

Break the cycle

More health care doesn't always mean healthier people. So why continue investing in it?

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Failures in business are the savvy executive's most valuable lessons. Perhaps the most widely known failure in recent years is the attempt to control health costs. Until we learn from these failures, history is doomed to repeat itself. First we could discard strategies that try to manage costs yet still cater to emotional needs.

Preventive care is one such strategy. Health maintenance organizations tried to keep everyone well; this was seen as not only a noble cause but also a way to achieve cost savings, since health is presumably cheaper than illness. HMOs encouraged people to seek medical care early and often, to solve health problems before they became hospital stays. Though HMOs fell from favor, this theory continues to be popular.

The theory breaks down because health that is created by getting lots of medical care is more expensive than sickness. For example, look at high cholesterol. Hundreds of people get tested and treated — and then have side effects — in an aggressive early detection program. The popular drug for treating cholesterol costs more than \$1,000 per year per person.

Treatment dramatically reduces a person's chance of having a heart attack, but the chance is never reduced to zero. Some heart attacks still occur. Indeed, the savings from fewer heart attacks pale in comparison to the cost of preventing them.

Even having less heart disease might not reduce costs. Between 1987 and 2000, heart disease care came into a new era with cutting-edge prescriptions, surgical procedures, medicated stents and more. During that time, the number of heart disease patients rose only 1.1%. The medical cost per patient rose 68.6%. The nation spent \$26.2 billion more on heart disease for essentially the same number of patients.

Other health conditions, such as mental disorders, have skyrocketing costs because more people than ever before are getting diagnosed and treated. The prevalence of mental disorders went up by nearly 60% between 1987 and 2000. Diagnoses went up just as new and improved antidepressants hit the market. These drugs have fewer side effects than their predecessors, so more people are willing to take them.

Antidepressants also cost about \$1,000 per year per person. In the year 2000, the nation spent \$7 billion on one type of antidepressant. From 1985 to 1999, antidepressants alone boosted prescription drug spending by 13.5%.

The latest innovation for drugs is biotechnology. Biotech drugs are made from proteins, and generally must be injected rather than swallowed. Handling and storing these drugs is more complex than managing pills. A single injection for rheumatoid arthritis, for example, costs \$800. It's a breakthrough for patients, and a new cost of nearly \$10,000 per year per patient.

While inventors get applause, the cost struggle rages. This points to the one major factor that powers rising costs: health industry innovation and improvement. Without statin drugs, people who have high cholesterol would be having more heart attacks. Without antidepressants, a lot of people would be less functional and some would be suicidal. No one would suggest rejecting these advances, yet everyone wants to reduce health costs.

The tug of war was demonstrated when the federal government briefly considered price controls for Medicare's new drug coverage. The pharmaceutical industry responded by threatening to cut its research and development budgets. The specter of having fewer multi-thousand-dollar drugs frightened legislators and constituents away from negotiating prices. Research and development in the prescription drug industry — and for any other health-related enterprise — is the beacon of hope that will not be dimmed by grubby concerns about costs.

The noble cause of saving or improving human life is often juxtaposed against the selfish cause of saving money. Health care providers and patients combat the evil insurance company and its number crunchers. Everyone wants the best care in a convenient location and at any cost: an easy demand to make when someone else — an insurer or government — is paying the bill.

Limitless hope easily triumphs over limited funds. Cost management strategies will fail as long as the health industry invents new hope for sick patients. And the health industry will not stop inventing as long as the profit margins are attractive. In order to stop this vicious circle, someone has to stop the dynamics that make it grow.

Who will draw that line? Whoever does will earn the moniker of cold-hearted misanthrope. Putting a limit on health care is foreign to Americans. Literally foreign: Other countries distribute medical care differently and more economically. The United States touts the best medical care in the world, but citizens of other countries — countries that spend half as much — live just as long as Americans. The best medical care does not make better health and longer life, just more expense.

Meanwhile, businesses struggle to pay health insurance rates that rise three times faster than general inflation. Logical thinking about health and costs might lead to successful strategies. Only then will the past failures have delivered their lessons.

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