

# The Amish Health Care System

*Posted on April 20, 2020 by Scott Alexander*



## I

Amish people spend only a fifth as much as you do on health care, and their health is fine. What can we learn from them?

A reminder: the Amish are a German religious sect who immigrated to colonial America. Most of them live apart from ordinary Americans (who they call “the English”) in rural communities in Pennsylvania and Ohio. They’re famous for their low-tech way of life, generally avoiding anything invented after the 1700s. But this isn’t absolute; they are willing to accept technology they see as a net positive. Modern medicine is in this category. When the Amish get seriously ill, they will go to modern doctors and accept modern treatments.

The Muslims claim Mohammed was the last of the prophets, and that after his death God stopped advising earthly religions. But sometimes modern faiths will make a decision so inspired that it could only have come from divine revelation. This is how I feel about the Amish belief that health insurance companies are evil, and that good Christians must have no traffic with them.

And Deists believe that God is like a watchmaker, an artisan who built the world but does not act upon it. But by some miracle, the US government played along and granted the Amish exemptions from all the usual health care laws. They don't have to pay Medicare taxes or social security. They aren't included in the Obamacare mandate. They can share health care costs the way they want, ignoring any regulations to the contrary. They are genuinely on their own.

They've ended up with a simple system based on church aid. Everyone pays tithes to their congregation (though they don't call it that). The churches meet in houses and have volunteer leaders, so expenses minimal. Most of the money goes to "alms" which the bishop distributes to members in need. This replaces the social safety net, including health insurance. Most Amish go their entire life without needing anything else.

About a third of Amish are part of a more formal insurance-like institution called Amish Hospital Aid. Individuals and families pay a fixed fee to the organization, which is not-for-profit and run by an unpaid board of all-male elders. If they need hospital care, AHA will pay for it. How does this interact with the church-based system? [Rohrer and Dundes](#), my source for most of this post, say that it's mostly better-off Amish who use AHA. Their wealth is tied up in their farmland, so it's not like they can use it to pay hospital bills. But they would feel guilty asking their church to give them alms meant for the poor. AHA helps protect their dignity and keep church funds for those who need them most.

How well does this system work?

The Amish outperform the English [on every measured health outcome](#). 65% of Amish rate their health as excellent or very good, compared to 58% of English. Diabetes rates are 2% vs. 8%, heart attack rates are 1% vs. 6%, high blood pressure is 11% vs. 31%. Amish people go to the hospital about a quarter as often as English people, and this difference is consistent across [various categories of illness](#) (the big exception is pregnancy-related issues – most Amish women have five to ten children). This is noticeable enough that lots of health magazines have articles on [The Health Secrets of the Amish](#) and [Amish Secrets That Will Add Years To Your Life](#). As far as I can tell, most of the secret is spending your whole life outside doing strenuous agricultural labor, plus being at a tech level two centuries too early for fast food.

But Amish people also die earlier. Lots of old studies say the opposite – for example, [this one](#) finds Amish people live longer than matched Framingham Heart Study participants. But things have changed since Framingham. The Amish have had a life expectancy in the low 70s since colonial times, when the rest of us were dying at 40 or 50. Since then, Amish life expectancy has stayed the same, and English life expectancy has improved to the high 70s. The most recent Amish estimates I have still say [low seventies](#), so I think we are beating them now.

If they're healthier, why is their life expectancy lower? Possibly they are less interested in [prolonging life](#) than we are. R&D write:

Amish people are more willing to stop interventions earlier and resist invasive therapies than the general population because, while they long for healing, they also have a profound respect for God's will. This means taking modest steps toward healing sick bodies, giving preference to natural remedies, setting common-sense limits, and believing that in the end their bodies are in God's hands.

The Amish health care system has an easier job than ours does. It has to take care of people who are generally healthy and less interested in extreme end-of-life care. It also supports a younger population – because Amish families have five to ten children, the demographics are weighted to younger people. All of these make its job a little bit simpler, and we should keep that in mind for the following sections.

How much do the Amish pay for health care? This is easy to answer for Amish Hospital Aid, much harder for the church system.

Amish Hospital Aid charges \$125 monthly per individual or \$250 monthly per family (remember, Amish families can easily be ten people). Average US health insurance costs \$411 monthly per individual (Obamacare policies) or \$558 monthly per individual (employer sponsored plan; employers pay most of this). I'm not going to bother comparing family plans because the definition of "family" matters a lot here. On the surface, it looks like the English spend about 4x as much as the Amish do.

But US plans include many more services than AHA, which covers catastrophic hospital admissions only. The government bans [most Americans](#) from buying plans like this; they believe it's not enough to count as real coverage. The cheapest legal US health plan varies by age and location, but when I take my real age and pretend that I live near Amish country, the government offers me a \$219/month policy on Obamacare. This is only a little higher than what the Amish get, and probably includes more services. So here it seems like the Amish don't have much of an efficiency advantage. They just make a different tradeoff. It's probably the right tradeoff for them, given their healthier lifestyle.

But remember, only a third of Amish use AHA. The rest use a church-based system? How does that come out?

It's hard to tell. Nobody agrees on how much Amish tithe their churches, maybe because different Amish churches have different practices. R&D suggest families tithe 10% of income, [this article](#) on church-based insurances says a flat \$100/month fee, and this ["Ask The Amish"](#) column says that churches have twice-yearly occasions where they ask for donations in secret and nobody is obligated to give any particular amount ("often husbands and wives won't even know how much the other is giving.") So it's a mess, and even knowing the exact per-Amish donation wouldn't help, because church alms cover not just health insurance but the entire social safety net; the amount that goes to health care probably varies by congregation and circumstance.

A few people try to estimate Amish health spending directly. [This ABC story](#) says \$5 million total for all 30,000 Amish in Lancaster County, but they give no source, and it's absurdly low. [This QZ story](#) quotes Amish health elder Marvin Wengerd as saying \$20 – \$30 million total for Lancaster County, which would suggest health spending of between \$600-\$1000 per person. This sounds potentially in keeping with some of the other estimates. A \$100 per month tithe would be \$1200 per year – if half of that goes to non-health social services, that implies \$600 for health. The average Amish family earns about \$50K (the same as the average English family, somehow!) so a 10% tithe would be \$5000 per year, but since the average Amish family size is seven children, that comes out to about \$600 per person again. So several estimates seem to agree on between \$600 and \$1000 per person.

One possible issue with this number: does Wengerd know how much Amish spend out of pocket? Or does his number just represent the amount that the official communal Amish health system spends? I'm not sure, but taking his words literally it's total Amish spending, so I am going to assume it's the intended meaning. And since the Amish rarely see doctors for minor things, probably their communal spending is a big chunk of their total.

**Update:** *an SSC reader is able to contact his brother, a Mennonite deacon, for better numbers. [He says that](#) their church spends an average of \$2000 per person (including out of pocket).]*

How does this compare to the US as a whole? The [National Center For Health Statistics](#) says that the average American spends

\$11,000 on health care. This suggests that the average American spends between five and ten times more on health care than the average Amish person.

How do the Amish keep costs so low? R&D (plus a few other sources) identify some key strategies.

**First**, the Amish community bargains collectively with providers to keep prices low. This isn't unusual – your insurance company does the same – but it nets them better prices than you would get if you tried to pay out of pocket at your local hospital. [This article](#) gives some examples of Amish getting sticker prices discounted from between 50% to 66% with this tactic alone; Medicare gets about the same.

**Second**, the Amish are honorable customers. This separates them from insurance companies, who are constantly trying to scam providers however they can. Much of the increase in health care costs is “administrative expenses”, and much of these administrative expenses is hiring an army of lawyers, clerks, and billing professionals to thwart insurance companies' attempts to cheat their way out of paying. If you are an honorable Amish person and the hospital knows you will pay your bill on time with zero fuss, they can waive all this.

But can this really be the reason Amish healthcare is cheaper? When insurance companies negotiate with providers, patients are on the side of the insurances; when insurance companies get good deals (eg a deal of zero dollars because the insurance has

scammed the hospital), the patient's care is cheaper, and the insurance company can pass some of those savings down as lower prices. If occasionally scamming providers meant insurance companies had to pay more money total, then they would stop doing it. My impression is that the real losers here are uninsured patients; absent any pressure to do otherwise, hospitals will charge them the sticker price, which includes the dealing-with-insurance-scams fee. The Amish successfully pressure them to waive that fee, which gets them better prices than the average uninsured patient, but still doesn't land them ahead of insured people.

**Third**, Amish don't go to the doctor for little things. They either use [folk medicine](#) or [chiropractors](#). Some of the folk medicine [probably works](#). The chiropractors probably don't, but they play a helpful role reassuring people and giving them the appropriate obvious advice while telling the really serious cases to seek outside care. With this help, Amish people mostly avoid primary care doctors. [Holmes County health statistics](#) find that only 16% of Amish have seen a doctor in the past year, compared to 54% of English.

**Fourth**, the Amish [never sue doctors](#). Doctors around Amish country know this, and give them the medically indicated level of care instead of practicing "defensive medicine". If Amish people ask their doctors to be financially considerate – for example, let them leave the hospital a little early – their doctors will usually say yes, whereas *your* doctor [would say no](#) because you could sue them if anything went wrong. In some cases, Amish elders formally promise that no member of their congregation will ever launch a malpractice lawsuit.



**Fifth**, the Amish don't make a profit. Church aid is dispensed by ministers and bishops. Even Amish Hospital Aid is run by a volunteer board. None of these people draw a salary or take a cut. I don't want to overemphasize this one – people constantly obsess over insurance company profits and attribute all health care pathologies to them, whereas in fact they're a low single-digit percent of costs (did you know Kaiser Permanente is a nonprofit? Hard to tell, isn't it?) But every little bit adds up, and this is one bit.

**Sixth**, the Amish don't have administrative expenses. Since the minister knows and trusts everyone in his congregation, the “approval process” is just telling your minister what the problem is, and the minister agreeing that's a problem and giving you money to solve it. This sidesteps a lot of horrible algorithms and review boards and appeal boards and lawyers. I don't want to overemphasize this one either – insurance companies are legally required to keep administrative expenses low, and most of them succeed. But again, it all adds up.

**Seventh**, the Amish feel pressure to avoid taking risks with their health. If you live in a tiny community with the people who are your health insurance support system, you're going to feel awkward smoking or drinking too much. Realistically this probably blends into a general insistence on godly living, but the health insurance aspect doesn't hurt. And I'm talking like this is just informal pressure, but occasionally it can get very real. R&D discuss the case of some Amish teens who get injured riding a snowmobile – forbidden technology. Their church decided this was not the sort of problem

that godly people would have gotten themselves into, and refused to help – their families were on the hook for the whole bill.

**Eighth**, for the same reason, Amish try not to overspend on health care. I realize this sounds insulting – other Americans aren't trying? I think this is harsh but true. Lots of Americans get an insurance plan from their employer, and then consume health services in a price-insensitive way, knowing very well that their insurance will pay for it. Sometimes they will briefly be limited by deductibles or out-of-pocket charges, but after these are used up, they'll go crazy. You wouldn't believe how many patients I see who say things like "I've covered my deductible for the year, so you might as well give me the most expensive thing you've got", or "I'm actually feeling fine, but let's have another appointment next week because I like talking to you and my out-of-pocket charges are low."

But it's not just avoiding the obvious failure modes. Careful price-shopping can look very different from regular medical consumption. Several of the articles I read talked about Amish families traveling from Pennsylvania to Tijuana for medical treatment. One writer [describes](#) Tijuana clinics sending salespeople up to Amish Country to advertise their latest prices and services. For people who rarely leave their hometown and avoid modern technology, a train trip to Mexico must be a scary experience. But prices in Mexico are cheap enough to make it worthwhile.

Meanwhile, back in the modern world, I've [written before](#) about how a pharma company took clonidine, a workhorse older drug that costs \$4.84 a month, transformed it into Lucemyra, a basically

identical drug that costs \$1,974.78 a month, then created a rebate plan so that patients wouldn't have to pay any extra out-of-pocket. Then they told patients to ask their doctors for Lucemyra because it was newer and cooler. Patients sometimes went along with this, being indifferent between spending \$4 of someone else's money or \$2000 of someone else's money. Everything in the US health system is like this, and the Amish avoid all of it. They have a normal free market in medical care where people pay for a product with their own money (or their community's money) and have incentives to check how much it costs before they buy it. I *do* want to over-emphasize this one, and honestly I am surprised Amish health care costs are *only* ten times cheaper than ours are.

I don't know how important each of these factors is, or how they compare to more structural factors like younger populations, healthier lifestyles, and less end-of-life care. But taken together, they make it possible for the Amish to get health care without undue financial burden or government support.



Why look into the Amish health system?

I'm fascinated by how many of today's biggest economic problems just mysteriously failed to exist in the past. Our grandparents easily paid for college with summer jobs, raised three or four kids on a single income, and bought houses in their 20s or 30s and never worried about rent or eviction again. And yes, they got medical care

without health insurance, and avoided the kind of medical bankruptcies we see too frequently today. How did this work so well? Are there ways to make it work today? The Amish are an extreme example of people who try to make traditional systems work in the modern world, which makes them a natural laboratory for this kind of question.

The Amish system seems to work well for the Amish. It's hard to say this with confidence because of all the uncertainties. The Amish skew much younger than the "English", and live much healthier lifestyles. Although a few vague estimates suggest health care spending far below the English average, they could be missing lots of under-the-table transactions. And again, I don't want to ignore the fact that the Amish do live a little bit shorter lives. You could tell a story where all of these add up to explain 100% of the difference, and the Amish aren't any more efficient in their spending at all. I don't think this is right. I think the apparent 5x advantage, or something like it, is real. But right now this is just a guess, not a hard number.

What if it is? It's hard to figure out exactly what it would take to apply the same principles to English society. Only about a quarter of Americans attend church regularly, so church-based aid is out. In theory, health insurance companies ought to fill the same niche, with maybe a 10% cost increase for profits and overhead. Instead we have a 1000% cost increase. Why?

Above, I said that the most important factor is that the Amish comparison shop. Everyone needs to use other people's money to af-

ford expensive procedures. But for the Amish, those other people are their fellow church members and they feel an obligation to spend it wisely. For the English, the “other people” are faceless insurance companies, and we treat people who don’t extract as much money as possible from them as insufficiently savvy. But there’s no easy way to solve this in an atomized system. If you don’t have a set of thirty close friends you can turn to for financial help, then the only institutions with enough coordination power to make risk pooling work are companies and the government. And they have no way of keeping you honest except the with byzantine rules about “prior authorizations” and “preferred alternatives” we’ve become all too familiar with.

(and as bad as these are, there’s something to be said for a faceless but impartial bureaucracy, compared to having all your neighbors judging your lifestyle all the time.)

This is a neat story, but I have two concerns about it.

First, when I think in terms of individual people I know who have had trouble paying for health care, it’s hard for me to imagine the Amish system working very well for them. Many have chronic diseases. Some have mysterious pain that they couldn’t identify for years before finally getting diagnosed with something obscure. Amish Hospital Aid’s catastrophic policy would be useless for this, and I feel like your fellow church members would get tired of you pretty quickly. I’m not sure how the Amish cope with this kind of thing, and maybe their system relies on a very low rate of mental illness and chronic disease. A lot of the original “hygiene hypothe-

sis” work was done on the Amish, their autoimmune disease rates are amazing, and when you take out the stresses of modern life maybe a lot of the ailments the American system was set up to deal with just stop being problems. I guess my point is that the numbers seem to work out, and the Amish apparently remain alive, but when I imagine trying to apply the Amish system to real people, *even* assuming those real people have cooperative churches and all the other elements I’ve talked about, I can’t imagine it doing anything other than crashing and burning.

Second, I don’t think this is *actually* how our grandparents did things. I asked my literal grandmother, a 95 year old former nurse, how health care worked in her day. She said it just wasn’t a problem. Hospitals were supported by wealthy philanthropists and religious organizations. Poor people got treated for free. Middle class people paid as much as they could afford, which was often the whole bill, because bills were cheap. Rich people paid extra for fancy hospital suites and helped subsidize everyone else. Although most people went to church or synagogue, there wasn’t the same kind of Amish-style risk pooling.

This makes me think that the Amish method, even though it works, isn’t the method that worked for past generations. It’s an innovation intended to cover for health care prices being higher than anything that traditional societies had to deal with.

Why did health care prices start rising? I’ve wondered about this a lot before – see [here](#), [here](#), and [here](#). Looking into this issue, I noticed glimpses of a different possibility. The increase started

around the same time that health insurance began to spread. In one sense, this is unsurprising – of course health insurance would become a thing around the time care became unaffordable. But I've never seen someone really try to tease out causality here. Might the two trends have been mutually self-reinforcing? The price of care rises due to some original shock. Someone invents health insurance, which seems like a good idea. But this creates a series of perverse incentives, which other actors figure out how to exploit (eg the Lucemyra example above). Insurance-based-health-care becomes less efficient, but hospitals can't or don't internalize this to the insured patients – they just raise the price for everyone, insurance or no. That makes even more people need health insurance, and the cycle repeats as prices grow higher and higher and insurance becomes more and more necessary. This syncs well with some explanations I've heard of rising college prices, where once the government made easy loans and subsidies available to everyone, prices rose until they consumed all the resources available.

I have no idea if this is true or not. If it is, the Amish succeed partly by successfully forcing providers to internalize the costs of insurance to insurance patients. Sometimes they do this by literally asking hospitals for better prices because they are not insured (eg the "honest customer" example above). Other times they flee the country entirely to reach a medical system that doesn't deal with insured patients (eg Tijuana). This seems to work well for them. But their reliance on church alms and Amish Hospital Aid suggests that their care is still more expensive and burdensome for them than past generations' care was for them. They've just learned ways to manage the expense successfully.

