



KITCHEN TABLE ECONOMICS

Real Health Insurance Doesn't Exist

The new health care law is supposed to help solve the skyrocketing cost of health care by making sure more Americans have health insurance. Is it working, or is health insurance the problem in the first place?

Think about other forms of insurance, such as car insurance. While expensive, it doesn't experience the runaway prices health insurance does. The difference is that auto insurance is true insurance.

If you get into a car accident and seriously harm yourself or others, auto insurance pays the medical costs. Horrible and expensive events are why we pay for insurance. Few can bear the cost of these accidents by ourselves, but fortunately very few ever get into them. Insurance companies use money from all of our premiums so they have enough to pay out big claims to the tiny few who are seriously hurt.

Imagine how much car insurance would cost if it also covered new tires, oil changes, new brakes, new batteries, and so forth. If "the insurance" is paying for new tires, and charging you just a small co-pay, you're not going to worry about the price. And neither will the tire stores: Instead of providing the best deals and prices, they'll compete for your business by only stocking the nicest and most costly tires available.

Like your doctor, the tire store wouldn't even post the prices. Price wouldn't matter to you. Car insurance that paid for so much and with no price accountability would become astronomically expensive, and many of us would no longer be able to afford it.

This crazy idea is exactly how most private health insurance and the big government insurance programs like Medicare and Medicaid operate. Rather than cover just serious expensive illnesses, major injuries and long hospitalizations, they also pay for tests, office visits, prescriptions and more. Almost none of us shop around for the best deal on tests, x-rays, office visits and the like. We use the service, and expect insurance to pay most of the bills.

We're fooling ourselves. We DO pay those bills, in the form of those runaway health insurance costs that are bankrupting the nation and many of us.

Like car insurance, real health insurance would cover only true emergencies that are well beyond our ability to pay. Premiums would be a whole lot lower, and more affordable, allowing more Americans to be covered. With the savings, we'd purchase tests and doctor visits out of pocket, from whomever offered us the best value for our money. The medical care system would be forced to respond to our cost expectations, and the cost of health care services AND insurance would be dramatically lower and would remain reasonable.

Unfortunately, the government's new health reform plan is going to put even more Americans into the already broken and overpriced system of too much insurance coverage, making the cost problems even worse. We need smarter solutions from our politicians, not more of same.