

## AMERICAN MEDICAL ASSOCIATION PRIVATE PRACTICE PHYSICIANS SECTION

Resolution: 1  
(I-25)

Introduced by: Connie DiMari, MD

Subject: A Task Force to Tackle Administrative Waste—Let Us Be Part of the Solution to Putting Our Health System on a Sustainable Path

Referred to: PPPS Reference Committee  
(xxxx, MD, Chair)

Whereas, a Trilliant Health analysis revealed that U.S. healthcare expenditures increased from \$2.8 trillion in 2012 to \$4.5 trillion in 2022—an increase of over 50 percent—with little change in the utilization of health services<sup>1</sup>; and

Whereas, in the 1980s, healthcare was organized around independent practices with minimal administrative support but over the past 20 years, significant changes driven by increasingly complex regulations and technology requirements have resulted in a staggering 4,500 percent increase in the number of administrators needed to manage the system while the number of physicians has only increased by 150 percent<sup>2</sup>; and

Whereas, the largest category of wasteful spending that could be eliminated without negatively impacting patient care is administrative costs; and

Whereas, the newly created U.S. Department of Government Efficiency presents physicians with a unique opportunity to leverage our knowledge to identify costly programs and requirements that neither improve the quality of care nor reduce costs but have contributed to the overwhelming number of healthcare administrators and their burgeoning associated costs; therefore be it

RESOLVED, that our American Medical Association establish a task force to work with all relevant government agencies to identify sources of administrative waste and that such a task force shall specifically focus on high-cost bureaucratic excesses and the failed value-based payment strategies of the past dozen years (Directive to Take Action).

Fiscal Note: (Assigned by HOD)

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### REFERENCES

1. Trilliant Health (2024). 2024 trends shaping the health economy. <https://www.trillianthealth.com/market-research/reports/2024-health-economy-trends>. Accessed August 28, 2025.
2. Bureau of Labor Statistics. (2025). Occupational Outlook Handbook – Medical and Health Services Managers. <https://www.bls.gov/ooh/management/medical-and-health-services-managers.htm>. Accessed August 28, 2025.

3. American Hospital Association. (2024). Skyrocketing hospital administrative costs, burdensome commercial insurer policies are impacting patient care. <https://www.aha.org/system/files/media/file/2024/09/Skyrocketing-Hospital-Administrative-Costs-Burdensome-Commercial-Insurer-Policies-Are-Impacting-Patient-Care.pdf>. Accessed August 28, 2025.
4. Rosenthal, E. (2014). Medicine's top earners are not the M.D.s. *The New York Times*. May 7, 2014: <https://www.nytimes.com/2014/05/18/sunday-review/doctors-salaries-are-not-the-big-cost.html?searchResultPosition=1>. Accessed August 28, 2025.
5. Congressional Budget Office. (2023). Federal budget effects of the activities of the Center for Medicare & Medicaid Innovation. September 28, 2023: <https://www.cbo.gov/publication/59274>. Accessed August 28, 2025.
6. McWilliams, J.M. (2022). Pay for performance: When slogans overtake science in health policy. *JAMA*; (328, 21). <https://jamanetwork.com/journals/jama/article-abstract/2799177>. Accessed August 28, 2025.

## **RELEVANT AMA POLICY**

### **Legislation to Reduce Administrative Waste in Health Insurance by Accurate Reporting of Medical Expense Ratios D-155.993**

Our AMA:

- (1) will develop model state legislation and regulations that would require that all private health plans make publicly available annually, and publish separately, their medical care costs and their administrative costs, using the format called for in AMA Policy H 155.963;
- (2) supports state legislation to require that all private health plans make publicly available annually, and publish separately, their medical care costs and their administrative costs; and
- (3) supports the development and implementation of a uniform, national accounting and reporting system to report administrative expenses and medical expense ratios as part of greater, national uniformity of market regulation.

Citation: Res. 717, A-08; Reaffirmed in lieu of: Res. 106, A-17

### **Legislation to Reduce Administrative Waste in Health Insurance by Accurate Reporting of Medical Expense Ratios H-155.959**

AMA policy is that private health plans should be required to report data related to administrative costs, expenses and rate setting to appropriate state regulatory bodies to allow for the calculation of medical expense ratios to be consistent on the state level.

Citation: Res. 727, A-08; Reaffirmed in lieu of: Res. 106, A-17

### **Health Care Expenditures D-155.996**

- 1. Our AMA will work to improve our health care system by: (a) researching and collating existing studies on how health care dollars are currently spent; (b) identifying the amount of public and private health care spending that is transferred to insurance administration compared to industry and corporate standards, including money spent on defensive medicine; and (c) disseminating these findings to the American public, US Congress, and appropriate agencies.
- 2. Our AMA will continue its efforts to identify ways to reduce waste in the health care sector so that the trend of increasing health care costs over the years could be reversed.

Citation: Res. 103, A-05; Appended: Res. 121, A-10; Reaffirmed: CMS Rep. 01, A-20