Medical Technology Under Proposals To Increase Competition in Health Care

October 1982

NTIS order #PB83-164046

MEDICAL TECHNOLOGY UNDER PROPOSALS TO INCREASE COMPETITION IN HEALTH CARE

OCTOBER 1982



Library of Congress Catalog Card Number 82-600646

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402

Foreword

This report on *Medical Technology Under Proposals To ha-ease Competition in Health Care* was prepared in response to requests by the House Committee on Energy and Commerce and the Senate Committee on Labor and Human Resources. In the context of the OTA report *Strategies for Medical Technology Assessment*, the Committees expressed interest in a separate analysis of the implications for the use of medical technology of proposals to promote competition in the financing and delivery of medical care.

This report was prepared by OTA staff. In preparing it, OTA consulted with members of the advisory panel for the study and with other experts in health policy, economics, health administration, and medicine. Drafts of the final report were reviewed by the advisory panel, chaired by Dr. Lester Breslow; the Health Program Advisory Committee, chaired by Dr. Sidney S. Lee; and other individuals and groups with expertise in the area. We are grateful for their assistance.

Director

Advisory Panel On Medical Technology Under Proposals To Increase Competition in Health Care

Lester Breslow, Chair School of Public Health, University of California, Los Angeles

Morris Cohen

Director of Technology Assessment Kaiser-Permanente Medical Care Program Oakland, Calik

Alain Enthoven

Graduate School of Business Stanford University Stanford CaliL

Rashi Fein

Center for Community Health and Medical Care Harvard Medical School Boston, Mass.

Harvey Fineberg

School of Public Health Harvard University Boston, Mass.

Marie Henderson

Formerly, Division of Prepaid Group Plans Federal Employees Health Benefits Program Washington, D. C.

David Homer

Orthopedic Surgeon Inglewood, Calik

Robert Krughoff

Washington Consumers' Checkbook Washington, D. C.

Mark Pauly

Department of Economics Northwestern University Evanston, 111.

Louise Russell

The Brookings Institution Washington, D. C.

Lisbeth Bamberger Schorr

Maternal and Child Health Department University of North Carolina Chapel Hill, N. C.

Herbert Semmel

Consumer Coalition for Health Washington, D. C.

Robert Sigmond

Advisor on Hospital Affairs Blue Cross and Blue Shield Association Philadelphia, Pa.

Jacob Spies

Health Policy Institute Boston University Boston, Mass.

Kenneth E. Warner

School of Public Health University of Michigan Ann Arbor, Mich.

Richard Watkins

Staff Physician Group Health Cooperative Seattle, Wash.

OTA Staff—Medical Technology Under Proposals To Increase Competition in Health Care

H. David Banta, Assistant Director, OTA Health and Life Sciences Division

Clyde J. Behney, Health Program Manager

Jane E. Sisk, *Project Director*John C. Langenbrunner, *Analyst*Kerry Britten Kemp, *Editor and Writer*

Virginia Cwalina, *Administrative Assistant*Mary E. Harvey, *Secretary*Pamela J. Simerly, *secretary*

Principal Contractors

Peggy McManus, Institute for Health Policy Studies,
University of California, San Francisco, Washington, D. C. Office
Leon Wyszewianski, John R. C. Wheeler, Avedis Donabedian,
School of Public Health, University of Michigan
John R. Kimberly, Health Systems Management Group, Yale University
Judith E. Randal, Consultant, Washington, D. C.

OTA Publishing Staff

John C. Holmes, Publishing Officer

John Bergling Kathie S. Boss Debra M. Datcher Joe Henson

Acknowledgments

This report has benefited from the advice and review of the Health Program Advisory Committee and several other people in addition to the Advisory Panel. The staff especially wishes to thank Bryan R. Luce, who was Project Director for the OTA report *Strategies for Medical Technology Assessment* and is now Director of the Office of Research and Demonstrations, Health Care Financing Administration, for his contributions during the early part of this study. The staff would also like to express its appreciation to the following people for their valuable guidance.

Alvin Ankrum, Baltimore City Professional Standards Review Organization, Inc.

George Bowers, General Accounting Office, U.S. Congress

James Bryson, U.S. Office of Personnel Management Mark Epstein, Health Systems Agency of Northern Virginia

Robert Erikson, Kaiser-Permanente Medical Care Program

Marsha Gold, Department of Health and Mental Hygiene, State of Maryland

Bradford Gray, Institute of Medicine, National Academy of Sciences

Lawrence Green, Harvard School of Public Health Elizabeth Hilder, Federal Trade Commission

Kathryn Kelley, President's Commission for Study of Ethical Problems in Medicine and Biomedical and Behavioral Research

Saul Kilstein, Health Care Financing Administration, U.S. Department of Health and Human Services Mark Kleiman, Consumer Coalition for Health

Daniel Koretz, Congressional Budget Office

Harold Luft, Institute for Health Policy Studies, University of California, San Francisco

Patricia Mullan, Office of Health Information and Health Promotion, U.S. Department of Health and Human Services Samuel Meyers, National Center for Health Services Research, U.S. Department of Health and Human Services

Terri Louise Nally, American Chemical Society Donna Potemkin, Intergovernmental Health Policy Project, George Washington University

Lisa Potetz, Congressional Budget Office

Patrick J. Riley, National Federation of Federal Employees

Valerie Riley, Blue Cross-Blue Shield Association Louis F. Rossiter, National Center for Health Service Research, U.S. Department of Health and Human Services

Arnold J. Rossoff, University of Pennsylvania Judith Sangl, Health Care Financing Administration, U.S. Department of Health and Human Services Helen Schauffler, A.D. Little, Inc.

Robert Silva, Health Care Financing Administration, U.S. Department of Health and Human Services Fred Wegner, American Association of Retired Persons and National Retired Teachers Association Donald Whitehall, General Accounting Office, U.S. Congress