

In Search of Quality Care

The Healing of America:

A Global Quest for Better, Cheaper, and Fairer Health Care

By T.R. Reid

Penguin Press 2009 • 277 pages

REVIEWED BY ROBERT EHRLICH

» Why is America spending so much more on healthcare than our friends in Europe, Canada and Japan? In terms of percent of GDP, we spend 15.3%, France 11.1%, Germany 10.7%, Canada 9.8%, U.K. 8.3% and Japan at 8.0%. Why do these other countries have better life expectancy and lower infant mortality?

T.R. Reid travels the world to see how other countries run their healthcare systems. Mr. Reid has a bad shoulder and he visits doctors in France, Canada, Japan, U.K., Germany and even India to see how they recommend treating him. In these visits he sees many doctors and gets first-hand experience at more government controlled medical care.

What is apparent is that in all these countries healthcare is good at much cheaper cost. That being said, Reid discovers that lower prices mean someone must be giving up something. Generally it is the provider of the healthcare. Doctors make a lot less money in all these countries. That in itself is not a bad thing as long as care is professional and timely. In France, physicians make about \$60,000 to \$65,000 a year working just as hard

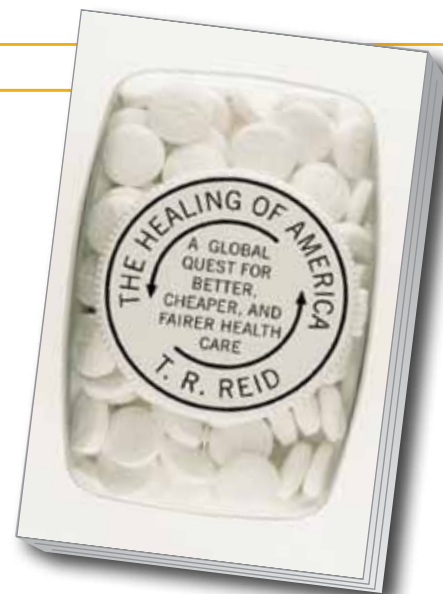
as American doctors. Of course, as Reid points out, European doctors pay almost nothing for medical school and have malpractice premiums that are miniscule.

The patient trade-offs are usually longer wait times for tests, less tests in general and longer waits for elective surgery. In Canada, waits are particularly long for specialist's consultations and elective surgery. The issue for the United States is how to adopt the good of European medicine such as universal affordable coverage while not making access times longer or lose quality.

PUTTING MORE EFFORT INTO PREVENTION

Reid sees how Europe and Canada have a much more egalitarian approach to social services. They believe all citizens should have equal

The conclusion one draws through Reid's well-documented travels is that every system works reasonably well. It would not be the end of civilization if America switched to true national health.



access to quality care. Since the government, through tax dollars essentially pays for all care, they have a much greater interest in keeping their citizens well. That means much more effort goes into prevention services than here in the United States where providers are compensated for treating the sick. Reid cites the English head of National Health saying from the moment a human embryo forms that person is a patient for life. Therefore, the goal is to maximize early detection and treatment.

It all sounds great; except that government control and a largely non-profit insurance and hospital sector means supply is also limited. Government sets a budget level for care and costs must fit in that pre-set number. If that means cutting provider fees or limiting services then so be it. Care is more restricted for terminally ill. Experimental treatments will not be covered.

It is hard to argue that for most people, most of the time, national health would be more cost-effective and adequate for most of our needs. Most European systems are much further ahead of us in computerized medical records that are encrypted in a card carried by citizens. This means no record keeping. Most comparative systems require no office staff for billing and payment is made quickly to pro-

viders. There is no doubt we can learn a lot in efficiency of records and billing.

The problem in America is we are so set in our multitude of for-profit systems that going to true national health would mean some big losers would emerge. Doctors, for-profit hospitals, drug companies and insurance companies would suffer. How would we assure an adequate supply of services if doctors' pay were cut in half? Would innovation vanish in diagnostics if MRI's were reimbursed at \$100 per scan instead of \$1,000? Would drug companies have an incentive to spend major R&D dollars if prices were capped?

DISMANTLING A FOR-PROFIT MODEL

The conclusion one draws through Reid's well-documented travels is that every system works reasonably well. It would not be the end of civilization if America switched to true national health. It would take a lot of time to

make such a switch given the employment problems from dismantling a for-profit model. Young college kids would have to re-align their reasons for going into healthcare from economic riches to social service rewards. Patients would need to learn more patience and accept delays in service. Some of those delays could be deadly because of delayed diagnosis.

Reid takes an interesting look at one market that recently made a radical switch from a large uninsured society to broad coverage. Taiwan was looking to make coverage a national right and decided to check out and pick a European system to copy. They chose the Swiss model. In Switzerland everyone is required to buy insurance with premiums deducted from your paycheck if you do not choose a plan on your own. Insurance companies must offer a base plan at no-profit, but can make a profit on services above the base plan. This keeps the system private but guaran-

tees the same coverage for all.

The "Healing of America" is a swift and enjoyable read. Reid has a gift for telling the human side of the healthcare delivery story with just enough data thrown in to back up his conclusions. I know reading about Kate Plus 8 or Paris Hilton may be more popular, but Americans should devote a few hours to T.R. Reid lest they be subject to inaccurate and scary hyperbole from both the left and right. <<

Robert Ehrlich is chairman and chief executive of DTC Perspectives Inc., which publishes OTC Perspectives and organizes the OTC National Conference. He regularly reviews books about healthcare, the pharmaceutical industry, marketing and advertising. He also writes a weekly e-newsletter providing insights on pharmaceutical marketing trends. To subscribe to this free weekly analysis, sign up at the Web site, www.DTCPerspectives.com. Ehrlich can be reached by e-mail at Bob@DTCPerspectives.com.

CONTRIBUTORS

A closer look at the authors behind the feature articles of *OTC Perspectives*



Samantha Chmelik is the head of global consumer health research at Euromonitor International. Chmelik manages the syndicated research project that encompasses the OTC industry, vitamins and dietary supplements, sports nutrition and slimming products. She can be reached by e-mail at Samantha.Chmelik@euromonitorintl.com or by telephone at (312) 922-1115. Turn to page 23 to read her article.



Jan-Benedict E.M. Steenkamp, PhD, MSc, BSc is the C. Knox Massey Distinguished Professor of Marketing and Marketing Area Chair at the Kenan-Flagler Business School, University of North Carolina. He also is executive director of AiMark, a non-profit foundation, bringing together the academic world and CPG companies. He can be reached by e-mail at jbs@unc.edu or by telephone at (919) 962-9579. To read the article he co-authored with Dr. Kumar, turn to page 12.



Laura A. Mahecha is the industry manager of the Healthcare Practice at Kline Market Research, the market research studies division of Kline & Co. Ms. Mahecha is responsible for managing all of the healthcare titles and syndicated healthcare studies. She can be reached by e-mail at Laura.Mahecha@Kline-Group.com or by telephone at (973) 435-3446. Her article can be found on page 18.



Nirmalya Kumar is Professor of Marketing, Director of Centre for Marketing, and Co-Director for Aditya V. Birla India Centre at London Business School. He was previously on the faculty of Harvard Business School, IMD-International Institute for Management Development (Switzerland), and Kellogg School of Management at Northwestern University. He can be reached by e-mail at nkumar@london.edu. To read the excerpt he co-authored with Dr. Steenkamp, turn to page 12.