“Maybe We Could Have Bought Him a Good Pair of Shoes”: Why Peer Nations Spend Less on Health Care but Stay Healthier

Producer: Sandy Hausman

This is “New Directions in Health Care,” the Commonwealth Fund’s podcast, and today we’ll discuss the latest cross-national analysis of the U.S. health care system – a report entitled “U.S. Health Care from a Global Perspective: Spending, Use of Services, Prices, and Health in 13 Countries.”

The Commonwealth Fund’s David Squires and Chloe Anderson reviewed data from the Organization of Economic Cooperation and Development, looking at how the United States compared with 12 other high-income nations.

The first finding, Squires says, is that this country spends a lot.

“The U.S. spends far more on health care than any other country in the world. We dedicate over 17 percent of our economy towards health care. Just as a comparison, the U.K. dedicates 8.8 percent of the economy, so about half of what we do. We spend about $9,000 per person per year on health care, whereas in New Zealand they spend less than $4,000.”

And after reviewing other studies, he and Anderson concluded there were several reasons.

“It appears that we use more medical technology than in other countries. We take more drugs than people do in other countries. Another reason is that we tend to have higher health care prices. For example, in the U.S. an MRI costs about $1,145 while in Australia it costs $350. Surgeries, procedures, even drugs tend to cost quite a bit more in this country than they do in other countries. You know a pill is a pill, but if you’re in Australia, it costs about 50 percent of what it does in the U.S., and that has to do with how prices for drugs are set.”

Despite the fact that we pay more for health care, Squires says we spend less time getting it.

“We visit the doctor less often—only 2.6 times per year compared to over 4 times per year in Germany, Norway, and Sweden. Similarly we go to the hospital less often than the average industrialized country, and we also have fewer hospital beds and fewer physicians than in other countries on average.”

Even more surprising is the fact that we’re not healthier than countries that spend far less. Our life expectancy is the lowest of the countries studied, and our infant mortality is the highest. Elizabeth Bradley is a professor of public health at Yale University and coauthor of *The American Healthcare Paradox: Why Spending More Is Getting Us Less*. She suggests another explanation for our troubles. The U.S. spends less than its peers on social services.

“For every one dollar we spend on health care, we spend about 90 cents on social services, but if we go to these other countries, for every one dollar they spend on health care, they’re spending two dollars on social services.”

To explain why this is a problem, she describes a 28-year-old patient with Type 1 diabetes. Because the disease put him at risk for neuropathy, he needed to take good care of his feet—to keep them clean and dry, but the man was homeless. He couldn't afford new shoes, and the ones he had leaked.

"He had great access to high quality medical care. He lived close to an academic medical center. He was able to get the medications that he was prescribed, but he did not have access to safe housing, to the proper shoes he needed, to the overall nutrition and lifestyle he needed to be able to stay on the medical regimen."

As a result, he lost several toes, and doctors said they might have to amputate his lower leg if his condition did not improve. Those surgeries cost thousands of dollars, and Bradley says the patient was dying a slow, unnecessary death.

"And one that ends up being incredibly expensive to the medical care system, when maybe we could have bought him a good pair of shoes."

Bradley says many countries in Europe do a better job of providing holistic care for their patients by providing the social services that allow them to take better care of themselves.

"We can look to Scandinavia—Sweden, Norway, and Denmark—and we can see that they have a very strong, democratically elected county-level government, and that county-level government is embraced as the legitimate government that can decide in a holistic way: how much are we going to spend on the hospital? How much are we going to spend on housing? How much job training? How much kindergarten—you know all of the social services and the health services debated transparently, in public at a county level."

In this country, she says, few counties are empowered to do that job. But Bradley and David Squires agree that the advent of accountable care organizations is an important first step in changing the system.

"An accountable care organization, for example, could have a financial incentive to invest in forms of social services if that would be a cost-effective way to keep their beneficiaries healthy. They'll have every incentive to look at some of these cheaper potential ways in which you could support the nonmedical sides of a person's health to avert and avoid subsequent medical care that would be very expensive."

Bradley believes providers of health care and social services are well aware that something must be done.

"My coauthor Lauren Taylor and myself, were both really thrilled and surprised to find out how much this resonated with frontline providers—doctors in emergency rooms, nurses in clinics, people who are working in the nursing home industry, everybody who touches a patient. We had physician after physician tell us, 'Oh it's about time somebody said this out loud.'"

She admits it's a very big problem with many moving parts, but she remains hopeful that this country can change for the better.

"If there's anywhere that innovates quickly, efficiently and really tries to understand and move the dime forward, I think it's the United States. We have really come to terms with some very expensive and difficult health problems and changed things. Think about smoking. In the 50's and 60's everybody smoked. Smoking was totally a normal thing to do, and it was about to create huge expenses in health care and terrible health problems. Today we look around. People don't smoke very much. And that was through quite a bloody battle of legislating differently, advertising differently, health education—you know, decades of work. But it was only decades. It wasn't millennia, and things have changed."

And at The Commonwealth Fund, David Squires says the nation can't go on spending more than 17 percent of GDP on health care.

"We really are going to have to get costs under control, or these things are eventually going to crowd out every other priority that we would like to invest in."

You'll find our latest cross-national analysis of the U.S. health care system on our website. Join us again soon for another edition of "New Directions in Health Care," the Commonwealth Fund's podcast, and thanks for listening.