



The Kitchen Table Agenda: Government Makes Health Care Unaffordable

*By Ernest Istook--#3 in a Series**

Most proposals to “fix” health care miss the point. They seek to transfer health care and insurance costs onto government (i.e., taxpayers), or to create price controls on what health care providers can charge.

But government has created the high costs. Programs that shift who pays the fees do nothing to reduce costs. Price controls generate shortages because too-low payments drive providers out of business. Many doctors refuse to see new Medicaid or Medicare patients due to price controls; but raising rates only raises the costs to government. Rarely is anything proposed actually reduces the cost of care or of insurance.

We should be asking: Why is health care so expensive? The simple answer is that government dictates—mostly from Washington, D.C., but also from state governments—have created so much red tape and so many mandates that it massively drives up costs.

OVER-REGULATION: Although Obamacare is making insurance cost more, not less, **over-regulation pre-dates Obamacare’s thousands of new regulations.** A leading study by PriceWaterhouseCoopers, “Patients or Paperwork?,” counted 130,000 pages of pre-Obamacare federal rules and regulations—three times the elaborate red tape of the IRS Code. The study noted, “Paperwork adds at least 30 minutes to every hour of patient care provided and, in some settings, **adds an hour of paperwork to every hour of patient care.**” So for every doctor or nurse seeing the patient, another half-time to full-time worker is needed to comply with federal red tape. The extra cost of this bureaucracy is stupendous. Hospitals are regulated by 30 federal agencies plus state overseers. Even how medical providers do their laundry is regulated.

One Duke University researcher calculated in 2004 that medical regulations imposed extra annual costs of \$339-billion, twice the value of any benefits added, and concluded, “The high cost of health services regulation is responsible for more than seven million Americans lacking health insurance, or one in six of the average daily uninsured. Moreover, **4,000 more Americans die every year from costs associated with health services regulation (22,000) than from lack of health insurance (18,000).**”

FEDERAL MANDATES: Every government-required feature added to a policy also adds costs. This includes costs due to mandatory coverage of pre-existing conditions, mental health conditions, or requirements that children can remain on a parent’s policy until age 26. These Obamacare mandates are already causing many employers to drop coverage of workers because of the extra expense. But the worst is yet to come: Rather than the promised savings of \$2,500 a year per family, Obamacare is projected to increase insurance costs by hundreds of dollars yearly for every family (except those who get it “free” from government).

STATE MANDATES: As noted by the Council for Affordable Health Insurance, “Mandating benefits is like saying to someone in the market for a new car, if you can’t afford a Cadillac loaded with options, you have to walk.” They counted 2,156 state insurance mandates in 2010 (averaging 40+ per state), ranging from coverage for alcoholism, in vitro fertilization, childbirth, acupuncture, Oriental medicine, and hair wigs.

The full cost of federal and state mandates is hotly debated. One study says it is 20 to 50 percent of America’s health care costs; others claim it is lower. But when mandates are combined with the extra costs dictated by federal rules and regulations, it’s clear that **government is the culprit—not the solution—for runaway costs of health care and insurance.** Millions of families could afford their care and coverage if government would reverse regulations and mandates that make costs climb dramatically higher each year.

**In a series of papers from Ernest Istook, former Congressman and now Distinguished Fellow at The Heritage Foundation, the Steamboat Institute will help outline how big government is destroying the purchasing power of today’s families, which is often more destructive than raising their taxes.*