



In the Literature

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Kalipso Chalkidou, M.D., Ph.D.

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SPENDING ON MEDICAL CARE: MORE IS BETTER?

Conventional economic theory holds that “more is better,” but a growing body of evidence suggests health care is the exception to the rule.

In their commentary, “[Spending on Medical Care: More Is Better?](#)” (*Journal of the American Medical Association*, May 28, 2008), Gerard F. Anderson, Ph.D., of the Johns Hopkins Bloomberg School of Public Health, and Kalipso Chalkidou, M.D., Ph.D., a 2007–08 Commonwealth Fund Harkness Fellow, argue that spending more on health care does not ensure that patients are healthier and happier with that care. They highlight several studies demonstrating that the level of health spending is a relatively poor predictor of health outcomes and satisfaction.

A study published in the same issue of *JAMA*, led by Floyd J. Fowler, Jr., Ph.D., of the University of Massachusetts, offers important information about the “more is better” debate, say the authors. The study revealed that Medicare beneficiaries in regions with greater health spending levels were not necessarily more satisfied with their care—a finding that confirms previous research showing little correlation between health spending and clinical outcomes across the United States.

Multinational studies have reported similar findings. In reviewing data collected from its 30 industrialized member countries, the Organization for Economic Cooperation and Development did not see a strong relationship between health spending levels and health outcomes. A series of inter-

national surveys of patients, physicians, and hospital administrators by The Commonwealth Fund found minimal correlation between health care spending and satisfaction with care. In fact, the United States—by far the biggest health care spender—reported lower satisfaction than other surveyed countries. Moreover, international surveys conducted by the World Health Organization and the Gallup Organization failed to show that spending more on health care improves patients’ satisfaction or perceptions of health care system responsiveness.

“Factors such as education among women, average per capita income, and degree of income inequality explain more of the cross-national variation in overall health status than the level of health spending,” say the authors. They also note that health expenditures above \$2,000 per capita have little positive effect on health outcomes.

Despite this evidence, health expenditures continue to rise. Hospital administrators and physicians claim that patient demand, bolstered by the proliferation of direct-to-consumer medical advertising, drives additional use of medical services. But a growing body of literature shows that, when presented with good-quality, unbiased information about the risks and benefits of treatment alternatives, patients do not necessarily seek the newest, most expensive, or most aggressive treatments. “In terms of outcomes and satisfaction, the United States may have reached the position of diminishing returns for spending on medical care,” the authors conclude.