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COMMON GOOD CHAIR PHILIP K. HOWARD CALLS FOR OVERHAUL TO CUT WASTE IN THE US HEALTH CARE SYSTEM

New York, NY – October 10, 2019 – Philip K. Howard, Chair of Common Good, the nonpartisan reform coalition, today called for a bureaucratic and legal overhaul to cut waste in the US health care system, based on a new analysis published by the *Journal of the American Medical Association* (JAMA), which shows that the cost of that waste is now comparable to the cost of Medicare.

The analysis in JAMA focused on six domains of health care waste: failure of care delivery; failure of care coordination; overtreatment or low-value care; pricing failure; fraud and abuse; and administrative complexity. Based on those domains, the estimated annual cost of waste in the US health care system ranged from $760 billion to $935 billion. According to *The New York Times*, $760 billion is "comparable to government spending on Medicare and exceeds national military spending, as well as total primary and secondary education spending."

In response to the JAMA analysis, Common Good Chair Philip K. Howard issued the following statement:

> The extent of waste in the US health care system is unacceptable as well as immoral. Those resources could be far better spent on pressing needs throughout the nation, including expanded health care coverage. The waste reflects harshly on the culture of Washington, DC, which would rather continue that waste than disrupt the status quo, defended by armies of special interests.

> The JAMA analysis does not account for the full extent of waste in health care. Not considered in it, among other things, are the costs associated with burnout and diversion of time by health care providers. Administrative work for doctors and nurses has increased to two hours of paperwork for each hour spent with patients. Doctors routinely report spending nights and weekends catching up on record-keeping. Nor does the analysis fully account for the costs and errors associated with defensive medicine (doctors who order unnecessary tests, and who are reluctant to point out possible errors, for fear of being sued). Defensive medicine alone is estimated to cost the US health care system from $45 billion to more than $200 billion a year.

> Common Good, in conjunction with the Harvard School of Public Health, proposed a system of specialized health courts to remove the uncertainty created by the current erratic and inefficient system of medical justice. In the current system, wildly divergent awards emerge from juries assessing similar situations. In addition, a 2006 study in *The New England Journal of Medicine*

found that in 28% of cases in which no medical error occurred, the plaintiff received payment. Conversely, in 27% of cases where the experts judged that an error had occurred, injured patients received no payment. The unreliability of the current system is exceeded only by its inefficiency: For every dollar paid into the liability system, 54 cents go to legal fees and administrative costs.

Common Good's proposal for health courts has been endorsed by every major stakeholder group in the health care system, but it was opposed in Washington, DC by one key special interest: the trial lawyers, who benefit greatly from the current erratic and inefficient system. So far, the swamp has won, and the public has lost.

The analysis in JAMA should be the catalyst that energizes the federal government to launch an overhaul to cut waste in the health care system. It should start by authorizing pilot projects for health courts.

To speak with Philip Howard, contact Emma McKinstry at emckinstry@highimpactpartnering.com.

Common Good (www.commongood.org) is a nonpartisan reform coalition to radically simplify government and restore the ability of officials and citizens alike to use common sense in daily decisions. The Founder and Chair of Common Good is Philip K. Howard, a lawyer and author, most recently, of Try Common Sense *(W. W. Norton, 2019).*