

Policy Focus

Health Care Regulations Don't Help – They Hurt!

RECIPES FOR RATIONAL GOVERNMENT FROM THE INDEPENDENT WOMEN'S FORUM

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WHAT YOU NEED TO KNOW

During October—Breast Cancer Awareness Month—women pay extra attention to their bodies and consider their unique, very personal health care needs. Women know that not all women need or want the same treatment protocol. They also know that if they get sick, they will want access to the best doctors and treatments available. Women want our health care industry to vigorously pursue new treatments and ultimately cures for diseases like cancer.

Onerous health care regulations—many advanced in the name of protecting women—take our health care system in the wrong direction. They impose one-size-fits-all solutions, create barriers to some treatment regimes, and discourage research, development, and innovation.

Unfortunately, government agencies have been working overtime to write hundreds of new rules that will govern health insurance and our health care system. Many of these new federal regulations are the result of the Patient Protection and Affordable Care Act (also known as “ObamaCare”), which became law in March 2010 and gave unprecedented regulatory power to government entities over health care.

Americans know that the best prescriptions for their health care come from doctors—not government bureaucrats. We need to roll back excessive government regulation to create a dynamic health care system that provides better access, lower costs, more innovation, and most importantly, greater freedom and quality in health care.

WHY YOU SHOULD CARE

Government over-regulation of health care:

- **Drives up Insurance Costs:** When government prescribes exactly what insurance policies can and cannot be sold and at what price, they make the marketplace less flexible and increase premium costs.
- **Prevents Flexibility:** Doctors know that the best course of care for one patient isn't always what's best for another. Government regulations limit doctors' and patients' ability to make decisions based on an individual's unique needs.
- **Ignores the Diverse Values, Needs, and Preferences of American Individuals:** Some people have many health needs; others have few. Some may welcome a course of treatment that others find morally objectionable. When we force one group of people to finance the decisions of others, we skew incentives, create conflict, and end up wasting resources.
- **Discourages Innovation and Investment:** The best "patient protection" is a robust health care marketplace where innovators and entrepreneurs develop and offer the newest, most effective treatments. A system that encourages providers to compete to offer the best treatments at the lowest prices will lead to better health outcomes at lower cost.

MORE INFORMATION

What Are Regulations?

Just about every adult is familiar with the term "regulation." Regulations are rules government creates and citizens must follow. We have regulations to make sure that we don't hurt the environment and our schools, buildings, and hospitals are safe.

Some regulations governing our health care system are necessary for insuring safe and quality care. But increasingly, health care regulations are business regulations: They dictate how health insurance and medical services can be bought and sold. Indeed, government regulation of health care has extended far beyond basic safety-standards into near-total control of our health care system.

Regulations create winners and losers in our health care system, but also make our system more costly, less flexible, and less free.

Regulations Raise Costs

State governments have long regulated what services health insurance policies must cover. As a result, in some states, non-smokers must carry insurance for quitting programs, and teetotalers must carry insurance for alcoholic rehabilitation.

ObamaCare charges the federal government, through the Department of Health and Human Services, with deciding what services and treatments are “minimum essential” for any insurance package. These requirements can change over time, and citizens without sufficient coverage can be fined.

What’s the harm in having to carry insurance for procedures you will never use? Higher cost. Each additional covered treatment creates an additional potential cost for the insurer and pushes premium prices up. Requiring insurers to offer “free” preventative services doesn’t make such services free. Their costs are built in to the cost of premiums.

This will be particularly true since, when a service or treatment is covered by insurance and “free” or low cost for users, patients are much more likely to take advantage of that service. This results in greater use of the treatment, which will raise costs more.

Ultimately, the real beneficiaries of minimum coverage requirements are not consumers, but the special interests in the health care industry that seek to have insurance for their drugs, treatments, or services required by law.

Regulations Shift Costs

Regulations known as “guaranteed issue” and “community rating” are popular with the public.

Guaranteed issue laws (which already exist in 8 states) require insurance companies to offer policies to individuals regardless of health or insurance history. Community rating laws (which exist in 18 states) limit companies’ ability to charge different premiums for different groups of consumers (for example, this prevents insurers from charging women or the elderly higher premiums). The goal of these regulations is to make the health insurance industry more “fair” and ensure that more Americans can buy health insurance.

Many Americans like the idea of fairness, and, especially when it comes to health care, recoil from the idea that some have to pay more for insurance. Yet it’s important to keep in mind how insurance works. Insurance of any kind is a game of risk. Insurers take into account a variety of factors that help them estimate how much they will have to spend on that customer. For car insurance, this includes driving history as well as age, sex, and location.

For health insurance, some cost-affecting factors are traits we can’t help. For example, women on average cost insurers more money than men. Individual life-style choices also affect expected health costs. Smokers are at higher risk for certain pulmonary and heart diseases so, also pose a higher risk to insurers.

Regulations that prevent insurers from taking such factors into account don’t reduce the costs of

insurance: They instead shift costs, from women to men or from smokers to non-smokers. This is the opposite of fairness.

Regulations Prevent the Flexibility Women Need

Increasingly, government regulations also encourage one-size-fits-all treatment protocols, that aren't right for many individuals.

Consider that the United States Preventative Services Task Force (USPSTF) rates preventive services and requires insurers to pay for services with a grade of "A" or "B." In 2009, the USPSTF changed its grade for mammograms for women under age of 50 from "B" to "C." This means that many women under 50 (particularly women on government-run health insurance programs like Medicaid) will have less access to screening.

Patients and doctors should be aware of studies on the efficacy of treatments. But ultimately, we don't need a task force or government agency to tell us when we need to get mammograms or other screenings. Women and their doctors can best answer that question, and they should be free to choose a health insurance plan that best suits their health status and personal preferences.

Lower Quality, Less Innovation

Did you know that the United States produces more medical innovations than all other nations?

These innovations don't just improve American health outcomes, but the health outcomes of people all over the world, as other nations adopt new treatments.

It's not that Americans are intrinsically smarter or more innovative than citizens elsewhere. Our (relatively) free health care market attracts innovators from around the world to our soil. Our patent system and the higher monetary returns innovators receive for creating their new treatments here create an incentive to invest in research and development, and for the best and brightest to focus their energy and talents on discovering new, innovative medical services.

Our government shouldn't add more hurdles to the process of creating and bringing new treatments to the market, but should instead recognize the importance of the profit motive and remove burdensome regulations in medical innovation.

Patients should also consider how more regulations impact doctors. Many doctors fear a loss of autonomy due to government "evidence-based" research and "guidelines," which can turn into rules and leave them open to lawsuits any time they stray—even if it is for good reason based on the patient's unique health status—from the government-approved path.

As the government discourages doctors from working one-on-one with patients to develop more personalized treatment regimes, many talented doctors and would-be doctors may opt out of the profession in favor of ones that provide more freedom.

A Better Option: Free-Market, Doctor-Patient-Centered Health Care

The best “patient protection” for Americans is a free-market health care system. Just as in other industries, the profit motive doesn’t just result in innovators and sellers making money. It also results in better options and lower prices for consumers.

There are market-based solutions to our country’s health care challenges. For example, insurers can offer policies that are “guaranteed renewable,” which means customers will be able to renew their policy at the same price even if their health status changes. Many consumers will willingly pay more to have this kind of policy. Government can focus its efforts on supporting those truly left out of traditional health care, rather than control all 300 million Americans’ health care options.

The free market can offer much better solutions to the troubles our health care system faces, without creating the skewed incentive structure and waste that results from government regulation.

Example for Women: Government Regulation of Birth Control

The Department of Health and Human Services recently ruled that, as a part of complying with the more generic regulation requiring insurers to pay for preventative health services for women, insurers must offer free birth control.

Women may hear about this requirement and think it’s good news. Sadly, it’s not. Requiring insurers to pay for birth control doesn’t mean birth control is now “free.” Factories still have to produce it, scientists still had to develop and test it, and the costs of providing it will still fall on someone. Insurance premiums will go up and costs will shift from birth control users to those who don’t use such contraception.

The birth control mandate, which even extends to Plan B or the “Morning-After” pill, is particularly problematic because some Americans are morally opposed to its use. Americans are free to have their own opinions about the morality of these drugs, but they should also be free to select health plans that reflect their values.

WHAT YOU CAN DO

You can help push back against government over-regulation of health care!

- **Get Informed:** Get the facts about excessive health care regulations. Visit:
 - The Independent Women's Forum (www.iwf.org)
 - The Galen Institute (www.Galen.org)
 - Saving Our Health Care (www.SavingOurHealthCare.org)
- **Talk to Your Friends:** Help your friends and family understand these important issues. Tell them about what's going on and encourage them to join you in getting involved.

● **Become a Leader in the Community:**

Get a group together each month to talk about a political/policy issue (it will be fun!). Write a letter to the editor. Show up at local government meetings and make your opinions known. Go to rallies. Better yet, organize rallies! A few motivated people can change the world.

- **Remain Engaged Politically:** Too many good citizens see election time as the only time they need to pay attention to politics. We need everyone to pay attention and hold elected officials accountable. Let your Representatives know your opinions. After all, they are supposed to work for you

ABOUT THE INDEPENDENT WOMEN'S FORUM

The Independent Women's Forum (IWF) is dedicated to building support for free markets, limited government, and individual responsibility.

IWF, a non-partisan, 501(c)(3) research and educational institution, seeks to combat the too-common presumption that women want and benefit from big government, and build awareness of the ways that women are better served by greater economic freedom. By aggressively seeking earned media, providing easy-to-read, timely publications and commentary, and reaching out to the public, we seek to cultivate support for these important principles and encourage women to join us in working to return the country to limited, Constitutional government.

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