

# Memphis Business Journal

## OPINION

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### **Health care needs proper dose of incentives to bring costs under control**

[Mary Katherine Stout](#)

In recent years, the new fad in health care has been to create incentives encouraging healthy living.

Many employers see wellness programs as a way to increase employee health and productivity, while saving on the cost of employee health benefits.

State governments and private employers buckling under the cost of health care are desperate for the silver bullet to bring expenses under control.

They theorize that they can create incentives for people to make better decisions, and they may well be right.

But are big-government rewards programs the solution to big-government problems?

There is no lack of incentives -- the incentives are just in the wrong place.

The health care system today is generally devoid of incentives to do the right thing, and ripe with incentives to spend more and spend it unwisely, while neglecting important aspects of health care.

In fact, for many, the effects of an unhealthy lifestyle are masked by an insurance structure that shelters the patient from much of the cost, along with medical innovations that minimize the personal burden created by unhealthy choices.

If patients made decisions with perfect knowledge and heightened personal responsibility, the incentive to do things right would be in place from the beginning.

This means revealing prices and expecting patients to take greater responsibility for first-dollar coverage, creating an environment where patients must be well-informed consumers in complete control of their health care decisions.

This is the foundation of consumer directed care, and it ought to be the foundation for health care reform.

Unless incentives are placed correctly across the entire system at the outset, this focus on wellness and healthy lifestyles will join the ash heap of failed programs and leave the health care system continuing to struggle under the weight of an aging and unhealthy population.

*Mary Katherine Stout is health care policy analyst for the Texas Public Policy Foundation. This commentary first appeared in the Houston Business Chronicle, a sister publication.*

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