

Rising health costs still a problem

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By FRANK RUGGIERO

As 2011 begins, more than three months has passed since "ObamaCare" began taking effect. Many are wondering if it will ultimately prove to be the grand solution to America's ongoing health care crisis.

While it will take a few years for all benefits of this federal health care reform law to filter to average Americans, members of the New Jersey Association of Health Underwriters (NJAHU) await answers to glaring questions that were not answered in the bill.

America still continues to spend on health care at an alarming rate. It has been commonly reported that our country spent \$2.3 trillion in 2008 on health care. That is a cost of \$7,681 per person — more than double the cost in the European countries and other industrialized nations around the globe.

The spiraling costs of health care are consuming our country's economic output — eating more than 17 percent of the GDP today. If we stay at this rate, 25 cents of every dollar of the GDP will be spent on health care in 15 years.

One of the key unresolved problems is the enormous cost of developing and marketing new drugs. When pharmaceutical companies are spending as much as \$1 billion to bring a drug to market, they have a huge incentive to see that drug prescribed. The cost of television commercials, physician seminars — even the printed pads and pens advertising the new drug — are all part of the expense.

When doctors prescribe the drug, it is generally an insurance company that pays the cost and passes the expense on to policy holders. Similar processes take place throughout the medical industry. MRI machines, out-patient operations, replacement kneecaps — all of these miracles of modern medicine — cost billions of dollars.

Insurance companies factor these enormous expenses into the annual premiums. The NJAHU membership is pleased that ObamaCare increases

the number of people who will have insurance coverage. But the fact remains the medical costs will continue to rise — unless some unpopular political decisions are made.

- If medical care providers disclose prices for common tests and procedures, patients can shop around for the lowest cost. This would create competition and reduce costs to the patient and the insurance carrier.
- Doctors should prescribe generic medicines when possible and appropriate, as well as older, proven medicines that work just as well as new, heavily-hyped products. It is still amazing what aspirin can do.
- Follow the example of the Cleveland Clinic, which charges based on diagnosis, not every single test and procedure. This also simplifies paperwork, allowing medical care facilities to focus on providing the best medical care possible, not on tabulating the bill.
- Enact tort reform to reduce the use of "defensive medicine." Many doctors will perform a test so they can't be sued for overlooking any possible disease, regardless of how minimal the likelihood may be.

Patients who are sick may feel the more tests, procedures and treatments they get, the better off they are. But it isn't the case. There are many side effects and risks involved in all this poking and prodding.

The biggest risk is the fact that health care costs

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continue to skyrocket — with or without ObamaCare — and affordable health insurance remains out of reach for many.

Frank Ruggiero, of Budd Lake, is the education chair of the New Jersey Association of Health Underwriters.

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