

## Foreword

**A**cross OECD countries, a significant share of health care system spending and activities are wasteful at best, and harm our health at worst. One in ten patients in OECD countries is unnecessarily harmed at the point of care. More than 10% of hospital expenditure is spent on correcting preventable medical mistakes or infections that people catch in hospitals. One in three babies is delivered by caesarean section, whereas medical indications suggest that C-section rates should be 15% at most. Meanwhile, the market penetration of generic pharmaceuticals – drugs with effects equivalent to those of branded products but typically sold at lower prices – ranges between 10-80% across OECD countries. And a third of OECD citizens consider the health sector to be corrupt or even extremely corrupt.

At a time when public budgets are under pressure worldwide, it is alarming that around one-fifth of health expenditure makes no or minimal contribution to good health outcomes. Put in other words, governments could spend significantly less on health care and still improve patients' health. Efforts to improve the efficiency of health spending at the margin are no longer good enough.

This report suggests that policy makers can make smarter use of health care budgets and cut waste with surgical precision, while improving patients' health. Actions to tackle waste are needed in the delivery of care, in the management of health services, and in the governance of health care systems. Strategies include stopping spending on actions that do not result in value – for example, unnecessary surgeries and clinical procedures. Swapping inputs or changing approaches when equivalent but less pricy alternatives of equal value exist are valid strategies, too – for example, encouraging the use of generic drugs, developing advanced roles for nurses, or ensuring that patients who do not require hospital care are treated in less resource-consuming settings.

Of course, this agenda is complex and difficult. Change requires challenging embedded habits and vested interests and investing in credible alternatives to existing costly solutions. Crucially, it also requires development of better, more appropriate data systems to monitor progress. Patients, providers, managers and regulators all play a role in generating waste and ineffective spending. With as much as 9% of GDP spent on health care systems across the OECD, three-quarters of which is by governments, all stakeholders must now contribute to the solution. The evidence of waste in health care is indisputable. Now is the time to act upon it.

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