

Take Away Ideas on Insurance

- Health care needs are highly skewed across people
- Health care Demand is based only in part on “need” but also on discretionary behavior of patients and providers
- Demand for care is higher (excessive) because of moral hazard
- High deductible plans may help, but the problem isn't likely to be completely on the demand side (once you're in the system, provider choices (supply) forces dominate)
- HMOs (capitation) cut hospitalization rates and spending by a third
- Purchasing (& pooling) can be powerful cost control tool
- Voluntary private market for health insurance fails