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Experts: U.S. health care system wastes millions

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WASHINGTON – Talk to the chief executives of America's pre-eminent health-care institutions, and you might be surprised by what you hear: When it comes to medical care, the U.S. isn't getting its money's worth. Not even close.

"We're not getting what we pay for," said Dr. Denis Cortese, president and chief executive of the Mayo Clinic. "It's just that simple."

"Our health-care system is fraught with waste," said Dr. Gary Kaplan, chairman of Seattle's cutting-edge Virginia Mason Medical Center. As much as half of the \$2.3 trillion spent today does nothing to improve health, he said.

Those harsh assessments illustrate the challenge that awaits President-elect Barack Obama, who campaigned on the promise to trim the average American family's health-care bill by \$2,500 a year. Senate Finance Committee Chairman Max Baucus, D-Mont., has already warned that improving and expanding health care will cost money in the short run – money that his Republican counterpart, Sen. Charles Grassley of Iowa, argues the government does not have.

Yet among physicians, insurers, academics and corporate executives from across the ideological spectrum, there is remarkably broad consensus on what ought to be done.

A high-performance 21st-century health system, they said, must revolve around paying for results. That means managing chronic illnesses better, adopting electronic medical records, coordinating care, researching what treatments work best, realigning financial incentives to reward success, encouraging prevention, and saying no to expensive, unproven therapies.

Prevention

"There is more than enough money in the system," said former House Speaker Newt Gingrich, who runs the Center for Health Transformation. "We just are not spending it well."

One way to reconfigure health spending is to shift large sums into prevention and wellness, said Dr. Reed Tuckson, a physician and executive vice president at UnitedHealth Group in Minneapolis. The idea is to tackle the handful of preventable, chronic illnesses, such as heart disease and diabetes, that account for 75 percent of health-care costs.

Each year, for example, the U.S. spends \$450 billion treating heart disease. The good news, Dr. Tuckson said, is that formerly certain killers such as heart attacks, strokes and aneurysms can now be treated. But the price is high. It would be wiser, he said, to attack underlying problems such as smoking, diabetes,

high cholesterol and high blood pressure.

One fundamental problem is how doctors are paid, Dr. Kaplan said. Under the current fee-for-service scheme, "the more you do, the more you make," he said.

More tests lead to more procedures, which often result in mistakes, complications, misdiagnoses or the use of untested therapies, said Dr. Donald Berwick, president of the Institute for Healthcare Improvement in Cambridge, Mass. "We wait for people to get sick, and then we invest enormous sums to fix them up. We should build primary care as the core," he said.

It is possible to change the incentives, Dr. Kaplan said. Partnering with Starbucks and the insurer Aetna, Virginia Mason found a new way to deal with back pain, the leading medical complaint of Starbucks' coffee-pouring baristas. The medical center made money on MRIs, but there is little scientific data that they helped the problem.

So employees tried physical therapy first. To make up for some lost revenue, Aetna increased its payment for the therapy. Today, most of the Starbucks employees with back trouble return to work within two days without an MRI or a prescription, Dr. Kaplan said.

Moving from pricey solutions such as MRIs to older, low-tech approaches such as physical therapy requires solid data and a culture change, said Helen Darling, president of the National Business Group on Health, which represents large employers.

Ms. Darling's group is a leader in comparative effectiveness research, which evaluates various drugs, devices and treatments and publicizes which work best and at what cost.

Spending variations

Better data may also address what Dartmouth College researchers describe as large, unwarranted variations in medical spending.

Analyzing Medicare payments for patients in the final two years of life, the school's Institute for Health Policy and Clinical Practice found that similar care cost as much as \$93,000 at the UCLA Medical Center and as little as \$55,000 at the Mayo and Cleveland clinics.

With those sorts of variations, the Dartmouth team concluded that as much as 30 percent of medical spending – or \$700 billion – does nothing to improve care.

HEALTH CARE RANKINGS

- Sixteen percent of the U.S. gross domestic product goes to medical care.
- The U.S. spends more for each person than any other nation.
- It ranks 29th in infant mortality, 48th in life expectancy and 19th out of 19 industrialized nations in preventable deaths.