



September 2005

Who Creates "Patient Need"?

(A shorter version of a Maine Voices editorial that we wrote for the August 23rd, 2005 Portland Press Herald.)

The economic laws of supply and demand operate very differently for medical services than for any other market product. Patient demand is most often a side-effect of the market, and prices are not reined in by the patient's wallets. Here are five points about why the market operates this way:

- ✓ **Supply inspires demand.** Put up another MRI machine, and more patients will get MRIs. For each additional MRI unit, a group of one million people will spend \$400,000 more per year on MRIs.
- ✓ **Society changes its attitude toward disease and how to treat it, based upon new discoveries.** Currently, more than 97 percent of obese adults are candidates for bariatric surgery. Now that we view obesity as a disease and Medicare started covering these surgeries, more patients are likely to seek this treatment.
- ✓ **Research invents new approaches, which in turn creates more patient need.** For example, heart disease patients cost 70 percent more in 2000 than they did in 1987. Why? Advances in cholesterol-lowering drugs and improvements in angioplasty and cardiac catheterization led to more patients getting more treatment.
- ✓ **Patients do not shop for price.** For high cost procedures or drugs, very few patients pay from their own wallets; thus, their interest in price is small. Even high deductible HSAs still shelter patients from significant costs.
- ✓ **Similarly, patients cannot shop for quality.** While quality information is slowly emerging, many patients will continue to base their choices upon trust. Even former President Bill Clinton chose to have his heart surgery at a hospital known to have a higher rate of complications. The final result is that patient need is easily guided by trustworthy providers.

Patient need ultimately comes out of our ever-expanding definition of "health." For example, when the guidelines for cholesterol levels changed, more patients became

candidates for maintenance drugs. People previously deemed healthy are suddenly sick and find themselves (their health plan) spending \$1,000 per year on medicines.

Our capacity to invent more and more “health” is limitless, but our wallets are painfully finite. The health care crisis will end when we all face that reality.

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