

Who is most efficient in health care? Study finds, surprisingly, it's the VA

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Private-sector hospitals, clinics, and insurers are bloated, bureaucratic nightmares compared to efficiently run Veterans Health Administration facilities that put care over profits, a new study reveals.

The study, by researchers at Hunter College of the City University of New York, Harvard Medical School, the Veterans Health Administration, and the University of Washington, points fingers at profit-driven [private facilities](#) and insurers, where a whopping 30% of staff are stuck in the tangled web of paperwork, while the VHA shines with a lean 22.5% administrative staff. That means nearly 900,000 fewer paper pushers would be needed if [private hospitals](#), clinics, and insurers took a page from the VHA's playbook.

The research is [published](#) in the journal *JAMA Network Open*.

Most of the bloat comes because profit-seeking insurers try to avoid paying for care by imposing complex rules and documentation requirements.

"Our profit-oriented system rewards providers for devoting more resources to gaming the payment system," said lead author Dr. Steffie Woolhandler.

Private-sector providers can increase profits by investing in administrative activities such as marketing and "upcoding"—padding bills with irrelevant diagnoses—that boost revenues but have no clinical value.

This is not so at the VHA, where recent studies have found that care is better, on average, than that in the private sector.

"In the VHA, caring for our patients—not money—is at the center of our mission," said Dr. Andrew Wilper, chief of staff at the Boise, Idaho, VHA and associate professor of medicine at the University of Washington. "We strive to care for those who have served in our nation's military and for their families, caregivers, and survivors."

The researchers analyzed data on employment and occupation from a Census Bureau survey of 3.2 million Americans, including 122,315 who worked in private sector and VHA hospitals, clinics, and medical offices.

They grouped all health care occupations into 18 categories, three of them administrative, and applied the same classification criteria to VHA and [private-sector](#) health care workers. They supplemented the Census Bureau survey with Bureau of Labor Statistics data on health-insurance employees and detailed VHA personnel records.

Woolhandler and Himmelstein are internists, distinguished professors at CUNY's Hunter College, and lecturers in Medicine at Harvard Medical School. Study co-authors Andrew Toporek, Jian Gao, and Eileen Moran are with the VHA's Office of Productivity, Efficiency, and Staffing, Quality and Patient Safety, Office of Analytics and Performance Integration, where Moran serves as the Director. Wilper is an internist and Chief of Staff at the Boise, Idaho VA.

The VHA's 171 medical centers and 1,113 outpatient sites care for about 9 million enrolled veterans. VHA hospitals and clinics receive lump-sum budgets covering almost their entire operations, similar to how fire departments are funded. Federal government appropriations account for about 97% of the VHA budget; 2.7% is paid by private insurers and 0.3% by patients themselves.

More information: Steffie Woolhandler et al, Administration's Share of Personnel in Veterans Health Administration and Private Sector Care, *JAMA Network Open* (2024). [DOI: 10.1001/jamanetworkopen.2023.52104](https://doi.org/10.1001/jamanetworkopen.2023.52104)

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