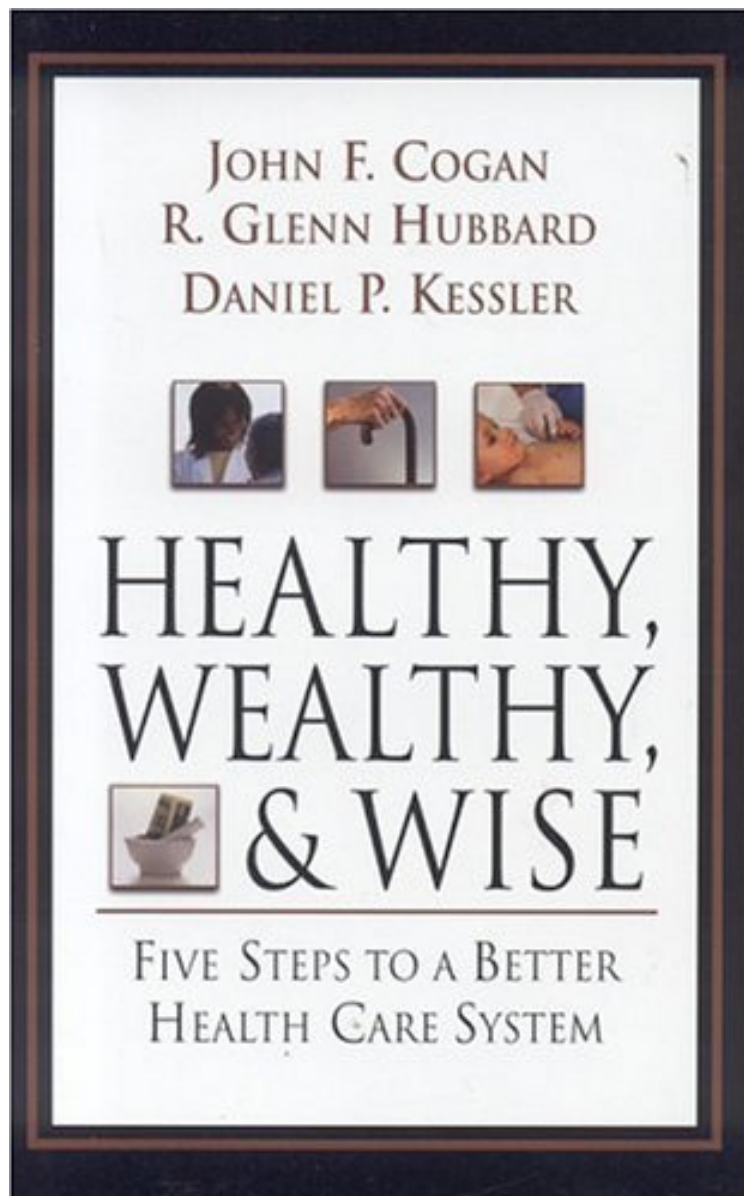


(Download pdf ebook) Healthy, Wealthy, and Wise: Five Steps to a Better Health Care System (AEI HOOVER POLICY SERIES)

Healthy, Wealthy, and Wise: Five Steps to a Better Health Care System (AEI HOOVER POLICY SERIES)

John F. Cogan, R. Glenn Hubbard, Daniel P. Kessler

**Download PDF | ePub | DOC | audiobook | ebooks*



DOWNLOAD



READ ONLINE

#2199979 in Books 2006-01-19Original language:EnglishPDF # 1 8.64 x .81 x 5.68l, .63 #File Name: 0844771783150 pages | File size: 19.Mb

John F. Cogan, R. Glenn Hubbard, Daniel P. Kessler : Healthy, Wealthy, and Wise: Five Steps to a Better Health Care System (AEI HOOVER POLICY SERIES) before purchasing it in order to gage whether or not it

would be worth my time, and all praised *Healthy, Wealthy, and Wise: Five Steps to a Better Health Care System* (AEI HOOVER POLICY SERIES):

43 of 49 people found the following review helpful. A great set of proposals for discussing the critical reforms needed in our healthcare system by Craig Matteson. This short and focused book offers five suggestions to help lower our society's overall healthcare expenses, improve availability, while putting it on a more sound footing for controlling future cost growth. Discussing healthcare is a complicated issue and much of the public discussion is distorted by various kinds of self-interest, lack of knowledge about the technical aspects of the problem (both medical and economic), and different views of what the desirable outcomes would be. This one hundred-page book is a wonderful basic foundation so we can discuss the health care issues from a common ground. Our present private health care system suffers from several market distortions that prevent efficiencies. First, it arose from a wartime wage price controlled economy in 1942 when companies began offering "fringe benefits" since they couldn't raise wages. The next biggest problem is that what we really have is pre-paid healthcare rather than true insurance. Insurance is based on the notion of sharing risk not the notion of no-risk no cost. Imagine if we have pre-paid lunches. Wouldn't the natural inclination be to consume bigger lunches than you normally would? Maybe even combine two meals of the day? You would not want to be paying for something you weren't getting the full benefit from, so you would over consume and costs would rise. That would spur the desire for more consumption and a vicious cycle gets worse. The notion that healthcare should be provided at no cost is pernicious. The government has no money of its own so we have to pay for our healthcare even if the government "provides" it. But worse than the payment problems this causes is the notion that we should be free to use our income on everything else but healthcare and that somehow when we use our own income for healthcare we view it as a kind of oppression. However, we use our income for many less necessary and some very foolish things. The amount of money we waste on foolish things like diet fads, pills, patent medicines, magnets bracelets that do nothing, and various quack treatments has got to be a large fraction of our actual health care expenditure. We need to spend our money on health with greater awareness and understanding. So, what are the five recommendations the authors make in this book? 1) Change the tax law to reduce the preference for medical-care purchases through employer-based insurance. This is an important change because it will allow for people to make health care purchases with their own income and buy their own insurance with PRE-TAX dollars. As it is now, everything is biased towards shifting it to the employer program because anything we pay for is AFTER-TAX and therefore much more costly. Since everything is pushed to the employer pre-paid healthcare it exacerbates the over consumption problem. 2) Reform regulation markets for health insurance. This is about lowering costs by making national insurance pools and reforming state specific regulations that add unusual costs to the insurance market through specific popular mandates. This is the suggestion I am least comfortable with, however I do understand the notion and think it is definitely worth investigating. What we don't want is a national reform that solely benefits the insurance industry shareholders at the expense of the insured the way our, say, sugar supports keep us paying four times the world price for sugar. 3) Expand provision of health information. This has two components. The first is to limit discoverability of information that flows between organizations with the purpose of quality improvement. The second is to rate organizations and doctors in a way that provides good information to consumers of healthcare. While I like the notion in the simple abstract, the real problem with this is, for example, that not all cardiologists have the same risk profile of patient. Nor are all the same in their approach to patients. All systems of "grading" are subject to gaming and I wonder how this will be prevented in such a national system. 4) Control anticompetitive behavior by providers and insurers. Yes, we do need real markets for market forces to do their work in cost containment. But, yes, businesses and businessmen (and women) do want to limit competition and enhance profits (rent seeking behavior in economic terms). So, one of the very most important things our lawmakers and regulators can do is ensure that a strong market and strong competition exists. There is evidence that hospitals and insurers are working to limit competition and using their influence with lawmakers to strengthen their position and raise costs. This is quite important. 5) Reform the malpractice system. There is no question that the lottery approach to non-economic damages has driven up insurance costs to the point that access to health care providers in some states is impaired. We definitely need to control non-economic costs of malpractice lawsuits. The other aspect of reform, since these kinds of mistakes are well known and the process well understood, is to do what we can in holding down legal costs. This is fought tooth and nail by trial lawyers because they make tens of millions of dollars from these lawsuits. However, those tens of millions of dollars going to lawyers do not help the healthcare of anyone except the lawyers and the families and their employees. You can see that I have difficulties with some aspects of the proposals in this book and you will likely have some of your own. However, I think they make a great place to start the discussion we must have for the reform that will come one way or the other. I just hope we have the will to make it a strong, active, and constructive reform rather than a passive contraction that will do much more harm than good.

America's health-care system is the envy of the world, but it faces serious challenges. The costs of care are rising rapidly, the number of uninsured Americans is at an all-time high, and public dissatisfaction is steadily increasing.

How can we preserve the strengths of our current system while correcting its weaknesses? Three of America's leading health-care scholars answer that question in *Healthy, Wealthy, and Wise*. Poorly conceived federal tax policies, insurance regulations, and barriers to entry have distorted health-care markets and inhibited competition. John F. Cogan, R. Glenn Hubbard, and Daniel P. Kessler propose five key policies to build a better health-care system: (1) health-care tax reform, (2) insurance reform, (3) improvement of health-care information, (4) control of anticompetitive behavior, and (5) malpractice system reform. Together, these changes would harness the power of markets to deliver better health care to Americans. These reforms would strengthen consumers' ability to be cost- and value-conscious shoppers, while promoting quality and innovation in health care, pharmaceuticals, and medical technology. And, by cutting the cost of care by \$60 billion per year, these reforms would make health insurance affordable for at least 6 million and perhaps as many as 20 million uninsured Americans.

Healthy, Wealthy, and Wise clearly explains what we must do to transform health and health care in America. The authors' proposals will undoubtedly improve the quality of health care, insure more Americans, and save billions of dollars. Every policymaker in government and every decision maker in the corporations that pay for so much of America's health care should read this important book—and then act on its recommendations. (Newt Gingrich, former Speaker of the U.S. House of Representatives)

About the Author John F. Cogan is the Leonard and Shirley Ely Senior Fellow at the Hoover Institution, Stanford University. Glenn Hubbard is the dean of the Graduate School of Business at Columbia University and a visiting scholar at the American Enterprise Institute. Daniel P. Kessler is a professor of economics, law, and policy at the Stanford University Graduate School of Business and a senior fellow at the Hoover Institution, Stanford University.