

Health Care 5 Challenges

Transcript

The United States has the most expensive health care system in the world. In terms of things we can measure, such as life expectancy, it does not produce the best results. There are many other health care systems in other countries, each with their own good points and bad points. Whatever we do here, we are going to face a few challenges.

ONE. Older people have more health problems. So as we improve technology we live longer, and we need more health care. Health care does give us better lives for many years, but it also gives us more years of disability at the end. And the easy cures were discovered first. Now each advance in health care technology tends to be more expensive than the last one.

For electronic products, new technology gives us more for our money. Advances in health care technology usually give us, incrementally, less for our money. But we still want more years of healthy life, so we pay more and more for them.

TWO. Health care does not have good competitive markets, which are the key feature of Capitalism. When you shop for a car, it's pretty easy to compare features and see which car is the best deal for you. Competitive markets tend to optimize the price.

Health care is much more complicated. There are 26,000 diseases listed in a data base for doctors. Then there may be numerous treatment options for the disease you have. Which one is best for you?

Even doctors can't keep up with all the products available in their field, so they have to specialize. And even then doctors don't always know which treatment to try first. You may have to try several different treatments to see which one works well enough for you. This takes time and money.

You may be able to choose your health insurance plan, and your doctor, but you have very little choice about the actual product, which is treatment. Your doctor will decide which treatments to offer, and your health insurance will decide what to pay for. You, as a customer, are at the bottom of the totem pole for making decisions, and this is not how competitive markets work.

THREE. Many people don't get preventive care, especially when they don't have insurance that pays for it.

I don't think our doctors are perfect, but I do believe doctors know more about health care, overall, than the average person who likes to write articles or make YouTube videos. Doctors tell us to get annual checkups, plus vaccinations and screening tests based on age. These items are part of preventive care.

Andrew Tobias told us back in 1982 that it is not a good idea to buy insurance for expenses that you know are coming. Insurance is good for expenses that we don't know so precisely. We know some people will get cancer, and some houses will burn down, and some cars will get smashed up in collisions, and so on, but we don't know who will get which disasters. Insurance spreads the risk.

If insurance covers preventive care, that makes preventive care more expensive, because the insurance company has to process paperwork and make a profit on doing business.

However, insurance companies figured out that they can actually save money by covering preventive care, because otherwise too many of their customers will skip these items, and end up with more expensive health conditions.

We have about 27 million Americans who have no health insurance, so they wind up in emergency rooms with critical illness, and somebody has to pay for their care. Whatever health care system we use, it is a challenge to include everybody.

FOUR. Public health is not valued the way traffic safety is.

We all expect to be reasonably safe when we go out in public. One safety issue is automobile traffic. We all have to follow the same rules to make sure we don't kill each other in collisions. Nobody says "I have a right to drive wherever I want to." If we could choose individually which side of the road to drive on, we wouldn't live long enough to debate public health.

Public health regulations are like traffic laws. They protect all of us from what other people do. During the Covid pandemic, many Americans claimed a right to refuse public health measures, most notably vaccination. This would not be a problem if the unvaccinated people took on the responsibility of isolating themselves from everybody else, so they would have no chance to get infected and spread the disease to others. Unfortunately, that's not what happened.

Asian countries have more cooperative cultures. Asian nations all had much lower rates of death from Covid. Johns Hopkins University collected extensive data, and gave us these numbers for the death rates after 3 years of pandemic infections.

I don't have data on the cost of hospitalization and respirators for Covid patients, but I expect it to be proportional to the number of deaths. So as a rough estimate, we spent at least 5 times as much as we should have spent on health care for Covid patients.

FIVE. We can't put a price on life. Jerry Avorn tells us about drugs priced at up to \$300,000 per year per patient. The United States is the only developed country that allows pharmaceutical companies to charge whatever they want.

Now just imagine for a moment that we had a set of drugs that would cure all disease. But the cost of these hypothetical drugs is more than our Gross Domestic Product, so if we paid for the drugs, then everybody would die of starvation. So we have to set some limits on how much we pay for drugs, and for health care in general.

The best we can do to set reasonable prices on health care is by comparison. First we consider health care in relation to basics such as food, shelter, and safety. We don't have miracle cures to give us eternal life; we have a lot of different treatments that give us different benefits.

All other developed countries make an effort to put a reasonable price on each type of treatment, by comparison with other treatments available, keeping in mind that we can't spend all our money on health care.

Insurance companies make a lot of decisions about how much to pay for which treatment, but they are not the customers. The patients are the customers. I think all of us should be discussing how much to pay for health care. And YouTube is a great place to start. I welcome your comments on my channel!