



e.Forum Posit

"Hospital charges for supplies, medications, and emergency care are often many multiples of cost, directly impacting the working underinsured, and indirectly increasing the cost of care to all. Similar spiraling costs are seen in all areas of medicine. The major cause is not the development of expensive technology, but legislative manipulation and control of hospital and physician office practice."

I disagree with the last two statements -- they don't seem to directly relate to the premise (with which I do agree). I believe there are complex reasons why there is such a markup at the hospital level on supplies, medications and emergency care. I believe it has to do with transfer of costs, with the increased cost of these items offsetting the care that is not reimbursed, that must be provided to the uninsureds. (Perhaps that's too simplistic a view, though.) — *Ruth Haskins, MD*

The first statement is indisputable. The second statement sounds like political propaganda - simplistic and misleading. There are many factors contributing to escalating health care costs, but "legislative manipulation" is not one that is widely recognized by health economists who have studied the problem. — *Patrick S. Romano, MD MPH*

The temptation of hospitals to inflate charges to drive up reimbursement on the business that is based on a % of charges has become so habitual that only a major revolution of payment mechanism would be able to change the historical pattern. Many outpatient services by competitors to hospitals have figured out however the market sensitivity of price for lucrative cash services and do very well in such an insensitive climate—*Thomas March, MD*

I agree: Hospital charges for supplies, medications, and emergency care are often many multiples of cost, directly impacting the working underinsured, and indirectly increasing the cost of care to all. Similar spiraling costs are seen in all areas of medicine. But I disagree: The major cause is not the development of expensive technology, but legislative manipulation and control of hospital and physician office practice.
— *John Schafer, MD*

I agree with the first part of the statement, but not the cause. One of the major problems is when you know you will be paid 25% on the dollar by Medicare & Medicaid (if at all !!), you have to inflate your fees 4 fold to break even and 5 fold to make money.
—*John Tucker, MD*

It's not manipulation that causes these costs to be so out of proportion. It's cost shifting due to the large number of under and uninsured. We expect everyone to be fully and fairly cared for when they arrive at the hospital. But we must make the income we get from the insured stretch to pay for everyone else. The uninsured get the worst deal of all. The government gets a pretty good deal, since we end up subsidizing the under-reimbursement from Medi-Cal and Medicare. This problem won't go away until we have universal coverage. — *Joanne Berkowitz, MD*

"I just paid a hospital pharmacy \$91.00 for 2 Gms. of IV Ampicillin, which could be purchased from a medical supply house for \$12.00. I can't blame that "gouge" on the Govt." — *Elbert T. Rulison, MD*

"The question is two parts. I agree with the first part, don't necessary agree with the second part." — *Trevor Hacker, MD*

"I agree. But the implication in the statement is derogatory and negative: it is inappropriate and wrong to charge multiples of cost..... "The bottom line is the bottom line...." No organization or business, hopitals included, can operate in the "red." All organizations have to make a "profit," or else they will cease to exist. In this case, hospitals have to charge more where they can, in their endeavor to be "profitable." In an ideal world, hospitals would just charge a "reasonable" percentage above their cost, and that profit margin would be acceptable and uniform across the spectrum of services provided. But ours is not an ideal world, and legislation and administrative/contractual obligations make simple and reasonable options an unachievable goal."
— *George W. Chiu, MD*

Legislative manipulation probably plays a part, but spiraling health care costs have many causes. — *Earl Washburn, MD*

I would agree with parts of the statement, but certainly not all of it. Medical care is not "more expensive for all" simply because not "all" pay for it. Many get their emergency care for free. Many are uninsured and there is no effective govt program in place to cover the true costs (not just charges) of that care. EMTALA mandates emergency medical care by all hospitals with emergency departments, but provides no process, mechanism or requirement to pay for that care. This is another example of the govt mandating a service or program without providing any funding provision. If it is so easy for hospitals to simply "cost-shift" the payments to insured patients, via inflated charges, then why have 15% of the hospitals in California closed their ER doors in the past 15 years? Actions speak louder than words. However, the statements about the administrative overhead costs of medical care in the US being ridiculous are quite accurate. Compare the US to Canada or England in that regard, or even compare private, for profit insurers to Kaiser in the US.
— *Edward A. Panacek, MD, MPH*

Expensive technology is not "the" major cause but is one of the causes of spiraling costs.
— *Donald W. Brown, MD*

My Occupational Medicine practice requires that I hire several extra staffers to deal with all the calls, faxes, & requests for "more info"...which has usually been previously sent to the insurers, but "misplaced!" This, of course, greatly inflates the cost of providing medical care to the injured worker. — *David E. Root, MD*

The problem lies with incompetent business management within health care. We always want to blame outside sources such as government or technology when the root cause is much closer to home. Health care need radical not incremental restructuring.
— *David J. Gibson, MD*

I disagree the government is the (major) cause of increased health care costs.
— *David Kissinger, MD*

I disagree. New technology and the unabated use of new tests has driven the cost up. Also, the unrelenting effort to keep the elderly alive in spite of end-stage disease costs lots of money. Sure, hospital costs are out of line, but we MDs order and use very expensive tests and medications. The legislature is responding to the demands of business and patients groups who realize that medical costs are truly out of line — *Byron Demorest, MD*

I neither agree nor disagree. Hospital charges indeed are many times the actual cost. The additional cost allows funds for physician training, unrecoverable costs (e.g., employment of patient transport personnel) and care of uninsured patients. It is a de facto method of approaching "from those who have, to those who need." Unfortunately, the insurance bargaining system applies pressure on the other side, so that it become not "from those who have..." but rather "from those who have some resources, but do not have advocates and collective bargaining to protect those resources...." The system therefore needs

more legislative control, rather than less.

— *Ben Leavy, MD*

I had the opportunity to consult with a very successful medium-sized self-insured employer who wanted to craft a new health care strategy. They had recently gained an understanding of the unusual economics in the health care industry, and they become very angry. They do not see any connection between the "cost of goods and services" and the actual prices that are charged in health care. They now feel that they have been "defrauded" by providers for many years. — *Alfredo Czerwinski, MD*

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