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## Paul Krugman Is Wrong About Medicare and Medicaid- They Cost More For Less Quality



In the New York Times today, economist Paul Krugman [waxes triumphant](#) for socialized medicine:

Steve Benen [gets exercised](#) over a new appearance of a zombie lie in the health care debate — the totally false claim that Canadian health care won't pay for hip replacements for the elderly.

But the hip replacement scam is even worse than Steve realizes. Because who, you might ask, pays for hip replacements *in America*? [The answer](#): Medicare pays 63.8% of the cost, Medicaid 6.8%. That's right, the U.S. government pays for 70% of hip replacements in this country.

Aren't you glad we don't have evil, Canadian-style government-run health insurance?

As pleased with this observation as Dr. Krugman is, it doesn't tell us anything at all about the superiority or inferiority of a government-run health insurance industry.

Tomorrow, government could decide to take over the shoe industry and buy 70% of Americans their shoes. That wouldn't mean that "socialized footwear" is more effective than a free market for shoes. All it means is that the government forcibly took over 70% of the market by law.

Likewise, the mere fact that the U.S. government pays for 70% of hip replacements isn't a reason why it should. That seems to me like a pretty amateur mistake for such a well-venerated intellectual (and Nobel Prize Laureate) as Paul Krugman.

The U.S. government doesn't have more market share because it provides a better product or does so at a lower cost, but simply because it's the U.S. government and all it has to do to garner market share is pass a law. The Cato Institute's Michael F. Cannon [makes this clear](#):

A full accounting shows that government programs cost more and deliver lower-quality care than private insurance. The central problem with proposals to create a new government program, however, is not that government is less efficient than private insurers, but that government can hide its inefficiencies and draw consumers away from private insurance, despite offering an inferior product.

Mr. Cannon also points us to the question we should really be asking about Medicare and Medicaid: "[Why Don't We Fix the Two Public Options We Have Now Instead of Creating a Third One?](#)"