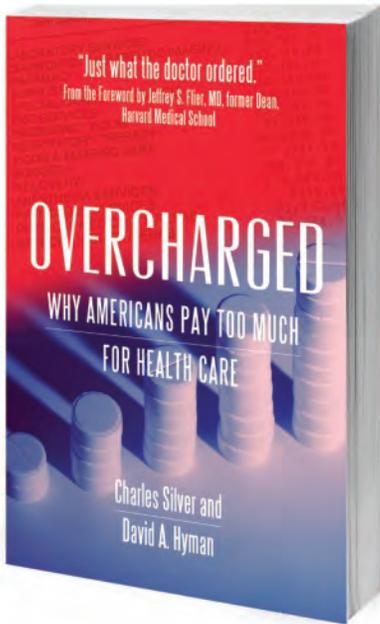


Why Americans pay too much for health care

## You're Being Overcharged

Why do we pay \$600 for EpiPens, a long-existing piece of technology that contains just a dollar's worth of medicine? Why do hospitalized patients so frequently receive bills laden with inflated charges that come out of the blue from out-of-network providers or that demand payment for services that weren't delivered?



Why is more than \$1 trillion—one of every three dollars that passes through the health care system—lost to fraud, wasted on services that don't help patients, or otherwise misspent? Meanwhile, why have the costs of so many elective procedures and retail clinics, like Lasik eye surgery or MinuteClinic, gone *down* as rapidly as conventional care costs have gone *up*?

In *Overcharged*, a new book from the Cato Institute, adjunct scholars Charles Silver and David Hyman answer these questions with a fascinating deep dive into the strange world of American health care. While plenty of books and articles are available that focus on specific problems

with the health care system—how patents enable monopolies in the drug industry, for example, or the pervasive problem of doctors gaming the payment system to upcharge insurance companies—this book gathers all these problems together to give a comprehensive view of our troubled system. The authors then trace these problems to several root causes. One cause is political control of the health care system. Another is the third-party payment system, which enables skyrocketing costs, massive fraud, and waste. The first half of the book takes a detailed look at the problems with health care, and the second offers ways to solve them.

Ultimately, the authors are optimistic about the future. They acknowledge that change will be an uphill battle, since the beneficiaries of the current system are so firmly entrenched and will fight to convince the American people that health care can't operate like a normal business. But the numbers of self-paying consumers are already growing, and Silver and Hyman predict that this trend will begin an unstoppable, bottom-up revolution where consumers will reject traditional providers for the retail sector, which will become better and better at giving Americans higher-quality medical treatment at lower costs. "Markets do a good job of supplying food, clothing, housing, transportation, and other essentials," they write. "They can help us meet our needs for medical treatments." ■

**PURCHASE YOUR COPY OF *OVERCHARGED* AT RETAIL AND ONLINE BOOKSELLERS.**

### VICTORY IN NASHVILLE

In April, Nashville voters overwhelmingly rejected a referendum to raise taxes to fund a light rail system. Cato senior fellow Randal O'Toole was an influential critic of the plan, writing in the *Wall Street Journal* that the proposal was "questionable at best and reckless at worst," given that transit ridership, including light rail, is falling in nearly every urban area in the country. Cato Sponsor and retired Tractor Supply Co. CEO Joe Scarlett was also a prominent critic of the proposal, telling the *Nashville Business Journal* that "it doesn't make financial sense." In the end, voters came out in large numbers to crush the referendum by a nearly 2-to-1 margin.

### MASHBURN TO ADVISE SEC



Lydia Mashburn, the managing director of Cato's Center for Monetary and Financial Alternatives, has been appointed to the Investor Advisory Committee at the U.S. Securities and Exchange

Commission (SEC). The committee advises the SEC on its regulatory priorities, the regulation of securities products, trading strategies, fee structures, and other matters.

### ASHFORD WINS "BEST PAPER"

Cato research fellow Emma Ashford's article "Hegemonic Blackmail: Entrapment in Civil War Intervention," which she published in the *Canadian Foreign Policy Journal*, won the journal's annual Best Paper Prize in April. Ashford's paper focused on the aftermath of the Arab Spring to demonstrate how smaller states can use alliance ties to entangle their more powerful allies in intervention, as the United States was drawn into strategically dubious interventions in Libya, Syria, and elsewhere.