

A good summary of the real problem in health care:

## Why Is This So Hard to Understand?

by Doug Farrago MD April 26, 2016

I have spoken about my [catastrophic insurance plan for a long time](#). Here is the highlights from my Sept 2015 entry:

They are all trying to reimagine healthcare by leaving the insurance industry and the government in the equation. That problem is unsolvable because they are the problem! Now remove the insurance industry. Remove the government. Let's say everyone has some catastrophic plan that is reasonable in cost. You can't tell me this is impossible to do. And let's say that for a cheap monthly fee the only thing that is covered is after you pay \$5000 of your own money (and maybe that is less depending on income). Let me repeat that. NOTHING IS COVERED! Guess what would happen? Patients would shop around. Doctors would be paid in cash and the prices would come down because there is no more coding, no more billing, no more accounts receivable. Since overhead is less, the cost is less. If doctors don't lower their cost, patients will go elsewhere. Also, patients would only get prescriptions that are reasonable in cost. The cost for diagnostic studies and MRIs come down. This is capitalism and it works.

Americans are the best shoppers in the world. They are on the internet all day getting things on Amazon, etc. Let them shop around their healthcare costs. We can do this! [This Boston Globe article finally talks about this](#) (April 24, 2016)

- Americans are forever being told that health care costs are out of control and that only sweeping government intervention can bring them back to earth. Any health care "reform" that intensifies government regulation or enlarges the role of insurance companies only makes a bad system worse.
- When Americans rely on a third party — private insurance, Medicare, or Medicaid — to pay most of their medical bills, they forfeit their power as consumers.
- Our ill-conceived system of subsidized health plans provided by employers and taxpayer-funded "free" treatment through the government ends up stripping patients of their economic clout.
- Doctors and hospitals have little incentive to compete by lowering prices, because patients rarely bother to ask about prices. By and large, health care providers in the United States do most of their negotiating with insurers or the government. After all, they're the ones paying the piper.
- It's only when medical services aren't reimbursed by a third party — think of Lasik eye surgery or veterinary care or the growing number of direct-pay "concierge" practices that don't accept health insurance — that the consumer is king. When providers are paid directly by customers, transactions are transparent, prices fall, choices proliferate, and consumer convenience becomes a priority. Bills reflect actual prices, not inscrutable codes and deductibles and "adjustments" negotiated way over patients' heads.
- The purpose of insurance is to protect policyholders from unforeseen or catastrophic expenses. Nobody taps auto insurance to pay for tuneups or new tires; we use it when the car is rear-ended or stolen. We shouldn't be using health insurance to pay for routine checkups, either. If it seems odd to say so, that's only because we've convinced ourselves that normal medical expenses shouldn't be treated normally. If we want health care to cost less, we should pay for it ourselves.