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How Can Our Nation Conserve and Distribute Health Care Resources Effectively and Efficiently?

Division of Government Affairs and Public Policy
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Confronting the Need to Conserve Health Care Resources

The American College of Physicians (ACP), the nation's largest medical specialty society representing over 130,000 internal medicine physicians (internists) and medical students, has tackled one of the most vexing problems now facing the nation: how can we effectively, efficiently and rationally distribute health care resources in a way that is politically acceptable given American views of personal freedom and responsibility? In a new position paper, the College seeks to help stimulate a deliberative national discussion of this issue. ACP urges public policymakers to consider developing a process for health resource allocation decision-making that is just and equitable, determine who should be involved in making these decisions, and devise mechanisms for implementation.

The College developed its position paper following the contentious debate over health care reform legislation that raised concerns about "rationing" health care services. It observed that an informed discussion now is needed on how health care resources can be used most efficiently and judiciously and how decisions on health resource allocation can be better made in a way that will have broad support from the American public.

The Current Rate of Health Care Spending is Unsustainable and Unaffordable

The rate of growth in health care spending is the single most important factor determining the nation's long-term fiscal condition.[i] The nonpartisan Congressional Budget Office (CBO) estimates that even after full implementation of the Affordable Care Act (ACA), health care spending in the United States will rise from about 15% of gross domestic product (GDP) to 25% in 2035.[ii] This would mean that one in every four dollars spent in the United States in 2035 would be spent on health care, leaving families, employers, and government with less money for food, housing, education, national defense, and everything else. For a typical non-elderly American family of four, spending on health care –total out-of-pocket spending by the family plus employer payments on their behalf – was on average $15,600 in 2008.[iii] By 2017, medical spending by or on behalf of the typical family of four could rise to $33,700, consuming about 41 percent of the family's gross wages before any deductions for taxes or other fringe benefits.[iv] The Centers for Medicare and Medicaid Services (CMS) projects that total US health care spending, already the highest in the world, will almost double over the next decade. [v] Yet as much as $700 billion of health care spending per year, 5% of the nation's GDP, is wasted on tests and procedures that do not improve health outcomes. [vi-vii]

In the current political environment of distrust of government [viii] with calls to curtail federal spending and to curb the staggering national debt, pressure to reduce spending on health care is intense and is likely to continue. The U.S. will, like other countries, have to face up to the need to make decisions on how much it can dedicate to health care and how to fairly and effectively allocate available resources. This will almost certainly require a reduction in the rate of increase of overall health care spending (public and private) in the U.S., as well as limits on how much of the federal budget can be designated for health care. Critical choices will need to be made about the allocation of health care resources. This will involve priority setting and difficult trade-offs.

Responsibility of the Medical Profession
Physicians have an ethical responsibility to provide health care services that are necessary and effective and not to provide care that is ineffective, inappropriate, or harmful.[ix]-[x] They have a responsibility to use health care resources wisely and responsibly. Resource allocation decisions also must be made at the national or systems level on how to control costs fairly and effectively for the health care system.

A Call for Informed Discussion and Rational Medical Decision-Making
Discussion of the most effective and appropriate ways to make health care allocation decisions are undermined when the debate becomes polarized over whether or how the United States should 'ration' care, a term that is poorly understood, emotionally-driven, and not conducive to reaching consensus. Achieving a national consensus on how best to use health care resources effectively, efficiently and rationally instead should seek to distinguish between medical rationing, in which decisions are made about the allocation of scarce medical resources and who receives them, and *rational* medical decision-making, by which judicious choices are made among clinically effective alternatives. Choosing among clinically effective alternatives based on medical evidence to provide clinically appropriate and effective care that maximizes value is not the same as rationing, which results in denial of care.

ACP calls for developing a transparent and publicly acceptable process for making health resource allocation decisions with a focus on medical efficacy, clinical effectiveness, and need, with consideration of cost based on the best available medical evidence. Using limited health care resources judiciously, fairly and appropriately will involve shared decision-making by patients, physicians, and other health professionals in choosing among clinically effective treatment options based on medical evidence. A strong evidence base is needed to determine what care is of good-quality care, what is clinically effective, what is clinically effective with proper consideration of cost, how to ethically and equitably balance these factors, and how to make choices based on evidence of comparative effectiveness. However, U.S. efforts to gather these kinds of information to date have been haphazard.[xi]

Patients should have a say in decisions regarding their treatment and cost-sharing amounts should vary to encourage value based on objective data of clinical and cost effectiveness. Additional criteria would also need to be considered in determining priorities for resource allocation in accord with societal values, reflecting moral, ethical, cultural, and professional standards. An allocation process involving priority setting would also need to be reviewed periodically to reflect changes in medical and societal values, new evidence, and to detect cost shifting or other unwanted effects. Opportunities would need to be provided for input at the policy level by all stakeholders, including the public and physicians. Allocation decisions should not discriminate against a class or category of patients, and the allocation process would need to be flexible enough to address variations in regional and population-based needs and to accommodate special circumstances.

The United States has a long history of individualism and of preserving the freedom of individuals to make their own choices. Although allocating healthcare resources effectively and efficiently will involve discouraging use of tests and procedures that are ineffective, all Americans should have access to affordable, essential and evidence-based benefits. Everyone should be able to obtain and purchase additional health care services and coverage using their own resources, regardless of the scientific evidence of effectiveness. However, health care professionals should not be obligated to provide services that are unnecessary, inappropriate, harmful, and/or unproven even if the patient requests to pay for such services out-of-pocket.

Judicious use of health care resources by all health care professionals, informed by evidence-based research on clinical effectiveness and evaluations of comparative cost reflecting societal values, offers an acceptable alternative to continued increases in health care costs that otherwise will lead to more explicit rationing. Further investment in developing comparative effectiveness data is essential to accomplish this goal. This cannot occur in a vacuum. Fraud and abuse in health care also must be eliminated. Medical liability reform must be enacted to deter the practice of defensive medicine. And payment system reforms must be accomplished to achieve greater value in health care.

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[iii] 2008 Millman Medical Index. Research Report, May 2008. Accessed at http://www.milliman.com/expertise/healthcare/products-tools/mmi/pdfs/milliman-medical-index-2008.pdf

[iv] **Reinhardt U**. The Health Care Challenge: Sailing Into a Perfect Storm. *NY Times* (Business) 27 Oct 2010. Accessed at http://economix.blogs.nytimes.com/2008/11/07/the-health-care-challenge-sailing-into-a-perfect-storm/

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[vi] **Orszag PR**. Increasing the Value of Federal Spending on Health Care. Testimony to Committee on the Budget, U.S. House of Representatives July 16, 2008. Accessed on 13 Sept 2010 at http://budget.house.gov/hearings/2008/07.16orszag.pdf

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[viii] **Pew Research Center**. Distrust, Discontent, Anger and Partisan Rancor: The People and Their Government, 18 April 2010. Accessed at http://people-press.org/report/95/how-americans-view-government

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[x] **ACP-ASIM Foundation, European Federation of Internal Medicine, and American Board of Internal Medicine.** Medical Professionalism in the New Millennium: A Physician Charter. *Ann of Intern Med*, 2002;136(3):243-46. Accessed on 15 Dec 2009 at http://www.annals.org/content/136/3/243.full.pdf

[xi] **American College of Physicians**. Improved Availability of Comparative Effectiveness Information: An Essential Feature for a High-Quality and Efficient United States Health Care System. Philadelphia, PA: 2008

Further Information:

This issue brief provides highlights from the ACP position paper, entitled *How Can Our Nation Conserve and Distribute Health Care Resources Effectively and Efficiently*. The full document is downloadable at http://www.acponline.org/advocacy/where_we_stand/policy/health_care_resources.pdf.

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