The Need for Physician Education in Health Care Costs to Enhance Efficiencies in Care Delivery

The article by Rock et al in this issue of Pediatrics highlights an important issue surrounding the challenge of high health care costs in the United States: the lack of knowledge by physicians of cost of care. Their research provides 3 key messages that can inform future health care policies. First, physicians generally have limited knowledge regarding health care finances. As noted by Rock et al in their research, this “knowledge does not improve with experience: attendings’ estimates were, on average, accurate only 4% more frequently than those of residents.” Second, there is very limited transparency in costs of health care. Even when charge information is available, this information may not easily be converted into costs because the charge-to-cost ratios are generally viewed as proprietary by health care organizations. Third, there is a growing recognition that physicians need to have competency of managing health care costs, and groups such as the Accreditation Council for Graduate Medical Education are now expecting this competency for physician education.

As defined by the Institute of Medicine, quality of health care has 6 dimensions: effectiveness, efficiency, equity, patient-centeredness, safety, and timeliness. The notion of cost is implicitly captured in several of these dimensions, including efficiency. Recently, the notion of value in health care has been proposed by many researchers as a key concept that explicitly relates quality to cost; that is, the measure of quality as a function of cost. Porter has further proposed a framework for determining value. However, this approach necessitates physicians having an understanding of health care costs to estimate and improve this value proposition.

Knowledge regarding costs of health care can lead to reductions in these costs. As physicians become aware of costs of care and the tests they are ordering, practice patterns can change toward greater cost containment without any adverse effect on quality. The impact of education related to costs resulting in cost containment may be even greater in areas of high-cost health care delivery, even if physicians were not directly aware of those costs because of the economic paradigm of elasticity. Elasticity relates to a greater impact on cost from a small change in practice because of the differential pricing across services.

Historically, there has been limited transparency in health care costs, resulting in a disincentive for physicians to better understand this area. With implementation of the Patient Protection and Affordable Care Act and development of health insurance exchanges as part of health care reform, there is a growing emphasis on consumerism and achieving transparency. Understanding health care cost information will allow physicians to accomplish cost containment and...
also, importantly, allow physicians to support patients and families in making informed choices.

This research by Rock et al.1 demonstrates that physicians are generally not aware of health care costs, and increasing clinical experience over time, does not in itself improve this cost awareness. It does show that a real barrier currently exists for improving cost-effectiveness in health care. As suggested in their article, there is an urgent need for implementing educational strategies to provide the necessary training for physicians at every level of experience.11

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