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How Washington Rations

ObamaCare omen: a case study in 'cost-control.'

Try to follow this logic: Last week the Medicare trustees reported that the program has an "unfunded liability" of nearly \$38 trillion -- which is the amount of benefits promised but not covered by taxes over the next 75 years. So Democrats have decided that the way to close this gap is to create a new "universal" health insurance entitlement for the middle class.

Such thinking may be a non sequitur, but it will have drastic effects on the health care of all Americans -- and as it happens, this future is playing out in miniature in Medicare right now. Desperate to prevent medical costs from engulfing the federal budget, the program's central planners decided last week to deny payment for a new version of one of life's most unpleasant routine procedures, the colonoscopy. This is a preview of how health care will be rationed when Democrats get their way.

At issue are "virtual colonoscopies," or CT scans of the abdomen. Colon cancer is the second leading cause of U.S. cancer death but one of the most preventable. Found early, the cure rate is 93%, but only 8% at later stages. Virtual colonoscopies are likely to boost screenings because they are quicker, more comfortable and significantly cheaper than the standard "optical" procedure, which involves anesthesia and threading an endoscope through the lower intestine.

Virtual colonoscopies are endorsed by the American Cancer Society and covered by a growing number of private insurers including Cigna and UnitedHealthcare. The problem for Medicare is that if cancerous lesions are found using a scan, then patients must follow up with a traditional colonoscopy anyway. Costs would be lower if everyone simply took the invasive route, where doctors can remove polyps on the spot. As Medicare noted in its ruling, "If there is a relatively high referral rate [for traditional colonoscopy], the utility of an intermediate test such as CT colonography is limited." In other words, duplication would be too pricey.

This is precisely the sort of complexity that the Democrats would prefer to ignore as they try to restructure health care. Led by budget chief Peter Orszag, the White House believes that comparative effectiveness research, which examines clinical evidence to determine what "works best," will let them cut wasteful or ineffective treatments and thus contain health spending.

The problem is that what "works best" isn't the same for everyone. While not painless or risk free, virtual colonoscopy might be better for some patients -- especially among seniors who are infirm or because the presence of other diseases puts them at risk for complications. Ideally doctors would decide

with their patients. But Medicare instead made the hard-and-fast choice that it was cheaper to cut it off for all beneficiaries. If some patients are worse off, well, too bad.

Medicare is already the country's largest purchaser of health care. Private carriers generally adopt its rates and policies, and the virtual colonoscopy decision may run this technology out of the marketplace. Now multiply that by the new "public option" that Democrats favor, which would transfer millions of patients to a new insurance program managed by the federal government. Washington's utilitarian judgments about costs would reshape the practice of medicine.

Initially, the open-ended style of American care will barely be touched, if only for political self-preservation. Health planners will adjust at the margins, as with virtual colonoscopy. But scarcity forces choices. As the Medicare trustees note in their report, the tax increases necessary to fund merely the current benefit schedule for the elderly would cripple the economy. The far more expensive public option will not turn into a pumpkin when cost savings do not materialize. At that point, government will clamp down with price controls in the form of lines and rock-bottom reimbursement rates.

Mr. Orszag says that a federal health board will make these Solomonian decisions, which is only true until the lobbies get to Congress and the White House. With virtual colonoscopy, radiologists and gastroenterologists are feuding over which group should get paid for colon cancer screening. Companies like General Electric and Siemens that make CT technology are pressuring Medicare administrators too. More than 50 Congressmen are demanding that the decision be overturned.

All this is merely a preview of the life-and-death decisions that will be determined by politics once government finances substantially more health care than the 46% it already does. Anyone who buys Democratic claims about "choice" and "affordability" will be in for a very rude awakening.

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