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Health Care Reform Begins With Health Savings Accounts, Economist Says

By: Patrick Burke

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(CNSNews.com) – Replacing Obamacare won't be enough, according to a free-market economist -- the U.S. needs real health-care change, starting with Health Savings Accounts.

Although congressional Republicans talk about their commitment to repeal the Affordable Care Act, economist **John C. Goodman** says what the U.S. really needs is “large scale” health care reform from the “bottom up” – unlike the “top-down” Obamacare plan.

“They're [Republicans] all committed to repeal Obamacare, so then that raises the issue of ‘What do we replace it with?’ And although the Republicans aren't talking about large-scale reform, we need large-scale reform,” Goodman, a research fellow at the Independent Institute, told CNSNews.com.

In his new book “Priceless: Curing the Healthcare Crisis,” Goodman criticizes the Affordable Care Act and lays out alternative solutions to reform the health insurance market.

He calls Obamacare a “completely top-down” approach to reforming the healthcare marketplace.

“I think everyone should realize that the way the Obama administration approaches health-care reform is completely top down. They want to tell doctors how to practice medicine and they want to tell you what kind of health plan you're going to be in. and what you're going to pay for it and where you're going to get it,” Goodman told CNSNews.com

Goodman advocates a “bottom up” approach to health care.

“We need to free the doctor, free the patient, free the employer, free the employee and let people use their creativity and their intelligence and their innovative ability to solve their own problems,” he said.

Among Goodman's solutions is the increased use of Health Savings Accounts (HSAs) as a way to put people more in control of how they spend their healthcare dollars.

In Goodman's view, people would be more cautious about how they spend the money put aside in HSAs and will be less prone to overconsumption of health services.

“Instead of giving all of your health-care dollars to a third-party payer, which is an insurance company or an employer or even the government, people would put some of those dollars into an account which they own and control,” Goodman told CNSNews.com.

“And with that account, they’re able to manage their own health-care dollars,” he said.

Goodman says over-regulation is a major problem with the health-care insurance market, and high-priced health care is a “symptom,” rather than a “cause” of what’s really wrong with health care.

“The health-care system is hugely bureaucratic and it’s a system where we’ve suppressed normal market forces for decade after decade, so therefore there are no real prices. And as a consequence people face perverse incentives,” Goodman told CNSNews.com.

“And on the consumer side their incentive is to over-consume care and to consume care in improper ways. And on the provider side is to over-provide care, and when we act on these incentives we make cost higher quality lower and access more difficult than otherwise would have been the case.”

Another solutions offered by Goodman is to address medical malpractice. In order to alleviate the presence of frivolous lawsuits leveled on medical providers—particularly in hospitals—Goodman advocates for hospitals to issue large payouts to patients affected by negligence or wrongdoing.

“What I propose is to provide a voluntary, contractual, no-fault alternative to the malpractice system,” Goodman writes.

“In return for forgoing their common law rights to litigate, patients entering the healthcare system would be assured that if they experience an adverse outcome, the provider institution will write them a check—without lawyers, without depositions, without judges and juries—no questions asked.”

Goodman said support for his common-sense proposals is gaining ground with policymakers at the state level. Goodman pointed to GOP support for refundable tax credits, and malpractice reform in states such as Florida.