

# **The Value of Free Markets and C**

Evidence suggests that these high-deductible plan designs simply do not work. To control spending and bring better value to our system Americans need a new vision for what the consumer's role should be.

### **Perspective 2: Competition**

The health care industry is comprised of multiple stakeholders that each play a role in competition and direction. This competition potentially could be beneficial to consumers by reducing costs while also improving the quality of patient care and improving outcomes leaving many with serious questions. Is the price and overall cost always lowered? Are the outcomes actually improved?

The fundamental driver of this continuous quality improvement and cost reduction is innovation. Without incentives to sustain innovation in health care, short-term cost savings will soon be overwhelmed by the desire to widen access, the growing health needs of an aging population, and the unwillingness of Americans to settle for anything less than the best treatments available. Inevitably, the failure to promote innovation will lead to lower quality or more rationing of care—two equally undesirable results (Teisberg et. al. 1994)

Competition has been enormously successful at producing quality-enhancing innovation but unfortunately has failed to reduce the needed cost (Teisberg et. al. 1994). Prices still remain high and the technology has remained just as expensive if not more so.

Another essential condition of a properly functioning free market is that there is adequate competition among businesses (Brill 2015). This rarely exists in today's consolidated hospital and insurance markets. Consolidation appears to be accelerating as health care looks to achieve greater scale to address a dizzying array of market and government pressures (Wirtz 2015). Prices are often the result of market power with minimal input from consumers. Successful reform must begin with a clear understanding of how the current system creates incentives for unproductive competition and the patient population.

### **Perspective 3: Government regulation**

Government controls and the influential stakeholders largely disagree on both desired priorities and the impact of various health care policies. Indeed, an extremely broad range of regulatory bodies and programs can affect various aspects of the industry. For example, regulations can be developed and enforced by all levels of government including; federal, state, and local, while also including private organizations. Each has their own influence and direction, with no real coordination or communication with one another.

Federal, State, and local regulatory agencies often establish rules and regulations for the health care industry...Some other agencies...require voluntary participation but are still important because they provide rankings or certification of quality and serve as additional oversight, ensuring that health care organizations promote and provide quality care (Grimm 2014).

On November 15, 2019 the final rule on hospital price transparency, issued by the Centers for Medicare & Medicaid Services (CMS), provided a full listing of items and services available for patients and also imposed, "...civil monetary penalties for those that fail to comply, but some

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