

### Cost Control and Healthcare Reform

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**M**onetary policy is a primary focus of the current contentious healthcare debate in Washington. Given that America spends more on healthcare than any other nation, it is imperative that healthcare costs be brought under control. The question is how?

The variations and model for medical spending across regions provide government officials with the opportunity to create a unified and successful healthcare system based on what has already been proven to be cost-efficient and effective. Contrary to popular opinion and what is portrayed on many modern medical dramas, current evidence suggests that more is not necessarily better when it comes to medical care. Rather than ordering expensive and often unnecessary tests and procedures, physicians should focus on more conservative treatments and integrated care. Practitioners should also look to preventative measures as a means of containing chronic ailments. Many of the health problems faced by Americans today are aggravated by or are the result of environmental factors. As such, medical practitioners should complement medical treatment with preventative education.

This reasoning does not seem to be consistently considered throughout the country. For instance, consider the case of McAllen, Texas in Hidalgo County.<sup>1</sup> With \$15,000 spent per Medicare enrollee in 2006, McAllen boasts one of the costliest healthcare systems in the nation. And yet, in 2006, only \$7,504 was spent per Medicare enrollee in nearby El Paso County, where the health demographics were nearly identical. There is little evidence that the additional costs incurred per Medicare enrollee in McAllen resulted in significantly better healthcare. Ranked by Medicare, McAllen's hospitals rated worse on-average, when compared with El Paso's hospitals. The medical culture of the town is focused on quantity rather than quality. With cutting-edge technology available, anxious patients, and financial incentives for medical practitioners, McAllen became a Mecca of spending.

And therein lies the crux of the matter. Medical practitioners have a responsibility to practice appropriate care and not to over-treat. Practitioners should emphasize to patients, such as those with heart disease, the need for lifestyle changes rather than reach for stents and bypass surgeries as the first options. Indisputably, in many cases serious acute conditions require specialized care. However, the current healthcare system in locations like McAllen provides physicians with financial incentives to over-treat patients. The fee-for-service system ensures that the more services are ordered the more money is made.

Another model for healthcare exists in the Mayo Clinic in Rochester, Minnesota. There the priority is placed on patient care. Because physicians in the Mayo system are salaried and not paid fee-for-service, medical practitioners are shielded from the perverse financial incentives that other physicians

encounter. Specialists and general practitioners are able to work in tandem and focus on the patient, using evidence-based practices and collaborative efforts. Physicians who have more time to interact with patients are able to emphasize lifestyle changes more effectively. As a result, healthcare quality is increased and costs decrease. The inherent limitation of such a model is that it is not as profitable as the McAllen model. Hospitals and physicians do not significantly profit from the administration of cost-efficient and preventative care. The individualized attention needed in such a model also requires large initial expenditures. Finally, some physicians and medical industries, loyal to the fee-for-service model and the financial benefits reaped from such a model, simply do not support significant change.

The debate over healthcare in Washington offers a unique opportunity for a change in the patchwork healthcare system currently in existence. Every American deserves access to healthcare. But some Americans should not have to pay more than others to get the same quality healthcare. Change is inevitable. But what will this change be? What healthcare model will the nation adopt? Will we continue to spend billions on unneeded procedures and tests? The current Obama administration must not allow special-interest groups, political interests, and ubiquitous lobbyists to stand in the way of meaningful cost reform. It must remember that its responsibility is to the American public and the future health of the United States population – both physically and fiscally.

#### References

1. Gawande, Atul. (2009, June 01). The Cost Conundrum. *The New Yorker*. Available at: [http://www.newyorker.com/reporting/2009/06/01/090601fa\\_fact\\_gawande](http://www.newyorker.com/reporting/2009/06/01/090601fa_fact_gawande).