'Data Never Tell A Story; They Must Be Interpreted'

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"One-third of patients with health problems in the U.S. report experiencing medical, medication, or test errors, the highest rate of any nation in a new Commonwealth Fund international survey." So reads the opening line of a November 3 press release from the Commonwealth Fund. When you read that, you would think that the U.S. health care system is seriously worse than any other country's health system, right? Read a little further, though, and you learn that "any" means any of five other countries surveyed: Australia, Canada, Germany, New Zealand, and Britain. More important, a close examination of all the survey data tells a very different story from the picture this press release paints. Actually, as the late statistician W. Allen Wallis often said, "Data never tell a story; they must be interpreted." And interpreting the survey's data leads to the conclusion that, in ways that are very important to patients, the U.S. health-care system is superior to that of the other countries surveyed.

Consider, first, waiting times. The press release points out that 30% or fewer of American and Canadian patients were able to get needed medical care the same day, whereas for New Zealand, Germany, Australia, and Britain, the numbers were much higher: 58%, 56%, 49%, and 45%. What the 6-page-long Commonwealth press release does not report are the data on longer waits. Asked whether they had to wait more than 4 weeks for an appointment with a specialist doctor, only 23% of the Americans surveyed said yes, virtually a tie with Germany's 22%, whereas 40% of New Zealand patients, 46% of Australian, 57% of Canadian, and 60% of British patients said yes. Asked whether they had to wait more than 4 months for elective surgery, only 8% of Americans and 6% of Germans said yes, contrasted with 19% for Australia, 20% for New Zealand, 33% for Canada, and a whopping 41% for Britain.

These data square with what health economists have long known about socialized medicine. All the other five countries have various degrees of socialized medicine, with Germany -- interestingly, given the numbers above -- having a hybrid of government and private. (The least socialized, the United States, is also a hybrid, with government spending almost half of health care

dollars, mostly on Medicare and Medicaid.) When governments run medical systems, they systematically over-provide services of general practitioners and under-provide specialists' services. That way, they can look good to the majority of citizens, who are healthy and who judge the system by whether they can get a doctor's appointment, not by whether they must wait 40 weeks from referral by a general practitioner to surgery by an orthopedist. This last number is not random: the Fraser Institute, a Canadian think tank, reported in Waiting Your Turn: Hospital Waiting Lists in Canada, 15th ed., 2005, that this was the median number of weeks my fellow Canadians waited for that particular treatment.

The data also square with other data that the Commonwealth Fund reports as bad that can just as easily be seen as good. Those data are on out-of-pocket costs. In the system with the least socialism, namely the United States, 34% of people had out-of-pocket costs in excess of $1,000, compared to only 4% in Britain, 8% in New Zealand and Germany, and 14% in Australia and Canada. This shouldn't be surprising. When patients are more financially responsible for their own health care expenditures, they tend to pay more out of pocket. But that means that doctors and other medical providers are more responsive to their demands. One of the oldest economic principles is that he who pays the piper calls the tune. I want my doctor to depend on me for his livelihood rather than to know that there are many more like me lined up, none of whom can affect what he is paid: I'll get better service that way. Interestingly, U.S. managed care organizations are currently adjusting their plans so that patients pay higher out-of-pocket costs because they've found that this effectively keeps overall costs down and quality up.

Of course, the Commonwealth Fund authors might argue that we don't get better service -- witness the high rate of medical errors in the U.S. system. But not all errors are created equal. In the list of errors surveyed, the one that sounded most serious to me was, "After discharge, went to ER or was readmitted to hospital as a result of complications during recovery." Interestingly, only 14% of American patients surveyed had this complaint, bested only by Germany at 10%, but superior to New Zealand (15%), Canada (16%), Britain (17%), and Australia (20%). Also, only 11% of Americans "did not receive clear instructions about symptoms to watch and when to seek further care," versus 14% for New Zealand all the way to 26% for Britain.

But how do patients know when a mistake has been made? So much of the rationale for government assuming a large role in health care is based on the belief that the average person can't judge the quality of health care. In reporting the data at face value, the Commonwealth authors seem to believe that people can, in fact, judge quality, which would undercut the case for government intervention. But people's ability to judge quality in other areas, cars or restaurants, for example, tends to be positively correlated with the range of choices they face. A consumer who gets to deal with only one company has more trouble judging quality than a consumer who has multiple companies competing for his business. Competition provides multiple benchmarks that can be used to judge quality. In a socialized system, where there is little or no competition for our dollars, health care tends to be rationed by waiting, which means that consumers have fewer choices. A Canadian or Brit, therefore, is less able than an American to judge whether a mistake has been made.

No doubt many will use the Commonwealth study to support the case for socialized medicine. In reality, though, the study's data, carefully interpreted, buttress the case for freer markets in medicine.