US physicians spend nearly 4 times more on health insurance costs than Canadian counterparts

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U.S. physicians spend nearly $61,000 more than their Canadian counterparts each year on administrative expenses related to health insurance, according to a new study by researchers at Cornell University and the University of Toronto.

The study, published in the August issue of the journal *Health Affairs*, found that per-physician costs in the U.S. averaged $82,975 annually, while Ontario-based physicians averaged $22,205 – primarily because Canada's single-payer health care system is simpler.

Canadian physicians follow a single set of rules, but U.S. doctors grapple with different sets of regulations, procedures and forms mandated by each health insurance plan or payer. The bureaucratic burden falls heavily on U.S. nurses and medical practice staff, who spend 20.6 hours per physician per week on administrative duties; their Canadian counterparts spend only 2.5 hours.

"The magnitude of that difference is what is interesting," said co-author Sean Nicholson, Cornell professor of policy analysis and management in the College of Human Ecology. "It's the nurse time and the clerical time, rather than physician time, that's different. That's driving the increased costs."

The authors offer ideas U.S. policymakers and health insurers could use

to streamline inefficiencies and reduce administrative costs. Chief among them: standardize transactions and conduct them electronically. Physical mail, faxes and telephone calls can slow practices down, according to Nicholson. The result is an additional $27 billion spent every year in the U.S. when compared to the costs incurred by physicians in Canada.

"We're not saying that these extra $27 billion are wasted," Nicholson said. "Health insurance companies put some of these rules in place to keep health care costs down. The $27 billion of 'extra' cost to physicians have to be balanced against some of the benefits that come from following these rules."

Nicholson said the study should be used to examine which rules make cost-benefit sense, and which rules need reform. "That's what we hope will come out of this," he said, "that informed decisions can be made by private and public health care insurers about what really works and what is not worth the money."

Provided by Cornell University

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