

Why Healthcare Commentators (and Doctors) are Afraid of the Free-Market

Our view of a moral doctor is anti-free-market, and that needs to change



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Charles Silver's November 4th essay on Sensible Medicine, Why Aren't More Health Policy Commentators Libertarians? stimulated quite a discussion. Today, Colleen Smit and Reinier Schuur respond to that essay. They go from asking about commentators to describing how an ideal of medicine has burdened us with a payment model that runs counter to free-market economics.

Adam Cifu

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Recently, Charlie Silver published an [essay](#) at Sensible Medicine asking, "Why aren't more health policy commentators libertarian?" In the essay, he points out example after example of how government involvement in healthcare, whether directly through government programs or indirectly through regulations on health insurers, has failed patients and doctors alike.

Mr. Silver's question is one that we have also asked. His essay ends, "...if you think the answer (to why commentators are not libertarians) has something to do with the moral responsibility to help the poor or the problem of market failure, please think again

before responding.” Given the market’s demonstrable ability to improve choice and efficiency and to drive down prices (just look at cell phones or LASIK), we agree that phrased, it is not clear why there aren’t more people advocating a free-market approach to healthcare.

So, if what we mean by “libertarian” is pro-free market, why aren’t there more free market advocates in the healthcare space? It’s because our view of a moral doctor is anti-free market.

What is the free market, after all? It is an economic system in which goods and services are bought and sold by free individuals. It’s a situation in which buyers seek the best quality at the lowest prices, and sellers compete for buyers by improving quality, lowering prices, or both. But the free market is not merely an arena of dispassionate exchange; it embodies a commercial ethos, an entrepreneurial spirit, and a drive to create, trade, and obtain life-serving values.

Medicine, on the other hand, has long had an ethos, spirit, and drive almost the opposite of those of the market, let alone a completely free market. Throughout history, medicine has seen itself as standing above the market and commerce, as meeting a higher calling, superior to the petty concerns of making money. To sell one’s services as a physician on the market has often been regarded as degrading to the physician and as corrupting the art of medicine.

This view has deep roots. As a medical student, Colleen was taught that the first duty of a doctor is to decide on the appropriate course of treatment before considering costs. In this sense, medicine has been anti-free-market, anti-profit, as far back as Hippocrates.

While it’s not in the oath associated with Hippocrates’ name, in the [Corpus Hippocraticum](#), he wrote a warning to doctors to consider discussions of payment with patients with care. Hippocrates cautions that excessive focus on payment can be

detrimental to professional reputation and foster a fear of abandonment. He implies that asking for payment could be seen as swindling the patient.

The moral warning here is two-pronged. First, consideration of cost threatens to corrupt a doctor's judgment of what is best (rather than unnecessary or more costly). Second, a patient could be harmed if he forgoes necessary treatments, thinking the doctor's recommendations are motivated by profits. Doctors have always distinguished themselves from snake oil salesmen by putting patient welfare above profits.

This patient-versus-profit lens creates a false alternative where doctors are either conmen or consider themselves above commerce. Yes, plenty of conmen have used the good name of medicine to swindle patients. Doctors, in name only, who recommend unnecessary, even risky, services and treatments to unsuspecting or gravely ill patients to make a profit, exist. But it is not the money corrupting medicine; it is profiting off of dishonesty; it is the scam perpetuated by these DINO's, who would apply the art of medicine to trick patients rather than counsel and treat them. Legal protections and professional condemnation are appropriate responses to this behavior.

The existence of swindlers does not prove that dishonesty is necessary to the pursuit of profit. Indeed, the long-term quest for profit justly rewards honesty in medicine.

Consider the solo practice fee-for-service model used by physicians in the early 1900s. Under this model, doctors would only be compensated in reputation, not money, for correctly withholding services. But doctors should be justly rewarded for the work that goes into making these types of judgments. Recognizing this, entrepreneurial doctors at the time developed a [group practice model](#) that charged patients a subscription for access to primary care and specialty consultations. This aligned profit and care because the group did not make extra money from added services, yet still has an incentive to support and improve their patients' health to keep them subscribed.

The group practice model justly rewarded honesty for providing what was best for patients, even when that best meant no intervention. Yet how did the larger medical profession react to these innovations? They condemned them for 'commercializing medicine'. Condemnation was followed by action. The AMA threatened to revoke the licenses of group practice doctors through their control of state medical boards, reaffirming that medicine is above the market.

Indeed, much of the American healthcare system has been shaped by the conviction that medicine should be devoid of market considerations. Doctors have spurned competition and collaborated on funding healthcare in ways that corrupt the market. They pretend that there needn't be a direct exchange of value for value. Patients do not pay in roundabout ways – through the government as taxpayers or through insurance as subscribers. Because doctors viewed free markets as corrupting medicine, they outsourced the financial decisions that need to be made in healthcare to third-party payers. Ironically, it is the relinquishing of such decisions that has robbed doctors of their freedom to practice medicine. But instead of reclaiming this freedom, they blame the 'free market' and these third parties.

This is history repeating itself. Today's predominant fee-for-service model, under which a third-party payer is billed separately for each service, encourages overutilization and dishonesty. In response, insurance companies are compelled to deny medical care, creating a vicious cycle where doctors sometimes have to lie to serve their patients. To regain their integrity, some doctors eschew insurance altogether by opening direct primary and specialty care practices, allowing them to pursue a more honest exchange of values in medicine. Yet the medical establishment maligns the reputations of direct primary care doctors as if they were conmen, accusing them of [abandoning](#) patients and [putting money](#) first.

In the face of such smears, doctors should unapologetically choose the well-being of their patients and themselves first and their reputations second.

We must stop equating all profit-making with swindling. Patients shouldn't have to choose between DINO conmen or clueless doctors who don't know what things cost. Patients deserve, and should be reassured, by doctors who will be justly rewarded for stewarding their health.

But we also deserve not to be lied to, and the biggest lie in healthcare is that we have a free market. In our current system, sometimes the pursuit of profit aligns with patient care, and sometimes it doesn't. It's a gamble. But in a truly free market, there is no inherent conflict between profits and patient care. Until we see that, we won't see more free-market doctors (or commentators) in medicine.

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A guest post by

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medstudent 43m

It's our terrible education system which has gone far left and has done so much damage to our great society

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Melisa Idelson 🌐 1h

I am a psychotherapist in private practice who accepts insurance payments for my services. The current insurance market is badly broken for both patients and providers. Single-payer, government run healthcare is no better, leading to shortages and rationing. I am seeing a lot more consumers expressing interest in direct-care primary care physicians with a reasonable fee-for-service or subscription model, with catastrophic insurance coverage for extreme events. This skews closer to types of insurance (auto, home) where routine expenses are not covered, but catastrophic ones are.

current insurance model inflates prices by removing the connection between the recipient of the services and the payer. As stated in the essay, this incentivizes doctors to order more tests than a perhaps necessary (especially with our current tort climate) and disincentivizes patients to prioritize their own well-being and self care.

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