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5 Myths About Our Ailing Health-Care System

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With Congress ready to spend \$700 billion to prop up the U.S. economy, enacting health-care reform may seem about as likely as the Dow hitting 10,000 again before the end of the year. But it may be more doable than you think, provided we dispel a few myths about how health care works and how much reform Americans are willing to stomach.

1. *America has the best health care in the world.*

Let's bury this one once and for all. The United States is No. 1 in only one sense: the amount we shell out for health care. We have the most expensive system in the world per capita, but we lag behind many developed countries on virtually every health statistic you can name. Life expectancy at birth? We rank near the bottom of countries in the [Organization for Economic Cooperation and Development](#), just ahead of Cuba and way behind Japan, France, Italy, Sweden and Canada, countries whose governments (gasp!) pay for the lion's share of health care. Infant mortality in the United States is 6.8 per 1,000 births, more than twice as high as in Japan, Norway and Sweden and worse than in Poland and Hungary. We're doing a better job than most on reducing smoking rates, but our obesity epidemic is out of control, our death rate from prostate cancer is only slightly lower than the United Kingdom's, and in at least one study, American heart attack patients did no better than Swedish patients, even though the Americans got twice as many high-tech treatments.

Moreover, the quality of health care is different in different parts of the country. The Centers for Medicare and Medicaid Services have issued a list of 26 measures of quality, such as making sure that heart-attack patients being discharged from the hospital get a prescription for a beta blocker or aspirin to help reduce the risk of a second attack. It turns out that quality is all over the map, and it isn't necessarily better in the places we might expect, such as academic medical centers. Worse still, according to the [Congressional Budget Office \(CBO\)](#), there appears to be no connection between how much [Medicare](#) and other payers spend on patients in different parts of the country and the quality of the care the patients receive. You are no more likely to get that beta blocker or aspirin in Los Angeles than in Portland, even though Medicare spends twice as much per beneficiary in Los Angeles.

2. *Somebody else is paying for your health insurance.*

Nope. Even when *your* employer offers coverage, he isn't reaching into his own pocket to cover you and your fellow employees; he's reaching into your pocket, paying you lower wages than he would if he didn't have to pay for your health insurance.

Rising health-care costs are partly to blame for stagnant wages. Over the past five years, health insurance premiums have risen 5.5 times faster on average than inflation, 2.3 times faster than business income and four times faster than workers' earnings. *Four* times. That's why wages have been nearly flat since the 1980s, even as U.S. productivity has been going up. In effect, about half the money you should be earning for being more productive is being sucked up by ever more expensive health-insurance premiums.

If you pay taxes, you're also paying for the health care provided through state and federal programs such as Medicare, [Medicaid](#), the [Veterans Administration](#) and the military. All told, the average family of four is coughing up \$29,000 a year for health care through taxes, lower wages and out-of-pocket medical expenses.

3. *We would save a lot if we could cut the administrative waste of private insurance.*

The idea that we could wring billions of dollars in savings this way is seductive, but it wouldn't really accomplish that much. For one thing, some administrative costs are not only necessary but beneficial. Following heart-attack or cancer patients to see which interventions work best is an administrative cost, but it's also invaluable if you want to improve care. Tracking the rate of heart attacks from drugs such as [Avandia](#) is key to ensuring safe pharmaceuticals.

Let's just say that we could wave a magic wand and cut private insurers' overhead by half, to what the Canadian government spends on administering its health-care system -- 15 percent. How much would we save? Not as much as you may think. Private insurers pay a little more than a third of what we spend on health care, which means that we'd cut a little more than 5 percent from our total budget, or about \$124 billion. That's not peanuts, but it's not even enough to cover everybody who's currently uninsured.

More to the point, we only get to save it once. That's because administrative waste isn't what's driving health-care costs up faster than inflation. Most of the relentless rise can be attributed to the expansion of hospitals and other health-care sectors and the rapid adoption of expensive new technologies -- new drugs, devices, tests and procedures. Unfortunately, only a fraction of all that new stuff offers dramatically better outcomes. If we're worried about costs, we have to ask whether a \$55,000 drug that prolongs the lives of lung cancer patients for an average of a few weeks is really worth it. Unless we find a cure for our addiction to the new but not necessarily improved, our national medical bill will continue to skyrocket, regardless of how efficient insurance companies become.

4. *Health-care reform is going to cost a bundle.*

Only if you think that covering the uninsured is our only priority. Yes, making health care available to all citizens is the right thing to do. But it isn't the only thing to do. We also have to fix the spectacularly wasteful and expensive way doctors and hospitals deliver care.

Our physicians are working within a truly dysfunctional, often chaotic system that prevents them from caring for us properly. Between 50,000 and 100,000 patients die each year from preventable medical errors. According to the [Centers for Disease Control](#), 1.7 million Americans acquire an infection while in the hospital and nearly 100,000 of them die from it. Laboratory imaging tests are routinely repeated because the originals can't be found. Patients with such chronic illnesses as heart failure and diabetes land in the hospital because their physicians fail to monitor their condition. When patients have multiple doctors, there's often nobody keeping track of the different medications, tests and treatments each one prescribes.

Our doctors and hospitals are failing to provide us with care we need while delivering a staggering amount that we don't need. Current estimates suggest that as much as 20 to 30 percent of what we spend, or about \$500 billion, goes toward useless, potentially harmful care.

There are two bright spots. One: We can improve the quality of care and cut costs without rationing. There are models out there for how to do it right -- the [Mayo Clinic](#), the Geisinger Clinic in Pennsylvania, the [Cleveland Clinic](#) and California's [Kaiser Permanente](#) are just a few of the organized group practices that are doing a better job for less. Their doctors are better than average at using the best medical evidence available. They're more likely to be using electronic medical records, which can help keep track of patients who have multiple physicians and need complex care. And they're less likely to provide unnecessary care.

Two: Even moderate reform of the delivery system would improve care and save money. The Lewin Group's analysis shows that a bill proposed by Sen. [Ron Wyden](#), an Oregon Democrat, calling for a more

comprehensive overhaul of the health-care system than either [McCain's](#) plan or [Obama's](#) could actually insure everyone and save \$1.4 trillion over 10 years. More reform is cheaper.

5. Americans aren't ready for a major overhaul of the health-care system.

We may be readier than you think. A recent study published in the [New England Journal of Medicine](#) found that only 7 percent of Americans rate our health-care system excellent. Nearly 40 percent consider it poor. A whopping 70 percent believe it needs major changes, if not a complete overhaul.

Now is not the time to think small, to cover a few million Americans and leave the bigger job of controlling costs and improving quality for another day. We can't afford not to reform the delivery system as soon as possible. At 17 percent of gross domestic product, health care is the biggest single sector of the economy, and it's consuming a larger and larger proportion every year. According to CBO projections, health care will account for 25 percent of GDP by 2025 and 49 percent by 2082. That's simply unsustainable. Any plan that reforms health care has to do more than simply cover the uninsured. The nation's health and wealth depend on it.

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