(Music)

Mark Masselli: Welcome to Conversations on Health Care. I am Mark Masselli.

Margaret Flinter: And I am Margaret Flinter.

Mark Masselli: Well Margaret, the holiday weekend is behind us. I hope yours was enjoyable.

Margaret Flinter: It was. It's a great holiday for renewal and regeneration and a time to reflect on things we are grateful for and looking forward to.

Mark Masselli: And once the holiday was over, Wall Street had a chance to respond to the less than favorable job numbers released late last week. The numbers did not reflect the kind of growth that analysts were projecting and the market took a dip to reflect that.

Margaret Flinter: There was still modest growth in March in the health care sector, about 2/10th of a percent or 26,000 jobs and I guess that follows the steady stream of hiring increases at a time when many other industries have remained contracted and maybe that's the new normal.

Mark Masselli: It does sound like that. The health care has been leading other industries in job growth during the down economy on average adding about 25,000 jobs per month over the past year and that trend is expected to continue.

Margaret Flinter: Well Mark, there is HealthCare Hiring and then there is health care anxiety and that anxiety is still pretty high among those Americans who struggle to afford health care. The IMS Institute for Healthcare Informatics released a report last week showing a decline in the number of doctor visits and prescriptions that they attribute largely to the challenging economy and long-term unemployment. I think even people with insurance are still struggling with those co-pays.

Mark Masselli: They are. And the analysis showed an almost 5% drop in doctor's visits and 1% drop in prescriptions being issued. But another not surprising statistic, there was 7.4% jump in visits to the emergency room, the first line of defense for many without insurance or access to primary care and that costs all of us in the end.

Margaret Flinter: It does. And that's something that our guest today knows a lot about. Noted Harvard Health Economist David Cutler is an expert on health care policy and reform. He has worked on crafting health care policy and legislation going as far back as the Clinton Administration in 1992 and helped form the legislation that included near-universal coverage in the State of Massachusetts.

Mark Masselli: And he advised the Obama Campaign on health care reform strategies. He has a lot of knowledge and wisdom on the economics of access to health care for all. He also has a pretty interesting analysis of the recent Supreme Court hearings on the Affordable Care Act. Dr. Cutler will be with us shortly. But no matter what the topic, you can hear all of our shows by Googling CHC Radio.

Margaret Flinter: And if you have any comments, as always, please send us an email at www.chcradio.com, we love to hear from you. In a moment, Harvard Health Economist David Cutler, but first, here is our producer, Marianne O'Hare, with this week's Headline News.

(Music)

Marianne O'Hare: I am Marianne O'Hare with this Headline News. Dental X-rays may be good at detecting cavities but they have also been linked to the most common form of brain cancer. Yale researchers released a report this week that linked multiple X-rays done in children under 10 to a higher incidence of meningioma, a cancer of the lining of the brain. The study did look mostly at adults who were exposed years ago to much higher doses of radiation than are used in today's dental X-rays.

Autism in America, a growing portrait. More recent statistics show one in 88 children have autism. That's about a million kids in this country. But research seems to be turning a corner. Researchers at UC Berkeley in California have been able to grow neurons from stem cells generated from the skin of kids with autism. In doing so, they are going to be able to observe neurons and synapse responses in the Petri dish and work more readily on possible treatments for kids on the autism spectrum.

Meanwhile, another study out this week, shows moms who are obese, overweight, suffering from gestational diabetes or high blood pressure are almost twice as likely as normal weight pregnant women to give birth to children with developmental delays and diagnosis in the autism spectrum. Researchers are now trying to identify the exact causal relationship, yet another reason for expected moms to keep that weight gain down.

And the $64,000 question, how to battle obesity in one in three American kids who is overweight, the answer may be just that, 64. A recent study by the American Journal of Preventive Medicine determined eliminating just 64 calories per day from the average kid's diet would reverse the obesity trend. Those kids with more to lose would have more exercise recommended as part of their weight reduction. I am Marianne O'Hare with this Headline News.

(Music)

Mark Masselli: Today, Margaret and I are speaking with David Cutler, Professor of Applied Economics at Harvard University and leading expert on the economics of health care. Dr. Cutler served on the Council of Economic Advisors during the Clinton Administration, was an advisor as well to the Obama Administration. He is also author of Your Money or Your Life: Strong Medicine for America's Health Care System, which takes a historical and empirical look at the needs for health care reform and what it should look like. Dr. Cutler, welcome to Conversations on Health Care.

Dr. David Cutler: It's great to be with you. Thank you.

Mark Masselli: You know the nation's been through a **worldwide** March Madness if you will at the Supreme Court on the Affordable Care Act, and based on the assessment of High Court's hard line of questioning, either some or all of the act could be in jeopardy. Now, you have been actively involved in health care reform for over two decades. So tell us two things; why is it so hard to bring about meaningful health care reform in America and what are your observations about the hearings at the Supreme Court as well?

Dr. David Cutler: It's very hard because it's a complex problem. It's got a number of different facets to it, it's trying to get people to agree on things, is always very difficult, especially as politics grow more polarized. So I understand why it's taking our country so long. Nobody is happy about it but I understand it. I thought the Supreme Court debate had some moments that were good and many moments that were discouraging. In particular, what struck me as an economist is that a lot of the Supreme Court debate was about economics and most of the justices did not appear to understand the basic economics of the case. So they were debating things like externalities, which is a very, very common economic situation that applies all over health care, and they just got it wrong. And so they would make statements that were just incorrect. And I find it troubling that they chose to go so deeply into a substantive issue without educating themselves about the substance that they were dealing with.

Mark Masselli: Pull the thread a little on that for us if you will.

Dr. David Cutler: They had a whole day's worth of discussion about is a mandate different from a tax. For economists, there is really no distinction between them. That is, I could mandate that you buy health insurance or I could say that if you don't buy health insurance, I am going to assess you a million dollar tax. My guess is those two would have the same effect, in both cases you would have health insurance. Indeed, the mandate in the Affordable Care Act is really just a tax. But they twisted themselves into pretzels distinguishing between the two. So a tax is clearly okay, a mandate is not clearly okay, you have to decide.

So then once they twisted themselves into that pretzel, they had to come up with reasons why the federal government might be able to intervene in the market for health insurance through a mandate where it couldn't intervene in any other market. And of course then they would say things like yes, but the government does intervene in the broccoli market and in the cell phone market and so on, so what's so different about it? And the reason why they got themselves in that situation is because they let themselves analyze the underlying economics wrong. Really what they should have been talking about is, is some intervention in health care appropriate, the answer from every economics textbook is yes. And then is a mandate a reasonable solution to that and the answer to that in every economics textbook is yes. And so on the economics of this, it is absolutely a perfectly clear case and it's only muddled if you choose to make it muddled.

Margaret Flinter: So given that they have wrapped up those oral arguments of what's your projection on what happens next, would you like to do some crystal ball gazing for us?

Dr. David Cutler: I wish I could since I would make money in online betting market. But I don't think -- the truth is I have no greater insight than anyone else does.

Margaret Flinter: Well we are certainly eager to see how this plays out. And maybe while that is working its way through, you have spoken in your books and in your writing about reform and about value and we recently had Dr. Berwick on our show, one of your Harvard colleagues, and both of you maintain that at least a third of all health care expenditures are unnecessary or flat out waste. And it seems to me that that's often translated a little simplistically into we do too many tests and we do too many duplicate tests. But you have really spoken to the issue of value not just waste but what should we expect as a return, how do we make decisions about health care reform based on value. And I wonder if you would elaborate on that concept for our listeners a bit.

Dr. David Cutler: Yes, thank you, it's an absolutely central issue. What we want from health care is not to spend less because less is always good. It's not. What we want is to get more value for our dollar. We want to be able to say when we are spending money, it's going to something that it really should be going toward. And our best guess is that about a third of the dollars in the medical care system are not going towards improved outcomes. That involves people getting too many things like for example readmissions to hospitals that don't need to occur or surgeries where the literature suggests the surgery is not doing any better than non-surgical options. It involves poor prevention, people getting sick when we could have prevented them earlier on and it involves administrative costs that are just a nightmare. All of those are very big important parts of the health care system. The question then is how to get rid of them and there are ways to do that. It's not easy. It's not as easy as saying, oh just import drugs from Canada

because drugs from Canada are cheaper. We should be able to import safe drugs where they are more cost effective. But that's not the big part of it. The big part of it is really making the system of medicine be that doctors and other care providers can do the right thing, not that thing that pays them a lot of money. The thing that pays people lot of money is doing more interventions, more serious things, more testing, more surgeries. The thing that is underdone that that we should add to that is doing a better job preventing and thinking about the best way to treat a patient.

Mark Masselli: You know Dr. Cutler, you have had an interesting perch on health reform attempts over the last generation at the Council of Economic Advisors, or during the Clinton Administration you were certainly engaged in the attempts to pass sweeping health care reforms. In the '90s, you have had a bird's eye seat in Massachusetts in the health reform initiative that's going on there and you have been an advisor to the President Obama's Administration as they have worked through the Affordable Care Act. How does the ladder measure up to what you believe the ultimate needs for health care in America need to be?

Dr. Davit Cutler: Health care reform is going to be a process more than a single step. I think the Affordable Care Act does very well as the first step what will be a series of steps, not all legislative steps, that is things that go on in the private sector with private insurance, things that happen in state governments with Medicaid programs, things that happens in physicians' offices and hospitals to allow them to do better care and with fewer resources. So I am encouraged by what we had but realize, as everyone does, that this is the start of real health care reform not the end of real health care reform.

Margaret Flinter: I want to look at two things from where we sit. Looking at Massachusetts seems to be working quite well and we have spoken with Dr. Gruber, he has been on our show as well. But I would be interested from your perspective both as an economist, as a person who works in Massachusetts, as a father and a consumer of health care, what's your perspective on how well health reform in Massachusetts is working and the degree to which it actually can and should serve as a model for where we go from here.

Dr. David Cutler: In 2006, Massachusetts decided to address the issue of coverage. So we decided we wanted to cover all the uninsured, and we put significant effort into doing that and it worked very well. We covered three quarters of the people who were uninsured; it cost per person about what we thought it would cost; the market has worked the way we thought it would work. So it's been a very big success. As a state, we put off the issue of what to do about the cost of it. We said, we would deal with that another day. That day has come. We had a huge recession which strained our commitment to do everything in state government including afford the coverage that we had committed to. We have the highest medical costs anywhere in the country; we had it before, we have it now. So now, we are starting to address that, and it's

going to be difficult. It's easier to cover people than it is to save money. I believe we will be successful. There is a lot of goodwill and ideas about how to do it and the question is going to be how do we best carry those out. Once again, I suspect the nation will be looking to Massachusetts on this because just as it looked to Massachusetts on coverage because Massachusetts did coverage before anyone else, I suspect the nation will look to Massachusetts on the cost dimension too, where we are really just starting things but where there is a lot of good stuff that's already happening.

Mark Masselli: We are speaking today with Harvard Economics Professor David Cutler, author of Your Money or Your Life: Strong Medicine for America's Health Care System. He is also voted by Modern Healthcare Magazine as one of the 30 people who could have a powerful impact on health care. Professor Cutler, you write that there are three major hurdles to tackle in the health care system: cost, access to care and quality care. If we could, let's look at the first cost with health care expenditures approaching 20% of our nation's GDP, and yet, you say focusing on containing spending isn't necessarily the right approach when you are looking at reducing cost, that value for dollar spend should be the focus. Can you pull the thread a little for us on that concept?

Dr. David Cutler: Spending less is good; spending less when you are cutting back on necessary things is not good. What we need to do is to figure out how to spend less where it's not helping us but conserve and even do more where it is helping us. What we should be doing is systematically eliminating that 1/3rd or so spending which is not associated with any better outcomes.

Margaret Flinter: Professor, I had the opportunity to go back and reread your book Your Money or Your Life recently. And I was struck by your reference, I am going to go to a specific area within health care because I think it's (14:48 inaudible) to what's going on as we look at the Medicaid expansion and how we use Medicaid as one vehicle to expand coverage and care. And you spoke about the IOM report on prenatal care and that if we invested in making sure that all women or nearly all women had access to prenatal care, the return on that investment was so huge, it was just an absolute no-brainer. And it led to significant policy change in the country to a great increase in access to prenatal care under Medicaid. Then it links to another comment that you have made that when medical interventions are developed, we are much quicker to adopt them into practice than we are when we learn about social changes or lifestyle changes or other behaviors that need to change. And as we look to a big expansion of Medicaid, if things continue on with the Affordable Care Act, what's your thoughts about how we are going to move things forward with the value proposition around getting people to change their behaviors, an essential element within health reform?

Dr. David Cutler: It's an essentially important question, which is how do you get people to use insurance the right way? One of the things we noticed in

Massachusetts is that when people got insurance coverage, what they did was they used the emergency room more, and you say, well why is that, they had insurance coverage, I don't understand what were they doing in the emergency room. And the answer is that was the only way people knew how to get care. They didn't know where primary care providers were; they weren't convenient to them; the hours weren't appropriate, so on. So what we had was an increase in people who felt comfortable using the emergency department. That's good, they should feel comfortable, it's not a bad way to provide primary care but it's a very bad way to think about integrating someone into the care system as a whole.

I like to actually myself and ask others the question, which do you find more enjoyable: interacting with health care or buying a used car? And most people now think that buying a used car is more enjoyable, and that's really telling you something about the state of the health care system and its service aspect. That's going to have to change.

Mark Masselli: And Professor Cutler, you have been talking a lot about quality of care as well in your writings. But your quality approach has drawn the praise of a number of different organizations **GE** and Kaiser others. Talk to us about what you mean when you say quality in health care.

Dr. David Cutler: I mean a couple of things but number one is doing what you do so that it works. It used to be when you bought American car, there was always something wrong with it. You bought it, you drove it home, two days later you had to bring it back because something had to be fixed. Well, what automakers and everyone else in the world figured out is people don't like that, and it's not cheaper to do that. So quality is doing it right the first time. And in health care, there is a lot of not doing it right the first time. In addition, quality is the service end of quality, that is do you feel like you can actually use the system or would you prefer to be interacting with a used car dealer. And then I think a third dimension is quality is avoiding stuff that you don't need to do. So in addition to doing stuff and doing it right and making it be feasible for people, it's only doing those things that you have to. And I will just give you an example of that. It is generally believed as attested to by most clinical studies that approximately 90% of people with some types of back pain do not need surgery. They don't need an MRI; they don't need the orthopedist; they don't need months and months of recovery, what they need is physical therapy. And yet, a large number of people still have surgery because that's the way the process drives them and nobody said, hey look what's actually better for this patient, better health wise, not to mention financially, is to dispense with the fancy stuff and go to the stuff that we know works right away.

Margaret Flinter: Professor, you recently gave a talk at the Innovations in Health Care Think Tank at Harvard on whether there is hope for health care reform and I think we could safely say that the picture that you painted was of a somewhat plotting system where change is slow to happen and even as we are in this

moment of suspended time. You mentioned earlier the good stuff was starting to happen in Massachusetts. We talked about the coverage, the degree to which coverage has been achieved in Massachusetts but we would be interested in not just the coverage but the care. What are the transformations that you see underway in Massachusetts that really, what are the changes in the transformations that you see within care systems itself that should give us some cause for optimism?

Dr. David Cutler: The care systems are really starting to think about how do we deliver better care that people can access networks for them. So you are seeing the big care providers saying how do we see more people on a primary care basis not just when they show up in the hospital. You are seeing efforts to link medical records across different settings so that information about you follows where you go from one place to another. You are seeing use of decision support services so that doctors say aha, here is automatically the right thing to do for you; we don't have to go research it all and find out exactly what to do with this situation but we have at our fingertips what the Library of Medicine suggests. We need to get better at providing the care we do because otherwise we won't be able to afford it and we will just have to cut in other ways.

Mark Masselli: Professor Cutler, we like to ask all of our guests this final question. When you look around the country and the world, who do you think our listeners should be keeping an eye on in terms of innovations in the health care system?

Dr. David Cutler: You know what I would keep my eye on is the physicians and business people, who are running medium to larger size medical systems and medical groups. And their life is going to be difficult. But the question is, are they treating this as an opportunity to get better because that's what they can now do or are they hunkering down and hoping to ride out the storm? And that's who I will look at to see how this is all playing out.

Margaret Flinter: We have been speaking today with Harvard Economist, David Cutler, leading expert on Health Economics, author of Your Money or Your Life: Strong Medicine for America's Health Care System and voted by Modern Healthcare Magazine as one of the 30 people who can have a powerful impact on health care. Professor Cutler, thank you so much for joining us today on Conversations.

Dr. David Cutler: My pleasure, thank you.

Mark Masselli: At Conversations on Health Care, we want our audience to be truly in the know when it comes to the facts about health care reform and policy. Lori Robertson is an award-winning journalist and Managing Editor of FactCheck.org, a non-partisan, non-profit consumer advocate for voters that aim

to reduce the level of deception in US politics. Lori, what have you got for us this week?

Lori Robertson: Well Mark and Margaret, this week, we will talk about an old claim about the federal health care law that we keep seeing again and again. Republicans say that the law kills jobs or that it's job killing. And this is something that we have seen and heard from Republican Presidential Candidate Mitt Romney, we have seen it in ads from the U.S. Chamber of Commerce and also various claims from lawmakers in Congress. But the claim that it's job killing is greatly exaggerated. What experts say is that the law will cause a small loss of low wage jobs and also some gains and some better paying jobs in the health care and insurance industries. The non-partisan Congressional Budget Office said that the law would cause a small reduction in the amount of labor in the economy and that would come about primarily by reducing the amount of labor that workers choose to supply. So what that jargon means is that more workers would decide to retire earlier or work fewer hours when they no longer need employer-sponsored insurance and can obtain it on their own with help from federal subsidies. That means fewer people willing to work or willing to work as many hours not a destination of the jobs that are available.

At the same time, we have also seen claims about small businesses being devastated by the law but that's also off base. Businesses with fewer than 50 workers are exempt from the requirement to provide coverage or pay a penalty. And really small businesses are already getting tax credits under the law to help them provide health insurance for their workers. So despite all of that, we expect to see more of these job killing claims again throughout the election. I am Lori Robertson, Managing Editor of FactCheck.org.

Margaret Flinter: FactCheck.org is committed to factual accuracy from the country's major political players and is a project of the Annenberg Public Policy Center at the University of Pennsylvania. If you have a fact that you would like checked, email us at www.chcradio.com, we will have FactCheck.org's Lori Robertson check it out for you here on Conversations on Health Care.

(Music)

Margaret Flinter: Each week, Conversations highlights a bright idea about how to make wellness a part of our communities and everyday lives.

What does a group of motorcycle enthusiasts have to do with treating the ill in Sub Saharan Africa? As it turns out, plenty. Riders for Health is based on the premise that no one should die from a preventable or treatable disease simply because of lack of transportation. When you look at the numbers of deaths due to untreated malaria, tuberculosis and AIDS in Africa, one of the biggest barriers to patients receiving life saving care is transportation. Often patients who are sick must walk long distances to reach clinics and clinics often go without

necessary medicines because of a poor delivery infrastructure. Riders for Health, an international group formed from the world of motorcycle racing, realized that if you provided a fleet of vehicles, and more importantly, put a preventive maintenance system in place, health workers would be able to take their expertise out to their populations.

Unidentified Speaker: What we do is to focus on running and managing vehicles that are able to get that health care to the people who so desperately need it.

Margaret Flinter: Since the program began, over a thousand motorcycles and four-wheel drive vehicles have been deployed across a dozen African countries and thousands of patients have been saved by this simple but ingenious concept. Riders for Health offers a transportation solution to a medical problem. Now that's a bright idea.

(Music)

Margaret Flinter: This is Conversations on Health Care. I am Margaret Flinter.

Mark Masselli: And I am Mark Masselli, peace and health.

Conversations on Health Care, broadcast from the campus of Wesleyan University at WESU, streaming live at www.wesufm.org and brought to you by the Community Health Center.