The Health Care System Today: What You Don't See Can Cost You

One of the largest—and most controllable—contributors to rising health care costs in the United States today is overutilization, or overuse, of the health care system.

Yet cost is not the only consequence of overutilization—also at stake is health, quality of life, and in some cases, life itself.

In fact, the United States spends a significant amount more per person on health care than any other country in the world, and yet U.S. health outcomes are equal to or worse than those in other countries.¹

Understanding the key drivers behind overutilization is an important step for you as both a business owner and a health care consumer. By understanding the drivers, you can help identify the highest quality and most fairly priced care for you and your employees.

Lack of transparency
One of the key contributors to overutilization is a lack of transparency in the fee-for-service model of health care.

Similar to other industries, transparency in health care means that consumers can see where their expenditures relate to the results that they are receiving. But unlike consumers in other industries, health care consumers cannot comparison shop for the services they want to receive. There’s no menu or chart posted with the cost of various procedures and services; the information is simply not available.

Consumers can ask about pricing, but rarely do so because their primary concern is obtaining treatment to fix the pain or condition. Additionally, consumers have no clue about the quality of health care offered by various providers because this data is not made public.

Redundancy
Another major contributor to overutilization is redundancy in the fee-for-service model. Health care providers aren’t set up to work seamlessly and efficiently as a team. Each provider has its own structures and record keeping, so there is no coordination within the system. In addition, providers do not talk to each other to jointly agree on the most effective
and cost-efficient approach to a patient’s care, preventing the providers from being informed about prior treatments given to the patient. This results in duplication of treatment (and the cost for that treatment).

For example, a medical imaging test by a primary care physician may be repeated by a specialist to whom the patient is referred. The same test may again be repeated when the patient visits another specialist for the same medical complaint.

Even more alarming than the unnecessary cost is the unnecessary risk to the patient—in this example, exposure to radiation.

Furthermore, in many parts of the country there is overuse of certain surgical procedures, such as back surgery, Caesarean sections, and coronary bypasses when less radical—and less costly—procedures may be just as effective and perhaps even better for the patient’s health. For some patients, less costly physical therapy may reduce the need for back surgery; less costly vaginal delivery may suffice for childbirth; and less costly medications can treat health conditions and prevent the need for surgery.

**Solutions**

Health care costs can be lowered for everyone if the system is revamped in several significant ways:

- Introduce transparency by advising patients on cost and quality of care so they become informed consumers.
- Eliminate redundancy by establishing information technology systems that enable all health care providers to access patient information and avoid repetitive testing and treatments.
- Reduce overutilization by rewarding health care providers for the quality, rather than the quantity, of service they provide.
- Cut costs by providing “decision aids” to patients, informing them of the risks and rewards to treatment alternatives.
- Decrease excessive demands by making health care results more available to consumers.
Conclusion
Rampant overutilization of the health care system is a serious problem for the financial and physical health of our nation.

One potential solution is increased transparency, including such tools as decision aids, fee schedules, and health care results. Once transparency is brought into the system, it will become easier to eliminate redundancy—and bring costs down. The growing use of online exchanges, which are marketplaces for health care consumers, is helping increase transparency.

Another potential solution is more integration within the health care system, where health care providers work together for patient care. This type of integrated care is far removed from the fee-for-service model. In an integrated system, a single, connected team works together to provide the care a patient needs. This dynamic results in better care at a lower cost.

As a business owner and health care consumer, being informed about the problem—and potential solutions—is a small but important step toward change.

Barbara Weltman is an attorney, a prolific author with such titles as J.K. Lasser’s Small Business Taxes and The Complete Idiot’s Guide to Starting a Home-Based Business, and a trusted professional advocate for small businesses and entrepreneurs. She is also the publisher of Idea of the Day® and the monthly e-newsletter Big Ideas for Small Business® at www.barbaraweltman.com and host of Build Your Business radio. Follow her on Twitter @BarbaraWeltman.

Sources: