

Preface

Health care represents one of the most important domestic issues facing the American people. There is little question that most technological advances, physician training, and leadership in research and development in medical care occur in the United States. It is also widely recognized that most American physicians would do everything possible to have their medical care back home if they were to become seriously ill overseas. However, despite widely recognized leadership in many areas of medicine, the American health care system has significant problems.

Increasing costs, accompanied by dissatisfaction with the system from patients, doctors, and employers, have put reform on the agenda. Managed care during the 1990s shifted control to nonmedical bureaucrats, failed to stabilize expenditures, added more administrative complexity and cost to the system, and further distanced patients from controlling their own health care dollars. Despite the clear failure of top-down management of health care in America, much of the debate about solutions still focuses on expanding government control and on further shifting power to third-party payers. We are at a critical point in time with this issue. Indeed, there is a unique opportunity to introduce major changes to the American health care system.

This monograph stems from a recent Director's Seminar held at the Hoover Institution in Stanford, California. In that symposium,

three speakers put forth their views on three key topics in health care. Professor Scott Atlas, senior fellow of the Hoover Institution and professor in the Stanford University School of Medicine, outlined fundamental reforms for the health care system, centering on empowering the patient and eliminating the third-party payer. Professor Daniel Kessler, senior fellow of the Hoover Institution and professor in the Graduate School of Business at Stanford University, discussed the effects of medical liability and the legal system on medical expenditures. Professor Mark Pauly of the Wharton School of the University of Pennsylvania discussed rising health care expenditures. These ideas are expanded in this monograph.

The purpose of this monograph is to highlight important issues in the current American health care system; the topics discussed in these articles are not intended to be all-inclusive of the numerous problems in the system. The Hoover Institution hopes that these writings will spark further debate and help generate significant reform in what most American citizens and physicians regard as one of America's most important assets.

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