

## Magaziner on healthcare reform: lower administrative costs, empower physicians, providers

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PHOTOS BY MARY KORR

Brown Provost Mark Schlissel, MD; Dean Fox Wetle of the Brown School of Public Health and Alpert Medical School Dean Jack Elias, MD, listen to Ira C. Magaziner speak on the economics of healthcare at a medical school forum.

PROVIDENCE – Brown alumnus '69 **IRA C. MAGAZINER**, CEO of the Clinton Health Access Initiative, and former senior adviser to President Clinton for policy development, spoke on healthcare reform March 20th at Brown's annual Paul Levinger lecture on the economics of healthcare.

He addressed the status and future of healthcare in the United States in the context of the Affordable Care Act (ACA) of 2010. "This is the first time I've spoken on healthcare reform in almost 20 years," he said, at one point referring humorously back to 'Hillarycare.'

"One of the things that got me into this area was my experience running a small business consulting firm in Providence before I went to Washington. I had about 40 people working for me. When one secretary was diagnosed with cancer, health insurance officials came to me and said, 'fire her or we're going to double your rates for every employee.'"

That pre-existing condition problem has been erased with the ACA, he said, and described the ACA as a "good start that creates a framework that can be modified over time."

### Major obstacle: Administrative costs

He said the critical problem in the U.S. healthcare system today is "the \$248 billion dollars per year in administrative complexity. Not only is that costly, it undermines good healthcare. How much time are doctors and nurses spending filling out paperwork, finding out what the new rules and

regulations are, or worrying if they will be sued? That's the problem and one other countries don't have."

He continued, "We learned a long time ago in business that you don't get quality by setting up systems that are bureaucratic with a checklist here and a checklist there and requiring people to fill out more forms. Those systems are easy to game and you create more administrative costs.

"The way to get good quality is to set the goals for outcomes and empower frontline workers to achieve those goals as a group and if they don't, you work with them to find out why not. Get input and try to set better goals. We've known that for a long time but the healthcare system doesn't know that. The healthcare system is operating a very outmoded system.

"That's where we have to focus our attention. It's going to be tough to do these things but if America can't become effi-

cient and get rid of overhead costs in its healthcare system and bureaucracy then we don't deserve to be a world leader. I think we can do it, we just have to set our minds to it."

He expressed some reservation of the concept of pay-for-performance. "I get the conceptual idea, but it can still create the wrong incentives because it causes finger-pointing at a group level."

Magaziner said the same could be said of issues with malpractice. "People will make mistakes. The check on that should be the professional societies, the peer groups for



whom there is pride in their profession.” He suggested a collective compensation fund instead of “a litigious system that goes after the individual in cases for years. I would rather have a compensation fund throughout the whole system and a serious policing by peers.”

### Principles going forward

Magaziner enumerated several principles going forward:

1. Continued focus on prevention and wellness
2. Seamless coordination of care that begins with primary care providers.
3. Evidence-based treatment protocols based on quality outcomes which are constantly revised as society advances.
4. End the burdens of those using the healthcare system, particularly older people, and the scenario of patients being handed around from specialist to subspecialist and hospital to hospital to nursing home, which Magaziner described as “a nightmare – particularly

for older people; we need to focus on the higher users of medical care, the 1 percent who use 30 percent of the resources in the system.”

At the conclusion of his talk, Magaziner peered into the future 100 years from now. “The medicine that we are practicing today will be close to when they were putting leeches on patients’ bodies. That’s not to denigrate what you are doing. But what I see coming are tremendous advances in science and technology. What scientists are discovering in genomics and bionomics is going to have huge potential. Improvements on the cellular level and ways to process big data that will inform the protocols – it’s a very exciting time in medicine.”

He also noted that the smaller entrepreneurial biotechnology companies are coming to the fore and leading the way, particularly in biotech and vaccines.

The lecture was endowed by the late Ruth N. Levinger to honor the memory of her husband, and by his daughter Bette Levinger Cohen, and son-in-law, John M. Cohen, MD, '59. ❖

### RIMJ: Around the World



Dr. Kenneth S. Korr received the March issue of the *Rhode Island Medical Journal* while visiting the Valley of the Temples on the windward coast of Oahu, Hawaii. Serendipitously, the issue focused on spirituality and the practice of medicine.

Send your photos of RIMJ Around the World to Mary Korr, Managing Editor: [mkorr@rimed.org](mailto:mkorr@rimed.org)