NATIONAL REVIEW

How Permissionless Innovation Can Keep Health-Cost Growth Low

By Veronique de Rugy
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The Congressional Budget Office's report on the long-term budget outlook released this week makes it clear (again) that the growth of government health-care spending is one of the key drivers of our nation's debt. If we can control that part of our budget, we will be in a decent shape.

The good news of the last several years is that health-care cost growth has dropped. This has nothing to do with Obamacare, despite what liberals are trying to imply, most obviously because the drop started in 2003. In fact, the government's actuaries have found that Obamacare has raised, not lowered, national health spending.

But the key question is what happens to costs in the future, and one key question is whether we let government and special interest continue to hinder innovation in health care the way they have historically. My colleague Bob Graboyes has made the case that freeing the provision of health care from government regulations that protect the status quo would have a revolutionary impact on health care as we know it.

Consider this: Michael Cannon at the Cato Institute points to at a recent event where the co-founders of Google, Sergey Brin and Larry Page, lamented the level of health-care regulation. Here's what they had to say:

When asked, "Can you imagine Google becoming a health company?", Brin responded:

> "Health is just so heavily regulated, it's just a painful business to be in. It's just not necessarily how I want to spend my time. Even though we do have some health projects, and we'll be doing that to a certain extent. But I think the regulatory burden in the U.S. is so high that I think it would dissuade a lot of entrepreneurs."
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> Page agreed:
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> "I am really excited about the possibility of data also to improve health. But I think that's what Sergey's saying. It's so heavily regulated, it's a

> difficult area…I do worry, you know, we kind of regulate ourselves out of some really great possibilities."

You can watch the whole thing here.

The solution is to move from the "precautionary principle" norm favored by risk-averse-special-interest-captured public officials. In his excellent new book, *Permissionless Innovation*, another colleague of mine, Adam Thierer, argues that the creators of new technology shouldn't have to seek the blessings of skeptical, out-of-touch regulators before being allowed to develop and deploy innovations. I summarized Thierer's position here:

> "This principle [precautionary principle] allows regulators' imaginations to run away with them: Any perceived threat of a low-probability, worst-case scenario is a good enough excuse for these officials to stifle technological developments. The Frontier is strangled so the Fortress can keep its power for another day.
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> Consider how the precautionary principle affected the innovative genomics testing company 23andme. Last November, the Food and Drug Administration ordered the company to stop marketing its product. Why? Because 23andme had not sufficiently kissed the regulatory emperors' ring. Like a jealous frenemy, the FDA was miffed that the company had not sought and obtained permission from the agency since May of that year. Meanwhile, Americans in need of genetic information simply must suffer.
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> This is just one battle in the war for the soul of technology. By extension, the future of health care rests in which of these two visions prevails: the permissionless innovation of the frontier or the precautionary principle of the fortress?"