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[Innovative Healthcare Cost Containment: The Economic Informed Consent](#)

August 17th, 2009 by [admin](#) in [Better Health Network](#), [Health Policy](#), [Opinion](#)

By [George Lundberg, MD](#)



Just as “all politics is local”, so is all medical care personal. One patient; one physician; one moment; one decision. And in this era of balanced physician and patient autonomy, that decision often is an informed joint decision. Many patients now make serious efforts to learn about their conditions both before and after visits to their physicians. Many physicians welcome such informed patients and willingly discuss comparative effectiveness of the available diagnostic and therapeutic options. However, a frank discussion about the comparative costs and charges for the options, whether they be to the insurance company, Medicare, Medicaid or out-of-pocket for the patient, is usually missing.

Many health economists insist that the medical marketplace does not behave like other markets and believe it is fruitless to expect market principles to usefully inform the medical arena. That bias is true in emergencies,

operating rooms or intensive care units, and with patients who are mentally disabled.

Such behavior does not have to persist in an outpatient setting. In my book [*Severed Trust: Why American Medicine Hasn't Been Fixed*](#) (Basic Books, 2000, paperback 2002), I presented the concept of “the economic informed consent.”

I believe that every patient who is mentally competent and in a non-emergency situation should be informed of the cost of a proposed diagnostic or therapeutic procedure or product, before it is “ordered.” This includes referral to another (often more specialized and costly) physician, no matter who pays the bill. The costs should all be discussed IN ADVANCE decision. This discussion should include whether it is worth it and

whether there a less expensive good alternative.

A recent NPR/KFF/HSPH survey reported that 55% of Americans believe that their insurance company should have to pay for an expensive treatment, even if has not been proven to be more effective than a less expensive

treatment. This attitude underlies the ruling convention, “if insurance will cover it, do it,” that lies at the root of our problem of health care cost inflation. No one is held accountable.

If we as a country could widely apply the “economic informed consent,” physicians and patients would become educated together. They could both become wiser shoppers for the most cost-effective diagnostic tests,

prescribed drugs, and specialists.

With an “economic informed consent,” physicians and patients can reset attitudes toward a healthy concern for the total costs or charges, stifling the usual knee-jerk response, “if the insurance covers it, do it.” No one

knows whether this approach, diligently applied, would actually cut down on wasteful spending, such as choices that drive huge geographic variations, but we do know that pricing an automobile, an airplane ticket, a dinner or a bottle of wine does affect consumer decisions. Why not try it for medical charges as well? Current sweeping proposals for health system reform all state that there must be “cost control” but

offer little likelihood of delivering real cost savings.

Now is the time for the US Health Information Technology Initiative to create inter-operative systems that would provide the data to support widespread use of the “economic informed consent” in a timely fashion and

let the medical marketplace speak. Knowing the cost of a medical decision in advance should become a part of a new “Patient’s Bill of Rights”. In a medical care decision, it is the right of a patient to know “who pays whom

how much for what.” All of us in health care laud “transparency”—let that include economic transparency.

George D. Lundberg MD

President and Board Chair, www.lundberginstitute.org

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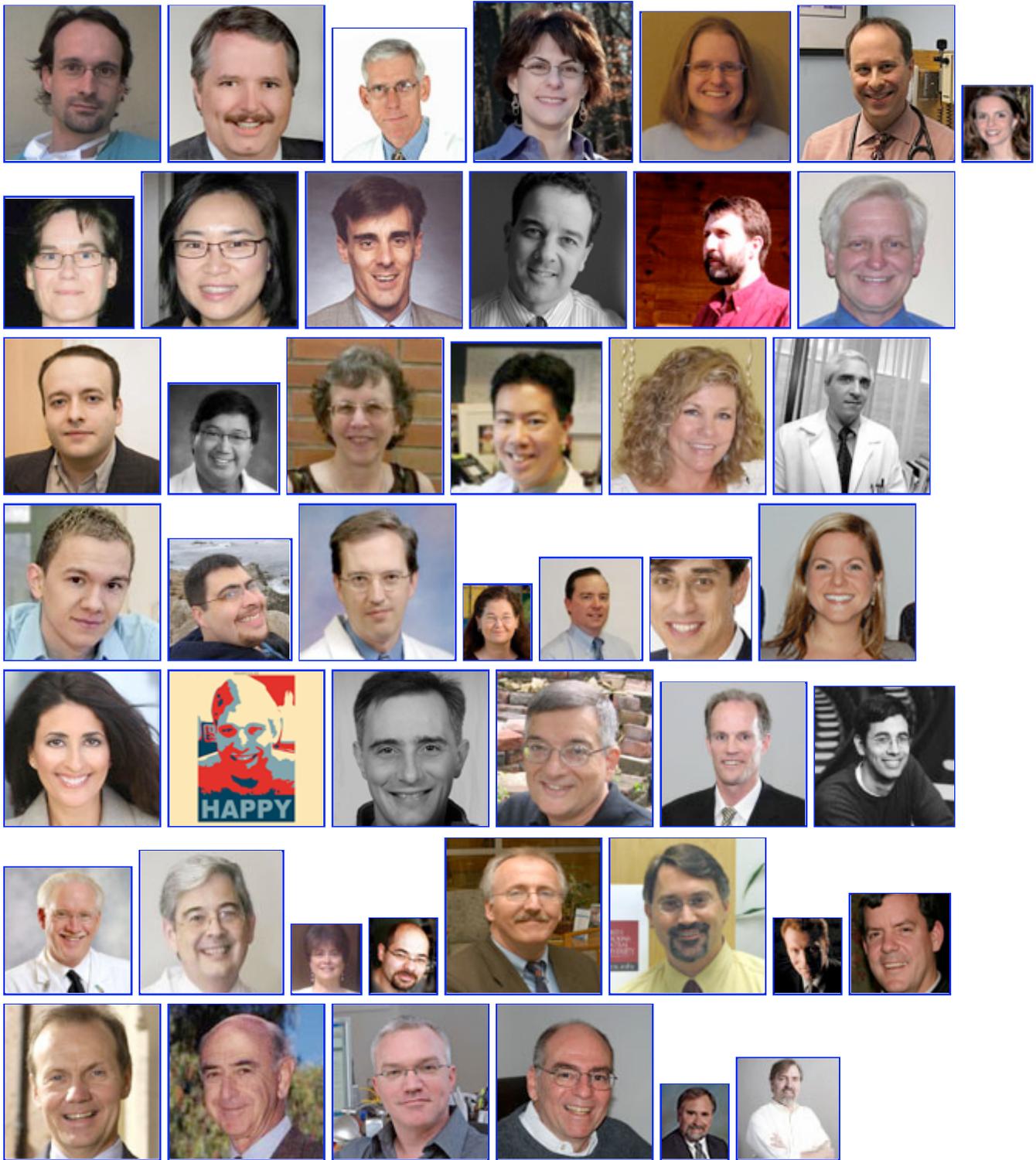
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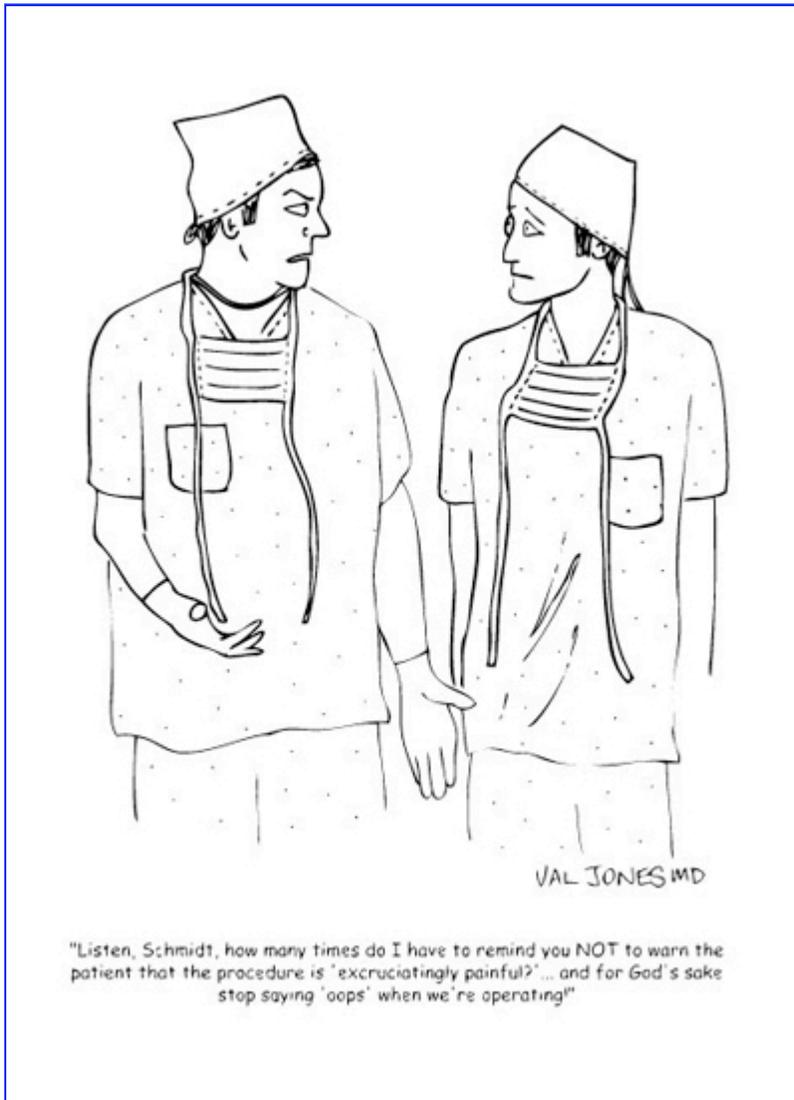
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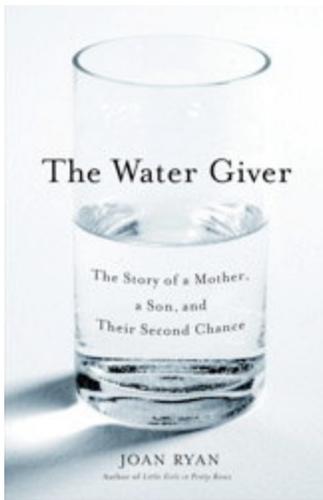
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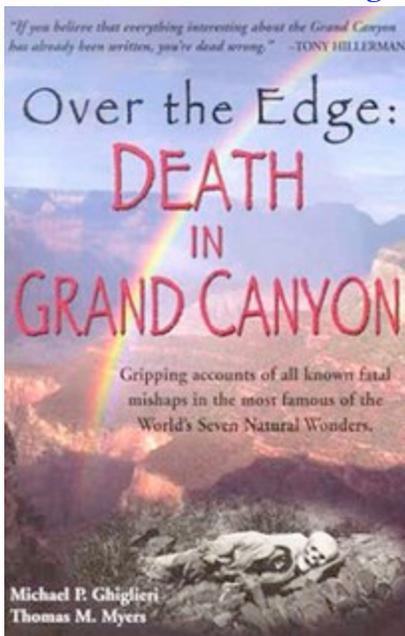
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