

# **The Cure for Our Sick Healthcare System**

## **Is a Healthy Dose of Freedom**

**By Roy Minet**

Virtually everyone agrees that our healthcare system is screwed up and not working well. Things have deteriorated over many years as increasing government interference has destroyed the ability of normal corrective free market mechanisms to function.

Before 1847, people and their doctors managed healthcare without insurance. People were able to voluntarily procure whatever medical services they wished or needed, with or without advice from physicians. During the last half of the 1800's, insurance companies began forming. They offered new options. People were able to voluntarily sign up for insurance in order to protect themselves from unanticipated major expenses which potentially could wipe them out. So far, so good; people are in the driver's seat; they have many choices; they are fully aware of costs and make the best decisions since they are directly paying for the goods and services they use.

But the Revenue Act of 1939 set the stage for a long decline. Healthcare benefits were excepted as taxable income to employees. This created a strong overall incentive to make health insurance an employee benefit since that was the only way it could be purchased using "pre-tax" dollars. (It might also be noted that this was one of the early exceptions added to tax law which now has so many complexities that the tax code is an incomprehensible 75,000 pages long.)

On the heels of this, our government attempted to stop wages from rapidly rising during World War II by freezing them. Since companies were no longer able to compete for good employees by offering them more money, they offered more benefits instead. Thus, many companies very quickly got into the business of providing healthcare insurance for employees. Although the wage freeze is gone, the tax incentive remains today. Certainly, businesses must be free to offer whatever benefits they like, but it seems likely that this "shotgun wedding" would gradually dissolve if the artificial incentive were removed.

The heavy hand of government force has pounded us again and again as politicians try to convince voters they are solving real or imagined problems: Medicare, Medicaid, HMOs, ERISA, VEBA's, COBRA, HIPPA, to list some notable "highlights." Then in 2010, came the crowning achievement of awfulness, ObamaCare. And what has been the result to-date? Pretty much the opposite of what the free market does. We have less freedom, fewer choices and higher costs.

Those without insurance have precious few options and virtually none that is affordable or worth the high premium. Those who have insurance tend to expect mostly a free ride rather than just protection from an unanticipated major calamity. They are far removed from making genuine cost/benefit decisions and focus only on how much they'll have to pay after their insurance pays. Doctors are more inclined to prescribe extra tests to protect against malpractice claims, especially if they think insurance will cover most of it. Layers of laws have built much overhead cost into the system in the form of government bureaucracy and administrative complexity at insurance companies, hospitals, clinics and doctors' offices.

Now, we are asked to swallow "RyanCare."

Government force cannot solve our problems any more than can The Wonderful Wizard of Oz; it can only exacerbate them. Politicians cannot "bend the cost curve downward," only upward or not at all (best case). Laws passed by politicians cannot override fundamental economic laws. Dumping money into medical care, whether through ObamaCare subsidies or RyanCare tax credits, MUST shift the demand curve in the direction which INCREASES prices (Economics 101).

Government's only proper function is simply to secure the individual rights to life, liberty and property for us citizens. It has no business being involved in our healthcare. The only way to fix what has been so royally messed up is to get government (all governments) completely out of healthcare. Phase everything out as "gracefully" as possible over a period of a few years to allow the free market to recover and move back in. When allowed, free markets self-organize and self-optimize fairly rapidly. Give us our freedom back. Freedom works.

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