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## < A Medical Mystery: Why Health Care Is So Expensive

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Heard on Morning Edition text size A A A

September 4, 2009 - RENEE MONTAGNE, host:

There are so many layers of costs in the health care system, it's difficult to pick apart what makes it so expensive. Our Planet Money team has been trying to figure it out. Today, Chana Joffe-Walt takes a look at medical devices and technology. They are expensive, and she asks: Do they need to be?

CHANA JOFFE-WALT: A woman lies half-conscious on her back in this room. There's beeping. There's a tube coming out of her stomach. There are at least a dozen people shuffling around. And there is one \$2,000 piece of metal you could easily miss if you didn't know where to look.

Dr. PAUL TEIRSTEIN (Surgeon): This is a medicated stent.

JOFFE-WALT: That's the stent?

Dr. TEIRSTEIN: Yes. So you can see the stent. Maybe turn the overhead lights on.

JOFFE-WALT: Tiny.

Dr. TEIRSTEIN: Yeah, they're very small and very flexible. Why don't we turn the light down again?

JOFFE-WALT: Dr. Paul Teirstein focuses in on Trudy Schwelk's(ph) anatomy. There on a screen are her arteries looking like narrow, windy tree roots. A stent is going to go in there. Teirstein assesses the size of the problem.

All right. Twenty-three millimeter stent, he calls. Twenty-three millimeter stent, someone repeats. And then it's in his hands, and then it's in Trudy's body, threaded up an artery, around a bend, into a clogged spot. Dr. Teirstein looks back at his screen. Hmm. Too big, I think.

Dr. TEIRSTEIN: What do you guys think? A little bit too long? Want to try an 18?

JOFFE-WALT: Dr. Teirstein pulls the stent back out of Trudy's arteries, out of her body, and tosses it aside. Eighteen millimeter stent, he calls, 18 millimeter stent, someone repeats. And there it appears.

Dr. TEIRSTEIN: One of the advantages of having a lot of different stents in your cabinet, the more chance of finding the one, the length that you like.

JOFFE-WALT: So what happened to that stent?

Dr. TEIRSTEIN: That stent then goes back to the company and they just have to throw it away.

JOFFE-WALT: Dr. Teirstein's hospital in San Diego has a special deal with the stent manufacturers, so they don't have to pay for stents they don't use. But still trashed stents raise the price of all stents, and just in this room they can easily go through a dozen a day. There are these metal shelves rolling around on wheels stacked full of stent boxes, rolling piles of money. And Teirstein is casual like that with all his tools. A tiny wire - it looks like a piano wire - annoys him during the procedure, gets rid of it, 50 bucks. Then the catheter is not sitting correctly in the artery, gets another.

Dr. TEIRSTEIN: And you really need a lot of tools to do this procedure. And they're all kind of

expensive, like this catheter is probably about \$60.

JOFFE-WALT: This plastic thing?

Dr. TEIRSTEIN: Yeah, this plastic thing, exactly.

(Soundbite of laughter)

Dr. TEIRSTEIN: But it's, you know, it's got to be able to be torque-able and it's got to be FDA approved.

JOFFE-WALT: It's bizarre to stand in here not as the patient, not as the doctor, but as a sort of an accountant. Plastic tubes are \$60 and Dr. Teirstein uses five of them in an hour. Stents are \$2,000. One hour goes by, he goes to a three(ph). So the question then, I guess, is does the stent need to be \$2,000? Why does it cost so much? Okay, so number one, it's got to live inside someone by their heart, so it does need to be precise and not expensive.

It costs millions to get one of these new stents approved by the FDA. So the \$2000 price is got to make back some of that cost, but then there is this kind of simple reason. It's all new, brand new. So new, we never quite get a chance to figure out what it should cost.

Professor KEN ROGOFF (Harvard University): Some kinds of things you see in the hospital that are used very routinely, like Band-Aids, that we understand very, very well and they are used all the time, and of course the prices of those things are pretty low.

JOFFE-WALT: This is Ken Rogoff, an economist at Harvard.

Prof. ROGOFF: But the kind of fine scalpels and instruments that might be used in heart surgery are really pretty new, and there are lots of different varieties and the market is still sorting itself out.

JOFFE-WALT: Most products over time, as we get to know them as they get mass produced, they get cheaper. Band-Aids, TVs, calculators, but we don't get to know scalpels and stents the way we get to know calculators. We don't really understand just how perfect they need to be, and we generally accept better medical technology is worth the cost. And because we will pay for the new better stent, manufacturers are constantly trying to make the new better stent. We are incredible innovators in medical technology and we all benefit from that. The world benefits from that. We also pay for it - a lot.

Chana Joffe-Walt, NPR News.

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