

## Cheesecake Factory Medicine

Paul Ryan's critics and the architects of ObamaCare reveal their real vision for health care: coercion.

**The liberal assault on Paul Ryan's Medicare reform has often been ugly, but that's not to say it hasn't been instructive. While ripping Mr. Ryan, ObamaCare's intellectual architects have been laying out in more detail their own vision for the future of American health care. It's a vision that all Americans should know about before they go to the polls in November.**

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No one did more to sell the Affordable Care Act than Peter Orszag, the former White House budget director who claimed during 2009-2010 that as much as a third of health spending is "waste" that doesn't improve outcomes. But now that he's repaired to Wall Street and writes an online column, he's deriding the idea that better incentives can reduce costs and sneering at the "health-care competition tooth fairy."

So get a load of Mr. Orszag's Tinker Bell alternative, which he called the "most important institutional change" after ObamaCare passed in 2010: the Independent Payment Advisory Board composed of 15 philosopher kings who will rule over U.S. health care.

Who are these Orszag 15? Well, nobody knows. The board was supposed to be up and running by the end of September, but the White House is avoiding naming names for Senate confirmation until after the election. No one knows, either, what this group of geniuses will propose, but that too is part of the grand Orszag plan.

ObamaCare included dozens of speculative pilot programs that are supposed to make health-care delivery and business models less wasteful. Mr. Orszag's payment board is then

supposed to apply the programs that "work" to all of U.S. medicine through regulation, without Congressional consent or legal appeal. Seriously.

It doesn't take a mythical childhood metaphor to mock this theory. Mr. Orszag's style of central planning—in what was already the heaviest regulated U.S. industry before ObamaCare—has failed over and over again in Medicare since the creation of the fiat pricing fee schedule in the 1980s.

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Meanwhile, another ObamaCare godfather, the surgeon and influential New Yorker magazine writer Atul Gawande, has further instructions for the medical masses, this time from—believe it or not—the Cheesecake Factory, the chain restaurant.

Dr. Gawande's point is that medicine would function better if care were delivered by huge health systems that can achieve economies of scale, like commercial kitchens. Care ought to be standardized like preparing a side of beef, with a "single default way" to perform each treatment supposedly based on evidence, with little room for personalization.

No doubt health care could learn a lot about efficiency from a lot of industries, but to understand the core problem with assembly-line medicine, recall that ObamaCare actively promotes medical corporatism. The reason isn't to encourage business efficiency but for political control. Liberals believe in health-care consolidation because fewer giant corporations are easier for Mr. Orszag's central committee to control, and more amenable to its orders.

Thanks to ObamaCare, Cheesecake Factory medicine is already becoming a reality. Irving Levin Associates, a research firm that tracks health-care mergers and acquisitions, reports that M&A hit \$61.2 billion in the second quarter and the highest annual levels since the 1990s. Three of five hospitals now belong to a parent company's network, while more than half of physicians are employed by hospitals or systems, not independent practitioners.

On the insurer side, too, incumbents are demolishing their smaller rivals. Aetna is buying

Coventry Health Care, a company that administers Medicare and Medicaid benefits, for \$5.6 billion. WellPoint made the same play in acquiring Amerigroup for \$5 billion in July, while last October Cigna laid out \$3.8 billion for HealthSpring.

This bureaucratization will amplify everything patients and businesses despise about the current system: the unintelligible \$103,234.61 bill for a turned ankle, the doctor who can't take a phone call because of how the hospital schedules shift.

Why aren't mom's eight specialists aware of each other's existence? Why is health care mostly conducted via a pad and pen, and beepers and fax machines, in the iPhone era? Why are there so few geriatricians when the first wave of Baby Boomers is already turning 65? Why is it still so hard to find usable information about quality and prices?

The reason isn't a lack of hospital administrators or technocratic experts. More often than not it's that patients aren't the true consumers. The government is, and medical providers inevitably serve the paymaster.

Mr. Ryan's insight is that health care would work better if patients were controlling their own dollars. His reform accepts the fact that health, disease and treatment are usually complex, individual and unpredictable, not commodities that can and should be reduced to protocols, metrics, algorithms.

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The immediate danger of the Orszag-Gawande-Obama vision is that layer on layer of new regulation will lock in less-than-best practices. This makes the status quo worse, because too-big-to-fail oligopolists have less incentive to innovate to reduce costs and improve quality.

The longer-run danger is that Mr. Orszag's cost board starts to decide what types of care "work" for society at large and thus what individual patients are allowed to receive. One way or another, health costs must come down. And if Mr. Ryan's market proposal is rejected, then government a la Orszag will do it by brute political force.

A murderer's row of liberal health-care gurus—Zeke Emanuel, Neera Tanden, Don Berwick, David Cutler, Uwe Reinhardt, Steve Shortell, Mr. Orszag, many others—recently acknowledged as much in the *New England Journal of Medicine*. They conceded that "health costs remain a major challenge" despite ObamaCare. That would have been nice to know in, oh, 2009 or 2010.

Anyhow, their big idea is the very old idea of price controls that are "binding on all payers and providers," much as post-RomneyCare Massachusetts is already doing. When that strategy fails as it always has, and the public denies further tax increases, the Orszag payment board will then start to ration or prohibit access to medical resources that it decides aren't worth the expense.

These political choices will be unpopular and even deadly, which is why Mr. Orszag worked so hard to insulate his payment board from oversight or accountability. Congress can only reject the board's decisions if it substitutes something else that reduces costs by as much. More amazing still, only a minority of the board can be "directly involved" in the provision of health care.

This latter provision is supposed to prevent the alleged conflicts of interest that come from knowing something about how health care is provided in the real world. What it reveals instead is that this board isn't about medical quality at all. It is purely a balance-sheet exercise to make sure that the Orszag-Obama agenda of top-down health care can't be undone by something as crude as democratic consent.

And they claim that *Paul Ryan's* proposal is "radical"?

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What the debate over Mr. Ryan's reform is revealing is that the real health-care choice, and the real choice this November, is about the role of government. The Orszags of the world ultimately have what President Obama would call an "ideological" preference for coercion over individual choice. They want to impose the unilateral decisions of the state over those of millions of

Americans.

The larger irony is that ObamaCare's architects claim that all of this will lead to more equity in the delivery of medical services, but in practice it will have the opposite effect. Americans of even middle-class means will not tolerate being told they cannot spend their own money to improve their own health or save the lives of their loved ones, so under price-controlled ObamaCare we will quickly see the emergence of a two- or even three-tier system outside the reach of government.

The affluent will get their own special level of service. Certainly Mr. Orszag, a vice chairman of corporate and investment banking at Citigroup, won't be getting treatment at some municipal hospital. The Cheesecake Factory is a great place to eat but you probably wouldn't want to be operated on there—especially if it's run by the government.

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