This timely study of the nation’s healthcare market written by the editor in chief of Kaiser Health News and published earlier this year looks at why healthcare in the US is so expensive and what we can do about it. In *An American Sickness*, author Elizabeth Rosenthal, daughter of an “old-fashioned doctor,” who became a doctor herself after graduating from Harvard Medical School and later a health reporter for the New York Times before joining Kaiser Health News, examines how in the last quarter century American medicine has gradually morphed from a helping, caring profession of doctors concerned with the health and wellness of patients to an imperfect and poorly regulated market driven by financial incentives to order more and do more. After discussing the transformation sector by sector—health insurance, hospitals, doctors, pharmaceutical manufacturers and so forth—she then offers strategies to help patients make their own healthcare more affordable, and ways that our healthcare system can be reformed that don’t require an act of Congress.

Here’s Rosenthal’s lists of the “ECONOMIC RULES OF THE DysFUNCTIONAL MEDICAL MARKET.”

1. More treatment is always better. Default to the most expensive option.
2. A lifetime of treatment is better than a cure.
3. Amenities and marketing matter more than good care.
4. As technologies age, prices can rise rather than fall.
5. There is no free choice. Patients are stuck, and stuck buying American.
6. More competitors vying for business can drive prices up, not down.
7. Economies of scale don’t translate into lower prices. With their marketing power, big providers can demand more.
8. There is no such thing as a fixed price for a procedure or test. The uninsured pay the highest price of all.
9. There are no standards for billing. There’s money to be made in billing for anything and everything.
10. Prices will rise to what the market will bear.

Using these rules to Illustrate her discussion of the changes in each sector, she begins with the health insurance market, which commenced in the early 20th century with low-cost plans that offered teachers and other groups of workers up to 21-day stays in the hospital, all costs included. These plans evolved into nonprofit Blue Cross and Blue Shield, which were eventually taken over by for-profit insurance companies whose first priority became their shareholders rather than their patient-members.

Most hospitals are nonprofit institutions, many founded by religious orders as a way to further their charitable mission yet hospital costs have risen far faster than in other parts of the healthcare system. By the time most individuals were covered by health insurance in the 1960s and individual patients didn’t pay the costs directly, hospitals began charging more and more for their services. As their revenues increased, they hired financial staff to manage it and focus on increasing the hospital’s bottom line.

Physicians too were able to bill more as most of their patients were covered by insurance and in recent years they have uncovered additional revenue streams. Doctors have established “ambulatory surgery centers” for which they can charge a “facilities fee.” Surgeons have discovered how to be technically
“present” for billing purposes for multiple surgeries at the same time. Specialists have moved from being salaried hospital employees to independent contractors unaffiliated with any insurance networks.

Rosenthal also examines the role played by the other sectors—pharmaceuticals, medical devices and “testing and ancillary services”; the cryptic system of financially high-stakes medical coding used to describe diagnoses and procedures on claims or bills; treatments and therapies identified as high-profit investment opportunities by venture capitalists and others; and all the other ways that illness and wellness are treated today as “just another object of commerce.”

In Chapter 12 Rosenthal examines how other developed countries are able to hold the line on costs. Despite American conventional wisdom explaining this as the dreaded “socialized medicine,” Rosenthal has discovered that most of these countries combine government intervention with free market forces in a number of different ways.

- **Fee schedules and national price negotiations**, where fees for certain doctor visits, hospital services, medicines or medical supplies are negotiated by some combination of doctors, hospitals, governments and/or academics, is a system used by Germany, Belgium, the Netherlands, and Japan, though a private insurance market exists in these countries as well. In the Netherlands for example, everyone is required to buy private insurance covering a set package of essential benefits.

- **“Single payer,”** where healthcare providers are paid directly by the government, is used in some countries including Canada, Australia and Taiwan, though most doctors are not government employees and most hospitals are not government-owned. Private insurance is available for eye care, dentistry and the like, or for those who want more up-market care.

- **Nationalized or socialized medicine**, a fully government-run medical system, is found in a few countries like Denmark and Great Britain where a single payer system to healthcare providers is combined with state ownership of hospitals and major healthcare infrastructure. Though many doctors are government employees, they can take on private paying patients as well.

- **Market-based tools fostering transparency and competition** are used in Singapore where workers and employers are required to pay into health savings accounts that cover healthcare bills for workers and their families. Public, state-owned hospitals, whose fees are posted on a government website, offer patients a range of options from high-end rooms, where patients pay the entire fee to open wards where the government pays 80% of the costs. High-end private hospitals are also available. In 2014, Singapore spent 4.9% of its GDP on healthcare and its health system performance ranked 6th by the World Health Organization. That year, the US spent 17.1% of its GDP on healthcare and ranked 37th.

The final chapters are full of useful information—specific questions patients should ask when selecting a doctor and while in the hospital to avoid unexpected fees; what to consider when selecting an insurance
plan; cost-saving tips on purchasing prescription drugs; and how to avoid large bills for tests and other services.

She also includes changes to the system that can be achieved through utilizing existing state and federal laws and administrative regulators that would attack the costs instead of haggling about who pays to maintain a dysfunctional system whose financial incentives lead to care that’s not in the best interest of patients.