

# Cost Disease In Medicine: The Practical Perspective

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Sometimes I imagine quitting my job and declaring war on cost disease in medicine.

I would set up a practice with a name like Cheap-O Psychiatry. The corny name would be important. It would be a statement of values. It would weed out the people who would say things like “How dare you try to put a dollar value on the health of a human being!” Those people are how we got into this mess, and they would be welcome to keep dealing with the unaffordable health system they helped create. Cheap-O Psychiatry would be for everyone else.

Cheap-O Psychiatry wouldn't have an office, because offices cost money. You would Skype, from your house to mine. It wouldn't have a receptionist, because receptionists cost money. You would book a slot in my Google Calendar. It wouldn't have a billing department, because billing departments cost money. You would PayPal me the cost of the appointment afterwards – or, to be really #aesthetic, use cryptocurrency.

The Cheap-O website would include a library of great resources on every subject. How To Eat Right. How To Get Good Sleep. How To Find A Good Therapist. The Cognitive Behavioral Therapy Workbook. The Meditation Relaxation Tape. But the flip side would be that Cheap-O appointments would be brutally efficient. If you had problems with sleep, I would evaluate you for any relevant diseases, give you any medications that might be indicated, then tell you to read the How To Get Good Sleep guide on the website. Boom, done. Small talk would be absolutely banned.

How little could Cheap-O charge? Suppose I wanted to earn an average psychiatrist salary of about \$200K – the whole point of cost disease is that we should be able to lower prices without anyone having to take a pay cut. And suppose I work a 40 hour week, 50 weeks a year, each appointment takes 15 minutes, and 75% of my workday is patient appointments. That's 6000 appointments per year. So to make my \$200K I would need to charge about \$35 per appointment. There would be a few added costs – malpractice insurance would probably run about \$10K per year – but this is the best-case scenario.

\$35 per appointment isn't bad. Most existing cash-only psychiatry practices charge at least \$150 per (thirty minute) appointment, so we would be less than a quarter of the going rate. I think a lot of insurances charge a \$40 copay per psychiatrist visit, so even *uninsured* Cheap-O patients would be paying less cash than *insured* patients anywhere else. Create Cheap-O style psychiatry offices, primary care offices, etc, all around the country, and maybe (aside

from catastrophe insurance, which should be cheap) having health insurance would no longer be such a big deal.

My job is great and I love it, so I'm only slightly tempted to do this myself. The reason I bring it up is: why doesn't anyone else do it? And if it's possible to provide cheap health care like this, then how does health care still cost so much? What am I missing?

I don't know. I've never run a business and it's probably much harder and more expensive than I think. One of the reasons for my Cheap-O fantasy is so that I could find out. But here are some speculations.

Part of the reason might be because there's a shortage of doctor-entrepreneurs, and the few existing doctor-entrepreneurs are busy finding new ways to make ultra-boutique-super-premium clinics that they charge rich people \$500/hour for the privilege of entering. And they're doing that because it pays way more than \$200K/year. \$200K/year is the standard salary for an average psychiatrist who wants a zero-risk job in the current system, and the privilege of never having to worry about the business side of things.

Another part might be that insurance is squatting in the mid-range market. Even in America, most people are insured. So unless your cost can beat the insurance co-pay – which even Cheap-O barely does under ideal conditions – most people will go to standard insurance-accepting practices unless you give them a good reason not to. And the best reason not to will be that you're claiming to be better than insurance-accepting clinics – which means you're aim-

ing at the high-end market. And insurance-accepting practices can't lower prices because insurances make you follow lots of rules before they'll work with you, plus you need a small city worth of administrators to deal with the insurance companies.

(also, seeing a patient every fifteen minutes is exhausting; one of the advantages of hour-long appointments is that most people don't need an hour and so you can take the last twenty minutes to write notes or answer messages or work on blog posts)

Right now the only way I can imagine the niche getting filled is somebody doing it ~~for the lulz~~ as an act of political protest. Imagine if someone started Cheap-O Psychiatry and it *worked*. All of this stuff I'm saying about how socialized health care might be better than our current system but isn't the real answer, how it's just locking in entrenched cost disease and a truly free market could find better alternatives – instead of vaguely gesturing at it, there would finally be some evidence.

(Well, there's already the Surgery Center of Oklahoma, which [does exactly this](#) and costs about a fifth as much as surgery anywhere else. But maybe if there's *more* evidence, people will stop ignoring it.)