

PERSPECTIVE

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Prognosis for ailing health-care system will improve only with competition, transparency

When I began practicing medicine in the 1970s, the United States offered the best health care in the world. This is arguably no longer the case.

Recent research confirms how far our nation has fallen behind.

The 2006 annual [report](#) by the Organization for Economic Cooperation and Development (OECD) – a multinational organization that tracks economic data from 30 major and European nations – concluded that the United States is no longer even among the top-10 nations when it comes to life expectancy and infant-mortality rates. Our nation ranked below average in life expectancy and only four nations had higher infant-mortality rates among the 30 countries assessed by the OECD report.

There is, however, one category in which the United States is way up at the top: the cost of health care.

According to the OECD, our nation now spends [48 percent more](#) per capita on health care than Norway, the next-highest spending country. Also, private insurance in the United States is an expensive line item, comprising about 35 percent of total health-care spending – more [than twice the amount](#) of total health-care expenditures than the next-highest spending country.

Some people blame the high cost of health care on technology used in the U.S. system. But Japan, the country with the longest life expectancy – nearly 82 years – also has more CT scanners per capita than any other country in the world.

In 2002, Japan had more than seven times as many [CT scanners](#) per capita as the United States. Nearly one out of every four Japanese receives a CT scan each year. Despite this, Japan spends [60 percent less](#) per capita on health care than the United States.

Along with the possibility that higher costs will impact the availability of quality care that Americans receive is the likelihood of an increasingly louder chorus demanding more government controls. But if you think government provides the best solutions to the U.S. health-care crisis, consider the government-run system in Canada, where the Fraser Institute recently reported [average wait times](#) of nearly eight weeks to see a specialist and an additional 10 weeks for actual treatment.

Besides, there is little difference between the quality – or cost – of health care provided by big-business monopolies and that provided by big government.

Many of our current health-care problems are the result of corporations' obsession with pleasing stockholders

By Dr. Kevin T. Kavanagh

Summary

(Total Word Count 756)

The condition of America's health-care system is worsening. Without a strong dose of competition, this 'patient' has little hope of recovery.

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“There is little difference between the quality – or cost – of health care provided by big-business monopolies and the care provided by big government.”

– even to the extent of increasing the cost of care, while decreasing the quality of care with policies such as reducing the number of nurses available to serve patients. But government has its own fixation with pleasing special-interest groups, PACS and lobbyists. And the larger the government program, the more forceful the outside influences.

Economies of scale are lost once monopolies – whether corporate or government – start to form and expand.

For instance, the Institute for Health and Socio-Economic Policy [reports](#) that relaxation of antitrust regulations allowing hospital systems to merge has not resulted in expected cost savings. In-

stead, hospital chains that command large market shares now report some of the highest charges and profits in the nation.

This trend is not likely to end anytime soon, considering many health-care facilities now choose to compete by touting outrageously expensive and flashy high-tech equipment in the media. The result has been a virtual U.S. health-care arms race.

The Commonwealth Fund [cites](#) higher prices as the major factor contributing to increased U.S. health-care costs. Yet in 2002, the United States had [fewer](#) hospital beds, physicians, nurses and CT scanners per capita than the average OECD nation.

Such a system operates under a veil of secrecy that shields meaningful quality and price data from the consumer. After all, if I needed open-heart surgery, I would go to a facility with the lowest infection rate and most nurses to care for patients, rather than one with a top-of-the-line CT scanner.

More consumers now have health savings accounts (HSAs) and are becoming major purchasers of health care. As they begin to directly come into contact with astronomical health-care prices, they will likely seek alternatives. That’s why competition must be restored at all levels of the health-care market – including among hospitals, physicians and insurance companies.

Effective competition means consumers not only have choices, but also readily available information regarding costs and quality for the health care they seek.

It is widely argued that the health-care sector does not respond to economic forces like other, more competitive industries. But what else can we expect when government-enforced monopolies all but assure customers will only walk through certain doors ... and meaningful price-and-quality information is hidden from unknowing consumers?

– *Dr. Kevin T. Kavanagh is an ear, nose and throat specialist in Somerset and board chairman of [Health Watch USA](#). This op-ed is an edited version of an article that appeared in the [Lexington Herald-Leader](#) on Jan. 2, 2007.*

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