

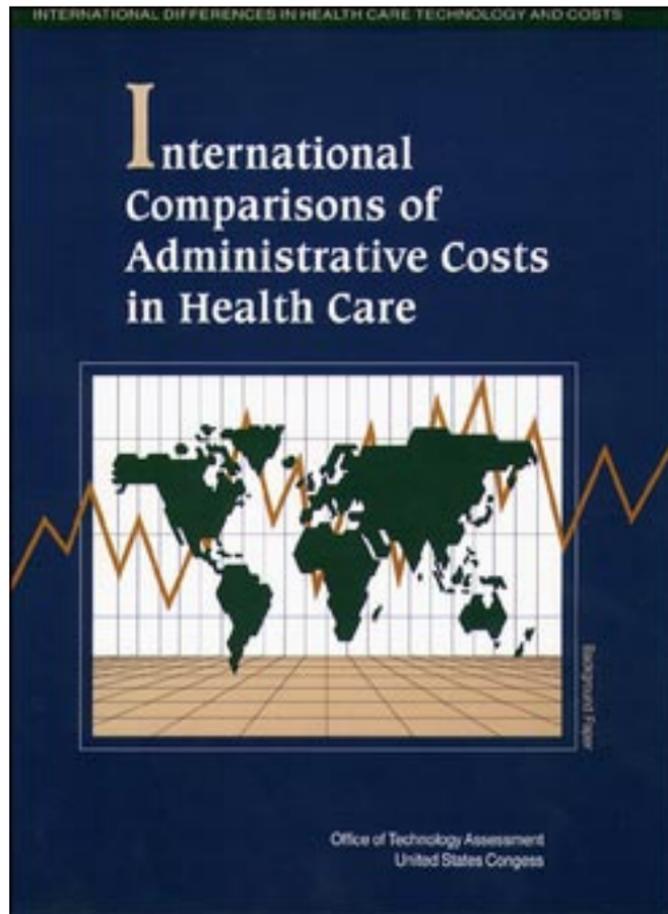
*International Comparisons of  
Administrative Costs in Health Care*

September 1994

OTA-BP-H-135

NTIS order #PB95-109682

GPO stock #052-003-01398-3



**Recommended Citation:** U.S. Congress, Office of Technology Assessment, *International Comparisons of Administrative Costs in Health/ Care, BP-H-135* (Washington, DC: U.S. Government Printing Office, September 1994).

---

For sale by the U.S. Government Printing Office  
Superintendent of Document, Mail Stop: SSOP, Washington, DC 20402-9328  
ISBN 0-16 -045320-8

# Foreword

The complexity of the U.S. health care system has become an issue in the debate over health care reform. In recent years, researchers have published studies examining whether the adoption of a Canadian-style, single-payer system in the United States would substantially reduce the administrative expenses. At the heart of these studies are international comparisons of administrative spending.

This background paper examines what is known about administrative costs in the health care systems of the United States and several other countries. In addition to exploring the types of activities that constitute health care administration, it reviews studies that measure and compare these activities in different countries, and it explores the potential usefulness of such comparisons. Although a Canadian-style system in the United States might indeed result in significant administrative savings, international comparisons of administration in countries other than Canada may also be helpful under a multiple-payer system by identifying how to achieve more modest savings or efficiencies in the way we administer our health care system.

The background paper is part of a larger project, International Differences in Health Care Technology and Costs. One other background paper, *International Health Statistics: What the Numbers Mean for the United States*, was published in November 1993. The remaining background papers in the series will examine international differences in spending for physician and hospital services, and health care technology and its assessment in eight countries. The House Committee on Ways and Means, under Chairman Dan Rostenkowski, asked OTA to undertake this assessment.

Preparation of this background paper was greatly assisted by an advisory panel, chaired by Rosemary Stevens of the University of Pennsylvania. In addition, many other individuals provided information and reviewed drafts of the paper. OTA gratefully acknowledges the contribution of each of these individuals. As with all OTA documents, the final responsibility for the content of the assessment rests with OTA.



ROGER C. HERDMAN  
Director

# Advisory Panel

**Rosemary Stevens, Chair**  
University of Pennsylvania  
Philadelphia, Pennsylvania

**Louis P. Garrison, Jr.**  
Syntex Development Research  
Palo Alto, California

**Bengt Jonsson**  
Stockholm School of Economics  
Stockholm, Sweden

**Stuart Altman**  
Brandeis University  
Waltham, Massachusetts

**Annetine Gelijns**  
Columbia University  
New York, New York

**Kenneth G. Manton**  
Duke University  
Durham, North Carolina

**Jan E. Blanpain**  
Leuven University, Belgium  
Leuven, Belgium

**John Iglehart**  
Health Affairs  
Bethesda, Maryland

**Edward Neuschler**  
Health Insurance Association of  
America  
Washington, District of Columbia

**Harry P. Cain II**  
Blue Cross and Blue Shield  
Association  
Washington, District of Columbia

**Ellen Immergut**  
Massachusetts Institute of  
Technology  
Boston, Massachusetts

**Jean-Pierre Poullier**  
Organisation for Economic  
Co-operation and Development  
Paris, France

**Thomas W. Chapman**  
*The Greater Southeast Healthcare  
System*  
Washington, District of Columbia

**Lynn E. Jensen**  
American Medical Association  
Chicago, Illinois

**Mark Schlesinger**  
Yale University  
New Haven, Connecticut

**Note:** OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the advisory panel members. The panel does not, however, necessarily approve, disapprove, or endorse this background paper. OTA assumes full responsibility for the background paper and the accuracy of its contents.

# Project Staff

**Clyde J. Behney**

Assistant Director, OTA

**Sean R. Tunis**

Health Program Director

**Hellen Gelband**

Project Director for International  
Differences in Health Care  
Technology and Costs

**PRINCIPAL STAFF**

**MICHAEL L. GLUCK**

Study Director

**David Kaufman<sup>a</sup>**

Research Assistant

**Laura Esslinger<sup>b</sup>**

Summer Intern

**Romulo Colindres<sup>c</sup>**

Research Assistant

**ADMINISTRATIVE STAFF**

**Beckie Erickson**

Office Administrator

**Daniel B. Carson**

PC Specialist

**Carolyn Martin**

Word Processing Specialist

**Carolyn Swarm**

PC Specialist

**CONTRACTORS**

**William Glaser**

New School for Social Research  
New York, New York

**Steffie Woolhandler**

Harvard Medical School  
Cambridge, Massachusetts

**James Hahn**

University of North Carolina  
Chapel Hill, North Carolina

**Norbert Paquel**

CANOPE Consulting  
Paris, France

**Nancy Heneson**

Editorial Consultant  
Baltimore, Maryland

---

<sup>a</sup>Until June 1993.

<sup>b</sup>From May 1994 through August 1994.

<sup>c</sup>From August 1994.