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Bureaucracy won't contain costs

By David Charles

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Two new studies document what doctors have known for years: the bureaucratic red tape involved with health plan pre-approvals and denials of care are dramatically inflating the costs of health care. Not only that, but they are robbing physicians of time that could otherwise be spent providing care to patients.

As the Congress and the Obama Administration debate health care reform, these new studies serve as a cautionary tale against plans that contain costs by creating more bureaucracy.

The new research finds that our nation spends \$31 billion a year on the bureaucratic costs that result when physicians and patients are made to jump through hoops in order to gain access to tests, medications and care. Not one nickel of that \$31 billion goes toward diagnosing an illness, curing a disease or easing a patient's pain. Most of the money is wasted forcing doctors and their staff to fill out mountains of paperwork and place countless calls to insurance companies begging that their patients have access to the proper care — sometimes causing serious delays.

Both studies were funded by independent foundations and published in the journal Health Affairs. One is a national study of physician practices authored by Lawrence M. Casalino, a physician, and his colleagues at Weil Cornell Medical College. The other is a study of a large group medical practice in California conducted by Julie Sakowski of the Sutter Health Institute for Research and Education.

According to the national study, physicians on average spend three hours a week on insurance issues. In my experience, these issues tend to involve dealing with the frustrating pre-approval process, which seems intended to deny or delay access to care.

This bureaucratic runaround is most damaging to small primary care practices, but the trend is the same for specialists and larger primary care groups. In all practices the most time was wasted settling issues concerning drug formularies. This is certainly true in my practice. “Red tape” issues like this rob patients of time with their doctor and waste valuable health care resources.

The national survey tells us that each year primary care practices spend an average of \$64,859 worth of physician time addressing insurance requirements. The average number goes up to \$78,913 for

specialists. This is certainly confirmed in the California study, which made a detailed analysis of a large multi-specialty medical group. In order to handle billing and insurance related functions the practice had to hire two full-time administrative employees for every three full-time physicians. And physicians themselves spent an average of 35 minutes a day on administrative tasks. Bottom line: for each of the physicians in the group, the practice was paying \$85,276 in billing and insurance costs.

Patients, of course, are the ones paying the highest price when administrative red tape costs them not just money and time, but peace of mind as well. When a health plan refuses to cover a drug or treatment prescribed by a patient's doctor, a successful appeal can take weeks of work by the patient and his or her physician as they are forced to fight for the prescribed care. This can involve paperwork and numerous calls to the insurance carrier. In my experience, the most seriously ill patients often don't have the stamina to do battle with a large insurance company.

The findings of these two studies lead to an obvious conclusion. When considering how to rein in costs and pay for health care reform, Congress should look for ways to limit the number of bureaucratic hurdles that insurance plans often force patients and their physicians to clear.


Charles, a physician, is associate professor of neurology at Vanderbilt University and chairman of the Alliance for Patient Access.

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