

*United States Senator*

**BOB BENNETT**

**Chairman, Joint Economic Committee**

For Immediate Release  
July 9, 2003

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## **BENNETT EXPLORES RELATIONSHIP BETWEEN ADVANCES IN TECHNOLOGY AND RISING HEALTH CARE COSTS**

**Washington, DC**—Senator Bennett, Chairman of the Joint Economic Committee, held a hearing today on how technology and innovation affect health care costs. In other sectors, new technologies usually lead to greater efficiency and lower costs in goods and services, yet it is unclear whether the same is true for health care. Bennett welcomed witnesses from the Administration and leading medical research institutions to explore the various ways that technology influences health care costs. Panelists included Dr. Mark McClellan, Commissioner of the Food and Drug Administration, and Dr. Carolyn Clancy, Director of the Agency for Healthcare Research and Quality (AHRQ).

“We have a health care financing problem that goes well beyond the budget challenges posed by Medicare,” said Chairman Bennett. “For many years, the nation’s health care spending has grown at a significantly faster rate than the economy, and projections indicate that this will continue. Advances in medical technology are contributing to this rise in health care costs, but the problem is compounded by the way we pay for technology.”

During the hearing, Bennett pointed to the need to examine whether new technologies are used in an efficient and effective manner, and if there are areas where they are being overused or underused. For example, if a new advanced imaging device becomes available, will every hospital in a city decide to purchase it, or can the hospitals share the expensive equipment? At the same time, some new technologies may be underused such as those related to preventative medicine.

“Advances in the medical field are leading to the enjoyment of longer, more fulfilling lives for millions of Americans,” said Chairman Bennett. “We need to make sure that medical technology remains accessible to those who need it by keeping costs at a reasonable level.”

Among the issues that surfaced during the hearing was that the gap between best practices and practices actually in use is substantial. The panel found that it would be beneficial to investigate the actual use and efficacy of different treatments once they have been approved and how much time it takes for medical knowledge to be disseminated throughout the medical community. A study published by the Agency for Healthcare Research and Quality (AHRQ) pointed out that it can take 17 years from discovery of a new medical product or procedure until it is widely used in practice.

In addition, the panel concluded that incentives – financial and otherwise – do indeed matter in health care. Consumers, providers, and payers all react to incentives, so policymakers should take care to understand how those incentives operate and, where possible, to harness those incentives for the social good. Medical payment systems should encourage good health outcomes and quality treatment, not billable procedures.

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