



Search bar with a magnifying glass icon on the right.

# Medical Economics<sup>®</sup>

SMARTER BUSINESS. BETTER PATIENT CARE.

- HOME
- BUSINESS
- TECHNOLOGY
- MONEY
- POLICY
- BLOG
- RESOURCES
- CME

**Medical Economics** [Click here](#)

eNews Sign up

TRENDING: [MACRA](#) [2017 EHR Report](#) [Value-Based Reimbursement](#) [Physician Writing Contest](#) [2017 Payer Scorecard](#)

[PREV](#)
[Tough questions to ask vendors about HIPAA co ...](#)
[2016 Annual Physician Writing Contest ...](#)
[NEXT](#)

Medical Economics > Health law

## Administrative costs are killing U.S. healthcare



May 21, 2016

By Ryan Gamlin

**Editor's Note:** [Welcome to Medical Economics' blog section](#) which features contributions from members of the medical community. These blogs are an opportunity for bloggers to engage with readers about a topic that is top of mind, whether it is practice management, experiences with patients, the industry, medicine in general, or healthcare reform. The series continues with this blog by [Ryan Gamlin](#), a former health care management consultant and current medical student at the University of Cincinnati. The views expressed in these blogs are those of their respective contributors and do not

RESOURCE CENTERS | PARTNER CONTENT

- Physician Burnout
- Hepatology
- Value-Based Reimbursement
- Vaccination
- COPD Practice Management

MORE

### LATEST TWEETS

Here's how to make CCM work for your practice <https://t.co/TjSs0ZoaG2>  
<https://t.co/1CsSiiEdmK>

Threats to Medicare funding jeopardize physician participation  
<https://t.co/QFnkejAPgA>  
<https://t.co/NW2Rqm4Wbd>

To curb opioid abuse, new technologies must be embraced <https://t.co/hrN1bs2ha8>  
<https://t.co/ZaOj0uW5n>

Tweet to @MedEconomics

### POLL

Have you been a victim of sexual harassment or assault at your workplace?

- Yes
- No

ANSWER

VIEW RESULTS

represent the views of Medical Economics or UBM Medica.

The United States faces an unenviable paradox: the healthcare sector is an important source of job growth and economic output, but healthcare costs—now comprising nearly one fifth of economic output—are dramatically higher than those in other developed nations, and continue to rise.



Ryan Gamlin

Warren Buffet summed up this dilemma vividly, saying that healthcare is the “... [tapeworm of the American economy...](#) I think the healthcare problem is the No. 1 problem of America and of American business.”

More from Ryan Gamlin: [Reexamining the 80-hour medical resident workweek](#)

Adding proverbial insult to injury, the United States—for all it spends on healthcare—gets far less for its money.

The [Commonwealth Fund's report](#) on international health system efficiency ranks the United States last of 11 developed nations on measures such as quality of care, access to care, efficiency of care, and equity of care. The work of the Commonwealth Fund contributes to a body of evidence suggesting that what we're doing to provide, administer, and finance healthcare is just not working.

The [Lown Institute](#) is one of a number of organizations working to understand the drivers of inefficiency, waste, and harm in U.S. healthcare, and I recently had the opportunity to attend their annual conference. While there, I presented my research exploring the relationship between a country's administrative expenditures and health system efficiency.

I'll spare you the details [you can [read the abstract here](#), and [see one graph here](#)], but the bottom line is that **as countries spend a larger percentage of their healthcare dollars on administration (as opposed to public health, or providing patient care, for example), things get worse for patients and healthcare providers.** High administrative expenditures seem to be associated with negative experiences of providing and receiving healthcare.

[Next: Hope for the next generation of physicians](#)



**TAGS** [health law](#) [healthcare](#) [healthcare costs](#) [Med Ec Blog](#) [Medical Economics Blog](#)

[Modern Medicine Cases](#) [Modern Medicine Feature Articles](#) [Modern Medicine News](#)

[Modern Medicine Now Top Story](#) [Modern Medicine Viewpoints](#)

**Ryan Gamlin**

Ryan Gamlin (Twitter: @ryangamlin) is a former health care management consultant and current medical student at the



University of ...

We recommend

U.S. healthcare system isn't to blame for citizens' health woes

Timothy B. Norbeck et al., Medical Economics

US Healthcare Changes Creating Opportunities for Professionals and Entrepreneurs

Dr. Michael Riddiough, Modern Medicine

America's healthcare delivers less, costs more than peer nations

Jeffrey Bendix, Senior Editor et al., Medical Economics

Rewarding for value

Rachael Zimlich, RN et al., Medical Economics

American older adults sicker and poorer than 10 other countries, survey says

Jeanette Hurt et al., Medical Economics

It's the Prices, Stupid: Why The United States Is So Different From Other Countries

Gerard F. Anderson, Uwe E. Reinhardt, Peter S. Hussey, Varduhi Petrosyan, Medscape

World Comparison Shows U.S. Healthcare Lacking

Diabetes In Control

Macroeconomics in the U.S.: Fundamentals and implications for radiologists in 2012

By Frank J. Lexa et al., Applied Radiology

Is U.S. Health Care Evolving Toward a Single-Payer System? An Interview with Health Care Economist Paul Feldstein, PhD

Peter I. Buerhaus, PhD, RN, FAAN, Medscape

The ACA's Dependent Coverage Expansion and Out-of-Pocket Spending by Young Adults With Behavioral Health Conditions

Mir M. Ali et al., Psychiatric Services

Powered by Trend MD

7 COMMENTS

You must be signed in to leave a comment. Registering is fast and free!

SIGN IN / REGISTER

All comments must follow the ModernMedicine Network community rules and terms of use, and will be moderated. ModernMedicine reserves the right to use the comments we receive, in whole or in part, in any medium. See also the Terms of Use, Privacy Policy and Community FAQ.



Anonymous

May 24, 2016

ModernMedicine NETWORK

PUBLICATIONS

BUSINESS

EDUCATION

CAREERS

CONTACT US

LOG IN | REGISTER

sinks. We are now forced to take part in "physician-organizations" - put in place partly by the insurance industry to "ensure" better chronic care. In fact it has only created a diversion of funds to these crooked organizations that are paid out funds withheld from the providers. These funds are traditionally split with extremely high administrative costs (60-70%) and we get a pat on the back with 30% of the funds that our hard work produced. Is it any wonder why the costs are so high, physicians are having a hard time with horrendous administrative burdens and our reimbursements are shrinking all along. How are we to pay our own employees AND make a living for ourselves in this heavily administered atmosphere. When have you ever seen an administrator take care of a patient. Meanwhile nests of administrators continue to grow in size. Hospital administrators are "buying" physicians/providers, and then pressuring us to see more patients - spend less time with them - but FIRST - do no harm. Oh and while you are at it, become proficient at typing, and working on whatever EMR they throw in your lap (which will change a couple of times completely destroying any semblance of organization we may have been able to put together to manage piece of crap). To that end, we physicians have sold ourselves to the devil. Physicians are the most obvious choice to manage health care. We have sold ourselves out as a commodity and now we will be treated as such until we group up, and collectively put a halt to this insanity.

Login or Register to post comments



May 30, 2016

I fully agree with your comment. We are made to jump through more hoops just to receive the reimbursement to which we are entitled. All these administrative chores have done little if anything to improve the quality of care we give to our patients. We and our patients have to deal with increasing copays and high deductibles all of which serve to enrich the insurance companies. Furthermore, we are only reimbursed according to the allowed or "negotiated" amount. Negotiated by whom? For centuries we were referred to as physicians. We are now given the demeaning title "provider." So now the doctor/patient relationship is now the provider/consumer (or member) relationship. The healthcare

system cannot function without us. We have the goods, we render our services to our patients. It is time that we step and say enough is enough. If we do not help ourselves, who will?

[Login or Register to post comments](#)



**Anonymous**

May 21, 2016

This is an excellent article. I am tired of seeing physicians blamed for the high cost of healthcare. So much is spent on administrative costs and regulations which do little if anything to improve the care of our patients. There are third parties looking over our shoulders and often interfering with our practice of sound medical care. We have a system with so many middlemen. It stands to reason that the costs must increase since the middlemen must be paid. The insurance companies go to great expense to limit our reimbursement and deny claims yet the administrators are handsomely paid. Then, of course there is the pharmaceutical industry. The cost of many drugs is outrageous. So much is spent on expensive media advertising. Then there is the abundance of hospital advertisements. I wish much of this money was spent instead on things that actually improve healthcare such as increasing nursing staff, purchasing medical equipment and followup post discharge care.

[Login or Register to post comments](#)



**Anonymous**

May 21, 2016

This is an excellent article. I am tired of seeing physicians blamed for the high cost of healthcare. So much is spent on administrative costs and regulations which do little if anything to improve the care of our patients. There are third parties looking over our shoulders and often interfering with our practice of sound medical care. We have a system with so many middlemen. It stands to reason that the costs must increase since the middlemen must be paid. The insurance companies go to great expense to limit our reimbursement and deny claims yet the administrators are handsomely paid. Then, of course there is the pharmaceutical industry. The cost of many drugs is outrageous. So much is spent on expensive media advertising. Then there is the abundance of hospital advertisements. I wish much of this money was spent instead on things that actually improve healthcare such as increasing nursing staff, purchasing medical equipment and followup post discharge care.

[Login or Register to post comments](#)



**Anonymous**

May 21, 2016

This is an excellent article. I am tired of seeing physicians blamed for the high cost of healthcare. So much is spent on administrative costs and regulations which do little if anything to improve the care of our patients. There are third parties looking over our shoulders and often interfering with our practice of sound medical care. We have a system with so many middlemen. It stands to reason that the costs must increase since the middlemen must be paid. The insurance companies go to great expense to limit our reimbursement and deny claims yet the administrators are handsomely paid. Then, of course there is the pharmaceutical industry. The cost of many drugs is outrageous. So much is spent on expensive media advertising. Then there is the abundance of hospital advertisements. I wish much of this money was spent instead on things that actually improve healthcare such as increasing nursing staff, purchasing medical equipment and followup post discharge care.

[Login or Register to post comments](#)



**Anonymous**

May 21, 2016

Sorry, I accidentally hit the save button more than once

[Login or Register to post comments](#)




















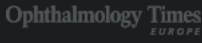






**Dr. Tomasz Helenowski, M.D**

May 21, 2016

This is a true paradox. We keep increasing administration, laws, and government positions to help "reduce" the cost of "healthcare" by regulating payments for the approximately 20% of the dollars actually used to provide medical care while ignoring the 80% or so spent on administration. If we eliminate all medical care provided, we still end up paying 80% for the businesses and government running the system. This is a perfect article pointing a finger at the elephant in the room that needs to be discussed and corrected if a real change is to be made.

[Login or Register to post comments](#)

|   |  |   |
|---|--|---|
|   |  <p>BUSINESS &amp; TECHNOLOGY</p> |  |
|    |  <p>WOMEN'S HEALTH</p>            | <p><a href="#">HOME</a></p>   |
|    |  <p>CHILDREN'S HEALTH</p>         | <p><a href="#">BUSINESS</a></p>   |
|    |  <p>MEN'S HEALTH</p>              | <p><a href="#">TECHNOLOGY</a></p>   |
|   |  <p>SKIN</p>                      | <p><a href="#">MONEY</a></p>  |
|   |  <p>PHARMACY</p>                  | <p><a href="#">POLICY</a></p>   |
|   |  <p>EYECARE</p>                   | <p><a href="#">BLOG</a></p>   |
|   |  <p>HEART HEALTH</p>              | <p><a href="#">RESOURCES</a></p>  |
|    |                                   | <p><a href="#">CME</a></p>  |
| <p><a href="#">SUBMISSION GUIDELINES</a></p>  |  |   |



[Home](#) | [About us](#) | [Contact us](#) | [Advertise](#) | [All Content](#) | [Editorial and Advertising Policy](#) | [Terms and Conditions](#) | [Privacy Policy](#) | [Terms of Use](#) | [Advertiser Terms](#) | [Linking and RSS policy](#)  
 © 2018 UBM Medica, LLC, a UBM company.  
 Reproduction in whole or in part is prohibited.  
 Please send any technical comments or questions to our webmaster.