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HAMMONDS: More health care requires more choices

By KALESE HAMMONDS

For The Citizen

Texas has the highest ratio of uninsured residents in the country. With nearly one in four Texans uninsured, legislators and other stakeholders tirelessly look for the silver bullet to guarantee that everyone has access to health care. Many have concluded that the answer lies in getting as many of the uninsured covered as possible.

Strategies for reducing Texas' five million uninsured have come from a variety of angles, but most involve additional government assistance and impose a greater burden on taxpayers. The more modest proposals expand existing programs and increase outreach to eligible citizens, while the extreme measures would require every individual to buy health insurance and force the government to subsidize those who couldn't afford it.

Others have proposed a backdoor approach by addressing the cost of health insurance, but such attempts have been just as heavy-handed. Suggestions that the state provide reinsurance for companies that pay out expensive claims would place an unnecessary burden on the state and taxpayers, while imposing requirements that would force insurers to forego risk-adjusted premiums in favor of a community-rated pricing method would make health insurance less expensive for risky individuals but more expensive for everyone else.

Early results from these reforms have been less than stellar. In Massachusetts, the individual mandate and state subsidies have led to massive cost overruns. The newly insured have flooded doctors' offices, creating a shortage of providers and forcing doctors to either turn down patients or put them on a waiting list.

What Massachusetts has found – and what advocates for the uninsured fail to recognize – is that health insurance does not necessarily mean access to health care. In fact, health insurance is partially responsible for the continuing decay of our health care system. Its desensitization of consumers from the cost of health care has created an environment that encourages overutilization.

As the demand for health care services has risen, so have their prices; proof that the economic principles of supply and demand do, in fact, apply to health care.

For those who question the viability of free markets and competition in health care, they need only look at the field of Lasik eye surgery. Because consumers pay the full cost of their procedures, competition has led to lower prices and an abundance of providers.

Experience teaches us that the best way to lower prices is to pump more products into the market, allowing consumers to decide which of the options gives them the most bang for their buck.

Primary health care services would benefit from a similarly competitive environment where a broader range of providers would afford consumers more choices at varying price levels. Nurse practitioners and retail clinics offer basic health care at lower prices and during more convenient times, giving consumers alternatives to expensive doctor visits and crowded waiting rooms that are only open during work hours.

Unfortunately, Texas laws restrict these alternatives by tying the number of nurse practitioners to the number of physicians, and limiting the services they can provide. Other Texas laws that ban the practice of corporate medicine and place unnecessary regulations on health care facilities make it difficult for Texans to have a wide range of choices for health care. The majority of health care consumers are trapped in a system that gives them few options and even less information about the price they are paying for services.

Just like getting health insurance for everyone will not cure our health care system, providing less expensive alternatives to current health care is not the silver bullet either. But it is a solution that would not place additional burdens on taxpayers, require expansion of government programs, or increase insurance premiums for people who already have it.

Giving consumers more choices would improve access to health care by providing individuals with more choices that would be affordable, regardless of insurance status.

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Kalese Hammonds is a health care policy analyst at the Texas Public Policy Foundation, a non-profit, free-market research institute based in Austin.

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