

HEALTH CARE SOLUTIONS

TWO PROFESSORS AT BAYLOR UNIVERSITY'S HANKAMER SCHOOL OF BUSINESS

LAY OUT A UNIVERSAL HEALTH CARE PLAN IN THEIR NEW BOOK *HEALTH CARE FOR US ALL: GETTING MORE FOR OUR INVESTMENT, PUBLISHED BY CAMBRIDGE UNIVERSITY PRESS, THAT DOES NOT CREATE A GOVERNMENT ENTITLEMENT PROGRAM OR THREATEN IN ANY WAY THE INSURANCE COVERAGE OR HEALTH CARE OF AMERICANS WHO CURRENTLY HAVE COVERAGE.*

First and foremost, say the professors, public health care arrangements should respect the features of American health care that are the best in the world.

"Health care and health insurance are best provided through robust competition in private markets," said Earl Grinols, Distinguished Professor of Economics and co-author of the book. "To keep costs down, the only known reliable self-regulating mechanism requires competition, such as requiring health care providers to publicly post their prices and charge all consumers who buy the same service on the same terms at the same price, so consumers could shop for services."

Most people who are uninsured do not purchase coverage because of high premiums. Homogeneous risk pooling with premiums based on age and sex would lower the price of health insurance to the group with the highest rate of no insurance - the young and healthy. The authors say that Congressional proposals have been counterproductive because they ignore economic principles and have already been shown in many places they have been tried not to work.

The economists recommend an intervention plan that includes income subsidies that would be available to everyone, but would primarily go to the hard to insure - the five to 10 million people who don't have insurance due to low earnings or previous medical conditions.

"Rather than redesigning the nation's entire health care industry," said co-author James Henderson, the Ben Williams Professor of Economics, "we should do more for the smaller group of people who genuinely need help. A targeted intervention plan allows us to be more effective without collateral damage to the health care arrangements of the rest of us. Insurance reform and pro-competitive reforms that we identify will reduce costs for all of us while expanding coverage to the 37 million Americans who are uninsured."

Grinols and Henderson urge lawmakers to recognize and take actions based on the relevant economic principles, resulting in a solution that will be viable in perpetuity. In their book, they provide guiding concepts and explanations of their reasoning, as well as detailed equations.

About the Authors

Dr. Earl Grinols was a senior economist on the Council of Economic Advisers for President Reagan and an international economist for the Department of the Treasury during the Ford administration. He served two terms as the president of the Association for Christian Economists. He is currently the Distinguished Professor of Economics at Baylor University's Hankamer School of Business.

Dr. James Henderson is the academic director for Baylor's Robbins MBA Healthcare Program and serves as the Ben Williams Professor of Economics at Baylor University's Hankamer School of Business. He consults for several major corporations.



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