



How Consumers Can Force Health Reform

Smart patients, shopping wisely, are needed to bring health costs down

May 1, 2008

By Bernadine Healy M.D.

The last major effort at healthcare reform 15 years ago failed because of nervous consumers. TV ads featuring Harry and Louise, the fictional middle-class couple poring over President Clinton's plan for universal coverage, became symbolic of widespread resistance to the perceived heavy hand of nanny government, trying to force one size to fit all. Now, with exorbitant costs being the overriding concern, consumers—who drive those costs—may well be the system's best hope for reform. They're motivated: As the Robert Wood Johnson Foundation just reported, the amount people pay for health insurance alone increased 30 percent between 2001 and 2005, while income went up a mere 3 percent.

Expenditures on healthcare exceed \$2 trillion a year—and with the federal budget at \$3 trillion, it's no surprise that the feds are fearful of shouldering more medical bills. Meanwhile, even people with insurance are scared, as they face rising premiums and escalating copayments and worry that costs will force companies to cut back or stop their coverage entirely. The question is whether the modern Harry and Louise, informed and insecure, can drive meaningful reform with the same facility as they used to stymie it.

Sunshine. The awakened, engaged, and "activated patient/consumer" featured prominently at last month's **5th Annual World Health Care Congress in Washington, D.C.**—right up there with payment reform and medical information technology, tools that must be provided if the public is to get in the game. As Secretary of Health and Human Services Michael Leavitt said, government, as the largest purchaser of healthcare, can gather information on quality in a standardized way and insist on tying payments to performance. It can also ensure that comparative information is transparent to consumers. This should stimulate more affordable and responsible care. Research suggests that outcomes vary widely, and many costly interventions are overused. When New York State started publishing volume and mortality figures for heart surgeons and hospitals a few years back, outcomes were unexpectedly spotty. With sunshine, they quickly improved. Poor performers got better or stopped operating—good for patients and for cost. Botched care is expensive.

Backbreaking health premiums are telling consumers that knowing the true costs of their care is important, too, even if an insurer is paying. Yet transparency on the cost of treatments is woefully lacking. Princeton health economist Uwe Reinhardt likens the current system to thrusting someone into Macy's blindfolded and saying, "Go around; shop smartly." Indeed, taking off the blindfolds led some gray panthers to board buses and start buying prescription drugs in Canada, highlighting to Congress the little-known secret that American prices are 30 percent or more above what Canadians and Europeans pay. The goal is to make comparative cost information standard and routinely available so value-oriented shopping is possible.

A final critical component of patient activation, of course, is getting people focused on their own and their family's health. Kenneth Thorpe, chairman of the department of health policy and management at Emory University and a former health adviser in the Clinton administration, says that it will be hard to make insurance more affordable without recognizing that 70 percent of the healthcare dollar is spent on chronic diseases, probably half of which are linked to preventable problems like smoking, obesity, and physical inactivity. Model programs have also shown that health is better and cost falls when patients with chronic illnesses such as diabetes and asthma get involved in their own care.

At every level, the empowered consumer is about personal responsibility. In that regard, mandating that everyone have a minimal level of insurance is not a bad idea, despite a rocky course in places like Massachusetts and California. But as Harry and Louise made clear, a mandate will work only if consumers have choice: policies that are affordable, suit their own personal circumstances, and are available even when they have pre-existing conditions. Though America has refused to make government the sole healthcare provider, I believe that most activated Americans are ready to share responsibility with government if its role is organizer and facilitator, advocate and regulator. And cost savings will only strengthen the safety net for those who are left out.