

## **OPINION: Health care competition**

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Michael Cannon, director of health policy studies at the libertarian Cato Institute, predicts that despite an offer from representatives of health care industries to cut \$2 trillion in health care costs over the next decade, comprehensive health care reform is unlikely this year. We suspect he's right, and that's not a bad thing. Most of the proposals on the table are unlikely to reduce costs. Indeed, they're more likely to increase them because they move in the wrong direction.

The Obama administration's approach - many details aren't yet available - is to expand health insurance to all those not presently covered and save money to cover the additional \$120 billion per year this will cost (according to the Urban Institute) by reforming several medical practices.

However, there is no clear evidence that these reforms would save nearly enough to cover the additional costs or even save money at all.

The proposals most often touted are more emphasis on prevention, more use of health information technology, better management of chronic diseases, paying for outcomes rather than procedures, and research on comparative effectiveness of treatments.

While these reforms are theoretically desirable and might well increase the quality of health care, as a recent article in the *Annals of Internal Medicine* points out, "none of these measures is likely to substantially reduce health care spending." The Congressional Budget Office (controlled by Democrats since 2006) has issued reports to this effect on all of them.

The best way to control costs in any area of endeavor is through competition.

Establishing mandates to buy insurance and/or a government insurance program would reduce competition, not increase it.

Before moving on "reform," we need to rethink health care much more fundamentally, with an eye toward increasing competition.