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### What About Innovation?

Cramming down health care costs with government purchasing power (i.e., “the public option”) might seem like a good idea, since many other countries appear to spend on health care only about half per capita what the United States spends without significant detriment to the health of their people. (See, for instance, [Ezra Klein](#).) But, according to [Glen Whitman and Raymond Raad](#), that argument overlooks the fact that the United States contributes significantly to the health and well being of patients in those other countries. More medical innovation, note Whitman and Raad, comes out of the United States than any other country and in some areas the U.S. output of medical innovation exceeds the rest of the world combined. One likely reason for this disparity is that higher levels of reimbursement for health care give researchers an incentive to do their work in the United States. While the United States might benefit first from those innovations, they quickly spread and benefit other countries as well.

Whitman and Raad, in a paper for the Cato Institute, tally up some pretty impressive indicators of the U.S. performance in medical innovation. Consider: In the past 40 years, U.S. researchers have received 57 Nobel Prizes in Medicine and Physiology, while those in the rest of the world have received only 42 (these totals double-count two Nobel winners listed as from both the U.S. and another country). Twenty out of the top 27 medical innovations since 1975, as identified by a survey of 225 leading primary care physicians, were advanced by work done in the United States; only 14 of those innovations were advanced by work done in Europe, which has a combined population 50 percent larger than the United States. Of the top 10 of those innovations, work done in the United States contributed to nine of them, while work in Europe contributed to five.

The very liberal former Clinton Secretary of Labor Robert Reich warned in 2007 that “us[ing] the bargaining leverage of the federal government in terms of Medicare, Medicaid ... to force drug companies and insurance companies and medical suppliers to reduce their costs ... means less innovation, and that means less new products and less new drugs on the market, which means you are probably not going to live that much longer than your parents.”

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