

OMB's Orszag: 'Reform' Behavior To Cut Costs

Peter Orszag, director of the Office of Management and Budget, held forth on changing peoples' health behavior to save money, in an April 16 NPR interview. "We want to constrain costs and move towards a more efficient system," he said. "We pay for more care rather than better care," therefore incentives are needed to make doctors give fewer tests and get patients out of the hospital faster. (As if HMOs don't already provide incentives for doing just that!)

When he was challenged by the incredulous interviewer, that what he was actually doing was encouraging doctors to give less care, Orszag responded, "not necessarily less care, but higher-quality care,"

which is supposed to be made possible by better information as to what works and what doesn't for particular diagnoses.

As director of the Congressional Budget Office from 2007 to 2008, Orszag led a major effort to apply behavioral economics to health-care policy. Last October, he delivered a lecture at Harvard Medical School entitled "New Ideas About Human Behavior in Economics and Medicine," which, he said in a blog-post at the time, would build on the "role of expectations, beliefs and norms" in health policy and medical science. "Setting default rules that are more in tune with the realities of human behavior in such diverse settings as doctors' offices and federal nutrition programs might help to improve a range of health outcomes," Orszag wrote, "from adherence of patients to their doctors' medication regimens to the proportion of Americans eating a healthier diet and exercising more."

—*Carl Osgood*