

The massive health care bill that was signed into law by President Obama had some good parts. One of those was the requirement to develop state level health care exchanges. These entities are supposed to help insurance companies compete over state lines which in theory would lower insurance premiums. Competition is one of the things missing in our current health care system and free market competition is the most effective way to keep consumer prices down.

What is missing from this competition equation is competition between providers of health care; doctors, clinics and hospitals. When I started this article series I talked about why and when health insurance was developed as a consumer product. Over the years, as more and more people became insured, health care providers were able to increase their fees without consumer backlash. Since health care consumers were not responsible for paying the majority of the cost of a health care procedure, high cost procedures were not a deterrent to receiving that care.

Now we are in a situation where fewer people have health insurance, yet enough still do so that doctors and hospitals are not forced to reduce their fees. In fact, the pressures of managed care which force doctors to provide discounts to the insurance companies, along with fewer insured patients has forced many providers to raise their fees even further to make up for these losses.

True free market competition, without the influence of health insurance, would force doctors to become more efficient in delivering care in order to reduce their fees to attract patients.

It would be a challenge to navigate to a consumer pay free market health care system from an insurance pays managed care system, but it is one of the only ways to bring health care costs down. It would probably still be necessary to have insurance to pay for catastrophic injury and disease care. For routine health care and health maintenance, however, encouraging self pay rather than insurance pay, is a step we need to take