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The best way is to force medical sector to compete for their patients

By John C. Goodman

America's health care system has three fundamental problems: cost, quality and access. Why do we have these problems? What do the Democratic presidential candidates propose to do about them?

Health care spending per capita is growing at twice the rate of growth of national income. If that trend continues, health care will crowd out every other form of consumption by the time today's college students retire.

The reason for this dilemma is that patients are rarely forced to choose between health care and other uses of money. No one is ever asked to decide whether one more knee replacement or one more MRI scan is worth the money it costs. No one ever has to decide whether it is worthwhile to spend one-third of Medicare's budget on patients who are in the last year of life.

ON THE QUALITY front, RAND researchers find that patients get recommended care only about half the time; and the type of insurance, or whether they even have insurance, doesn't seem to matter. An Institute of Medicine study found that as many as 98,000 people die every year because of medical errors. Other studies have shown that an appallingly low percentage of doctors and hospitals have patient records in electronic form, thereby missing opportunities to use error-reducing software.

There are many reasons for these quality problems, but by far the most important is this: Neither doctors nor hospitals compete for patients based on quality. For that matter, they don't compete on the basis of price either.

As for access, low-income people in particular - whether enrolled in Medicaid or the State Children's Health Insurance Program or uninsured and relying on free care - face barriers to care. They have access to a limited range of doctors and clinics, and they often face rationing by waiting when they are not facing rationing by price.

NOW CONSIDER the health plans of Sens. Hillary Clinton, John Edwards and Barack Obama. There are three important questions to be asked of each one:

* Does the plan force anyone - any patient, doctor, nurse, hospital, insurer, employer, government agency, anybody - to choose between health care and other uses of money?

* Does the plan force any provider of care - any doctor, nurse, hospital, anybody on the provider side - to compete for patients based on price and/or quality of care?

* Does the plan allow patients now trapped in schemes that ration care by waiting - Medicaid, SCHIP and emergency room free care - to have the same access to doctors, hospitals, clinics, etc., that privately insured patients have?

If the answer to the first question is "no," the plan will not control costs. If the answer to the second question is "no," the plan will not improve quality. If the answer to the third question is "no," the plan will not increase access to care. And if the answer to all three is "no, no and no" - which I believe it is - the plan is hardly worth talking about.

TO MAKE matters worse, all three plans would be costly and burdensome - in the very act of not solving any problems. They would require everyone to buy insurance, or require employers to provide it, create a Medicare plan for non-seniors, allow individuals to participate in the federal employees' health system and impose new regulations and lots more bureaucracy.

Obama's plan would cost $60 billion per year. The Clinton and Edwards plans would cost twice that much - or more than $1,000 per year for every household in America! Two hundred years from now, anthropologists will look back on our era and wonder why there was so much sound and fury over plans that from the get-go could not possibly succeed. The answer: simply because that's politics.

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