

Buyse: Prescription for rising health care costs

By Marylou Buyse, Guest Columnist
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The cost of health care has become a major cause of concern for cities and towns throughout the state. Look no further than your own backyard.

Earlier this year, Hopkinton projected a \$20 million budget deficit for the school department a decade from now due to rising costs such as health insurance. At its current pace, 20 percent of the town of Wellesley's tax revenue is expected to go toward insurance for town employees over the next four years, while one-sixth of collected property taxes in Franklin currently are used to pay for insurance.

Statewide, municipal health costs soared 63 percent between 2001 and 2005, according to a survey by the Massachusetts Municipal Association and the Massachusetts Taxpayers Foundation. The rising cost of health care serves as a double whammy for us as consumers and as taxpayers. Not only does it mean we have to spend more for care, it means less money is available for municipal programs and services such as road and bridge maintenance, education, and police and fire services.

I'm often asked by state and local officials, "Why do premiums keep increasing?" The reason is simple: health insurance premiums are driven by health care costs. We spend \$7,075 per resident every year on health care in Massachusetts, compared to the national average of \$5,313.

A number of factors have contributed to rising health care costs in Massachusetts and across the country, including higher rates charged by providers, greater use of medical services, and the proliferation of new medical devices and technologies.

Others factors are unique to Massachusetts. Mandated coverage of specific benefits such as prescription drugs, the large number of specialists in the state compared to the U.S. average, the expansion of teaching hospitals in Boston and the surrounding suburbs, and consumers' reliance on them rather than community hospitals for routine care, have widened the gap in health care costs between Massachusetts and the rest of the nation.

The new law that gives cities and towns the option to join the state's Group Insurance Commission to purchase health insurance has the potential to help municipalities. Last year's landmark Health Care Reform Law has done a great job to expand coverage. While both offer a good start, they only address the symptoms of what ails the health care system, not the cause - rising health care costs.

So what can be done? Here are some ideas:

- 1) Make cost and quality data easy to understand. Information about price and performance is essential to cost control. As more consumers begin to purchase health insurance, many will select options with lower monthly premiums that require additional out-of-pocket spending, so

they'll need data on the cost and quality of providers. The state's Health Care Quality and Cost Council is critical to this and it is important that the Council make this information easy for residents to understand so that they can comparison shop.

2) Give consumers and employers more choices. One size doesn't fit all. Piling on mandated benefits increases premiums. State leaders should allow for more flexibility in benefit design, including products without prescription drugs, to ensure that residents and employers have a wide array of options in deciding the coverage that best meets their needs.

3) Promote care in the right setting. Five years ago, a state commission sounded the alarm on the growing shift by patients away from lower-cost community hospitals to higher-cost teaching hospitals. Since then, the trend has actually accelerated, even when quality is comparable. Policymakers and employers should support initiatives that encourage consumers to use the most efficient and best performing physicians and institutions.

4) Improve the quality of care now. Only slightly more than half of the care delivered to adults represents what the medical evidence says is the right thing to do. Public reporting of serious medical errors, better coordination by hospitals in scheduling elective and surgical procedures to decrease ER overcrowding, and reducing duplicative diagnostic tests can improve quality and control costs. Fixing the medical malpractice system by eliminating frivolous claims and fairly allocating damages would reign in a significant cost driver that does nothing to improve the quality of care.

State leaders have done a great deal over the past two years to offer a helping hand to municipalities and to the uninsured. Keeping health care affordable is the challenge we face and it's time we address the factors driving health care costs. If we don't, the gains we have made are going to slip through our fingers.

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