# Healthcare Reform

Let us not forget that the healthcare available in the U.S. is the best in the world by far! This is not to say that it cannot be much better. If you need treatment for a whole range of problems the U.S. is where people come. Pharmaceuticals are one of our biggest exports. It should be noted that in most other countries there are many services not covered and many others with long waiting lists. Individuals in these places need to add their own insurance or pay themselves for additional or advanced treatments. However, our healthcare costs too way much and not everyone shares in its quality.

Why so much angst with healthcare versus other industries? For one, for a free market to function there needs to be readily available information to make informed decisions and there needs to be a "Consumer's Digest" to guide us. Healthcare is unique in that at its juncture are two **self-policing** professional organizations (legal and medical) that are shrouded by their own language. Add to this the health insurance industry which places over these two organizations an actuarial layer which understands neither and relies only upon cost data versus the fees it wishes to charge. It too has its own language and likely does not understand the languages, let alone the practices, of the other players it relies upon.

Then you add us the consumers of the services, i.e. we use them and we pay for them. Most of us understand none of the languages beyond what we pick-up on television, which is not (big surprise) reality. There is some help from the likes of "Web MD" on the Internet; however, it can be debated as to the benefit versus the confusion it causes. There is a side issue here in that we look to automate the bureaucracy, but have taken miniscule steps in automation of medical diagnostics and treatment.

In all four factions there are those who are greedy, dishonest, and incompetent. A few years ago I came to realize that there are more lawyers in my little state of New Hampshire than in all of Japan. Clearly we are the most litigious country in the world. While the legal profession has its share of "greedy, dishonest, and incompetent" members, its whole existence depends upon such behavior in the other three factions and all other members of society. Were there none of the "greedy, dishonest, and incompetent" then we would not need the profession.

One more divergence, lawyers are educated to be adversarial, competitive, and put the judgment issue of "right or wrong" or conflicting evidence aside, because it can get in the way of defending your position. Those who pursue the area of ligation are the most aggressive and naturally most driven of the lot. By the way, our political system is dominated by lawyers. This is just an observation. You can draw your own conclusions.

Stereotyping of lawyers, insurance companies, or any other group can be unfair and counterproductive. However, the practice of self-policing is a very dangerous one. There are natural tendencies to "protect your own" and avoid undesirable attention on the profession. Beyond suspension of license (or disbarment) for a period of time, there is no punishment that the group can bring. They can, of course, refer the matter to the criminal courts for action. This is an extraordinarily rare event.

The healthcare providers are caught in the middle. They have the "greedy, dishonest, and incompetent" members, but even the others get caught up in the web created by the other two groups second guessing their every action. Medical treatment is always preceded by diagnoses and in many this is not just a "connecting of the dots." We have tremendously complex bodies. Many conditions do not exist by themselves and each of us tends to have somewhat different body chemistry and reactions to attacks on our bodies. When we add the ever evolving "bugs" that attack us and the variety of food and air we intake, it makes all but the obviously broken bone an uncertain conclusion to reach at a first glance. Many of the conditions requiring medical attention are brought on by our lack of self-control or stress, which often comes from our failed attempts to match our image to the one that we think meets society's image of appearance, success, intelligence, or worthiness.

Herein lays a problem that the physician is faced with. I will often use the masculine "he," but it is intended to be genderless). He can follow the prescribed sequence for tests that the insurer permits for a given preliminary diagnosis and then move on to the next most likely diagnosis or he can use his training and expertise to follow a sequence that he beliefs will speed the process to get the correct diagnosis. Another dilemma is treatment whether he waits for a definitive diagnosis or start treatment for the one that he believes most likely. He also knows that if his or her misdiagnose a patient there may well be legal issues to deal with. Without stereotyping all physicians, it seems reasonable that a Cover Your Ass (CYA) attitude is logical and a "more is better" thought process is followed. This means do all the tests the insurance company wants and make sure that you don't miss something by running any test you believe may be relevant.

After the final confirmed diagnosis is arrived at then, "What about getting paid?" Herein lays the art of creative "coding." What combination of medical codes needs to be created to cover the diagnosis and treatment? In some cases this process can be very legitimate and straight forward, in some in may require a little "no fault" creative writing (the costs were as stated). The hole in the system is the opportunity this process creates to fabricate or steal identities and create fictitious diagnosis and treatments. This fraud can yield big payouts in payment for services and access to drugs with a very high street value.

What about the pharmaceutical industry? It certainly has its share of the "greedy…" group; however, its products are the major driving force in substantially improving our healthcare over the last century. The list of success stories is very, very long. It is the healthcare provider's major weapon in treating disease and injuries. It is also the major comfort giver for the chronically ill and aged. Transplants and many other procedures that we attribute to surgeons are made possible only through advances in medications.

There is a huge cost involved with achieving these advances. Research and development, trials, FDA approval, and marketing to the dispensers and consumers take billions of dollars. There is one more huge expense, one that cannot be ignored without threatening the very life of the industry is providing for liabilities. I don't think that I need to list the dozens of high-visibility cases where injuries or death have resulted in huge recalls and billions of dollars in liability claims. For each of these there are many others where the body chemistry of a particular person results in reactions no anticipated and often severe consequences. Add drug interaction and improper medication and any particular pharmaceutical company is but a miss step away from financial disaster! This is in spite of all the hurdles that they must go through to sell the drug to begin with. This is evidenced by the huge liabilities incurred by Merck in the Vioxx debacle ( a single $24 million settlement of liability in Texas was overshadowed by a $229 million dollar punitive award). This is a similar, though less severe situation faced by providers of all medical products.

There are greedy people who try to hurry the process or market products whose cost does not correspond to the benefits to the patient. There are mistakes and there is negligence. The laws in the U.S. and our strong economy create an environment that allows for the recovery of the investment and lock out competition well beyond what it does for other goods. The law also allows the extension of liabilities (i.e. "punitive damages") far beyond compensation for damages, such as, medical expenses, loss of companionship, wages, quality of life, pain and suffering, etc. Wrong doers should be punished by recovery of damages from individuals and jail time when warranted. At least putting the liability cost above the bottom line and not allowing it to be passed on would cause stockholders to make management changes. I expect the deterrent nature of such accounting would cause many CEO/COOs to look very closely at the integrity of all their operations.

If the company or the insurers fail under the burden of such settlements then many of the injured will never receive any compensation. Some companies self-insure against possible liabilities and others insure with independent insurers. In either case, patients every where end up paying the cost! A catastrophic insurance pool would establish a safety net for legitimate damages. Auto insurance for high risk drivers, flood insurance, ... are handled this way.

Doctor's, hospitals, and all healthcare providers face a similar litigation nightmare. Hence, they purchase insurance and the payer for their services (whether insurance companies or individuals) foots the bill. There is a real embarrassment when there are an estimated 195,000 deaths per year from medical errors. See: http://www.healthgrades.com/media/DMS/pdf/InhosptialDeathsPatientSafetyPressRelease072704.pdf There are 19,000 preventable deaths per year in our hospitals due to staph infections alone. See: http://www.nytimes.com/2007/10/16/health/16cnd-infect.html

While diabetes, obesity, and controlled substance use (legal and illegal) are the biggest drivers for poor health, they are very difficult issues, which raise all sorts of personal freedom issues, etc, that will require a lot of time to deal with (and it must be). The majority of these "medical error" deaths can be addressed fairly quickly with the right incentive to do so. So long as the liabilities for poor care can be passed on to the payer there is no incentive to invest in correcting the problem (i.e. preventative action). Perhaps public exposure and punitive damages administered by the criminal court system (as with the proposal above for the pharma industry) would cause administrators and medical professionals to make the necessary investments to improve the situation. The civil court's monetary awards and a self-policing organization will not make it happen.

Next is the rub between the healthcare insurer and the receiver of the health benefits. Unfortunately the insurer's client is most often a corporation/company and not the receiver of the benefits. In a given area, there are a limited number of insurer's offering plans and serving different segments. The only sort of competition is the gamesmanship played with the coverage offered. From personal experience I have seen plans that provided excellent coverage disappear and be replaced with ones with substantial deductibles, high co-pays, and many hidden limitations on the coverage. Employers can no longer even purchase the previous coverage because it is no longer offered. Comparison shopping shows that these changes have occurred at the same time across insurers. Collusion, monopolistic practices, or simply coincidental, you can decide.

The rational given is that it is necessary to keep the benefit holder from abusing the system with frivolous trips to doctors, unnecessary treatments, and failure to plan ahead, resulting in emergency room treatment versus a doctor's visit. The fact is that it represents a substantial rate increase for reduced coverage that is far beyond what the rate of inflation would indicate that it should be.

I wonder who decides what is frivolous, what is appropriate coverage for an illness, and when emergency room visits are warranted. Perhaps some of the lack of planning comes from hesitance to incur the co-pay and a long wait in the doctor's office (if you can get a quick appointment) in the belief that the condition is temporary and will improve on its own with over-the-counter medications. In

today's two parent working society, the issue is a complex one that is beyond the patient's control or understanding. A large deductable payment may very well result in a decision to delay (or not to undergo) a recommended treatment. In the long run I wonder if anyone has looked at the consequences of forcing such a decision. If it only impacts the patients quality of life and not the cost to the insurer, they likely don't care. However, since early diagnosis and treatment are such a key element in ultimate treatment success and cost, I wonder if the insurers are looking beyond the illusion of short term gain.

Yes there are hypochondriacs and yes patients will mount frivolous legal actions based on greed and greedy litigators. There are also those who are negligent and use emergency rooms as a convenience. However, in many instances these kinds of trips come from the un-insured who will generally receive emergency treatment without proof of ability to pay. These costs are figured into the costs of operating the emergency room.

There are unscrupulous healthcare providers who will prescribe treatments and extend care at the bequest of patients for cosmetic, convenience, or other reasons knowing that they are not needed, but profitable. Trying to manipulate everyone's access to care due to the improper behavior of a few seems criminal when it is done without recourse.

Insurance companies and credit card companies have become very good at identifying their costs and taking action to improve their profits. They will tell you (correctly) that they are not in the enforcement business, but they manipulate their rates to punish.

It is pretty clear that if we address the bad behavior by providers and patients the actions we question by insurance companies and lawyers becomes mute because the justifications they use will be greatly reduced and their own bad behavior will be exposed. The opportunity exists today for the CDC and NIH to automatically collect (without personal or provider identifiers) data on all symptoms, diagnoses, prescribed treatments, cost, and the outcome. This data can then be used to build statistical models which will aid in the building of models to aid in the diagnosis, recommended treatment, and fraud detection.

Rather than focusing on better computer automation to expedite billing, we should focus on reducing the billing! Doctors are given immediate on-line information to help them make informed decisions. The diagnosis/treatment data is only a personal assistant that enables a physician to stay abreast of each development in a given discipline even though they may never have seen such an illness before. It will help them to get an independent view of a treatments success without reliance upon their drug company's local salesman or spending untold ours in their own research. The high-speed delivery mechanism is in place and the computer power is now available.

The use of the data for fraud detection or incompetency lies in the ability to compare any given providers track record against the model for a like situation. Single or seldom departures from the model are likely judgment or exception situations. Patterns of such behavior indicate a basic incompetency, greed, or fraud. If there is a requirement to verify a patient's identity, then other possible fraud mechanisms will be exposed.

So who deals with the incompetency, greed, and with the potential fraud? The ideal outcome is to eliminate both! Since Medicaid and Medicare would be huge beneficiaries and the CDC and NIH would also benefit in their traditional roles, perhaps there is a pooling of resources to create an independent Healthcare Oversight Division of DHHS to administer the program and refer the findings to the appropriate enforcement agency. If the AMA wants to police its own then there will be mechanism to hold them accountable. A publically available Consumer Report type of rating system would enable the free market to function. Best of all there should be a dramatic drop the legal actions between insurers and between patients and providers (mostly insurers).

The government would serve its role as protector of the public and stay out of the management of the industry. A "catastrophic" insurance pool funded by all healthcare insurers and independently administered would eliminate many of the fights over denial of services by individual insurers.

Extension of healthcare coverage to children seems like a logical extension of our concept of "helping those who cannot help themselves." Precedence and guidelines already exist in the reasoning behind the payment of Social Security benefits to children who lose a parent and disability to those who are unable to work. The majority of children are currently covered by private insurance so the majority of the cost for coverage would be just a transfer of cost. It would now be a single payer system funded by a pool of insurers including government programs that would see a drop in their own costs, a proportionate fee paid by healthcare insurers, and adjustment of the Social Security tax if needed. I doubt that additional taxes would be needed, since a cost savings that would just bring our per capita healthcare costs inline with Switzerland (the next highest spender for healthcare), would mean about $400 billion dollars in annual savings.

Obviously there are many stakeholders and details to be considered, but it is this type of radical overhaul that should be considered and not government management of a huge new bureaucracy and regulation of what is paid for our insurance (it wouldn't pass a constitutionality challenge anyway, it all for show). The free market will work if we publically expose in justice and punish wrong doers. There is no single villain and plenty of faults to be shared; however, in our great democracy we can debate the issues and arrive at a consensus of how to proceed with one huge caveat. What do we do about politicians who place adversarial relationships with one another ahead of national interests? There will be no reforms healthcare, legal, or spending If these silly "liberal," "conservative,"

and Republican/Democrat labels are not set aside in a quest to wage war on some embarrassing and shameful injustices that exist in our society. Stimulus bills should stimulate and jobs programs should help employers create jobs and not tell them what jobs to create. The infrastructure needs overhaul, so lets make sure the investment is in more efficient and, hence, cost effective core rather than just repaving roads and repairing bridges which benefits employment for a few (temporarily) , but will be lost on our children.

There are plenty of domestic wars to be waged: ensure energy independence, a low-loss power grid to intelligently distribute power from where the new sources should be to the consumers, wholesale replacement of our bridges and highways using materials and technology make them easy to sustain, cleaning up our current power creation process (it will save lives and huge medical expenses by cleaning up our air); complete overhaul of our public transportation system to make it attractive for people to give up their love affair with the automobile for their daily commute (we save in healthcare costs, energy dependence, and our competitive position in the world), there are many, many other wars to wage which are investments in our children's future and have an economic payback that will offset today's investment many times over. Think big, think visionary and stop bickering politicos!