

From the President

Bottom-Up Solutions to the Top-Down Medical Disaster

Melinda Woofter, M.D.

We are standing on the brink of a complete government takeover of medicine.

What was once a straightforward personal relationship between the patient and physician has been “fundamentally transformed,” to use President Obama’s phrase, into a complicated and confusing adversarial situation controlled by intervening third parties. Through incremental mandates, government has divorced patients from the responsibility for their own well-being, and from seeing the true costs of the medical services they demand. As a result, that demand has brought ever-increasing costs and has led to the insolvency of Medicare, Medicaid, and the exchange programs.

Government interference is the direct reason for the unaffordable and unsustainable system we have today.

A labyrinth of bureaucratic third-party payers, instituted and protected by government, has destroyed cost transparency. Government control of resources always leads to less for everyone. Without natural price signals for market adjustments, costs soar as resources are wrongly allocated, wasted, and squandered.

To address these market distortions the government itself caused, it resorts to further price controls and greater economic coercion and interference. Medicine is now flat-lining from this. Lately, doctors are increasingly badgered with imposition of government dictates about “quality” and “value” as defined by interests and agendas outside medicine. Patients and physicians cannot function in this turmoil, which will be disastrous for the well-being of all.

There are bottom-up solutions to the top-down chaos that has been forced on all of us, but government power-holders and third-party cronies who benefit from this will not give up their stranglehold on medicine. They will demand more control and oversight. The real solution to our problems is NOT more regulations and intrusion into the patient-physician relationship as has reached new heights in the Medicare Access and CHIP Reauthorization act (MACRA).

Jeff Danby analyzes what is wrong with the system and proposes bottom-up solutions in *Common Sense Medicine, Restoring the Patient Physician Relationship*.¹ He writes:

America’s medical care is a complete mess because **natural price discovery** between patient and doctor has been severely undermined over time. Third parties, vendors including insurance companies, drug companies, and other **rent-seeking** interests have usurped the normal language of **price** between buyer and seller for their own

gain. Government has abandoned its proper role as an honest referee for **all residents** to become a player in league with **rent-seekers**. This has allowed **regulatory capture**, where the rules are written to favor the **rent-seekers** and their government allies, to the detriment of everyone else.

Natural price signals are necessary to coordinate supply and demand to flow in the most efficient ways possible. Prices represent true “democracy” and “people power.” They are the language each of us uses to “vote” for the products and services we want. When these signals are hijacked by outside interests, the economy falters and eventually fails. Then, human misery reigns.

Centrally planned economies never work. They always deliver far less than what we would have had otherwise. They always enrich the few at the expense of the many. The United States’ medical care economy is much larger than the economies of most other countries. Economies are extremely complex, organic systems—delicate latticework with countless layers balanced and re-balanced by the decisions of hundreds of millions of consumers each day. An economy behaves more like a beautiful coral reef, teeming with rich, vibrant complexity, than some stark grey factory churning out a basic product like pig iron. Neither a complex coral reef nor a complex human economy can be centrally planned or commanded by a panel of meddling overseers using megaphones, guns, and paddy-wagons. This is an experiment that has been tried often and utterly fails every single time. The lives, property and decisions of consumers and producers cannot be “owned” by anybody but the consumers and producers themselves. Those who attempt to usurp this natural ownership violate the inalienable rights we each have to run our own lives, trade our own property and time, and associate with those whom we choose. These rights are not “privileges” to be given or taken away by others. Rights are **inseparable** from us as human beings. Not even “majority rule” can separate rights from others. My “rights” end where your rights begin.

We live in a modern society struggling to become freer in fits and starts. We are not serfs or slaves. Thanks to the Gutenberg Press of old and the Internet of new, we have unprecedented access to all the information we need to make our own informed decisions. We

do not need kings, overlords, bureaucrats, czars, or masters limiting our access to information or goods and services and running our lives for us—although they keep screaming at us that we do. We now trade in a world of EBay, Uber, and Amazon. The world is undergoing a massive decentralization tsunami that is greatly empowering individual consumers, cutting out middlemen, and reducing the need for bureaucracies and governments. You can Skype or share files instantly with anyone around the world. With a keystroke click you can order anything from anywhere in the world and have it delivered to your doorstep in a matter of days. We have apps on our cell phones that provide instant information on the things that interest us. We no longer need 19th Century style government postal service monopolies to deliver information to us in the form of metered mail. It is just as archaic and stupid to believe that medical care must be delivered in a “top down” fashion. Quite frankly, this is a 1930s approach to economic problem-solving that didn’t even work in the 1930s.

Medicine is no different from any other good or service. It must follow the same laws of supply and demand. Whenever we make a purchase, we “vote” with our cash. When we fear that an unforeseen event

might cause catastrophic economic loss, we purchase insurance to gain peace of mind. When we are down on our luck we ask others for charity. And when we are blessed with extra money to give, we freely give aid to those in need. We can only be **charitable** when we give our own money to an orphanage. We become **uncharitable thieves** when we commission Al Capone to steal from others to give to the same orphanage. Know and practice the difference!

The entire root error in the United States medical care mess can be summed up in only four words: **“No natural price discovery.”**

But the mess can also be fixed in just four words: **“Cash, Catastrophic Insurance, Charity.”**

A complete version of this work can be ordered at: http://www.aapsonline.org/index.php/site/article/common_sense_medicine_restoring_the_patient_physician_relationship.

Melinda Woofter, M.D., practices dermatology in Granville, Ohio, and serves as president of AAPS. Contact: mwoofter_mdc@windstream.net.

REFERENCE

1. Danby J. *Common Sense Medicine: Restoring the Patient/Physician Relationship*. Alethos Press; 2016

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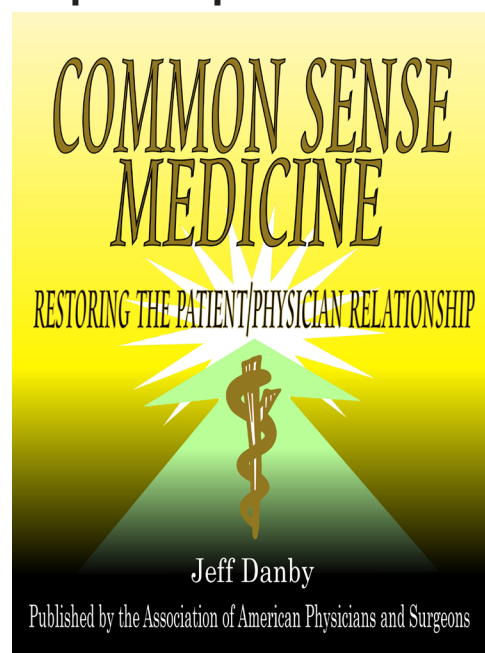
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