

Price of cosmetic surgery falls in last decade

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In the United States, for every \$1 spent on patient care, only 14 cents is paid by the patient herself, with insurance companies, government programs or other third parties picking up the tab on the remaining 86%. However, cosmetic surgery is one of the few types of medical care for which the patient pays almost entirely for the procedure herself. The difference between the patient paying, and a third-party paying, is cited as a reason for the overall price of medical services increasing by double the rate of inflation since 1992, whereas the cost of cosmetic surgery has fallen in real terms.

Despite a notional rise in the price of cosmetic surgery of 22% since 1992, the consumer price index, which measures the change in the average goods and services consumed, rose by 39%. So, in real terms, the price of cosmetic surgery has declined in the last decade, and the drop in prices has been matched by a huge increase in the number of patients undergoing cosmetic surgery. In 1992, the American Society of Plastic Surgeons recorded just over 400,000 cosmetic surgery procedures. By 2005, that figure had shot up to 1.8 million cosmetic surgery procedures.

For the health care system as a whole, every time patients consume \$1 in services, they pay only 14 cents out of pocket. However, . Even so, the demand for cosmetic surgery exploded in recent years. Of the 10.2 million cosmetic procedures performed in 2005 that were tracked by the American Society of Plastic Surgeons, 1.8 million were surgical procedures. By comparison, in 1992 the American Society of Plastic Surgeons only tracked 413,208 cosmetic procedures — a fraction of those performed in 2005.

One of the reasons quoted for the drop in real prices is patient behavior. When patients pay for cosmetic surgery with their own money, they are likely to be more savvy about where that money is spent. To quote the wise economist, Milton Friedman:

"There are four ways in which you can spend money. You can spend your own money on yourself. When you do that, why then you really watch out what you're doing, and you try to get the most for your money. Then you can spend your own money on somebody else. For example, I buy a birthday present for someone. Well, then I'm not so careful about the content of the present, but I'm very careful about the cost. Then, I can spend somebody else's money on myself. And if I spend somebody else's money on myself, then I'm sure going to have a good lunch! Finally, I can spend somebody else's money on somebody else. And if I spend somebody else's money on somebody else, I'm not concerned about how much it is, and I'm not concerned about what I get. And that's government." {mosgoogle}