August 25, 2013

The Mere Orthodoxy blog posts on the why the family matters in economics.

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Yet too many experts remain silent for fear of becoming collateral damage in America's culture wars. Nick Schulz wrote Home Economics for these silent ones who have ignored the family's role in the economy. He concludes as former Secretary of Education Bill Bennett did, finding that the "family is the original and best Department of Health, Education, and Welfare." ...

... American families now seem to follow two tracks: those of the upper-middle class, where family institutions remain relatively strong, and those of the lower-middle class, where family instability is distressingly common. Charles Murray's Coming Apart, in particular, provides a detailed picture of this growing disconnect.

Many people can and do succeed in the midst of family brokenness, of course. Yet the risks of failing are far too high when kids are raised in the context of relational instability. Socioeconomic mobility and multigenerational poverty are empirically linked to family stability like never before.

Family is society writ small, where one builds basic human capital, social capital, and skills. In Schulz's calculation, family is a basic, vital economic unit—the X factor. Family builds empathy and self-control, which in turn shapes character. Character fosters human capital ("knowledge, education, habits, willpower") and social capital (assets "created and maintained by relationships of commitment and trust"), which ultimately generates economic growth. You could practically build a formula out of it. ...

Of course, any government efforts to control college costs will end in disaster, but last week the president uttered the most amazing sentence. We have included the Wash Times article just so you could read it. He said, "At some point, the government's going to run out of money." What's happened? He has never felt such constraints before.

Saying the rising costs of college are punishing students who have played by the rules, President Obama on Thursday announced that the federal government will take a broader role in pushing schools to lower costs by rating schools based on their educational value, and in trying to tie taxpayer money to school performance.

Mr. Obama, speaking at the State University of New York at Buffalo, said he would cap student loan repayments at 10 percent of future paychecks but also would take steps to discipline students who are attending school on federal grants by doling out the money in chunks to make sure they stay in school. ...

Weekly Standard reports the Nevada AFL-CIO wants healthcare changes.
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"[F]or two years we have sought from the Administration and Congress interpretations to the ACA that merely allows us keep the health plans we currently have: nothing more, nothing less. No special treatment. To date, the Administration has postured on proposals to address the problem, but no proposal to date will actually solve the problem. Our health plans only get worse," the resolution in part reads. ...

From UPS to UVA, American Interest says more employers are reacting to increased health care costs because of the ACA.

Even a well-designed law can have unintended effects that worsen the problems it was meant to solve—and a slipshod law like Obamacare threatens to cause serious damage. UPS, for instance, has decided to stop offering insurance to employee spouses who can get insurance from their own employer. The company cites the new costs imposed by Obamacare, including:

-Coverage for dependent children up to age; regardless of whether they are enrolled in school, are married, or (beginning 2014) have coverage available from their own employer;

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Tell that to the 15,000 UPS workers who recently learned that the shipping giant is dropping coverage for husbands and wives who can get insurance from another employer.

A chief reason for the change? The added costs ObamaCare is imposing, including the mandate that plans cover children up to age 26, its ban on lifetime spending limits, and the $65 in ObamaCare fees that will be imposed on every enrollee starting next year.

Rising medical costs, "combined with the costs associated with the Affordable Care Act, have made it increasingly difficult to continue providing the same level of health care benefits to our employees at an affordable cost," UPS told its employees in a memo.

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Democrats may seem to have a strong coalition, but Republicans had one, too, in 2005, before events intruded. In Forbes, Avik Roy notes that the White House has missed 41 of 82 deadlines in the bill's first three years of existence, while labor leaders say the bill is destroying full-time employment.

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WSJ OpEd tells the story of why and how a man saved 85% of an operation's cost.

Every so often I have an extraordinary and surprising experience with a patient—the kind that makes us both say, "Wow, we've learned something from this." One such moment occurred recently.

A gentleman in his early 60s came in with a rather routine hernia in his lower abdomen, one that is easily repaired with a simple outpatient surgical procedure. We scheduled the surgery at a nearby hospital.

My patient is self-employed and owns a low-cost "indemnity" type of health insurance policy. It has no provider-network requirements or preferred-hospital requirements. The patient can go anywhere. The policy pays up to a fixed amount for doctor and hospital bills based upon the diagnosis. This affordable health-insurance policy made a lot of sense to this man, based on his health and financial situation.

When the man arrived at the hospital for surgery, the admitting clerk reviewed the terms of his policy and estimated the amount of his bill that would be paid by insurance. She asked him to pay his estimated portion in advance. (More hospitals are doing that now because too often patients don't pay their portions of the bills after insurance has paid.)

The insurance policy, the clerk said, would pay up to $2,500 for the surgeon—more than enough—and up to $2,500 for the hospital's charges for the operating room, nursing, recovery room, etc. The estimated hospital charge was $23,000. She asked him to pay roughly $20,000 upfront to cover the estimated balance. ...

Mark Steyn with a Corner Post on Chelsea Manning.

Private Bradley Manning, the strange semi-Welshman the four million US bureaucrats with security clearances let snaffle all their secrets, is now a female called Private Chelsea Manning. Same soldier, different privates.*

Jailing Manning and hounding Snowden is a complete waste of time unless you also do something about the system that allowed these guys access to everything. Manning appears to have been a lonely and troubled individual all his life, and obviously vulnerable to sympathetic pitches from wily opportunists like Assange. Why didn't his superiors see that? That's the real scandal. I wish young Chelsea well in his/her makeover; maybe the "intelligence community" could use one of its own.

*(*Eventually.)*

Mere Orthodoxy

Why 'The Family' Matters in Economics

by Michael Hendrix

Nick Schulz is frustrated. He's frustrated that economists talk about the role of institutions in the American economy, yet ignore the most fundamental one of them all: the family. With a career built on writing about the roots of economic growth, Schulz has realized that you can't understand today's economy—from the need for human capital to rising inequality— without considering the platoons of moms, dads, and children that form the backbone of American society. And the situation is not pretty. The American family is in a state of crisis, which in turn is having a profound impact on the economy.

Yet too many experts remain silent for fear of becoming collateral damage in America's culture wars. Nick Schulz wrote *Home Economics* for these silent ones who have ignored the family's role in the economy. He concludes as former Secretary of Education Bill Bennett did, finding that the "family is the original and best Department of Health, Education, and Welfare."

Looking across 50 years of history, Schulz provides an introductory analysis of the forces buffeting the American family, but he doesn't dwell on the root causes. They are far too complex, ranging from changes in technology, culture, habits, morality, religion, and economic forces, among others. The point is that America's customs concerning the family and, more specifically, marriage, have shifted dramatically. Out-of-wedlock births are increasingly common, as are parents who never marry. For those who do walk down the aisle, they face long odds of remaining together "'til death do us part."

For those tempted to say, "So what?", rising income inequality, wealth disparities, and disproportionate health outcomes are all impossible to understand without taking a hard look at families. As Jason DeParle wrote last year in *The New York Times* that "changes in marriage patterns — as opposed to changes in individual earnings — may account for as much as 40% of the growth in certain measures of inequality." David Leonhardt, also of the *Times*, noted a recent finding that "family structure was one of the four factors with a clear relationship to upward mobility." As Schulz himself found, only 5% of married families were poor at any point this year, while 30% of single-parent households felt the blow of poverty. These data points paint a bleak portrait; those being raised without a mother and a father will face immense social and economic barriers.

The end result is that American families now seem to follow two tracks: those of the upper-middle class, where family institutions remain relatively strong, and those of the lower-middle class, where family instability is distressingly common. Charles Murray's *Coming Apart*, in particular, provides a detailed picture of this growing disconnect.

Many people can and do succeed in the midst of family brokenness, of course. Yet the risks of failing are far too high when kids are raised in the context of relational instability. Socioeconomic mobility and multigenerational poverty are empirically linked to family stability like never before.

Family is society writ small, where one builds basic human capital, social capital, and skills. In Schulz's calculation, family is a basic, vital economic unit—the X factor. Family builds empathy and self-control, which in turn shapes character. Character fosters human capital ("knowledge, education, habits, willpower") and social capital (assets "created and maintained by relationships of commitment and trust"), which ultimately generates economic growth. You could practically build a formula out of it.

Empathy in particular is linked to social capital, while self-control informs much of human capital, allowing individuals to be invested in the long-term good rather than short-term gain. We also see this influence in an assortment of non-cognitive skills, such as delayed gratification, which, as Walter Mischel established around 1989, is a core factor in individual success.

It's important to remember that developed countries—especially the United States—are wealthy because of their institutions, family included. As economies move from agriculture to manufacturing and then to services, human and social capital play increasingly important and complimentary roles in shaping how people contribute to the economy as employees. Yet as Schulz says, "At the same time one of the chief mechanisms for inculcating soft capital, the family, has weakened for millions of people."

It turns out that, to answer a question posed previously by Matthew Lee Anderson, a lot of entrepreneurial creativity is in fact motivated and grounded in a strong family structure. When viewed through the lens of human and social capital as Schulz does, "Taking entrepreneurial and business risks is a lot easier if we are operating in a context of relational stability." Free enterprise flourishes when immersed in the deep pools of virtuous talent that family nurtures. Liberty fades and government grows in the absence of strong families.

What are we to do then to mend the broken American family? We should approach in the spirit of humility, first and foremost. To answer in the form of a question, what can policy do to change the broken human soul? When robbed of the social mores that work to temper mankind's nature, sin is left unfettered to darken the reflections of God's nature seen in marriage and family. Moreover, as E.O. Wilson rightfully pointed out, "How might the government of a free society reshape the core values of its people and still leave them free?"

Virtue stands before policy in order to secure our liberty. We should then desire social order, grounded in familial stability, and a politics that speaks to it.

Yet we cannot sit back and wait. Improving the incentive structure behind family formation should be the utmost priority of any coherent political platform. Early childhood intervention, for one thing seems to work at countering the effect of family instability and fostering a next generation that's less susceptible to the ills of their parents. Taken with a dose of humility, we also see that these interventions are fragile things, especially once the teenage years arrive. Schulz also mentions a number of tax incentives that have been proposed along these lines. They spur those on the margins of getting married or having kids by removing barriers, like cost (weddings and children have never been cheap). Pascal-Emmanuel Gobry summarizes this approach well:

From a free market perspective, most free market economists agree that tax policy should encourage investment in capital, and forming a family and raising children are (costly, in the latter case) investments in human capital. Libertarian economist Evan Soltas, recently making the case for the lower tax rate on capital gains, notes that if one believes we should subsidize investment in financial capital, we should also subsidize investment in human capital. And finally, if people are the ultimate resource (and we are), encouraging more people to be brought up in better conditions will increase overall prosperity.

The decline of the American family is the most pressing challenge of the 21st century. As Nick Schulz has so rightly shown in his new book, our economy needs strong families—and our society depends on them. We should stop ignoring this reality.

Washington Times

Obama pitches federal plan to name and shame colleges over costs

by Stephen Seimer

Saying the rising costs of college are punishing students who have played by the rules, President Obama on Thursday announced that the federal government will take a broader role in pushing schools to lower costs by rating schools based on their educational value, and in trying to tie taxpayer money to school performance.

Mr. Obama, speaking at the State University of New York at Buffalo, said he would cap student loan repayments at 10 percent of future paychecks but also would take steps to discipline students who are attending school on federal grants by doling out the money in chunks to make sure they stay in school.

The president made the announcements as part of a two-day bus tour through New York and Pennsylvania as he tries to breathe life back into his domestic agenda, which has stalled amid budget and partisan battles on Capitol Hill.

To counter that, Mr. Obama returned to the rich versus poor theme he struck on the campaign trail last year, saying his efforts to control education costs are in line with his other moves, such as raising taxes on the wealthy, signing his health care legislation and bailing out automobile manufacturers.

"We can't price the middle class and everybody working to get into the middle class out of a college education," Mr. Obama said. "We can't go about business as usual."

Mr. Obama has been promising action on rising college costs since he took office, and Republicans' reaction to his announcement was a yawn.

"Lame speech, lame duck," read the headline on the statement from the Republican National Committee.

Mr. Obama said the federal government and colleges have been in a type of financial arms race in recent years, with the government boosting its contributions and schools raising their prices.

"At some point, the government's going to run out of money," the president said. **Ta da!!!!!!!** **(Pickerhead said)**

Beginning in 2015, Mr. Obama said, he would have the Education Department compile and release a scorecard of colleges that provide the best values. The formula would look at affordability, measured by tuition costs versus how many students are taking loans or are on scholarship; productivity, measured by graduation rates and the earnings of graduates; and "access," measured by the percentage of students who receive federal aid.

The White House said that by 2018, after the scorecard has been refined, federal funding would be tailored to reward schools that accept low-income students and do well with the rest of the formula.

The plan also would push colleges and universities to try new avenues of education, such as lower-cost online courses or awarding degrees based on how much students have learned, not on how many classes they have taken.

Congress will have to approve the president's plan to dock schools' federal funds for poor performance on the Education Department scorecard, and lawmakers also would have to pass legislation to cap student loan repayments at 10 percent of postgraduate incomes.

Lawmakers are scheduled to debate and reauthorize the Higher Education Act, which is due to expire at the end of this year.

Rep. John Kline, Minnesota Republican and chairman of the House Committee on Education and the Workforce, agrees with Mr. Obama's idea of promoting innovation among colleges but said the proposed ranking system is "arbitrary" and could stifle innovation.

Sen. Chuck Grassley, Iowa Republican, said he sees areas where members of his party can work with Mr. Obama to control costs, but he urged the president to call on colleges to limit salaries for executives.

Mr. Grassley also said the key to controlling costs is to help the consumer side of the equation.

"The more students and parents become savvy shoppers, the more colleges would be forced to rein in rising costs to compete for students," Mr. Grassley said.

Weekly Standard

[Nevada AFL-CIO Hits Obamacare, Demands Changes]

by Daniel Halper

The Nevada AFL-CIO has released a resolution condemning Obamacare and demanding that the president and lawmakers change the law.

"[F]or two years we have sought from the Administration and Congress interpretations to the ACA that merely allows us keep the health plans we currently have: nothing more, nothing less. No special treatment. To date, the Administration has postured on proposals to address the problem, but no proposal to date will actually solve the problem. Our health plans only get worse," the resolution in part reads.

"[A]s a result of Administration inaction to fix the problem, the unintended consequences of the ACA will lead to the destruction of the 40 hour work week, higher taxes and force union members onto more costly plans -- eventually destroying the Taft-Hartley Funds completely."

Obamacare "should not threaten the 40 hour week, and the existence of collectively bargained health care plans," the resolution states.

And "the Congress and the Administration have demonstrated they have the authority and power to make dozens of other corrections to [Obamacare] including taking care of big business and well-paid Congressional staff members, but have yet to provide our unions with any relief to allow our healthcare plans to continue as they have for over 65 years," according to the union.

Which is why, they say, Congress and president must fix the bill. "RESOLVED, that the Nevada State AFL-CIO supports urgent Congress and President Obama to undertake immediate changes to the implementation and regulation of [Obamacare]."

American Interest

Obamacare's Unintended Effects: Spouses and Children Edition

by Walter Russell Mead

Even a well-designed law can have unintended effects that worsen the problems it was meant to solve—and a slipshod law like Obamacare threatens to cause serious damage. UPS, for instance, has decided to stop offering insurance to employee spouses who can get insurance from their own employer. The company cites the new costs imposed by Obamacare, including:

-Coverage for dependent children up to age; regardless of whether they are enrolled in school, are married, or (beginning 2014) have coverage available from their own employer;

-Removal of lifetime and annual benefit limits;

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-Fees to help fund the public exchanges.

UVA officials announced a similar policy yesterday, also referencing the costs Obamacare will add to the university's health care budget.

This may not seem like a big deal—either way, the spouses will be insured—but it points to some potential problems. For now, UPS and other companies are continuing to cover unemployed spouses, but given their anxiety about steep costs in the era of Obamacare, they could concievably soon decide to exclude them.

This could put more pressure on the exchanges, ramping up the number of older people receiving subsidized plans in the individual market. But what the exchanges need to work is more "young invincibles", not more middle-aged spouses kicked off employee plans. And here the incentives seem to be working the opposite way. Wonkblog reports that 7.8 million young adults gained insurance in the last three years because of Obamacare's provision allowing them to stay on their parents' plan until they're 26. In other words, as Obamacare's costs force the exchanges' pool to age, another provision removes more young people from the individual market by letting them stay on their parents' insurance.

In the coming month, as preparations ramp up toward the October launch of the exchanges, expect more and more of these unintended consequences to come to light.

IBD

ObamaCare Delivers Bad News To UPS Workers

by Andrew Malcolm

Health Reform: Thousands of UPS workers have found out what's actually in that ObamaCare package Democrats shipped out in 2010. Their company decided to drop coverage for spouses to avoid the law's added costs.

President Obama has been claiming lately that most of his signature law is already in place, and that all the fuss about delays and premium hikes is over parts of the law that don't go into effect until next year and are relevant only to the small share of uninsured.

"For the 85% to 90% of Americans who already have health insurance," he says, "they don't have to worry about anything else."

Tell that to the 15,000 UPS workers who recently learned that the shipping giant is dropping coverage for husbands and wives who can get insurance from another employer.

A chief reason for the change? The added costs ObamaCare is imposing, including the mandate that plans cover children up to age 26, its ban on lifetime spending limits, and the $65 in ObamaCare fees that will be imposed on every enrollee starting next year.

Rising medical costs, "combined with the costs associated with the Affordable Care Act, have made it increasingly difficult to continue providing the same level of health care benefits to our employees at an affordable cost," UPS told its employees in a memo.

As Kaiser Health News reports, many of these spouses will end up on worse health plans.

This is just the beginning. While almost no large companies excluded spouses from coverage three years ago, 6% did last year, according to Mercer. And many others are making such coverage exorbitantly costly in the hope that spouses will drop it on their own.

Once the ObamaCare exchanges are open, the incentive to dump spouses will be even greater. After all, why should companies bear such costs when they know spouses can get coverage "guaranteed" — and likely subsidized by taxpayers — in one of the exchanges?

This is, of course, just the latest revelation about the ill effects ObamaCare is causing among the 85% who Obama says have nothing to worry about from the law.

Companies are already cutting part-time worker hours to get below the new 30-hour workweek rule imposed by Obama's regulators. Or they're moving full-time workers to part time to avoid the eventual employer mandate.

As IBD reported last week, four industries that employ lots of low-wage workers have seen an historic drop in the workweek, thanks to ObamaCare.

In other evidence of harm, a recent Chamber of Commerce survey found that nearly three quarters of businesses it queried say ObamaCare will make it harder to grow their businesses, and the American Action Forum calculates that ObamaCare will impose $30 billion in compliance costs on businesses — money that will eventually come out of workers' pockets.

Despite what the president claims, there is no escape from ObamaCare's punishing effects. Don't think so? Just ask your UPS delivery man the next time he drops off a package.

Washington Examiner

This bill tolls for thee, Democrats

by Noemie Emery

Forget demographics. Forget the re-branding. Forget the poll matchups, most of them involving newcomers who are still largely unknown to the general public.

Nothing will influence 2014 (and 2016) nearly as much as the implosion of Obamacare, which so far has been messy and will become even worse.

Demographic allegiances aren't always stable, parties cannot re-brand themselves in a vacuum, and the current contenders will be judged, not for who they appear to be today but on who they become in the next three years.

Democrats may seem to have a strong coalition, but Republicans had one, too, in 2005, before events intruded. In Forbes, Avik Roy notes that the White House has missed 41 of 82 deadlines in the bill's first three years of existence, while labor leaders say the bill is destroying full-time employment.

Last week, Obama announced the umpteenth delay in implementation; exempted congressional staffers from Obamacare costs; and said he will spend an additional $67 million to "educate" the public on the blessings to come with the law that survived the Supreme Court and the 2012 election (in part because it was planned NOT to kick in before then).

It may not survive its clash with reality, however, which was always its enemy and which seems to be closing in fast.

Democrats claim these "glitches" mirror those faced by Medicare and Social Security soon after their birth, but two key things are different: Medicare and Social Security had wide and bi-partisan backing, and they didn't have a Sen. Scott Brown, R-Mass.

Though Brown failed to stop the bill's passage, he stopped it from being passed in a form in which its survival was possible. With Brown in the Senate, a conference committee wasn't an option, so the House had to pass the Senate bill as it was.

"What landed on the president's desk was incomplete and unfinished," said Jonathan Adler. "Not all of its parts fit together, complicating implementation and providing greater opportunities for litigation from those who thought the law goes too far."

What else Brown did was make Obama and Democratic congressional leaders force the bill through on a technical loophole that further inflamed the enraged opposition, which waged all-out war in the 2010 midterms, and turned record numbers of state houses red.

As a result, only 16 states are committed to running Obamacare exchanges, a critical fact that may ultimately doom the whole enterprise. If not enough people join the exchanges, the rickety house will collapse.

Democrats are pinning their hopes on Jan. 1, 2014, when subsidy checks start going out to Obamacare recipients, as they believe that once an entitlement goes into practice, it never can be dialed back.

But what if the pain suffered by those hurt by the bill — those whose premiums soar, whose doctors and jobs disappear, and whose coverage suffers — outweighs the gain of those getting benefits, and these people make their voices heard?

Except for somewhat higher taxes, Medicare and Social Security never hurt anyone, and disrupted the lives of no actual voters. Obamacare does. The time has long passed when Obamacare could be called a success; what remains to be seen is the size and the scope of the chaos it brings; and what this will do to its party of origin.

No man is an island, and no island is detached enough to be immune from this wreckage, if only through the harm it has done the economy. Ask not for whom this bill tolls, all of you Democrats. This bill tolls for thee.

WSJ

[The Man Who Was Treated for $17,000 Less]

Bypassing his third-party payer, my patient avoided a high hospital 'list price.'
by Jeffrey A. Singer

Every so often I have an extraordinary and surprising experience with a patient—the kind that makes us both say, "Wow, we've learned something from this." One such moment occurred recently.

A gentleman in his early 60s came in with a rather routine hernia in his lower abdomen, one that is easily repaired with a simple outpatient surgical procedure. We scheduled the surgery at a nearby hospital.

My patient is self-employed and owns a low-cost "indemnity" type of health insurance policy. It has no provider-network requirements or preferred-hospital requirements. The patient can go anywhere. The policy pays up to a fixed amount for doctor and hospital bills based upon the diagnosis. This affordable health-insurance policy made a lot of sense to this man, based on his health and financial situation.

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The insurance policy, the clerk said, would pay up to $2,500 for the surgeon—more than enough—and up to $2,500 for the hospital's charges for the operating room, nursing, recovery room, etc. The estimated hospital charge was $23,000. She asked him to pay roughly $20,000 upfront to cover the estimated balance.

My patient was stunned. I received a call from the admitting clerk informing me that he wanted to cancel the surgery, and explaining why. After speaking to the man alone and learning the nature of his insurance policy, I realized I was not bound by any "preferred provider" contractual arrangements and knew we had a solution.

I explained that just because he had health insurance didn't mean he had to use it in every situation. After all, when people have a minor fender-bender, they often settle it privately rather than file an insurance claim. Because of the nature of this man's policy, he could do the same thing for his medical procedure. However, had I been bound by a preferred-provider contract or by Medicare, I wouldn't have been able to enlighten him.

Hospitals and other providers make their "list" prices as high as possible when negotiating contracts with health plans and Medicare regulators. No one is ever expected to pay the list price. Anybody who has seen an "Explanation of Benefits" statement from a health plan will note a very high charge from the provider, and an "adjusted charge" based upon the contracted fee schedule, which usually leaves the patient with little or nothing in out-of-pocket expenses. The only people routinely faced with list prices are those few people who have insurance like my patient's—that doesn't include a pre-negotiated fee schedule with contracted providers—or those who have no insurance.

Most people are unaware that if they don't use insurance, they can negotiate upfront cash prices with hospitals and providers substantially below the "list" price. Doctors are happy to do this. We get paid promptly, without paying office staff to wade through the insurance-payment morass.

So we canceled the surgery and started the scheduling process all over again, this time classifying my patient as a "self-pay" (or uninsured) patient. I quoted him a reasonable upfront cash price, as did the anesthesiologist. We contacted a different hospital and they quoted him a reasonable upfront cash price for the outpatient surgical/nursing services. He underwent his operation the very next day, with a total bill of just a little over $3,000, including doctor and hospital fees. He ended up saving $17,000 by not using insurance

This process taught us a few things. First, most people these days don't have health "insurance." They have prepaid health plans. They pay premiums to take advantage of a pre-negotiated fee schedule arranged for and administered by a third party. My patient, on the other hand, had insurance.

Second, even with the markdown for upfront "cash-pay" patients, none of the providers was losing money on my patient. Otherwise they wouldn't have agreed to the prices. With the third-party payer taken out of the picture, we got a better idea of the market prices for the services. It is the third-party payment system that interferes with true price competition, so "market clearing prices" can't develop.

Take the examples of Lasik eye surgery or cosmetic surgery. These services are not covered by insurance. Providers compete on the basis of quality, outcomes and price. And prices have continually dropped as quality and services have improved—unlike the rest of health care.

When my patient returned for his post-op visit we discussed the experience. It was clear to both of us that the only way to make health care more affordable is to diminish the role of third-party payers. Let consumers and providers interact through market forces to drive down prices and drive up quality, like we do when we buy groceries, clothing, cars, computers, etc. Drop the focus on prepaid health plans and return to the days of *real* health insurance—that covers major, unforeseen events, leaving the everyday expenses to the consumer—just like auto and homeowners' insurance.

Sadly, we are heading in the exact opposite direction. ObamaCare expands the role of the third party and practically eliminates the role—and the say—of the patient in the delivery of health care. Will they ever learn?

Dr. Singer practices general surgery in Phoenix, Ariz., and is an adjunct scholar at the Cato Institute.

The Corner

Chelsea Boots

by Mark Steyn

Private Bradley Manning, the strange semi-Welshman the four million US bureaucrats with security clearances let snaffle all their secrets, is now a female called Private Chelsea Manning. Same soldier, different privates*.

Jailing Manning and hounding Snowden is a complete waste of time unless you also do something about the system that allowed these guys access to everything. Manning appears to have been a lonely and troubled individual all his life, and obviously vulnerable to sympathetic pitches from wily opportunists like Assange. Why didn't his superiors see that? That's the real scandal. I wish young Chelsea well in his/her makeover; maybe the "intelligence community" could use one of its own.

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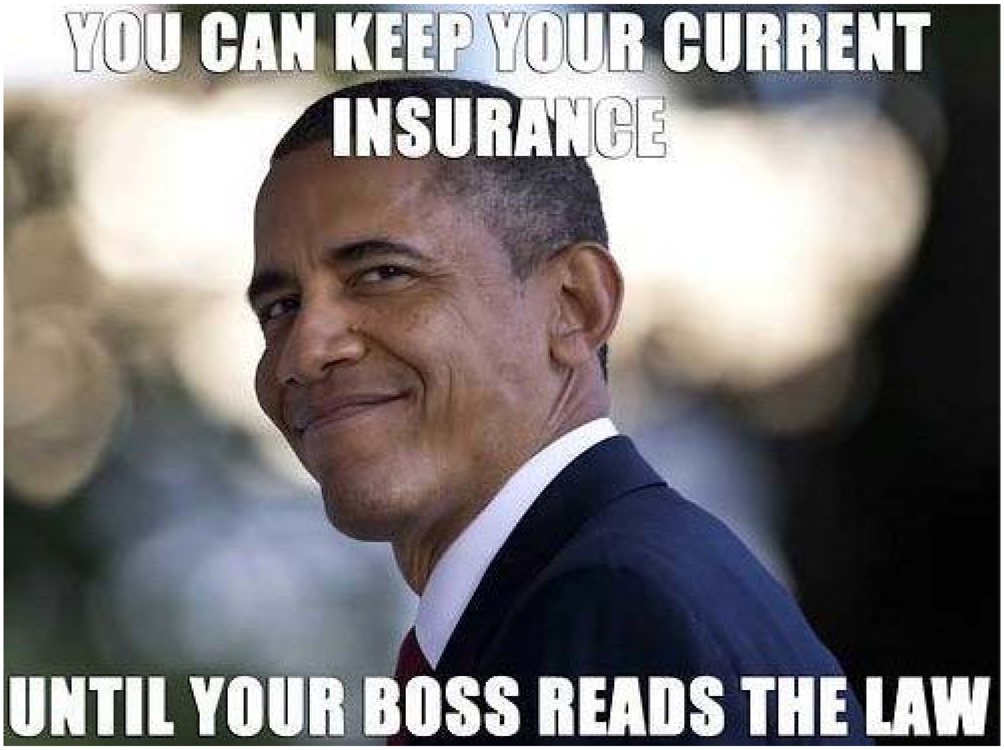
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AWESOME !
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RACIST !


GOVERNMENT VS. PRIVATE
FedEx
WELFARE, PUBLIC SCHOOLS, AND SOCIAL SECURITY ARE FAILING....SO LETS GET GOVERNMENT INTO THE HEALTHCARE INDUSTRY.
WHAT COULD POSSIBLY GO WRONG???

Playing Harvey Specter.