

# Health care costs

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HEALTH CARE COSTS (Bitter pill: why medical bills are killing us) of

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Bitter pill: why medical bills are killing us

The American health care industry is described by some critics as largely dysfunctional because it divides value instead of creating consumer (patient) value. The system is on the wrong premise of competing on the level of health plans, insurance providers, doctors groups, hospital networks, or supplier chains (Weisman, 2004). The wrong arrangement results in costly medical treatments, unnecessary diagnostic laboratory tests, and longer hospital stays. One prescription is to compete on treating specific diseases with prices that are fixed to put a cap on what can be charged to the patients. Physicians will benefit from the experience if they focus on a medical specialty that will lower the costs and improve health care quality with better patient outcomes (Porter & Teisberg, 2004). Health care reforms are expected to add 32 million people to those who are already covered and this will put new pressures on the system (Kovner & Knickman, 2011). There are ways to reduce costs like putting caps on prices and taxation of hospital income.

Recommendation – one measure is tort reform (Brill, 2013) by re-inserting the “ safe harbor” provision. This defense against medical malpractice lawsuits will address most of the costs involved in health care delivery by doing away with unnecessary procedures, tests, and treatments which are costly and being ordered by doctors just to be on the safe side.

Feasibility – a “ safe harbor” provision is viable because doctors will not be accused of medical negligence. If standards of care and treatment comply

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with benchmarks in medical practice and considered adequate, doctors will not charge so much or order so many tests.

Hindrance – a barrier to this solution is political partisanship and strong political lobby. The medical-health care industry complex spent about \$5.36 billion which is three times what is spent by the military-industrial complex for lobbying Washington so there is strong resistance.

Address the central issue – implementing tort reforms will remove a major incentive for doctors to practice defensive medical practice by ordering so many unnecessary laboratory tests. This is one of the main cost drivers in health care and so tort reforms will encourage doctors to be more prudent; taxation will just make hospitals increase their billing to make up for the tax. If a cap is put on prices, it will not work either because quality might suffer as a result.

#### References

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