What Broke American Health Care and How to Fix It

By Dr. Joseph Mercola | mercola.com

STORY AT-A-GLANCE

- Dr. Marty Makary's book, "The Price We Pay: What Broke American Health Care — and How to Fix It," reveals the money games in the U.S. health care system, and what every American should know
- New science is revealing that indications to treat should be narrower than previously recognized. Overall 21% of medical treatments have been deemed unnecessary, contributing to our cost crisis
- Over the past 150 years, the focus of most hospitals has shifted from serving the community in generating profits, and these two aims are frequently at odds
- Predatory pricing practices are crushing everyday Americans. Some hospitals will charge five to 10 times the going rate for services and then sue patients who cannot afford the padded bills
- Investigations reveal there's no correlation between high prices and quality of care. Nor is there a correlation between high prices and charity care
- Another egregious example of predatory pricing is that of ambulance transport. Unless you're seriously injured, consider taking an Uber to the hospital as the bill for an ambulance transport can run into the thousands. For helicopter transport, it could be as high as half a million dollars

Dr. Marty Makary, a professor of surgery at Johns Hopkins Hospital — rated the top U.S. hospital 22 times over the past

28 years – has written a new book, "The Price We Pay: What Broke American Health Care – and How to Fix It." He also has a master's degree in public health.

In 2013, I interviewed him about his previous book, "Unaccountable: What Hospitals Won't Tell You and How Transparency Can Revolutionize Health Care."

In "The Price We Pay," Makary delves into some of the profoundly serious problems in the U.S. health care system, especially the financing of it. Over the past 150 years, the focus of most hospitals has shifted from serving the community in generating profits, and these two aims are frequently at odds. As noted by Makary:

"Hospitals were founded to be a safe haven for the sick and injured of a community, regardless of one's race, creed or ability to pay. That is the great American medical heritage. That's what the charters say. Most hospitals were started by churches, funded by donors.

They had an incredible sense of equality. Who else besides clinicians, doctors, nurses have a sense of the equality of human beings? Because we are witnesses of both birth and death …

I am deeply concerned that public trust is now being eroded by price gouging and by inappropriate care. That's why I decided to write this book, 'The Price We Pay' …

There are a lot of opinions about why health care costs so much. There's a massive blame game going on. I wanted to take the business of medicine and summarize it in a consumable way so that anybody could read this book … and leave feeling like, 'I finally understand how the money games in medicine work.'"

For-profit health care hurts more than it helps

As Makary points out, special interests have polluted the health care field with bad science and dirty deals. The food pyramid, which feeds disease rather than health is just one example. The for-profit agenda is also crushing people beneath its weight.

"There are studies showing a quarter of patients with diabetes admit to having rationed their insulin. Half of the women with Stage 4 breast cancer report being harassed by medical debt collectors.

On the tour for this book, I met patients who said, 'I'm sick and scared to go to the hospital because last time I went they sued me and garnished my wages,'" Makary says.

The patent for insulin was sold to the University of Toronto by its three co-inventors for $1 each,[1] as they felt it would be unethical to profit from a life-saving discovery. In the hands of drug companies, however, insulin has become a guaranteed profit center totally isolated from the inventor's benevolent intentions for the use of their discovery.

The price of insulin tripled between 2002 and 2013,[2,3] and has doubled again since.[4] At present, the three dominant makers of insulin, Eli Lilly, Sanofi, and Novo Nordisk — which control 96% of the insulin market[5] — all sell their insulin for approximately the same prices.

The Washington Post[6] cites IBM Watson Health data showing Sanofi's Lantus brand went from $35 per vial when introduced in 2001 to about $270 today, and Novolog, by Novo Nordisk, which started out at $40 per vial when released in 2001, now sells for around $289. Meanwhile, research[7] puts the cost of

manufacturing an entire 12-month supply of analog insulin at $78 to $133 per patient.

While insulin makers have raised their prices in lockstep, raising suspicions of price-fixing,[8] the price of many other drugs and treatments can vary wildly from one place to the next, and Makary believes we need to collectively demand price transparency to prevent this kind of price gouging from occurring.

"Look at GoodRx," he says. *"Look at the good that the company has done — the simple act that allows you to find the real-world prices outside of insurance. Oftentimes it's less than what that pharmacy benefit plan that you might have tells you to buy."*

Predatory practices abound

In his book, Makary sheds light on several predatory billing practices that are taking advantage of sick Americans. For example, some hospitals will charge five to 10 times the going rate for services, then sue patients who cannot afford the padded bills and use the court system as their collection agency, forcing many into bankruptcy.

"It blows me away [that] … the middleman industry, the hospitals, [the] corporate interest, goes after [patients] and … sues them in court to garnish their paycheck, which sometimes is a minimum-wage paycheck. We saw it all over …

We just had a study[9] *come out in the Journal of the American Medical Association that shows 36% of Virginia hospitals sue patients and 10% of them will just sue the crap out of the patients. One hospital sued 24,000 patients in a town that, by census data, only has 28,000 people in it …*

This is the most despicable and egregious loss of our mission in medicine. It erodes public trust. It affects every patient

everywhere in the country who feels afraid. I met patients like Wanda Brooks, who had an unnecessary computed tomography (CAT) scan, an unnecessary magnetic resonance imaging (MRI), was charged over $8,000, was taken to court [and] garnished.

She was a single mom of two kids and actually works taking care of patients. I mean, is that how we treat our own? We called attention to this. We got National Public Radio[10] *in town to get a story on it. It's on our* RestoringMedicine.org *website. Sure enough, two days later, the hospital announced they are going to stop suing patients, same with Methodist Le Bonheur Hospital.*

ProPublica reporter Wendi C. Thomas did a story two days later after they had received a letter from me and my research team that I sent to the chief executive officer and board, reminding them of their mission; reminding them of why we all went into health care — to take care of people and help people. They are now going to stop suing patients.

But it shouldn't be left to individuals to call out hospitals. We need a mass effort to say, 'Can we restore medicine to its goal of serving communities, helping patients when they're vulnerable and being kind and compassionate?' … You see hospitals that are good actors. We want to reward them. That's really what I try to do in the book.

It's to tell the problem in the first half of every chapter, and the second half of every chapter are the innovators who are disrupting health care, restoring medicine to its mission …"

Doctors are rarely part of the problem

It's important to recognize that most doctors are typically paid employees of these hospitals that engage in predatory

billing, and doctors often have no idea what's happening on the financial end. They also do not have any influence over billing.

"They have no idea their patients are getting shaken down on the backend. Once they find out, they want to stop it, and we're trying to tap into that interest," Makary says.

"Think about that story of Wanda Brooks. She had unnecessary care and then was shaken down and harassed financially … for an overpriced bill. When I offered to be the expert medical doctor on their court case, when they were sued for wage garnishment, 100% of these cases got dropped.

Why? Because the hospitals are afraid their chargemaster calculation would have to be disclosed … How is it that two Harvard hospitals deliver babies with high quality, but one charges $41,000 and another Harvard hospital charges $8,000? That's the negotiated rate with insurance."

Makary goes on to recount how a researcher at the University of Iowa contacted 100 heart surgery programs in the U.S., asking them the price for open-heart surgery. Half of them were unable to give him an answer. The other half cited rates ranging from approximately $40,000 to half a million.

He then correlated the prices he was given with the Society of Thoracic Surgeons' quality outcomes database, finding no correlation between high prices and quality. There's also no correlation between high prices and charity care, Makary says, even though that's a common excuse given when hospitals are asked by they charge far higher rates than another hospital.

"Does the hospital at Vale have so much charity care from uninsured skiers that they have to jack up their prices? No. They are charging as much as the market will allow," Makary says. *"I think we need to remind them of their mission and remind them of why we all went into medicine."*

In many cases, there is no way to determine how much a medical procedure is going to cost you ahead of time, and when the bill finally arrives, it can be a sticker shock. While policymakers tend to resist price transparency, saying it has an anticompetitive effect, price transparency is sorely needed.

"[Price transparency] is what we need. This is honest medicine. That's all it is," Makary says. *"When somebody comes in, we can't give them a price? … We can't tell you what something costs? The solution is embarrassingly simple.*

None of us would tolerate shopping for an airline flight on a website [with] no prices and let the airline companies say, 'Trust us. We'll bill you after the flight. We just can't give you a price because it's impossible. We don't know if there's going to be turbulence in the air that might be more work for the pilots. It could get canceled. We don't know if you're going to consume a beverage. We just can't give you a price ahead of time.'

Of course, it's total nonsense. Nobody is suggesting that surgeons give you a price if you're shot in the heart and need emergency trauma [care] … But, guess what? 60+% of all medical care is shoppable.

We should be able to provide a price. If we did, I think you'd see incredible efficiency and see prices come down universally. You'd see an ushering in of quality transparency, which is the other piece of it."

Demand transparent pricing

So, what can you do? Makary urges patients of elective and nonemergency surgery to demand prices upfront. Call around and ask. If they cannot provide you with a price, tell them you will not consider them as an option. Give your business to medical centers and hospitals providing transparent pricing.

"If there's enough demand, we're going to see a response," he says. Also know that hospital bills are often highly negotiable, especially before you get the service. And, beware of offers of payment plans without first knowing whether the pricing is fair.

"If a bill is marked up five times more than what anyone else would pay and they offer you a 10% discount, a 10% discount off a bill marked up 500% is not fair. It sometimes commits you to payment plans," Makary says.

"Just like we have GoodRx and other tools in the drug space, you can look up the reference-based price, the Healthcare Bluebook,[11] Fair Health[12] and other tools that I point out in the book 'The Price We Pay.' You should be able to find out what the going market price is for a service."

Ambulance transport can cost a fortune

Another egregious example of predatory pricing is that of ambulance transport. After reading that section of "The Price We Pay," you'll realize that unless you're seriously injured, it's probably best to take an Uber to the hospital and pay a manageable fee instead of the several thousand dollars a regular ambulance ride might end up costing you.

More sophisticated transport, like helicopter transport, can cost up to half a million dollars — rivaling the purchase price of the aircraft itself. As explained by Makary, the reason for these heart-stopping prices is because private companies have bought up many of these services.

"There's nothing wrong with profit … But the pure goal of consolidating from market domination and then price gouging, as we've seen with drugs and in medical care, is something that we need to call out. It's un-American. It's unfair.

We have to remember that hospitals were founded mostly by churches to be a refuge for the sick and injured, charities to serve a community. Many of these groups do not pay taxes. We have to remind people of their mission. That's what we're doing at RestoringMedicine.org.

The air ambulance, for example, is egregious. My colleague here at Hopkins, Dr. Ge Bai [Ph.D.], just published a paper in health affairs showing just how egregious it can be. We get these stories that come across my desk all the time, a quarter-million dollars, a half-million dollars for a flight of a ski mountain.

If it's not emergent if it's clearly something where minutes don't matter and you can take a regular ground transport, get an Uber or have a friend take you. Beware of the predatory air ambulance industry. According to experts, 75% to 80% of air transport is for routine and nonemergent care.

Sometimes, of course, you don't know. You may want to play it safe and take the faster transport. Air ambulances do save lives. But, for the love of humanity, gouging people when they break their leg on a ski mountain with a quarter-million-dollar bill? Keep in mind that Uber, Lyft and ground transportation can be sufficient if it's not emergent …

We're supposed to take care of people and not gouge them. Where do you think all this money is going that we're paying for in health insurance premiums? When people say, 'I didn't have to pay. My insurance paid.' No. Guess what? That is you paying. We're all paying in health insurance premiums."

Two primary problems: Pricing failure and inappropriate care

There's no doubt Americans are being milked by this nontransparent, for-profit health care system. In researching

"The Price We Pay," Makary identified two root causes for our health care cost crisis: pricing failures and inappropriate care.

According to a national survey of 2,100 physicians that Makary's team at Johns Hopkins put together, doctors believe 21%[13] of medical care is unnecessary. That includes medications, diagnostic tests, and procedures.

"When you have people in the industry saying that one-fifth of all the services are unnecessary, that is a crisis. Isn't the opioid crisis one manifestation of the crisis of our inappropriate care problem? Ten years ago, physicians prescribed in the United States 2.4 billion prescriptions. Last year, it hit 5 billion.

Did disease double in the last 10 years? No. We have a crisis of appropriateness. The opioid crisis is a part of the crisis of appropriateness.

If we look at the broader problem of inappropriate care — people being prescribed opioids they don't need, people falling through the cracks, fragmented networks, poor coordination of care, mistakes made in the hospital — collectively, it may represent the third or fourth leading cause of death in the United States.

These are real issues. They're avoidable. In public health, there are two types of crises. There are naturally occurring crises in the environment — things like Ebola — and then there are manufactured crises.

Many of the big crises we face in health care today are manufactured. The obesity crisis, the smoking crisis, the pricing/cost crisis and the opioid crisis. These are manufactured crises …

I've had really good spine surgeons at national meetings come up to me and say, 'Marty, I know you're interested in this

subject of inappropriate care. Do you know that half of all elective spine surgeries in the United States are unnecessary?' …

I don't know if they're right, but if they are, we have a serious crisis of appropriateness. By the way, spine surgery is one of the most expensive things in all of the health care. You could be charged $40,000 to $100,000 for a single case …

Is a baby delivery unnecessary? No … But C-section rates are far too high in the United States. And how do you explain … one doctor having a C-section rate of 60% and another doctor having a C-section rate of 14%? … [The first doctor's] rate, by the way, on Fridays was about 100%."

How patients contribute to the problem

Part of the problem goes back to profit motives and greed. But many other factors also come into play. Patients can be part of the problem as well. Many patients demand something be done, be it an MRI or a prescription for an antibiotic, even when those things may not be necessary or entirely appropriate. Doctors in these cases will often give in. Why not? It's easier than upsetting the patient and perhaps ending up getting sued for malpractice.

"If you're taking your kid in and the pediatrician or family doctor says, 'It's a viral infection, I don't recommend we do anything except to sit this out, follow it, support it and watch it,' then don't demand antibiotics from that doctor. Leave the doctors alone. This is why we have a problem," Makary says.

He also believes doctors and patients alike need to be better educated on the options.

"People need to be aware of the mass variation in the way

things are done. They need to know about other lifestyle treatment options. The most exciting thing I learned in doing the research for the book,

'The Price We Pay,' is the movement to treat back pain with physical therapy as the first line of therapy, and treat gut problems with whole foods, joint problems with yoga, diabetes with cooking classes, and meditation as the first line of therapy for mild borderline hypertension.

There's a movement to address the root underlying causes of illness. I think, personally, 20 years from now, 50 years from now, when we talk about health, the scientific medical established community is going to talk about how inflamed you are and how are your microbiome equilibria.

The future of medicine is in the inflammatory state, which we know is modified by healthy foods. We know there are low-inflammatory foods. We're going to be talking about the microbiome and that equilibrium that can be disrupted with so many things that we've taken for granted, like antibiotics … by lack of breastfeeding, by C-section."

Replacing a broken system

While our conventional primary care system is clearly broken, there are glimmers of hope. As noted by Makary, so-called relationship clinics are sprouting up around America, offering guidance to patients that go far deeper than what can be covered by a doctor during the standard 10-minute doctor's visit. These clinics, such as the Iora, ChenMed and Oak Street Clinics, will assign you a "health navigator" or lifestyle coach.

"In the book, I profile person after person who says, 'Look. We can redesign care to make it better. We just need to start from scratch — that's exactly what we've done — and look at the great results [we get] here and how patients love it' …

Now, we don't want to create hysteria. Medicines do save lives. Operations save lives. If you have appendicitis and you're septic and you have a systemic infection, don't shop around. Just follow the guidance. But we want people to be educated. We want to let them know about how we think about things as physicians …

There are old-school doctors throughout medicine … But by and large, the vast majority of people I engage with and give me feedback or who I solicit feedback from, say, 'Marty, keep going. The system is broken. Everything from copays to deductibles, out of network, price gouging, all the inappropriate care — do something to push the field' …

Too often, people in health care are afraid to speak up. They're scared of what their boss might think, of what their professional society might think. I tell people, 'Look. I'm reminded every day how short life is … We've got to stand up for what we believe in. The soul longs for a deep sense of purpose in life' …

I think a lot of people now are saying, 'Can we reevaluate the dogma that we've been taught? Can we take a second look at why we're doing this? Can we change our lexicon?' Because the language and the vocabulary we use in medicine is sometimes rigged. It's sometimes not patient-centered."

More information

To learn more — about both the good and the bad — be sure to pick up a copy of Makary's book, "The Price We Pay: What Broke American Health Care — and How to Fix It." It's an excellent read.

You can also find helpful patient resources on RestoringMedicine.org, including tips on how to negotiate your medical bill, and how to challenge your local hospital if

you've perceived there's something that doesn't live up to the hospital's mission – such as the practice of suing low-income patients.

You can also find RestoringMedicine on Facebook. "Hospitals are there to serve communities. You're an important part of the accountability of your local community hospital. As we educate people, we're seeing great stuff happening," Makary says. As always, also remember to share this information with family and friends to keep the education effort going.

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