What Obama Didn't Say About Health Care

By Editor Test *Wed, Jul 29, 2009*

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Because the rising cost of health care can wipe out much of a person's retirement savings, I've been watching the debate over national health care policy closely. In fact, I've been paying attention to it for a couple of decades. The debate hasn't changed much during that time.

In the early 1980s, people began to worry in earnest about health care cost inflation. Corporations responded with workplace fitness programs. HMOs, then still new, promised a thrifty alternative to fee-for-service. The government tried to discourage adjacent hospitals from duplicating equipment. Researchers at Dartmouth pointed to large inexplicable geographical discrepancies in health care spending. The editor of the *New England Journal of Medicine*, Arnold Relman, railed against his fellow doctors for milking the insurance system.

Twenty-five years later, we're in the same hole, only deeper. Workplace fitness programs proliferated, but didn't reach the hourly workers most at risk for lung and heart diseases. The HMO concept, with its capitation and denial of care, proved unpopular. Hospitals became corporate profit-centers. Those geographical discrepancies in spending went unaddressed. Just recently, Arnold Relman was still chiding his fellow doctors for milking the system.

Mr. Obama has called for change. At a recent press conference, he pointed to the Cleveland Clinic and the Mayo Clinic as models of efficient health care delivery. He referred to countries that deliver better health care for less, as measured by the share of GDP they devote to medicine. His ideas make sense. But he did not mention that many if not all doctors in those clinics and those countries earn a salary.

To my knowledge, America's science majors, for the most part, don't sweat through school and shoulder mounds of debt so that they can work for a salary. They're entrepreneurial. As Lyndon Johnson discovered at the founding of Medicare, doctors won't accept price controls. They may choose to donate care to the needy when it suits them, but they won't let the government turn their profession into a public utility. It won't happen, not in our lifetimes.

Yet the status quo cannot continue. Doctors and hospitals have compromised their positions of trust. They have been abused by the health insurance system and they feel justified in abusing it back. I've known doctors to brag about billing at high rates for work performed cheaply by a lab or a low-paid assistant. I've seen them buy diagnostic equipment and over-prescribe its use. I've seen hospitals overbill by 100% in anticipation of being reimbursed at 50%. As a result, we all spend too much for health care.

To live outside the law you must be honest, Robert Zimmerman said. If doctors want to maintain their "trusted advisor" status, they need to refrain from gaming the system. When too many people game the

system, there is soon no system left to game. It’s a shame that as a nation we’ve reached this point, where we spend much more on health care than other advanced countries but cover fewer people. But here we are. And if we don’t solve this financial cancer, if you will, it will consume our retirement savings.

Yesterday, I asked Jane Jacobs, a spokesman for the Mayo Clinic, exactly how that world-famous institution in Rochester, Minnesota, saves money. Putting doctors on salary isn’t the whole story, she said. The clinic lowers costs by pooling patient information in a way that minimizes redundant tests and procedures. It also finds ethical ways to manage the care of the very old so that vast sums are not spent during the final months of life. That issue—rationing care to the very old—could be more difficult than the question of physician compensation. The ethical aspects of the health care debate—and of the financial regulatory debate—may prove more intractable than the economic ones.