



Health Inc.
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Heard on *Fresh Air*
Terry Gross

How U.S. Health Care Became Big Business

Health care is a trillion-dollar industry in America, but are we getting what we pay for? Dr. Elisabeth Rosenthal, a medical journalist who formerly worked as a medical doctor, warns that the existing system too often focuses on financial incentives over health or science.



Bill Diodato/Getty Images

"We've trusted a lot of our health care to for-profit businesses and it's their job, frankly, to make profit," Rosenthal says. "You can't expect them to act like *Mother Teresas*."

Rosenthal's new book, *An American Sickness*, examines the deeply rooted problems of the existing health-care system and also offers suggestions for a way forward. She notes that under the current system, it's far more lucrative to provide a lifetime of treatments than a cure.

"One expert in the book joked to me ... that if we relied on the current medical market to deal with *polio*, we would never have a polio vaccine," Rosenthal says. "Instead we would have iron lungs in seven colors with iPhone apps."

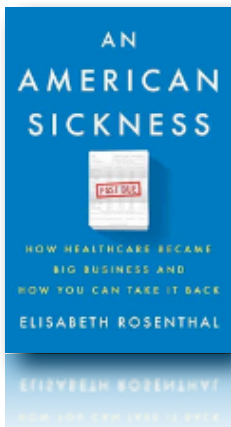
Interview Highlights

On what consolidation of hospitals is doing to the price of care

In the beginning, this was a good idea: Hospitals came together to share efficiencies. You didn't need every hospital ordering bed sheets. You didn't need every hospital doing every procedure. You could share records of patients so the patient could go to the medical center that was most appropriate.

Now that consolidation trend has kind of snowballed and skyrocketed to a point ... that in many parts of the country, major cities only have one, maybe two, hospital systems. And what you see with that level of consolidation is it's kind of a mini-monopoly.

What happens, of course, when you have a mini-monopoly is you have an enormous sway over price. And so, what we see in research over and over again is that the cities that have the most hospital consolidation tend to have the highest prices for health care without any benefit for patient results. So consolidation, which started as a good idea in many places, has evolved to a point where it's not benefiting patients anymore, it is benefiting profits.



An American Sickness

How Healthcare Became Big Business and How You Can Take It Back

by Elisabeth Rosenthal

Hardcover, 406 pages

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On the ways the health-care industry stands to profit more from lifetime treatment than it does from curing disease

If you're a pharmaceutical manufacturer and you have a problem like diabetes, for example, if I invented a pill tomorrow that would cure diabetes — that would kill a multi-billion dollar business market. It's far better to have treatments, sometimes really great treatments ... [that] go on for life. That's much better than something that will make the disease go away overnight.

On how prices will rise to whatever the market will bear

Another concept that I think is unique to medicine is what economists call "sticky pricing," which is a wonderful term. It basically means ... once one drugmaker, one hospital, one doctor says "Hey we could charge \$10,000 for that procedure or that medicine." Maybe it was \$5,000 two months ago, but once everyone sees that someone's getting away with charging \$10,000, the prices all go up to that sticky ceiling. ...

What you see often now is when generic drugs come out ... the price doesn't go down to 20 percent of the branded price, it maybe goes down to 90 percent of the branded price. So we're not getting what we should get from a really competitive market where we, the consumers, are making those choices.

On initiating conversations early on with doctors about fees and medical bills

You should start every conversation with a doctor's office by asking "Is there a concierge fee? Are they affiliated with a hospital? Which hospital are they affiliated with? Is the office considered part of a hospital?" In which case you're going to be facing hospital fees

in addition to your doctor's office fees. You ask your doctor always ... "If I need a lab test, if I need an X-ray, will you send me to an in-network provider so I don't get hit by out-of-network fees?" ...

Often that will be a little hard for your doctor, because they may have to fill out a different requisition, but it's worth asking. And any doctor who won't help you in that way, I think, isn't attuned to the financial cost that we're bearing today.

On getting charged for "drive-by doctors" brought in by the hospital or primary doctor

You do have to say "Who are you? Who called you?" and "Am I going to be billed for this?" And it's tragic that in recovery people have to think in this kind of keep-on-your-guard, somewhat adversarial way, but I think if we don't push back against the system in the way it bills, we're complicit in allowing it to continue.

On how to decipher coded medical bills

Don't be alarmed by the "prompt payment discount." Go back to the hospital and say, "I want a fully itemized bill. I want to know what I'm paying for." Some of it will be in codes, some of it will be in medical abbreviations. I've discovered you can 'Google' those codes and find out what you're being charged for, often, and most importantly, you might find you're being charged for stuff that obviously you know you didn't have.

Elizabeth Rosenthal is editor-in-chief of [Kaiser Health News](#), an editorially independent news program of the Henry J. Kaiser Family Foundation and a partner of NPR's. Neither KFF nor KHN is affiliated with Kaiser Permanente. Radio producer Sam Briger and web producers Bridget Bentz and Molly Seavy-Nesper contributed to this story.

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- [Health Care - 'Paying Till It Hurts': Why American Health Care Is So Pricey](#)
- [Shots - Health News - Medical Bills Still Take A Big Toll, Even With Insurance](#)
- [Big California Firms Take On Health Care Giant Over Cost of Care](#)