I was recently listening to a financial program on the radio. One of the topics of discussion was the high cost of health insurance. It isn't news to anyone that health insurance is very expensive. Because of collective buying, it is less expensive for large companies than it is for individuals and small companies.

One of the callers on the program was a financial officer for a large hospital group. He felt that medicare was to blame. He felt that because medicare places unfair fee caps on payments to doctors and hospitals, those same doctors and hospitals shift the cost to non-medicare patients.

I do agree that the medicare system needs some major overhauling, but I don't agree that it is the primary cause of the high cost of health insurance. First of all, if medicare paid more for services, I am not convinced that doctors and hospitals would reduce the amount they charge private insurance companies. Even if they would, the costs would simply be shifting from insurance companies, which we support through the premiums we pay, to the taxpayers. Either way, we still end up paying for the services.

The real reason health insurance costs so much is that health care costs so much. In my opinion, that is due to two primary factors. The first is that for the most part, our health care system is focused on treating effects and not causes. Heart disease, diabetes, cancer, high blood pressure, arthritis, etc. are all effects. The majority of the time they are the effects of not living a healthy enough life style. Treating these conditions is very lucrative for the health care industry and very expensive for the rest of us, but treating the conditions does not correct the cause of the problem and so the conditions never go away.

Pharmaceutical companies do not spend much of their research money on finding cures. They spend money on developing drugs that help manage conditions, because managing them is often a lifetime process. This ensures a steady demand for their products.

The other issue that leads to high health care costs is that so many of the procedures that are performed are not effective or are not much more effective than a placebo. Many procedures, especially many surgical procedures, have never been studied for effectiveness. The few that have, have not been shown to be superior than sham surgery.

When we treat effects rather than causes and when we perform unnecessary tests and procedures, we dramatically increase the cost of health care and subsequently health insurance. Solving this problem cannot be done by shifting who pays for it. Solving the problem will require hard choices by consumers, who must take greater responsibility for their health. In addition, health care providers must choose lower cost procedures with proven effectiveness and place greater emphasis on coaching their patients to live healthier lives.