

Health Care News



The Heartland Institute
19 South LaSalle Street #903
Chicago, Illinois 60603
312/377-4000 voice • 312/377-5000 fax

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PUBLISHER
Joseph L. Bast

ASSOCIATE PUBLISHER
Nikki Comerford

EXECUTIVE EDITOR
Diane Carol Bast

SENIOR EDITOR
S.T. Karnick

MANAGING EDITOR
Jeff Emanuel
emanuel@heartland.org

ASSISTANT EDITORS
Greg Scandlen, Merrill Matthews

DESIGN AND PRODUCTION
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ADVERTISING MANAGER
Nikki Comerford

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HILL NOTES

Medical Licensing Impedes Quality, Affordability of Care

By Jillian Melchior

Medical licensing is ineffective and inefficient, and patients would be better served by relying on brand recognition when choosing their doctors, writes Shirley Svorny in a new report for the Cato Institute.

"In health care, we haven't used brand names because people have been trusting licensure," Svorny told *Health Care News*, "but it's a weak apparatus, and it's not trustworthy. People put a lot of faith in this license, and it doesn't tell you very much.

"In essence, you're putting your life at risk," Svorny continued.

Patients Misled

Svorny, who teaches economics at California State University at Northridge and is a Cato Institute fellow, said she approached the issue as an economist. She discovered that contrary to popular belief, private insurance companies and medical boards, not state licensure, vet doctors and are responsible for making them hireable or keeping them in practice.

Government medical licensing boards cannot screen doctors thoroughly enough, Svorny said, and the process hasn't done much to prevent bad doctors from practicing medicine. In addition, she noted, licensing forces doctors to do work physicians' aides or nurse practitioners could do competently. That drives up the cost of health care.

"The state can't watch what individuals are doing," said Svorny. "Patients are being misled by the license. If there were no licensing, they'd say, who is this guy? And we'd go to national recognition.

"What you think you're getting from the state, you're really getting from these other processes," Svorny said.

Controversy Stirred

The study has stirred controversy in the medical community.

Josie Williams, president of the Texas Medical Association, said the state's licensure system is strong enough to ensure doctors do their jobs. It also keeps physicians' aides and nurse practitioners from encroaching on jobs doctors alone should do, he said.

Williams, formerly a nurse and now a doctor, said, "I was a darn good nurse, and I knew a lot then, but what I didn't know was that I really didn't know a lot until I got to be a physician. Looking

back on that scares me to death, some of the leeway physicians left me."

Williams said only state licensure can competently assess doctors' skills and ensure quality practice.

Alternative Praised

Devon Herrick, Ph.D., a senior fellow with the National Center for Policy Analysis, disagrees. "Restrictive medical licensure and numerous other needless regulations have kept physician care a cottage industry," he noted.

"The accounting industry is an example of how medical licensure should work," Herrick continued. "For instance, a Certified Public Accountant is not exclusively licensed to practice; anyone can hang out a shingle advertising book-keeping to the public. Yet accounting professionals seeking to prove their skills can obtain that certification to illustrate professional competence, and consumers are free to decide the level of accounting skills they are willing to pay for."

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SHIRLEY SVORNY
FELLOW AND AUTHOR
CATO INSTITUTE

"Professor Svorny has made a valuable contribution to our understanding of the drivers of health care costs: Turf-protection laws for medical professionals that replicate the characteristics of medieval guilds," said John R. Graham, director of health care policy at the Pacific Research Institute.

"They didn't make sense in the Middle Ages, and they don't make sense in the twenty-first century," Graham continued. "Instead of enhancing and communicating medical quality, such rules create an opaque environment. As a result, patients have little ability to direct their health care dollars to providers whom they can be confident are likely to suit their needs."



A new Cato Institute study shows that private insurance companies and medical boards—not state agencies—vet medical personnel such as this doctor and nurse and make them either hireable or keep them in practice.

Unnecessary Barrier

According to Kalese Hammonds, health care policy analyst for the Texas Public Policy Foundation, "One of the biggest problems with medical licensing laws is that they are a barrier to entry into the medical field. Medical licensing laws keep potentially lower-cost health care providers from being able to provide less-expensive services, and they drastically limit the choices of those in need of medical attention.

"Licensing is the original sin of American health care," said Michael Cannon, director of health policy studies at the Cato Institute. "It has done worse than just increase costs: It has cost lives by blocking safer ways of delivering medical care."

Jillian Melchior (jkmelchior@hillsdale.edu) writes from Michigan.

INTERNET INFO

"Medical Licensing: An Obstacle to Affordable, Quality Care," by Shirley Svorny, Cato Institute, September 2008: <http://www.cato.org/pubs/pas/html/pa-621/pa-621index.html>