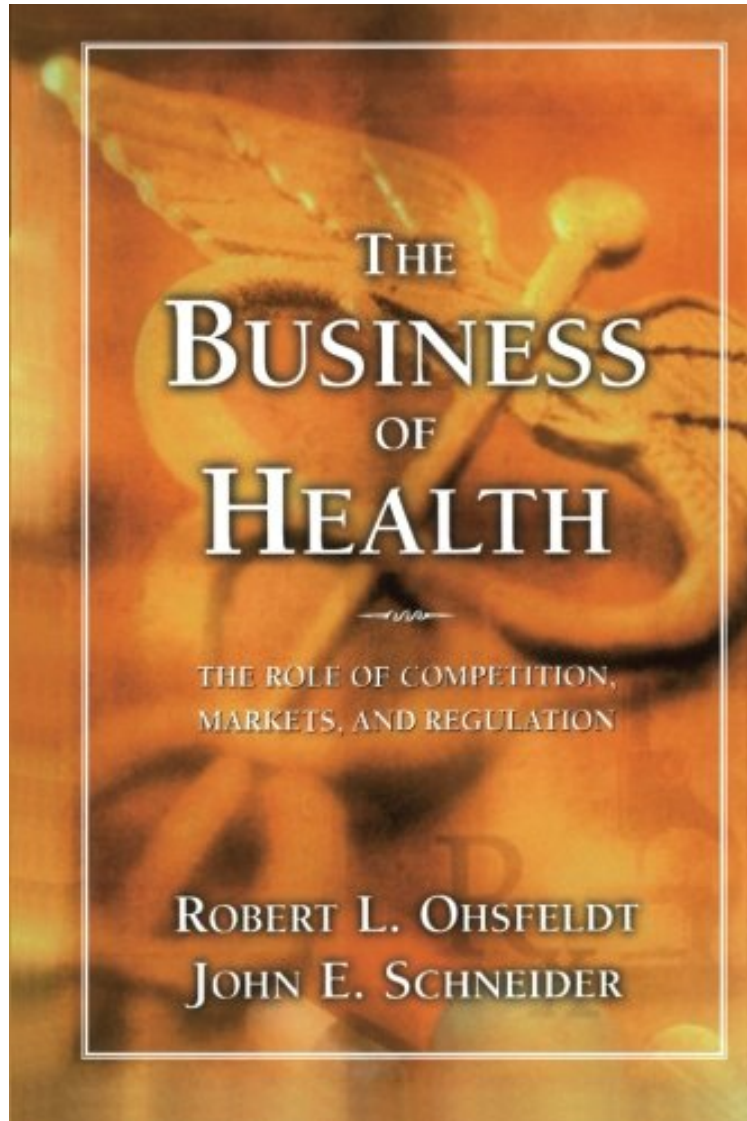


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## The Business of Health

*Robert Ohsfeldt, John E. Schneider*  
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#4008312 in Books Aei Press 2006-09-07 2006-09-07Original language:EnglishPDF # 1 9.00 x .57 x 6.33l, .66 #File Name: 0844742406180 pages | File size: 56.Mb

**Robert Ohsfeldt, John E. Schneider : The Business of Health** before purchasing it in order to gage whether or not it would be worth my time, and all praised The Business of Health:

4 of 7 people found the following review helpful. Bood Buy, Easy ReadBy J. KuckI chose this from a book list for required reading in graduate class on "Issues in Health Care". It was as much un-biased as you could probably ask for. Not a lot of rambling as you will find in many other similar subject books. I did learn a lot about how politics and healthcare are unquely intertwined even though I am very familiar with the health care field. Summary pages at the

end of the Chapters are helpful to bring all the points together. I thought the most interesting section was about specialized hospitals and whether they are harmful to general hospitals. 118 pages of easy to read text, the remaining pages are references. 0 of 1 people found the following review helpful. Obamacare from a different perspective By John S. Lentz This book helps view the health care industry from a different perspective by disaggregating wholesale statistics some use to make arguments. 12 of 15 people found the following review helpful. A very interesting discussion of how competition and profit seeking (not rent seeking) can improve health care By Craig Matteson The American Enterprise Institute has come out with a variety of very helpful books on reforming health care in America. This fine book takes a look at overall health care spending, the profit motive, and competition in our current system versus single payer systems such as Canada. The current debate in our society seems to focus on two extremes: single payer versus a totally free market (actually the latter is hardly ever advocated - but those promoting the former usually characterize anything with private choice as free market). The book has five chapters plus a brief final chapter titled "Conclusions and Policy Implications". There are many pages of endnotes and references and an index. The first chapter examines the claim that the system of healthcare in the United States overpays for worse outcomes than other developed nations. The authors show that the shape of the regression line chosen can make the premium paid in the United States very great or not so much. Then they examine the outcomes controlling for race. Frankly, I was shocked by how poorly African Americans fare in death rates and longevity. Then they controlled for deaths unrelated to healthcare such as intentional injury (including murder) and accident, and things normalized quite a bit. Still not equal or perfect, but much better. The reality is that insured people do have generally better health and longevity than uninsured individuals. So, why not do a single payer system and insure everyone? It turns out that the supposed universal access promised in other countries, including Canada, is in practice "equally limited access for all". You might personally still prefer that to the highly unequal access in the United States, but you should read this book to really understand the implications of the change. We have this fantasy about the Canadian system, for example, which the people experiencing the system do not share. In many ways the Canadian system is frozen in the 1960s and there are rising complaints about the politics being played with people's health care. Never mind the waits of the patients in single payer countries. The authors then examine the impact of profit in health care. It turns out that it spurs efficiency, innovation, and more care for more people. When institutions are given tax credits, for example, to care for the indigent the amount of care given extends only to the value of those credits and provided with less efficiency. They also examine the notion of specialty hospitals and find generally positive effects on the delivery of health care. They trace the history of the general hospital and then demonstrate why it isn't the one and only true model of patient care. Getting more people insured has to be one of the nation's health care objectives, but it isn't obvious that mandating a one size fits all insurance is the way to go. The authors show how managed care and regulation add costs and less care than the kinds of efficiencies and innovation that can come with sufficient competition, even with its "wastefulness". I would also recommend "Healthy, Wealthy, and Wise" also from the AEI on free markets and health care. Another of the things assumed true in our current debate is that Direct To Consumer Advertising leads to wasteful spending by the drug companies and over prescription by doctors. The evidence provided in this book show this to not be so. There are also positive effects when people who can be treated go to the doctor instead of living with the problem because they are unaware that they can be helped. Obviously, I can't present all the authors' evidence and arguments. Since the book is just more than one hundred pages and health care is such a vital issue, I would encourage you to read this with an open mind. Is it really so hard to believe that reducing regulation, demanding greater transparency in evaluating health technologies and between insurers and their enrollees, getting a bit more price sensitivity into insurance pricing, and reforming government insurance to be more sensitive to market forces would improve health care for everyone? It works in every other aspect of our lives where it is tried. Why do we think health care is so different?

There is ongoing controversy over how to improve the American health care system, expand coverage to the uninsured, and slow the growth of wasteful spending. Proponents of sweeping reforms argue that the fragmented nature of the health system is a weakness, and suggest that the more centralized systems used in other developed nations are models to be emulated. But many of those systems have important shortcomings, including unsustainable growth in spending and intolerable waiting times for essential health services. It is not at all clear whether the benefits of centralized control would offset the costs. The balance of evidence suggests that markets have more to offer than centralized health care systems. Competition in health care spurs innovation, induces efficiency, and enhances quality, just as it does in other industries. The Business of Health examines the influence of market competition and government regulation on hospitals, health insurance, managed care plans, and prescription drug advertising. Reformers must determine which components of the system are suitable for market competition and which would benefit from more direct government control. While some hybrid of the two approaches has strong political appeal, two things are clear: the current U.S. system fails to take full advantage of the benefits of market forces, and the alleged benefits of government regulation may be greatly exaggerated. Some areas of potential improvement include: (1) the reduction, revision, or elimination of laws and regulations that inhibit the functioning of markets; (2) the

development of a more coherent strategy to evaluate new medical technologies and services; (3) the infusion of transparency into the making of contracts between health plans and enrollees; (4) redesigning health insurance to imbue a greater degree of price sensitivity within health services transactions, and (5) improved marketing and coordination among existing public insurance programs. The key to improving health care delivery lies

**About the Author** Robert L. Ohsfeldt is a professor in the Department of Health Policy and Management at the School of Rural Public Health, Texas AM Health Science Center. He has been the principal investigator for research grants funded by the Agency for Healthcare Research and Quality, National Cancer Institute, Centers for Disease Control, and the Robert Wood Johnson Foundation.