

Welcome to Yale Cancer Center Answers with your hosts doctors Anees Chagpar, Susan Higgins and Steven Gore. Dr. Chagpar is Associate Professor of Surgical Oncology and Director of the Breast Center at Smilow Cancer Hospital at Yale-New Haven. Dr. Higgins is Professor of Therapeutic Radiology and of Obstetrics, Gynecology and Reproductive Sciences and Dr. Gore is Director of Hematological Malignancies at Smilow and an expert on Myelodysplastic Syndromes. Yale Cancer Center Answers features weekly conversations about the research diagnosis and treatment of cancer and if you would like to join the conversation, you can submit questions and comments to [canceranswers@yale.edu](mailto:canceranswers@yale.edu) or you can leave a voicemail message at 888-234-4YCC. Tonight you will hear a conversation about healthcare and cancer with Dr. Howard Forman. Dr. Forman is Professor of Diagnostic Radiology, Economics and Public Health for the Yale School of Management. Here is Dr. Anees Chagpar.

Chagpar I have to tell our audience that I have been dying to do this interview for the last five years that I have been hosting this show. Howie, for those that do not know, was one of my professors as I just finished my MBA at the School of Management last year and he is an expert in healthcare economics and where this country is going in terms of healthcare affordability. Let's start there Howie. Everybody says that healthcare costs are spiraling out of control, is that true, is the first question and the second is, why is that?

Forman I do not know if they are spiraling out of control but certainly for the last several decades healthcare costs have risen at rates above the growth of the overall economy which means that they are taking an ever larger piece of the overall economic pie in this country and that is true for a lot of other things as well. That includes things like iPhones and flat panel TVs and so the fact that something is growing at a somewhat unsustainable rate, particularly in the short run, is not in and of itself a terrible thing and particularly when we look at something like healthcare, we may in fact want to dedicate more resources to improving the quality of our lives, the length of our lives and the quality and length of those that we love, so in and of itself spending on healthcare is not such a bad thing, the question we have to ask ourselves is, are we getting the value for our spending at the same level that we are when we buy an iPhone or buy another good or service and the answer there is more mixed. There are certain aspects of healthcare in this country and globally for which we are getting enormous bang for the buck, we are making incredible advances and people are clearly deriving benefit. We see life expectancy advancing. We see a decline in mortality rate. We see areas of healthcare that are dramatically improved, certain cancers that killed people a few decades ago now are curable, so there is some good news. The bad news is that when we compare ourselves to our peer developed nations our outcome measures are not nearly at the top and yet our spending is at the top and far and away above those of even the closest of our developed nation peers such as the UK, such as Germany, such as Canada and so on and so the value that we are getting seems to be lower than what we would expect given what we are spending, add to that the fact that most healthcare is paid for by somebody else and by that I mean that your employer

is paying for much of your healthcare when you are employed and when you are unemployed or elderly or disabled, the Federal or State Governments are paying for your healthcare and that means that it impacts all of our taxes and all of our essential burdens on our overall compensation

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that diminishes our ability to take home wages and to be able to spend it on other things. A combination of those issues means that there are struggles and real challenges that we face in terms of healthcare affordability.

Chagpar Your point is quite good in the sense that while there have been dramatic improvements in cancer care, for example, and other things, those benefits are seen across the world, you look at cancer mortality rates in Canada or the UK or Germany or Australia, they are comparable to what we have here in the States, but we spend far more. Why is that? Why are we spending more than all of these other countries, is it because most of these other countries, developed nations, have universal healthcare and we even with the Affordable Care Act do not?

Forman Yes, some of it is the unique structure of our country and the way we deliver healthcare. We take a lot of pride in the fact that we have a primarily private delivery system even if a lot of the financing comes from public sources and we also recognize the fact that we are a leader in innovation and so we invest a lot in innovation and we are the first innovators in a lot of areas and we are willing to absorb some of the upfront cost of that and allow other countries, with a delay, to take our novel technologies at a lower cost over time. Some call this a free rider effect where other nations are able to take advantage of our intellectual property that we have developed and be able to acquire it at a lower cost after the technology is already distributed through the United States and some of the fixed costs have already been taken on but some of it also has to do with the unique nature of this country, we were founded on libertarian principles despite the fact that in the Northeast we may see things somewhat differently, across the nation there is still a very strong libertarian bent, a very conservative bent, and an ethos that says keep your Government hands out of my X and because of that we really do not allow for the active Government intrusion in pricing to the degree that other nations do, not to say that we do not have Government pricing on a lot of things, but to the degree in comparison with a lot of other nations where literally fixed pricing is put in place by the government, by a national health service, we do not do that and so we allow drug prices to be set by the market to a great degree and some times those drug prices are very very expensive.

Chagpar Let's talk about drug prices now that you have brought it up. There was a very interesting article that came out not so long ago that actually hit the lay media that was talking about cancer drug prices in particular and the fact that these are increasing and that the increasing cost was not related to

novelty and was not particularly related to effectiveness but was really related to whatever the market could bear and when you talk about something that has the emotional charge of cancer, people will often pay whatever it costs even at the expense of going bankrupt which happens a lot in this country due to medical costs, so how do we justify that?

Forman I will come back to justifying a little bit later but part of the problem that we face is that we have a very disjointed healthcare delivery system and most people would even put system in quotes. We do not really have a healthcare delivery system in this country. We have a lot of healthcare providers, we have healthcare financiers, we have patients, we have clinicians and all different

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stakeholders out there and their incentives are not always perfectly aligned and when it comes to prescription drugs, particularly in the chemotherapy area, it is a very good example of how poorly aligned they are. Physicians may make money off of certain prescriptions that they provide if they provide them in office, particularly intravenous drugs, drugs that cannot be self-administered, physicians and providers and hospitals may make money off the delivery of certain chemotherapy drugs and they may make no money off of oral drugs at the same time and while I do not think that anybody, no oncologist, no hospital, no provider out there is actually actively saying, I choose to give the drug that makes me the most money, if you frame the question a little bit differently, you can see where the problem arises. If I am a physician in practice who is making money off of the totality of my cancer care which includes diagnosis, monitoring, staging, consultation, and ultimately treatment and I am making X number of dollars and some of that money is being paid to me through my administration of chemotherapy drugs and somebody comes along and says to me, you know, we think that you should consider providing this care using an orally administered agent that happens to be cheaper and it is even easier for the patient and overall it is going to save a lot of money and it is not going to save the patient per say that much money because they are maybe paying a co-pay, but it is certainly going to save the insurance company, the employer, the Medicare and so on some amount of money. I may look at that and say, yep that is a really good idea and then if you tell me at the same time that it may diminish my revenue by 20 or 30%, it is going to cause me to pause and think why am I making this move, is this move really in the overall best interest of the patient, maybe the patient is doing very well right now. The patient is not going to be saving any money, why am I actually making this move, just to save money for an insurance company, and so the incentives are not really aligned. What we are hoping to see over the next few decades, hopefully few years but maybe it will take a few decades, is a transformation so that the amount of money being paid for the care of the patient is either capitated or bundled depending on how you look at it, so that a patient will receive the best possible care and the provider will look at the overall sum of care, maximize quality, minimize cost for the patient,

for the insurance company and make decisions that really are best aligned for the patient not necessarily trying to maximize the income for one stakeholder or another and chemotherapy drugs are kind of easy fodder for that because there are a lot of drugs that are well compensated for which providers can make money off of and there are other drugs for which there is no compensation to the provider but this applies to all of healthcare as well.

Chagpar So when you say we hope to see these changes over the next few years or next few decades, is this wrapped up in the Affordable Care Act?

Forman Yeah, certainly what we are seeing in the first few years of the Affordable Care Act are pilot programs that include bundle payments for things like orthopedic surgeries, bundle payments for cardiovascular disease, for congestive heart failure, for asthma and so on coming along and we are hoping to see the alignment of incentives and to get the quality maximized, cost minimized and really outcomes improved overall overtime with those very simple bundles. Those are probably the simplest bundles that you can come up with because replacement of a hip, that is a very similar population that everybody is getting the hip, everybody is the similar type of patient, there is

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only a little bit of variation. Cancer patients are a little bit more complicated. There are some cancers that are much more common than others but even the most common cancers still require a lot of individualized therapy and so they are a little bit more complicated in terms of bundling, but I think most of us believe that that will come over time and that it will really be in the patient's best interests in the long run, not just in terms of cost mind you, but really getting health systems to compete on quality and the way they deliver care and maximizing consumer satisfaction.

Chagpar How would consumers actually look at that, because one would argue that one of the big problems is transparency, you have no idea the quality of care that you get at center X versus center Y, doctor X versus doctor Y let alone the treatment regimens as you say which can be varied and you are faced with a cancer diagnosis, how do they think that is going to play out?

Forman I still recall myself a quality measure skeptic, somebody who has not completely bought into the fact that we can easily measure quality, that we can easily figure out how to risk adjust a group and decide that this group of cancer patients actually starts off being sicker than that group of cancer patient so that we treat them differently when we look at these measures, I am still somewhat skeptic, but I have been incredibly impressed by the progress made over the last 20 years in terms of quality metrics that are coming along in all the different areas of healthcare and I am confident that in the next few years, as the electronic medical record becomes much more accessible, as researchers have access not to a 500 or 800 bed hospital, but might have access to 1000s and 1000s of hospital beds in a region or even across the nation, then we will start

to come up with ways of truly looking at a population of breast cancer patients or a population of colon cancer patients and so on and know what are the best practices and how should we judge the health centers that are providing that care to know whether they are providing the best possible care and if they are not, encouraging them through both financial incentives as well as feedback to become better and better so that they become best in class.

Chagpar We are going to pick up with this conversation and how patients are going to get involved in the mix of improving healthcare and financing it after we take a medical minute. Please stay tuned to learn more information about healthcare and patients with cancer with my guest, Dr. Howie Forman.

Medical Minute The American Cancer Society estimates that there will be 75,000 new cases of melanoma in the US this year with over 1000 of these patients living in Connecticut. While melanoma accounts for only about 4% of skin cancer cases, it causes the most skin cancer deaths. Early detection is the key and when detected early, melanoma is easily treated and highly curable. Clinical trials are currently underway at federally designated comprehensive cancer centers, such as Yale Cancer Center and Smilow Cancer Hospital at Yale-New Haven to test innovative new treatments for melanoma. The goal of the Specialized Programs of Research Excellence (SPORE) in skin cancer grant is to better understand the biology of skin cancer where the focus is on discovering targets that will lead to improve the diagnosis and treatment. This has been a medical minute brought to 15:08 into mp3 file [https://az777946.vo.msecnd.net/cancer/2015%200906%20YCC%20Answers%20-%20Dr%20Forman\\_231882\\_5.mp3](https://az777946.vo.msecnd.net/cancer/2015%200906%20YCC%20Answers%20-%20Dr%20Forman_231882_5.mp3) you as a public service by Yale Cancer Center and Smilow Cancer Hospital at Yale- New Haven. More information is available at [yalecancercenter.org](http://yalecancercenter.org). You are listening to WNPR, Connecticut's Public Media Source for news and ideas.

Chagpar Welcome back to Yale Cancer Center Answers. This is Dr. Anees Chagpar and I am joined tonight by my guest, Dr. Howie Forman. We are talking about healthcare, where healthcare is going in this country, who is paying for it and how it effects all of us. Howie, right before the break, we were talking a little bit about healthcare costs and you made the point that really healthcare is other people's money. It is born by the insurance companies and the employers and the Government for those who are on Medicare or Medicaid, but ultimately is it not born by all of us and so shouldn't everybody be concerned about healthcare cost in this county because at the end of the day the employers are paying for things out of what could otherwise be employee salaries and the Government is paying for it out of taxes?

Forman Absolutely, I do not mean to minimize the fact that we are both individual healthcare consumers for ourselves as well as bearing the burden for the entire healthcare system. If I have a major illness, I am going to bear some of that cost, everybody else is going to bear the majority of my cost for that illness, so I do not mean to minimize at all what this means and I think every healthcare consumer out there benefits when we figure out ways to deliver

higher quality care at a lower cost. When we are able to improve access, one of the challenges that we face today is even with the Affordable Care Act in place, we still believe that there is probably 30 plus million people that are uninsured and at least 10 to 15 million people that are underinsured out there right now. People that really do not have access to the type of high quality healthcare that we believe everybody should have access to. If we can hold down healthcare costs, more and more people find it affordable to be able to access the system by buying health insurance and that lowers the uninsured rates, so there are many reasons why every one of us individually and collectively should be able to rally around the idea that holding down healthcare costs growth not necessarily cutting healthcare costs, but holding down healthcare costs growth is absolutely in our individual and national interest.

Chagpar Some people would argue that is the other people's problem, if you are uninsured, it is because you did not save enough, just like if you get cancer because you smoked that is your problem, explain to me how your healthcare cost if your uninsured effects me if I have insurance?

Forman Certainly, we know that healthcare is like no other industry in that there is true real cost shifting going on at the hospital level, at the physician level, at even the medical device and pharmaceutical level. People that are uninsured are getting access to our healthcare system and at very high cost to the system but somebody is bearing that cost and ultimately it is the well insured person who is bearing the full cost. At a hospital like Yale-New Haven Hospital, a commercial insurer may pay more than twice as much as the actual cost of a hospital bed, not because Yale-New Haven Hospital is being able to make Microsoft type margins, but rather because they have to be able to pay for the many beds that are filled by patients who are completely uninsured or mostly

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uninsured, so we have real cost shifting going on all over the system and within the hospital, it is most obvious. We see Medicare and Medicaid patients that are paid through Federal and State Governments at slightly below cost. We have uninsured patients that are paying somewhere close to 0% of total cost and so you must have commercial insurance. The patients that are typically employed by a large employer are paying for their care at well above the real cost of care, so when I, who have good insurance at this point, use our healthcare system, I am forced to pay a higher cost because somebody has to pay for the uninsured patients.

Chagpar I remember when the whole Affordable Care Act debate was going on and people were saying, how are we going to pay for this? It is great that we are going to be giving all of these people access, which is a noble goal and a social good, but ultimately somebody is going to have to pay for it with higher taxes or cutting other Government programs; many people argued, well we do not

want our taxes to be increased to pay for that, but ultimately you are paying for it anyways.

Forman Absolutely, somebody posed, I believe to Rand Paul who is a physician and who was running for the Republican nomination in 2012, the question of what would you do if a patient were to come to the emergency room with a gunshot wound or something, I do not remember the exact scenario, and somebody in the audience asked would you just let the patient die if they do not have insurance and cannot pay for it? And somebody in the audience yelled out, yes of course you should. And I think Rand Paul, to his credit, clearly said it is not that easy and nobody does that. There is no place that I have seen in the healthcare system where the high cost uninsured patients, which most of the uninsured are, because they are not accessing the system for low cost things, they are only accessing the system for catastrophic illnesses of one type or another or trauma, someone has to pay for them. None of us that are in the healthcare field are going to turn away a person who is critically ill, critically wounded or otherwise needs acute care; we will ask how to pay for it afterwards and so the costs are always being born by the system and we have to figure out how to pay for it after the fact.

Chagpar How can patients get more engaged, involved, in looking at costs and figuring out value and quality and cross containment, what do patients do?

Forman Up until 10 or 15 years ago, they could do almost nothing. It was really word of mouth, talk to your friends, talk to physicians that you might know to get their advice for really nothing and even physicians were in a very difficult position because it was very hard to know who were the high quality cancer centers, who were the high quality cardiovascular centers, you could rely as much as you want on advertising but that only goes so far. I think now we are seeing through hospital compare on the Medicare website through the quality metrics that the Federal Government releases on a regular basis and through quality metrics that are being developed even today that we are actually able to identify what are the best practices and who is adhering to those best practices and then similarly, on insurance company's websites as well as on the Medicare site again, we are seeing what costs are. We have never had a good sense of costs before. Increasingly Aetna, Humana, United Health Group and other major insurance companies are looking at this as an

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opportunity to educate the public. When you had a \$250 deductible you did not care so much about what your cost of care was going to be because you knew you are only at risk for \$250. When you have a \$5000 deductible or in some cases close to a \$10,000 deductible, you become very keen to know what things are going to cost you. You ask questions even before you go visit a physician or a hospital and that is changing the way healthcare is delivered because hospitals are now more prepared than ever to tell you what costs are going to be and to

make that transparent to you in advance and if they are not already, they will be over the next few years.

Chagpar Is that another thing that the Affordable Care Act is going to do?

Forman So without a doubt I think some of the changes in the Affordable Care Act either very directly through various types of sunshine laws, where they actually shine light on what is going on behind the scenes, but as well the incentives that have been imposed on insurance companies, on individuals, and employers have really forced everybody to work together and make prices more transparent and make quality more transparent. When Medicare is penalizing hospitals for re-admission rates, when Medicare is penalizing hospitals for having hospital acquired conditions you cannot help but think that all of that data is going to start coming out more and more, it might not be like Yelp, but it is going to come close and you can imagine the time in 5 or 10 years where something similar to Yelp will be out there for every consumer to know who their physician is and how he or she ranks, who their hospital is and how they rank and so on and try to come up with the best information the same way we make decisions about purchasing a car or restaurant we would go to.

Chagpar And one would think that as that process unfolds just by sheer market forces, that the cream will rise to the top and essentially the poor quality providers will cease to exist.

Forman Yeah, obviously we want all providers to continue to exist. We want them to elevate the level of their quality. Most of us in medicine believe that the people who made it out and who have made it into practice clearly have the competencies and capability to practice medicine and I think that all hospitals do strive to be high quality providers but they do need a nudge sometimes, and they do incentives and I think these are the types of incentives that are going to cause smaller hospitals to realize that they might not be able to go it alone and they are going to have to find a bigger partner that is able to help them advance their machine and I think with physicians it is the same thing, it is true that they are going to have to be able to raise their game, raise their quality and lower their cost to be competitive in an environment that demands it.

Chagpar We are heading into an election year and the Affordable Care Act has been one of those sources of key contention between political parties, tell us a little bit about where that contention exists and what are the good things and the bad things about the Affordable Care Act and then regardless of how the election shakes out, where do you think the Affordable Care Act is going to be in the next 5, 10, or 15 years?

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Forman So first of all, we have to remember that the Affordable Care Act really did embrace very conservative republican principles. It is to the right, as we say, more conservative than the alternative to Clinton Healthcare Reform. It is



to the to the right of even Romney's Healthcare Reform in Boston, so I think fundamentally there is nothing necessarily wrong with the Affordable Care Act that Republicans and Democrats could not get their hands around and would be very happy about. It became unfortunately, a partisan battle. You had a President that was elected with a very strong mandate, had complete control in many ways of the Senate and the House and was able to move Legislation through without Republican help and Republicans who felt that this was something that they could run against in their campaign in 2012 and they did so quite effectively shifting the balance of power in the House and the Senate in 2012 and 2014, so from a political standpoint, Republicans have used it in a political way successfully, but I think now is the time that both parties have to sit together and look at the small problems within it and they are definitely small issues that can be resolved and fixed. Some of them have to do with just regulations, some of them have to do with how taxes are assessed and also look at it from the point of view of cost, it probably would not have been a 938 billion dollar Bill if some of the Republicans had come along on this Bill; when you have a Bill that is one party, it does tend to be the one extreme or the other, so I think the Bill can be revisited and revised. I do not think it is even possible that the Bill can be repealed. We think that there is somewhere north of 16 million people that are newly insured that would not have been insured if not for this Bill passing. We see healthcare delivery improving in so many ways, you cannot undo these things and we see this as being a reasonably well financed Bill, it is not expanding our Federal budget deficit, so one would not want to take this apart and I do not think the Republicans ever would, and I think the likelihood is that this Bill will get tinkered with after the next presidential election and the tinkering will be in a favorable way, not looking to just dispend it and I think that we can look forward to continued improvement, hopefully contained costs overtime and both parties coming together to see healthcare improve for the country.

Dr. Howard Forman is Professor of Diagnostic Radiology, Economics and Public Health for the Yale School of Management. We invite you to share your questions and comments, you can send them to [canceranswers@yale.edu](mailto:canceranswers@yale.edu) or you can leave a voicemail message at 888-234-4YCC and as an additional resource, archived programs are available in both audio and written format at [yalecancercenter.org](http://yalecancercenter.org). I am Bruce Barber hoping you will join us again next Sunday evening at 6:00 for another edition of Yale Cancer Center Answers here on WNPR, Connecticut's Public Media Source for news and ideas.