

Cost Containment Begins at Home

The rapidly escalating cost of health care in America seems to be reaching a point where both public officials and health care leaders are asking, "How high is too much?" With health costs consuming more than \$165 billion last year and projected to reach \$310 billion by 1983, and with the annual inflation rate for the health care industry now more than one and one-half times greater than that of all other consumer prices, small wonder that consumers, too, are expressing more and more concern over the inordinate portion of our resources going into this area.

The Federal Government, especially the Department of Health, Education, and Welfare, has made cost containment one of its major health initiatives. Our concern is not only that too much money is being spent for health care, but also that the high proportion of the Gross National Product now siphoned off by health and medical expenditures will force us into a trade-off situation that will be detrimental to the public interest. There still are too many Americans who do not have access to quality health care, and there are even more who become sick needlessly because they lack adequate prevention and health promotion services. If we have to trade-off or delay the institution of disease prevention and health promotion programs, primary care services,

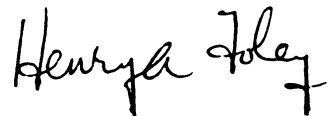
and activities to enhance the quality as well as the accessibility of care, then the effects of the burgeoning costs of health care can be measured in unnecessary human suffering as well as in dollars.

But cost containment, if it is to become a reality, cannot be accomplished wholly at the Federal level. Most health care dollars are spent in the community—some 40 percent of them are associated with hospital care alone. And when we think of cost containment at the community level, we have to think of the Health Systems Agencies as primary focal points for action.

The current high inflation rate in health care is due, in large measure, to excess and underutilized hospital beds, the proliferation of expensive equipment, and the duplication of resources. These are some of the problems that HSAs, in collaboration with State Health Planning and Development Agencies, can tackle under the authorities spelled out in the National Health Planning and Resources Development Act (P.L. 93-641). Adequate allocation of community resources, rational development of needed services, elimination of unnecessary facilities and services, and avoidance of duplication and overlap can be products of sound community and Statewide health planning. This will depend, to a large degree, on the development of a consumer-provider partnership that will work cooperatively for an effective health care system.

We will continue to stress cost containment at the Federal level and we will do whatever is needed to curtail the upward spiral of health costs, but we need to work cooperatively with States and communities, with all facets of the health care industry, and with the consumers if we are to be really successful.

We have the technology, we have the tools, and we have the manpower to fashion a health care system in this country that truly can be responsive to needs of the people—that can provide accessible, acceptable, and quality care—to improve the health status of Americans. With cooperative efforts, and with rational and orderly deployment of our resources, I think we can provide this at a reasonable cost to correct the current imbalance in our system.



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