

The Free Market Solution to Affordable Health Care

By Robert Genetski

(Robert Genetski is a staunch defender of free markets. His latest book, *Classical Economic Principles & the Wealth of Nations*, has just been released).

Our health care system is broken. Prices are exorbitant. Doctors often avoid prescribing the treatment or medicine they believe is appropriate. Instead, they often defer to the one recommended or preferred by Medicare. Prescription drugs are either ridiculously cheap or horrendously expensive. Health insurance is costly and indecipherable.

The main problem with our health care system is that it has a bad case of governmentitis. What would the cost and quality of health care be under free market conditions? Without government intervention, the free market would cut health care costs at least in half. It would also make health care insurance affordable for almost everyone.

Free market conditions produce the widest choices of products and services at the lowest possible prices. One way to determine what health care should cost is to observe conditions where the free market can operate.

Mexico has a dual health care system. While government subsidizes health care for most of the population, there is also a free market for those who can afford it. It turns out that the free market prices for health care are less than half of the prices in the highly regulated US market.

My wife and I recently visited Cabo San Lucas, Mexico. Cabo is one of the most expensive areas in Mexico. Prices at the local Wal-Mart are comparable to what they are in the US; dinner for two at a moderately priced restaurant runs about \$120.

One morning, I was in urgent need medical attention. Friends told us to avoid the local hospital. Since it was part of the Mexican government's health care system, I could expect long waits and poor service. Instead, we were advised to call a highly recommended private physician.

I called and explained my situation. Within a half hour the doctor arrived at our house. After questioning and examining me, she wrote out five prescriptions. She returned the next morning to drive me to a private clinic for further examinations, and two x-rays.

Her bill was \$100 US dollars (including the house call and transportation). The five prescriptions cost \$131. The office visit, follow-up exam and x-rays were \$127. I gladly paid each bill. Prices in Cabo with no insurance were far less than I would pay in the US with insurance.

I soon found that I had paid tourist prices. A good friend who lives in Mexico is a recently-retired US doctor. He told me that Mexican doctors are very good. He also told me of his neighbor's experience. The neighbor, who had a history of heart problems, was ill and asked for his help. After an initial exam, the retired doctor rushed the neighbor to a private, local clinic. They ran a complete series of heart tests including an EKG. All tests were negative. The total bill for the tests and the doctor was \$83.

Before our government became involved in health care, it was available at a reasonable price. Most people didn't have health insurance. Except for extraordinary conditions, they didn't need it. Medical bills were as reasonable as going out for dinner.

That's no longer the case. As our government became progressively more involved, the cost of health care soared and became hopelessly complex. Red tape, regulation and legal liability have transformed the system into something no one wants.

The solution to providing an efficient, low-cost health care isn't complicated. When markets are free from government interference, we receive quality products at reasonable prices. Health care is no different from any other product. Mexico's private health care system provides an example of how well the free market works. All it takes is for government to get out of the way.