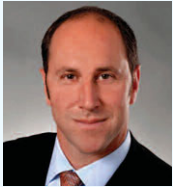




# Healthcare's Title Bout: Free Market Economics KOs Reform



At the risk of oversimplifying, the healthcare “crisis”—and subsequent attempts to “reform” it—really boils down to a coverage crisis and a cost crisis. The two, of course, are inextricably linked. And every attempt to solve one seems to exacerbate the

other.

Our healthcare delivery system has essentially failed to manage cost *and* manage coverage simultaneously. The teeter-totter is perpetually imbalanced.

The problem with reform efforts to date is complex. However, the root of the problem is simple: The people don't want it. Reform requires individual sacrifice—pooled risk and pooled resources in some way rationed and/or managed for the greater good.

Americans are not culturally wired for this. We want to eat what we want, say what we want, and do what we want. This is the American way. We are a society of individuals operating in a free market that only reforms itself in a crisis. We simply do not have a societal commitment to being proactive and preventative. We impose rules for banks after they cheat us, impose environmental regulations after disasters, and we won't really fix healthcare until the free market demands it, which will not happen until access to adequate healthcare is restricted to a voting majority.

Until then, there is simply no political or social will to act otherwise.

Here's a look at a few underlying features of the American social and political psyche that create barriers to reform:

**Consumerism.** Consumerism is in direct conflict with sacrifice. Freedom of choice, information technology, and relative economic prosperity have driven over-consumption for decades. We are a society without an “off” button, addicted to everything from food to medicine...a little is good, but more is better. Healthcare consumption is a status symbol. Getting an MRI for a sprained knee is a sign of powerful influence. We are hesitant to give up this influence for the sake of the public good, and are even willing to ignore evidence of potential harm.

**Intervention=care.** A physician willing to intervene on a patient's behalf is revered, even when the intervention has unproven benefit. Willingness to intervene is somehow equated with quality of care. *Quantity* of care still reigns supreme in the

eyes of the American people.

**Politics.** As The Kinks advised, “Give the People What They Want!” Public will drives political inertia. To date, the general public has been unwilling to make the access and choice sacrifices necessary to make real health reform work. The majority of Americans have access to adequate, reasonably priced healthcare. The “healthcare crisis” is not a crisis at all for the majority of Americans. That would have to change significantly to affect the will of the people. There simply aren't enough uninsured people. And from within the “insured class,” there just isn't enough support for a more socialized healthcare system to tip the scales in reform's favor. A political price will be paid by those who fight the will of the people.

**Decision-making power.** Who will decide who gets what? There is almost zero support for giving this power to government or health insurance companies. The only plausible decision-makers are physicians. However, utilization management is entirely disincentivized in the current system. Until the public frees the physician of the burden of liability, physicians will prove incapable of managing resources. In addition, the current payment system encourages “utilization” (procedures, admissions, testing) *and* discourages “management” and “prevention.” As such, with incentives misaligned, the one group capable of contributing to real healthcare reform is handcuffed.

Healthcare, despite layers of regulations and a multitude of power-brokers, is a veritable free market; as such, it must be responsive to the economic will of the majority of its consumers.

The “healthcare crisis” as it stands today is, at most, an intellectual crisis to the majority of Americans. While teetering on the precipice of sustainability, it will require a market crash on the order of the Great Depression to generate enough public will for change. It's the American way. ■

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