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Costs, Politics of Health Care Will Dominate Debate in '03

Whether during a routine checkup or a major hospitalization, patients are likely to share the health-care industry's pain this year. Soaring costs, work-force shortages, medical errors, waste and fraud -- all the industry bugaboos -- can't help but affect consumers.

Though Americans still have some of the best medical care in the world, our confidence in the system has been steadily eroding. In a survey last summer, pollster Harris Interactive found almost no one among five groups surveyed -- consumers, doctors, employers, hospitals and health plans -- holds a good opinion of the health-care system. Only 17% of the public believes "the system works pretty well and only minor changes are necessary." Almost twice as many feel "we need to completely rebuild the system."

While there are some encouraging signs of change and real efforts to solve the problems, the barriers are high. But with the new year comes the hope of progress. Here are the issues to watch in 2003:

Health-care legislation, finally? Health care is higher on the legislative agenda than it has been since 1994, when the Clinton administration failed to push through its own overhaul of the system. Though war or a deepening economic crisis could push it to the back burner again, health care appears to have a powerful champion in the new Senate Majority leader, Bill Frist of Tennessee, a former heart-transplant surgeon. Many expect him to help secure a much-needed prescription-drug benefit for seniors, a revamp of Medicare, and some form of universal coverage or tax credit for the 44 million Americans without health insurance. Limits on damages in malpractice suits also could be a priority. Together, such changes could begin to fix what ails the system, if the costs crisis doesn't interfere too much.

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Higher out-of-pocket costs: Even among those covered by a health plan, expenses are going to be higher as consumers are forced to dig deeper into their own pockets for larger co-payments and deductibles. Older Americans already are facing loss of coverage as states cut eligibility and benefits in Medicaid and other health programs. More employers are likely to offer "defined contribution" plans and health-savings accounts, which will force consumers to manage health spending carefully.

"In all cases, individual consumers will need to pay more out of pocket," warns consulting group Cap Gemini Ernst & Young in a recent report. Eventually, the group predicts, the public may be forced to use more generic drugs, make fewer visits to physicians, delay procedures or treatments, and think twice about demanding expensive diagnostic tools such as CT scans.

HEALTH-CARE HEADACHES

Consumers and doctors share many concerns about health-care in the U.S. But doctors list more woes. Here are the biggest concerns?...

According to the general public

Health-care costs	38%
Prescription-drug costs	31%
Corporate bureaucracy	11%
Availability of care	11%
Medical errors	6%

According to physicians

Malpractice insurance costs and lawsuits	28%
Health-care costs	27%
Problems with health plans	22%
Availability of care	19%
Uninsured/underinsured	16%
Declining reimbursement	14%
Prescription-drug costs	13%
Managed care/HMOs	11%
Medical errors	5%

Sources: Surveys conducted April-July 2002 by the Kaiser Foundation, Harvard School of Public Health

Already, Harris Interactive says, higher out-of-pocket costs for prescription medication mean many millions of people don't ask for medicines they need, use lower doses than those prescribed, and take their pills less often than they should -- or not at all.

"Given the big increases in cost-sharing in many health plans that are coming in 2003 and 2004, it seems very likely that noncompliance will get much worse over the next few years," Harris warns. In the end, of course, not taking our medicine will only worsen our health.

Improving patient safety: Deadly errors have been the subject of myriad studies during the past couple of years, starting with the alarming 1999 Institute of Medicine report "To Err Is Human," which said 44,000 to 98,000 Americans die each year from preventable medical errors. The latest study by the Harvard School of Public Health and the Kaiser Family Foundation, reported in the Dec. 12 issue of the New England Journal of Medicine, said 35% of physicians and 42% of members of the public reported errors in their own or in a family member's care. Yet neither group was as concerned about the problem as the Institute of Medicine study suggested, and both groups believed the number of deaths from hospital errors was exaggerated by the 1999 report.

The Leapfrog Group, a collective of big employers focused on improving health-care efficiency, is pressuring hospitals to focus on three solutions: computerized order entry systems to avoid paperwork mistakes; increasing the use of specialists in the intensive-care unit; and putting patients in hospitals where a high volume of procedures are performed.

Leapfrog and others are offering financial incentives to hospitals that comply with its guidelines. Another coalition of hospital groups and medical schools last month announced plans to begin collecting and sharing with the public standardized information about the quality of patient care in hospitals. More states are pushing for public reporting of medical errors.

Health-care worker shortages: Hospitals face a growing shortage of important medical personnel, from pediatric subspecialists and anesthesiologists to pharmacists and nurses. Hospital groups warn that nursing shortages are a factor in emergency-room overcrowding and will hurt the health system's ability to respond to any mass-casualty event such as a bioterrorism attack. The shortage is forcing the cancellation of elective

surgeries and the discontinuation of some clinical services.

The Journal of the American Medical Association recently reported that in hospitals with high patient-to-nurse ratios, more surgical patients die, and nurses are more likely to experience burnout and job dissatisfaction. Researchers at the University of Pennsylvania found that nurse staffing has a "pronounced effect" on both mortality in general and mortality following complications.

On a positive note, Congress last year passed the Nurse Reinvestment Act, which authorizes scholarships and loan repayments for nursing students who agree to work in shortage areas after they graduate. But it has yet to fund the program, and there are more than 125,000 unfilled nursing positions across the U.S. The American Association of Colleges of Nursing said enrollments in entry-level baccalaureate programs in nursing increased 8% this fall from last year.

Unfortunately, the group said, the number of students in the educational pipeline is still insufficient to meet the projected demand for a million new nurses during the next 10 years.

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