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## HOW PRICE CONTROLS ON HEALTH CARE AND HEALTH INSURANCE PREMIUMS CAUSE RATIONING



### **What do price controls have to do with the National Right to Life Committee's core issues of abortion, infanticide, and euthanasia?**

Since its inception, the National Right to Life Committee (NRLC) has been committed to protecting the right to life from conception until natural death. We have fought just as strongly against infanticide and euthanasia as we have against abortion. In particular, we have strongly opposed involuntary denial of lifesaving medical treatment through rationing.

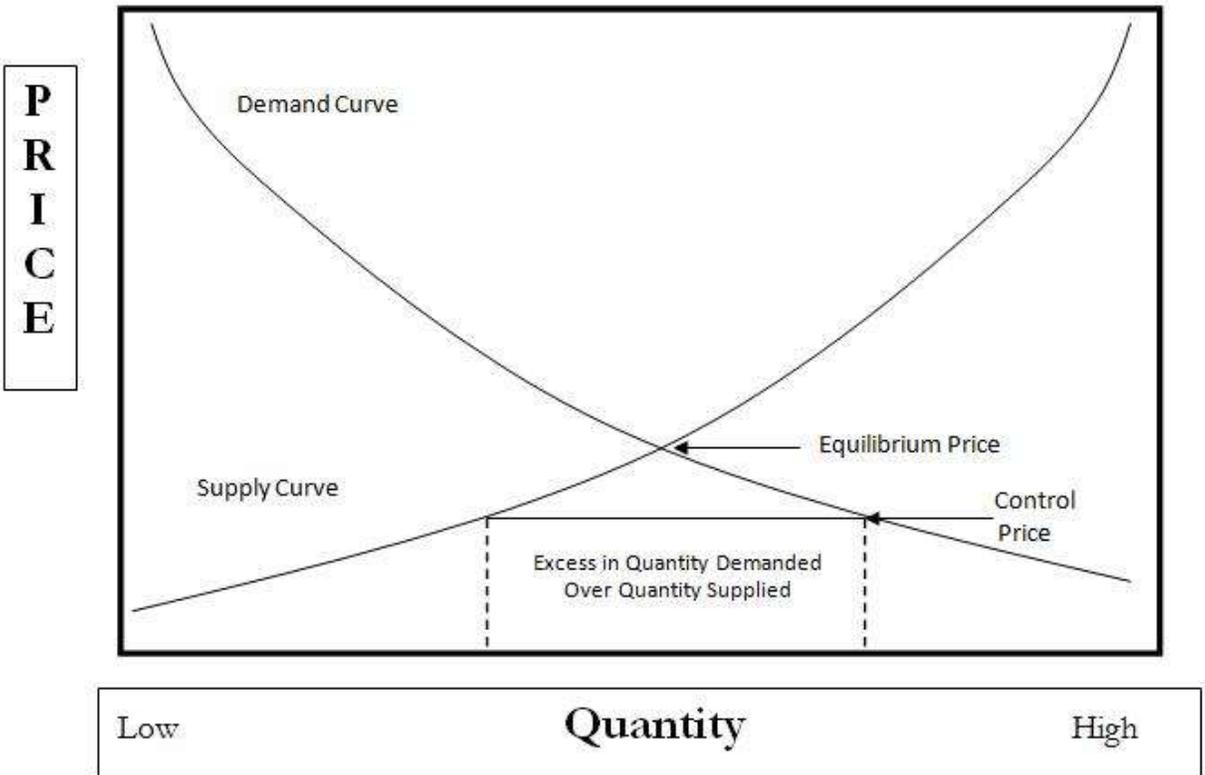
### **How do price controls force rationing?**

In a market economy, suppliers of a good or service are willing and able to supply larger and larger quantities of it the more they will be paid for doing so – the higher the price. This creates what economists call the “supply curve,” arching upward as both quantity and price rise.

On the other hand, buyers of the good or service are willing and able to purchase larger and larger quantities of it the *less* they have to pay for it – the *lower* the price. This creates the “demand” curve, which arches *downward* as quantity and price rise, and upward as they fall.

The point at which these two curves intersect is called the “equilibrium” price, the point at which, at one moment in a fluctuating market, an equal quantity is supplied and demanded at one price. Normally, if the quantity of a good or service is too low to meet the demand, the price rises, drawing more of it into the market; conversely, if the quantity is too high, the price falls.

However, if the government imposes an artificially low price, a gap is created between the high quantity demanded and the lower quantity supplied at that price. This gap forces rationing.



### How does rationing threaten lives?

When the government limits by law what can be charged for health care, it limits what people are allowed to pay for medical treatment. While everyone would prefer to pay less – or nothing – for health care (as for anything else), government price controls in fact prevent access to lifesaving medical treatment that costs more to supply than the price set by the government.

Under a scheme of premium price controls, health insurance companies will ration lifesaving medical treatment as they are squeezed more and more tightly each year by the declining “real” (that is, adjusted for health care inflation) value of the premiums they take in. These day-to-day rationing decisions will have the most direct and visible impact on the lives – and deaths – of people with a poor “quality of life.”

For more information, please visit [www.nrlc.org/HealthCareRationing](http://www.nrlc.org/HealthCareRationing)

