Improving Return on Investment in Health Care by Reducing Overuse and Misuse—Large Employers’ Perspectives

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As politicians face the disturbing consequences of high health care costs on federal, state, and local budgets, the need to act will likely drive unwise decisions. Typical responses to severe cost pressures, as we have seen in state legislatures and the Congress, are blunt cuts that often affect the most vulnerable and those without political power. Changes that take waste out of the system, such as not paying for clearly ineffective or redundant care, will be resisted by affected economic stakeholders.

Sobering statistics on the costs, quality, efficiency, and effectiveness of health care in the United States are ubiquitous. In 2012, national health expenditures are estimated to be $2.8 trillion, nearly $9,000 per person, or 17.6 percent of the gross domestic product. Health care costs are projected to grow faster than the economy as a whole for years to come. Anecdotal reports suggest that employers are taking more aggressive steps—such as introducing high-deductible health plans—to avoid paying a high excise tax (40 percent) on health benefit costs greater than $10,200 for individuals and $27,500 for families in 2018.

The level of private spending by itself is unsustainable. In 2012, health care costs per active employee will reach $11,664. During the Great Recession, employers reduced headcount, reduced hours for some, reduced or suspended 401K matching, and increased employee cost sharing for benefits. Employers also became more committed to cost management and increased attention to health improvement. Employers want to see a reduction in costs, not just a slightly moderated annual increase in medical claims costs. While health care costs are not the only reason that employers create jobs in other countries, they add significantly to the uncompetitive labor costs employers face in the United States compared to other countries.

High prices are a major driver of U.S. health spending, which is nearly twice as much per year as other high-standard-of-living countries, like Germany and France. In the short term, employers see price and quality information along with benefit plan design and reference pricing as essential if consumers have any hope of being informed and motivated to choose less-expensive providers when there are no differences in quality. But bending the cost curve with a reasonable probability of simultaneously reducing actual harms and risks will come from focusing on ensuring clinically appropriate and meaningful care and weeding out inappropriate and redundant care, as well as pur-
suing the kind of process reengineering done at Virginia Mason, Geisinger Health System, and Intermountain Health Systems.

Choosing Wisely Campaign

In this vein, one of the most promising new initiatives is aimed at reducing services that are not clinically useful for many patients but are ordered anyway. This campaign, called Choosing Wisely, is led by the American Board of Internal Medicine Foundation and involves nine physician specialty groups and a number of supporting organizations, including the National Business Group on Health. This physician-led campaign will help ensure that people receive the most clinically appropriate and effective care for their own conditions while not wasting time, opportunity costs, and money on treatments or tests that are ineffective, harmful, or risky for other patients.

Consumer Reports is partnering with the Choosing Wisely campaign to ensure that consumers and patients have access to key information about tests and services that are overused. Doctors complain frequently that patients “demand” certain services, and that taking time to educate patients is time they do not have to give. Informed patients are more likely to understand the risks and harms of certain procedures or tests; as a result, they are less likely to ask for or agree to unnecessary or wasteful treatments. The National Business Group on Health is working with Consumer Reports to disseminate accessible information to employers, employees, and their families.

Addressing Obstetrical Risk and Harm

Few areas in medicine are more important to employers than obstetrics. Depending on the age distribution of their workforce, employers’ highest medical claims may be for deliveries and newborns, especially for babies born with less than 39 weeks’ gestation. It currently is estimated that 10-15 percent of deliveries before 39 weeks are elective, against the guidance of the American Congress of Obstetricians and Gynecologists (ACOG). The March of Dimes, ACOG, the Centers for Medicare and Medicaid Services’ Partnership for Patients, National Priorities Partners, health plans, and large employers are partnering to reduce harm to infants by supporting various interventions, including “hard-stop” rules in hospitals that strongly discourage elective, not-clinically-indicated labor or caesarean section. The national goal today is to reduce the incidence of elective deliveries and caesarean sections to less than 5 percent. One health system, Ascension Health, has demonstrated 99.44 percent compliance to the ACOG appropriateness standards, proving that the right approach can be very effective. Even though the campaign is relatively new, national progress already is being made.

Reducing obstetrical harm should be the highest priority for all involved in health care. First, the science is clear. Second, such efforts will result in better, safer care and higher quality of life for babies and their parents, while avoiding expensive medical costs. Finally, there is no better investment we can make. Our nation’s future is in our children’s hands—they are our future workforce. Not only is it the right thing to do, it is in our interest to ensure that every newborn has the best possible chance in life.

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References
3. Ibid., p. 116 (Mecklenburg and Kaplan).
4. Ibid., p. 245 (Steele).
Note: Authored commentaries in this IOM Series draw on the experience and expertise of field leaders to highlight health and health care innovations they feel have the potential, if engaged at scale, to foster transformative progress toward the continuously improving and learning health system envisioned by the IOM. Statements are personal, and are not those of the IOM or the National Academies.

In her commentary, Helen Darling discusses the pressing imperative for employers to control health care costs by reducing overuse and misuse. Her discussion touches on several issues and lessons central to delivery of care that is effective, efficient, and continuously improving, including the importance of:

- Organizational focus on ensuring that care provided is evidence-based and appropriate;
- Patient commitment to staying engaged in all elements of the care process;
- Employer, provider, and patient partnership in efforts to reduce unnecessary services and facilitate appropriate, individual-level care; and
- Top-level collaboration between vested stakeholders to support new initiatives focused on preventing misuse and encouraging effective, evidence-based care.

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