

**Republican Perspective**  
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**A DIFFERENT APPROACH TO HEALTHCARE**

*“The greatest advances of civilization, whether in architecture or painting, in science and literature, in industry or agriculture, have never come from centralized government.” Milton Friedman, American economist*

As sure as the sun rises from the East, Progressives will continue their march to force single-payer healthcare upon the masses. Don't let facts get in the way of their crusade.

With the Republican controlled Congress' stunning failure to “repeal and replace” Obamacare, Progressives are emboldened to place single-payer into play. A healthcare delivery model that is not being debated is direct care.

First, how did we get here. Back in 1973, President Nixon signed into law the Health Maintenance Organization Act. Nixon signed, despite the fact that his adviser John Ehrlichman (in a taped Oval Office conversation) had informed him exactly how the Kaiser Permanente HMO model was going to make its profits: “the less care they give...the more money they make.”

The HMO Act gave us the concept of “managed care” in the form of health insurance networks. Health Maintenance and Preferred Provider Networks were formed that restricted consumer choice. If Congress was serious about tackling healthcare, they should consider repealing the HMO Act.

Under the HMO Act, it is perfectly legal for an insurance company to tell you that you cannot go to a certain physician or have a test performed because it is out of network. Bear in mind, that it is your money that is paying the insurance company.

Health insurance companies negotiate contracts with healthcare providers (hospitals/doctors) that determine the amount that the providers can charge the insurers for their services. In other industries, this is called price-fixing and considered illegal. Any change to this model will meet with strong resistance by K-Street lobbyists.

Very few healthcare providers provide their costs for consumers to evaluate. This is due to the fact that insurers contracts with many hospitals bar price

transparency. But transparency is gaining steam. The Surgery Center of Oklahoma has led the charge. For nine years, they have posted their pricing on their website. They have made changes only twice and that was to lower prices. Here in California, Ocean Surgery Center (Torrance) and Orthopedic Surgery Center of Orange County (Newport Beach) also provide transparent pricing.

How can the Surgery Center of Oklahoma lower charges if healthcare costs are out of control? The reason is this hospital is cash based. They take no insurance monies nor Medicare/Medicaid. There are no negotiated prices, no third-party reimbursements and very little paperwork. The patient is responsible for dealing with his insurance company/Medicare.

How the Surgery Center of Oklahoma sets its pricing is unique to the healthcare industry. Fellow doctors provided how much compensation they expected to receive per procedure. Added are necessary expenses like surgical equipment and implants. Included is 10-15% profit. Rocket science it is not. Without large numbers of administrators, overhead is low.

Due to Obamacare, many families and individuals are faced with high deductibles. These folks are looking more towards direct care doctors and facilities. Businesses that self-insure are beginning to offer employees an attractive option: If employees go to a traditional hospital, employees pay their deductible and co-payment. If they go to a cash-based provider that meets their criteria, employees pay nothing at all.

Medical imaging (MRI & CT scans) is another area where direct care is lowering cost.

Premier Medical Imaging and [cheapimaging.com](http://cheapimaging.com) post pricing on their websites (MRI @ \$265; CT scan @ \$240).

The best thing Congress can do is to recognize that the direct care model is working and thus leave it alone! In other words, free market entrepreneurship trumps centralized governmental controls.

Congress should focus their efforts towards policies for improving care to the poor and indigent.