

[Why is American healthcare so expensive?](#)

Written by Nikhil Arora

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Yesterday I [wrote](#) on some of the misrepresentations used to attack the American healthcare system. However, as Mark Littlewood pointed out in Tuesday's debate, the American system is not one we should want to copy in its entirety. Although America has the highest quality treatment of any country in the world, and leads the world in medical innovation, the cost is simply too high.

The intelligent response therefore, is to ask why the cost is so high.

The answer to that is actually straightforward, but those on the economic left simply don't want to admit it. It is, in fact, the same problem we have with healthcare in our country: People don't pay for their own care.

Yes, you read that right; the problem at the heart of the increasing costs of healthcare is the same on both sides of the Atlantic, despite us having superficially very different systems. In Britain, it is obvious to people using the NHS that the government picks up the tab. In America the cost is borne either by the government, by the patient's insurance company, or by their employer. In both systems, it is ultimately the patient who pays; through taxes, insurance premiums or lost job opportunities because of the costs imposed on employers. However, the cost is never made apparent to people in the same way it is when shopping for other goods.

In a functioning market, like we have for televisions or cars, people pay for what they take – they aren't insulated from the costs. As Cannon and Tanner noted for the Cato Institute, if the current healthcare logic were applied to food, people would only ever eat fillet mignon (except vegetarians, obviously).

The solution is to channel government help through patients, not providers; putting the patients themselves in charge of their healthcare funds, so that people will see for themselves just how expensive healthcare really is. The patients themselves can then decide if they want to eat fillet mignon, sirloin steak or hamburgers, and will push for those innovations that drive healthcare costs down, just as they do when buying anything else. This will solve what is essentially the same problem on both sides of the Atlantic.

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Peter 4 hours ago

"The solution is to channel government help through patients"

I would suggest taking things a step further and cutting the government out altogether.

Because every penny the government pays has only come from the patients themselves - via a load of bureaucracy and with a suitable cut creamed off.

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