Healthcare Reform: People or Profits?

BY LINDA B. MILLER

As Americans, we have never been able to decide on the appropriate role of government in providing healthcare to its citizens. While all other developed nations have wrestled in recent years with *how* government should provide increasingly expensive healthcare to increasingly diverse citizenries, we have continued to beat breast and brow over *whether* government should be involved and, if so, how.

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By Design or By Default?

The healthcare system we live with today is a product of this focus on the role of government rather than on the structure of the delivery system. It is a patchwork—at once public and private—sporting varying degrees of local, state, and federal involvement and relying almost wholly on an underpinning of private, not-for-profit institutions.

Unable to choose overtly, we created a uniquely American model of indirect subsidization. Using cost-sharing and shifting and elaborate schemes of tax exemption and charitable donation, we have allowed and encouraged this system as surely as if we had taken tax dollars and invested them directly and deliberately into a predetermined design.

Few would argue that default is better than planning, but many would point out that building a not-for-profit healthcare system has been a brilliant investment for the nation. We have created worldwide leadership in medical and scientific advancement, achieved excellence in education and training for generations of the world's leading doctors and allied health professionals, opened vistas in technological development beyond our wildest imaginations, and invested millions in research.

Will Wall Street Rule?

The not-for-profit sector has provided healthcare to virtually every community across the country. It has served the rich and the poor, the urban and the rural, and the acutely and the chronically ill. Buoyed by tax exemption, charitable donations, and access to tax-exempt financing and led by an army of community, volunteer trustees, the nation's not-for-profit hospitals have effectively furnished a national healthcare system—providing communities with a spectrum of services not borne by government and not attractive to the private, for-profit sector. The not-for-profit sector defined a unique and beneficial partnership between government and the people.

It seems somewhat ironic, therefore—and a good deal troublesome—that, as we debate anew the appropriate role for government in the design and provision of healthcare services, we find ourselves framing the dialogue in terms of free enterprise, competition, and markets. Did we somewhere reach consensus in this country that free enterprise—the American way—should be the credo for healthcare reform? Do we really believe that Wall Street should be the arbiter of equity and quality in the delivery of healthcare services, and that stockholders should get rich off our cancers and our CAT scans?

For-Profits Exacerbate Problems

No one who understands the nature of our healthcare system—and especially the callous history of the insurance industry—would deny that we have a moral and civic responsibility to extend cost-effective and accessible care to all our citizens. We have only to examine the experience with the for-profit healthcare sector to know that markets and Wall Street have never been the answer. In fact, it is the pricing practices of the drug companies and the risk-avoidance strategies of the insurance companies that have brought us back time and again to the urgent need for reform.

The for-profit hospital sector, spawned by the Medicare program and its promise of free-flowing dollars, taught us that its presence exacerbates the nation's problems; it does not solve them. For-

Continued on page 87

FINAL SAY

Continued from page 88

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profit hospitals charged higher prices, located selectively, and offered services chosen for profitability. They spurned the poor, the uninsured, and the chronically ill and sold out when the money dried up. It was never the for-profit hospital companies that invested in research and teaching, 24-hour emergency room care, neonatal intensive care units, comprehensive cancer care, children's rehabilitation, burn centers, or community-based AIDS programs. It was always the tax-exempt sector that mobilized community resources and responded to community need.

Yesterday's Humana and Hospital Corporation of America is today's Columbia—the $10 billion-plus "Pacman" of the healthcare industry, buying up facilities and physician practices to "position itself" for the managed care dollar. For the community, for-profit healthcare means geographically distant ownership, profits flowing out to stockholders, and financial incentives that threaten conflicts of interest for physicians and compromise inpatient care. It means a commitment to patient and community only as deep as their pockets. Columbia may be the darling of Wall Street, but it is not the answer for Main Street as long as its accountability is to stockholders, not communities, and its mission is profit, not service.

If our concern with reform is truly affordable care and equitable access, then our focus should be on how to shape a system that ensures appropriate incentives for excellence and accountability among all providers. For-profit status should not confer license to take the money and run.

A Muddled Debate

Although no one would deny that we have a moral and civic responsibility to extend cost-effective and accessible care to our citizens, we seem unready, even yet, to bite the bullet. Instead, we are being lured as a nation into the abyss of our own competition rhetoric, grasping at the hope that free enterprise can fix what we cannot agree to do as a society. Managed care and the organizing principles of "managed competition" are profused with incentives to undertreat. Profitability is tied not to the mobilizing but to the minimizing of resources.

Why then are Americans not demanding to know if there are differences between for-profit and not-for-profit managed care plans? When we compared hospitals, the differences were profound. Could it be that the profit incentive really does impinge on care decisions in the managed care setting—alter protocols, change behaviors, influence how and to whom we offer lifesaving services?

All the managed competition plans under review in Congress, including the original Jackson Hole proposal, specifically require that healthcare alliances be not-for-profit. Why? Because an alliance is no place to make a profit.

Would we then say that our health plans *are* a place for profit? That the doctor-patient relationship, the hands-on delivery of healthcare, the ethical questions around whether to treat are places for profit?

Cause for Concern

As we race to realign our health delivery system around a managed care model, we need to remember that reform should be about healthcare not markets, people not profits. It is about our future and the legacy we leave our children. Why then is managed competition's invitation to for-profit healthcare not worrying us more? □

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