) of Medicare pilot programs showed that Medicare bureaucrats set goals all the time. They [never](#) achieve them.

Berwick's claim that ObamaCare "cracks down hard on waste and fraud" because "Last year the government recaptured [a record \\$4?billion](#)" is even more ridiculous. The official (read: low-ball) estimates are that CMS loses [\\$70 billion per year](#) to fraud and improper payments. The [best evidence](#) suggests that wasteful spending approaches \$200 billion per year in Medicare alone. All that money that comes from you, John Q. Taxpayer. Berwick knows all these things. Yet he thinks you should be impressed that recovering a measly \$4 billion is the best the government has ever done.

Berwick would never tolerate such willful blindness, shoddy reasoning, and (surprise!) poor results if it were his own money on the line. Which is exactly the point. In a free market, people spend their own money. At Medicare, Berwick spent, and ObamaCare continues to spend, other people's money.

That is the main reason why markets are smart and government is stupid. And why otherwise smart people like Berwick can afford to keep their eyes shut.