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COST SHARING IS NOT COST REDUCTION!



By Stephen L. Bakke  July 31, 2017

Here's what provoked me:

I was concerned with the limited focus of a recent Minneapolis StarTribune editorial. The authors focus only on cost sharing and totally ignore reducing costs.

Here's my response:

Cost Sharing is Not Cost Reduction!

The July 30 editorial, "Time for a health reset based on reality," expresses a sigh of relief and appreciation for the McCain, Collins, and Murkowski "no" votes for the Senate's healthcare legislation. The editorial appropriately showed concern for the costs of healthcare, and in particular the inability of many to afford healthcare insurance.

However, the editorial endorses and supports the value of those "no" votes with these terms and phrases like: "kept premium payment assistance in place"; [now need to] "help those who don't qualify for [Obamacare's] premium assistance"; [Dayton enacted] "a 'reinsurance' measure this year to hold down Minnesotan's costs"; "help eligible consumers pay out-of-pocket medical costs"; "raising eligibility levels for premium payment assistance"; and the catch-all term, "cost-sharing reductions" which even have an official acronym, "CSRs."

The editorial implies spending money on subsidies will reduce costs. Why wasn't there reference to true cost saving policies that may actually have a downward influence on healthcare costs, and thereby, insurance premiums? Concepts like these should have been mentioned:

- insurance for major medical coverage, alongside personal health savings accounts (HSAs) for everything else;
- encouraging cost control through transparency using HSAs along with individual ownership of portable major medical policies;
- insurance company competition across state lines;
- reducing defensive medicine through tort reform legislation;
- shopping cart approach for consumer choice in coverage;
- publishing of prices;
- eliminating waste, fraud and abuse;
- limit Medicaid coverage to the poor and uninsurable; and I could go on.

My friends, be assured that "cost-sharing" isn't "cost reduction."