Productivity Gains and Not Wage Cuts Can Restrain Health Care Prices

According to a new study by New York University, researchers found very 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. The study has been published in the peer-reviewed journal *Health Affairs*.

The study was conducted with the goal of examining whether wages paid to health-sector employees are excessive compared to the salaries of workers with similar education and experience in other sectors. Compensation to employees accounts for half of the $2 trillion that is spent in the U.S. on healthcare services.

The findings show that healthcare workers are only paid slightly more. While doctors and nurses earn 50 and 40 percent more on average as compared to workers with similar education and experience level in other sectors, healthcare workers in hospitals and nursing homes as well as other nonprofessional healthcare employees command the same or less pay than their counterparts in other sectors.

Overall, the study concludes that effective cost containment in healthcare does not only require wage reductions but there is also a need to broaden productivity gains that could be derived from the use of fewer or less-skilled employees to produce any given service.

The researchers believe that efforts to reduce the prices that consumers have to pay for healthcare services cannot be accomplished simply by reducing the wages of health-sector employees but instead effort should be made to improve their productivity. There is a need to use fewer or less skilled employees to produce a given service.

Source: New York University

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