

PERSPECTIVE

Promoting Health Care Transparency and Competition



Prognosis for ailing health-care system will improve only with competition, transparency

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By Kevin T. Kavanagh,

When I began practicing medicine in the 1970s, the United States offered the best health care in the world. This is arguably no longer the case.

Recent research confirms how far our nation has fallen behind.

[The 2006 annual report](#) by the [Organisation for Economic Co-operation and Development \(OECD\)](#) – a multinational organization that tracks economic data from [30 major and European nations](#) – concluded that the United States is no longer even among the top-10 nations when it comes to life expectancy and infant-mortality rates. Our nation is below average in life expectancy and only four nations had higher infant-mortality rates among the 30 countries assessed by the OECD report.

There is, however, one category in which the United States is way up at the top: the cost of health care.

According to the OECD, our nation now spends [48 percent more](#) per capita on health care than Norway, the next-highest spending country. Also, private insurance in the United States is an expensive line item comprising about 35 percent of total health-care spending, which is more than [twice the amount](#) of total health-care spending than the next-highest country.

Some people blame the high cost of health care on the technology used in the U.S. system. But Japan, the country

with the longest life expectancy – nearly 82 years – also has more CT scanners per capita than any other country in the world.

In 2002, Japan had more than seven times as many [CT scanners](#) per capita as the United States. Nearly one out of every four Japanese citizens receives a CT scan each year. Despite this, Japan spends [60 percent less](#) per capita on health care than the United States.

Along with the possibility that higher costs will impact the availability of quality care that Americans receive is also the likelihood of an increasingly louder cry for more government controls. But if you think government provides the best solutions to the U.S. health-care crises, consider the government-run system in Canada, where the Fraser Institute recently reported [average wait times](#) of nearly eight weeks to see a specialist and another nearly 10 weeks for actual treatment.

Besides, there is little difference between the quality – or cost – of health care provided by big-business monopolies and that provided by big government.

Many of our current health-care problems are the result of corporations' obsession with pleasing stockholders – even to the extent of increasing the cost of care, while decreasing the quality of care with policies such as reducing the number of nurses available to

Summary
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There is little difference between the quality or cost of health care provided by big-business monopolies and that provided by big government.

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Promoting Healthcare Quality, Access & Affordability

More consumers now have health savings accounts (HSAs) and are becoming major purchasers of health care. They will or at least should, demand to know the quality and asking price before making a purchase.

serve patients. But government has its own fixation with pleasing special-interest groups, PACS and lobbyists. And the larger the government program, the more forceful the outside influences.

Economies of scale are lost once monopolies – whether corporate or government – start to form and expand.

For instance, the Institute for Health and Socio-Economic Policy has [re-](#)

[ported](#) that the relaxation of anti-trust regulations allowing hospital systems to merge has not resulted in the expected cost savings. Instead, hospital chains that command large market shares now report some of the highest charges and profits in the nation.

As the chief operational officer of a large metropolitan hospital said in 2003, when Phyllis

Griekspoor of the [Wichita Eagle](#) confronted him with his facility's large profit margin as compared to other hospitals:

"Why would we penalize ourselves for our own efficiency? The real question is: Why can't other hospitals lower their costs?"

Such a perverse system has been created under a veil of secrecy that shields meaningful quality and price

data from the consumer. After all, if I needed open-heart surgery, I would go to a facility with the lowest infection rate and the most nurses to take care of patients rather than a facility that has a 24-slice CT scanner.

As more and more consumers obtain health savings accounts, they are becoming major purchasers of health care. Knowing the asking price before one makes a purchase is a no-brainer. Gross charges and insurance contract discount prices must be readily available to consumers so they can make comparisons.

The [Commonwealth Fund](#) cites higher prices as the major factor contributing to increased U.S. health-care costs. Yet in 2002, [the United States had fewer](#) hospital beds, physicians, nurses and CT scanners per capita than the average OECD nation.

Competition must be let back into all levels of the health care market. This includes hospitals, physicians and insurance companies. Effective competition means not only that the health care consumers have choices but also that they have the readily available information regarding costs and quality for the care they seek.

It is widely stated that health care does not respond to the same economic forces as other industries, but what else can one expect when certificates of need all but assure customers and that meaningful price and quality information is hidden from consumers?

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