



The Daily Dish

Health Care Reform

DOUGLAS HOLTZ-EAKIN | JANUARY 26, 2026

A little while back the White House launched [The Great Healthcare Plan](#), which was advertised as health care reform despite the fact that the word “hospital” does not appear anywhere in the fact sheet. For the record, hospital spending was 31 percent of the \$2.4 trillion that the United States [spent on health care](#) in 2024. The word “physician” doesn’t appear either, even though professional services constituted another 27 percent. It is hard to take seriously as health care reform something that is silent about the bulk of the issue.

That’s because it is not a serious reform. It is a campaign document – part of the White House effort to prop up the president’s poll numbers. The key to a campaign document is not to actually propose effective, concrete reforms. It is to endeavor to aspire to strive to persevere to seek to convince the voters that you will plan to assemble a working group to ideate solutions to the problem. That is, to convince the voters you care.

But what if you actually wanted to address the affordability of health care? There are two main tasks: identifying quality and paying for outcomes.

Consider quality. Unless one can measure quality, it is not possible to actually know the price. Are you paying more for a widget, or is the higher price tag reflective of a better widget? In health care, we know that some things cost a lot, and that we sometimes have to spend a lot, but we rarely have a good feel for the actual price of the drug, device, or procedure. Now, as it turns out, there is a veritable thicket of quality measures in the health care sector. Indeed there are so many that they have become collectively ineffective and do little to shape the actual delivery of health care.

Which brings us to the second problem. Even if we had the quality (and price) of every doctor visit, operation, medical device, and so forth, that is not really the objective. The objective is to have good health outcomes, and we should pay for those outcomes and not an increasingly large number of medical interventions. If one wants good outcomes, then one

should pay for good outcomes - and pay only when there is a good outcome.

Sometimes simpler is better. In this case, quality and outcomes are the key.

Obviously, a real health care reform effort would have a lot more detail and operational steps. But it would start with re-orienting every federal dollar to pay for health outcomes and holding participants accountable to a small, tractable number of quality measures.