

## INSIGHT

# Money alone won't cure what's ailing America's healthcare

"WE'VE got healthcare that is better than anywhere else in the world," boasted conservative US pundit Rush Limbaugh in an interview with Fox News on 23 July. Many politicians have been echoing this claim in recent days, as Congress debates reforming the nation's healthcare. Sadly, it is not true.

Compared to other leading nations, the US spends vastly more per head on healthcare, while often getting worse outcomes. Despite these high and rising costs, which have set the nation on course for bankruptcy, the US lags behind other countries on measures such as life expectancy at birth (see graph) and infant mortality.

People who have health insurance get excessive medical interventions, escalating costs so that tens of millions can't afford it. Those left uninsured have minimal access to healthcare, and are likely to contribute significantly to the country's relatively poor health outcomes. Even the insured could be sent to an earlier grave by risky interventions they don't need.

Research at the Dartmouth School of Medicine in New Hampshire shows how high-spending regions of the country are driving the spiralling costs. Insurers and the government pay set fees for each medical intervention performed. In some regions, doctors

in institutions that are competing to become "centres of excellence" in high-paying fields may use unnecessary diagnostic tests, and surgeons often perform expensive procedures when cheap drugs may be a better option.

The main proposals now before Congress won't do much to tackle this problem. Rather, they concentrate on the important issue of expanding access to health insurance, and the Congressional Budget Office calculates that they will increase spending by hundreds of billions of dollars over the coming decade.

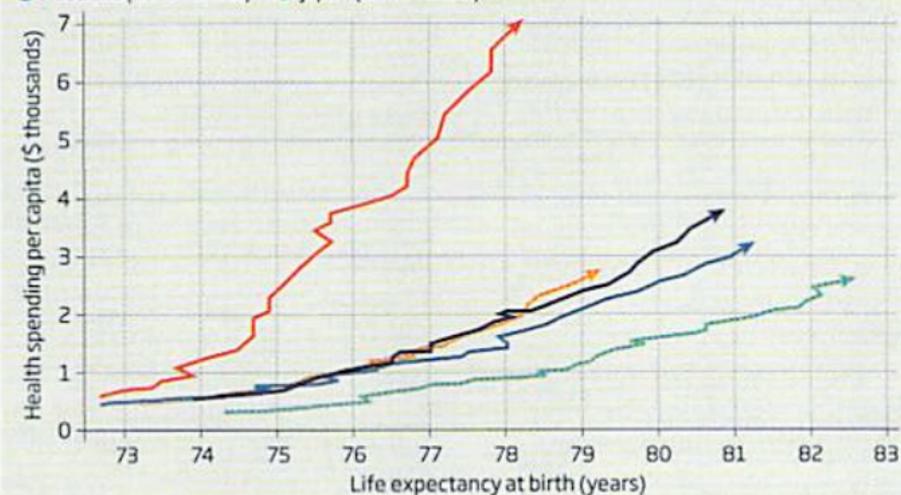
Cutting costs would involve more research into the comparative effectiveness of different tests and treatments, and giving doctors incentives to deliver quality care, not just paying them more for doing more.

Why the reluctance to tackle these issues? Partly it's because no politician wants to be accused of rationing healthcare. One way forward might be to inform the public that sometimes less can be more. "When people understand, they're less likely to choose expensive, invasive procedures," says Shannon Brownlee of the New America Foundation a think tank based in Washington DC.

**Peter Aldhous and Jim Giles** ■

### America's extravagant health spending has not translated into high life expectancy

● US (1975 - 2006) ● UK (1980 - 2005) ● Canada (1976 - 2006)  
● Australia (1975 - 2006) ● Japan (1975 - 2006)



SOURCE: OECD HEALTH DATA, 2009