



America's Multi-Tiered Healthcare System

MSNBC reported on November 23 that America may be looking at a two-tier system of medical care. The news organization described the care at a clinic with two doors, one for those who pay for their medical services when the service is given, and the other for those who want the clinic to bill the patient's insurer.

At the clinic in which patients pay for their service at the time it is performed, it is easier to get an early appointment, the wait at the clinic is short, the patient has more time to ask the doctor questions, and the accommodations are very comfortable. At the clinic in which patients' insurance is billed, it takes longer to make an appointment, there is a longer wait in the office, the patient has little or no time to talk directly with the doctor, and the accommodations are not as comfortable.



This story should surprise no one. As Milton Friedman once famously quipped: "There is no such thing as a free lunch." Healthcare plans covered by insurance often limit the amount of reimbursement for certain types of medical procedures; medical offices often have employees who specialize in dealing with insurance issues (which increases the cost of the office overhead); and payment is slower and may even be contested in some cases.

There has always been a multi-tiered system of healthcare delivery and there always will be. The free market will reward those who pay quickly, who pay directly rather than through third parties, and who pay without extra paperwork. Moreover, the market always operates, whether it is free or not. When government regulates markets, free markets become black markets.

Although healthcare in the Soviet Union was universal and free, that did not mean it was good or that it was equal. In the absence of free market forces, political connections determined what sort of care a patient received, what sort of tests were performed, and which doctors and other medical staff treated a patient. On paper, the Soviet government allocated "sufficient" resources to meet the needs of the people, but in practice the very low pay given to doctors meant that the skill and the attention of the doctors was also low.

Those who wanted quality healthcare either needed to be part of the Communist Party power structure or to pay for good care on the black market. In some cases, even bribes were not enough: certain medical facilities were exclusively reserved for party or for government officials and their families. In systems in which money itself means little, like in the old Soviet Union, ordinary people cannot even buy good healthcare.



Written by [Bruce Walker](#) on November 24, 2009

The healthcare system in America has a number of variations beyond the two-tiered system in the MSNBC article. Members of Congress have one level of healthcare; disabled veterans have another level. Outside of such entitlement systems, the free market actually allows the consumer to get whatever healthcare he wants to pay for. Actually, the American system of healthcare is even more benign to the average person because of the options afforded by the free market.

The historical impulse of Americans to be charitable means that those who genuinely cannot afford to pay often get care at little or no cost and often this care is exceptionally good. St Jude's Hospital in Memphis provides children care without reference to the patient's ability to pay and it has breakthrough treatments in cancer and other areas. The Shriner's Hospital for Children is another such facility that does not charge for services and provides the best care in the world for certain types of cases, like burn victims. Many hospitals in America have historically be founded by Catholic, Jewish, and Protestant religious denominations and these have often been among the best hospitals in the world.

We should not be surprised to learn that consumers can get different levels of care or of service in any area of the economy by paying more. We should not be surprised to learn that efforts to regulate and ration by political action simply make the delivery of services worse. And we should not be shocked to learn that when the religious and charitable impulses of Americans are engaged, the level of health care is very good.



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