The *Value* of Health Care

EXECUTIVE DIRECTOR'S MESSAGE

By Bill Sandberg

Any successful health reform must put the patient back into the purchasing equation - big time.

I WROTE A COLUMN about a month before the November 2000 election, saying it probably would not matter who was elected President; neither candidate would do much for health care reform. I haven't changed my mind.

What I have thought more about is the issue of *value* in health care. Value is a major but under-appreciated component in the health care delivery and purchasing equation.

From the insured or patient's perspective, it can mean many things - the cost of insurance, deductibles, co-payments, price of service, physician and hospital choice, perceived or real quality of care measurements, convenience, access and satisfaction.

For the physician, there are similar issues about the real and perceived value of his or her services, the time available to deliver value to the patient. Hospitals, like physicians, want to deliver value through their services, too.

In most exchanges of goods or services, the customer is king. To buy or not to buy is a value decision based on return of value versus cost. If basic transportation is the goal, then a Chevy will do. But heated leather, or the ability to go fast and stop quickly, are going to cost more.

The main point is that it's your decision how to spend your money, and there is an actual exchange of cash. You make the choice and live with its consequences.

Unlike the days when fee-for-service and/or indemnity insurance was the norm, the customer today is not king. Physicians and hospitals don't - and often cannot - set their price, and patients are putting out very little if any of their own money in the transaction. Delivering value to the patient is not under the full control of the physician or even the medical group. Today, the value equation is limited by what insurers are willing or able to charge and pay, and what physicians and hospitals are willing to take.

The patient lucky enough to have insurance should set the value equation, but is, in most cases, not even part of it. Employers and the insurers make the value decisions. Those who contract to provide service via insurers have few alternatives and suffer severe underfunding. Any successful health reform must put the patient back into the purchasing equation - big time.

This means that the patients must have incentives - through tax credits, medical savings accounts, increased co-payments, greater choice and other mechanisms - to make a more personal and financial commitment to the purchase of medical care. Ideally, we should find a way to get employers out of the equation.

And, of course, we want to continue subsidizing care for those of limited means.

I'm not a political pundit, so I don't know if giving patients some responsibility in making value decisions is a Democratic or Republican tenet. I do think it's a right that must be restored.

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