

Restraining health care prices requires workforce productivity gains, not wage cuts alone

June 8 2015

A new study by NYU Wagner Dean and Professor of Public Service Sherry A. Glied and two additional researchers sees little evidence to support the belief that healthcare workers' wage levels are responsible for the rising cost of health care services in the U.S. Effective cost containment will require not wage reductions alone, but broad productivity gains derived from the use of fewer or less-skilled employees to produce any given service, the study concludes.

Published today (June 8) in the June edition of the peer-reviewed journal *Health Affairs*, the paper by Glied and NYU Wagner junior research scientist Stephanie Ma and Stanford University student Ivanna Pearlstein examines the question of whether wages paid to health-sector employees are excessive compared to the salaries of workers with similar education and experience in other sectors.

About half of the more-than \$2 trillion of spending in U.S. [healthcare services](#) is composed of compensation to employees.

The study found that [healthcare workers](#) are paid only slightly more overall. Professional health-sector workers - doctors and nurses - do earn 50 percent and 40 percent more on average than workers with similar education and experience levels in other sectors. But hospital and nursing home workers and other nonprofessional healthcare employees command the same or less pay than their counterparts in other sectors, it

also found.

Therefore, Glied and her research collaborators write that future efforts to reduce the rate of growth of prices paid by consumers of healthcare services "cannot be accommodated primarily through reductions in the pay of health-sector employees." Instead, "such efforts will likely require providers to improve their productivity..." - a more-complicated policy choice and prescription. "It will require using fewer or less skilled employees to produce a given service," they write.

Dean and Professor Sherry Glied, of the Robert F. Wagner Graduate School of Public Service at NYU, is available for interview. To speak with her - or to obtain a copy of the full *Health Affairs* article - please contact the NYU public affairs officer listed with this release.

More information: *Health Affairs*, content.healthaffairs.org/content/34/6/929.abstract

Provided by New York University

Citation: Restraining health care prices requires workforce productivity gains, not wage cuts alone (2015, June 8) retrieved 20 March 2024 from <https://medicalxpress.com/news/2015-06-restraining-health-prices-requires-workforce.html>

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