Dr. Costello's
"Best of Health"
QUARTERLY

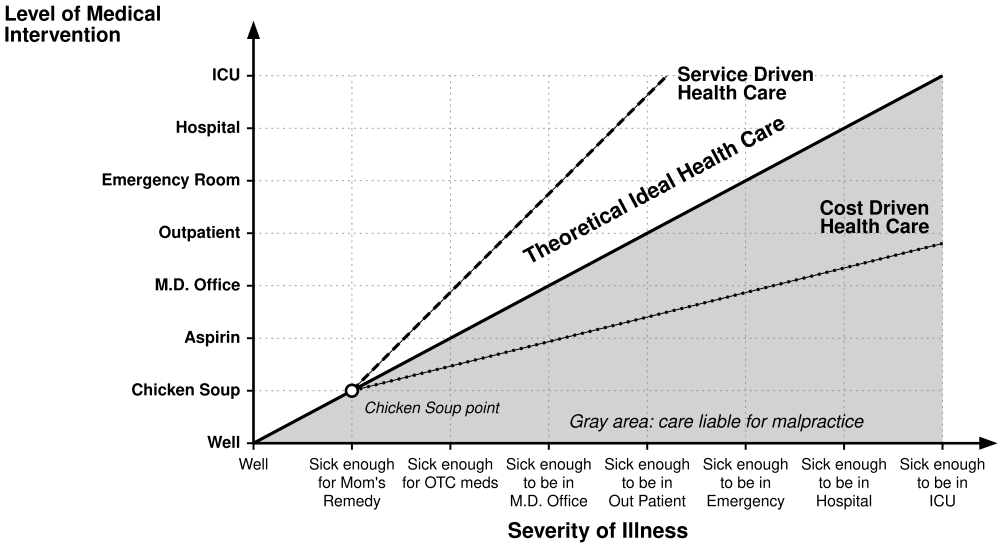
Vol. II, No. 2
Summer, 1991

Dedicated to the belief that informed patients will choose the "Best of Health" care available.

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A Graphic Analysis of the Quality of Medicine

By John B. Costello, M.D.



Service Driven Health Care Versus Cost Driven Health Care as depicted by a graph of the Level of Medical Intervention Versus Severity of Illness*

**The gray area represents care liable for malpractice.*

THE DEFINITION OF SERVICE

The word 'service' is much used and abused in discussing medical care. To clarify, in this Quarterly, service has three meanings:

1) service, as an act of providing medical care, i.e. office visit, or an appendectomy etc.,

2) service, as a responsibility of the profession to the community, and

3) service, the aspect of the timeliness of care, i.e., an acute appendix needs to come out! Or as another example, in a like manner, the rapidity and exactness of service found at a good restaurant.

The term Service Driven Health Care references the third meaning

QUARTERLY SUMMARY BOX

YEAR	SEASON	ARTICLES	SUMMARY
1991	Spring	The Quality of Medicine	Quality medicine is expertise and service.
		The Health Care Players	Only patients and doctors are interested in quality care.

The way to use this graph is to first, pick a severity of illness; second, move vertically to any of the three curves; and third, move horizontally to the level of medical intervention.

For example, if you are sick enough to be in the Emergency Room, the Cost Driven Curve will put you in the Dr.'s office; the Theoretical Ideal Health Care Curve will put you in the Emergency Room; and the Service Driven Curve will already have you in the hospital.

The Ideal Health Care system will care for the patient at the exact level of intervention required. This is not always possible, but is postulated as the Theoretical Ideal Health Care Curve.

Clearly, this analysis vividly illustrates that a patient will be seen by a Service Driven Care system earlier than by a Cost Driven Care system. The intervention under Service Driven Care will be more aggressive and comprehensive, with anticipatory diagnostic tests and preventive therapy.

A Cost Driven Care system will delay care. The patient will be more ill

Continued on page 2…

at the time of intervention and receive crisis care. Its essence will be "no service". If you had a chance to read the last Quarterly's discussion on Quality (please see the Quarterly Summary Box on this page). Quality in medical care requires expertise and service. A health care delivery system that ignores either will be inferior.

Other names for Cost Driven Care are "Managed Care Plans", "Health Maintenance Care", "Capitated Health Care" and many Government Sponsored Health Care Services such as the Veteran Hospital Services.

Generalizing this form of analysis, any concept or factor that impacts on health care can have its influence evaluated by use of this graph. Let's discuss examples of malpractice and new technology.

The malpractice fears of the physician push the curve upward and require more studies be done to document the absence of disease. The effect of this on Service Driven Care is to add unnecessary tests to an environment which already is encouraged to do anticipatory care. Conversely, if there is absolutely no retribution for bad care, the Service Driven Care curve will move closer to the Theoretical Ideal Care line and in the instance of negligence, will cross over into the malpractice portion of the graph.

The effect of malpractice fears in a Cost Driven Care environment will be to drive physicians out of medicine because doctors won't work in an environment of limited earnings and unlimited liability.

New technology that proves to be useful, either by empiric use or by controlled trials, will have the effect of shifting all forms of care toward the Theoretical Ideal Care line. Unfortunately, in the Cost Driven Care system, the new technology will not be introduced in a timely manner. Far more people will die due to the delay in upgrading the technology and the releasing new drugs than will die from adverse reactions. The AIDS Lobby has been pointing out this for years.

In summary, this graph as a method of analyzing health care is valid in that it accurately depicts human nature. The Cost Driven Health Care system removes any incentive to provide anticipatory care. The Service Driven Health Care system uses human nature's desire to be rewarded for effort and consequently provides better care for the patient.

America is in the process of deciding what kind of health care it wants. Please keep these considerations in mind when you hear people discussing this issue.

Health Care Tyranny

By John B. Costello, M.D.

Social organizations created by humans take on human characteristics and the actions of such organizations exhibit the good and bad in the human character.

It is the flaws in human nature which shackle the individual human and human organizations, be they families, companies or governments, to cycles of prosperity and peril.

There are, at least, two ways to overcome this defect. The first is to change the nature of humankind. The second is to create social organizations which have checks and balances to prevent extremes or mediocrity.

To change or modify the nature and behavior of humankind has traditionally been the function of religion, philosophy and education. There looms in the near future the reality that genetic engineering will change humankind. The debate on the wisdom and ethics of this has already begun.

It is, however, the other side of the discussion which is the point of this article; the concept of checks and balances in social organizations which keep their social results fair and progressing.

In the present day, the United States Government, in the actions of the Health Care Financing Administration (HCFA), has no checks and balances to protect the consumer and producer of health care from being bullied. I suspect there are other governmental bureaucracies which are also so far removed from electoral reprisal that they too have taken on bullying characteristics. When a government bullies its own people, it is called tyranny.

This tyranny has been complained about in the national media and in prestigious medical journals.

The reason for it is simple. Government has become a Third Party Payer. As such, it has a financial interest in what it is regulating. When a regulator and a payer become one source, tyranny follows.

We have antitrust laws to prevent this in the commercial area.

An example of HCFA's actions is its refusal to publish reimbursement denial rules for payment of claims. The excuse is patients and providers would abuse the denial rule regulations. Who is abusing whom?! There are a myriad of other examples.

In summary, to have a good and just health care system, government should refrain from being a third party payer because when the payer and the regulator become one source, a tyranny inevitably follows.

Excerpts from The Declaration of Independence

The unanimous Declaration of the thirteen United States of America

When in the course of human events it becomes necessary for one people to dissolve the political bonds which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the Laws of Nature and of Nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation.

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.

That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed,

That whenever any form of government becomes destructive of these ends, it is the Right of the People to alter or abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form as to them shall seem most likely to effect their Safety and Happiness…

The history of the present King of Great Britain is a history of repeated injuries and usurpations, all having in direct object the establishment of an absolute tyranny over these States. To prove this, let the Facts be submitted to a candid world…

He has refused his consent to Laws, the most wholesome and necessary for the public good…

He has called together legislative bodies at places unusual, uncomfortable, and distant from the depository of their public records, for the sole purpose of fatiguing them into compliance with his measures…

He has made Judges dependent on his Will alone, for the tenure of their offices, and the amount and payment of their salaries…

He has erected a multitude of New Offices, and sent hither swarms of Officers to harass our People and eat out their substance…

He has combined with others to subject us to a jurisdiction foreign to our constitution,…

In every stage of these oppressions we have petitioned for relief in the most humble terms: our repeated petitions have been answered only by repeated injury. A Prince, whose character is thus marked by every act which may define a Tyranny is unfit to be the ruler of a free people…

Dr. Costello's Economic Law of Third Party Payers

The money involved in health care has drawn many schemers to leech off the doctor-patient relationship. One of the leeches, the third party payers, which include Medicare, Medicaid and all other commercial health care insurance companies, has grown so large that it is about to kill the patient and the doctor. How? Dr. Costello's Economic Law of Third Party Payers.

When there is a third party paying for any service or product, the price goes out of sight.

Just to be more clear, the third party payer is not the traditional middle man or broker, who actually buys and sells the "goods" and participates in the risks of the market. A third party payer is an organization which has no risk. It takes in monies, keeps a cut and disburses the rest as needed.

Dr. Costello's Economic Law of Third Party Payers defined explicitly is this: when the negotiation and payment for goods and services by the seller to the buyer is handled by a third party payer, with the following conditions in place, the price of the goods and services over time increase to bankrupt the system.

Conditions which facilitate this to occur are:

1) prices must not be known to the buyer,
2) there is collusion between and/or an absence of adequate competition between third party payers; and
3) government is directly involved in the market and not outside supervising.

Consequences of this law are:

1) the money involved draws people only interested in the money and power, not the service it is intended to provide;
2) the number of goods and services drawing on these funds expand;
3) the bureaucracy handling the money expands;
4) closer to the bankruptcy, the number of goods and services contract, because the bureaucracy expands itself and absorbs monies; and
5) taxes and/or premiums increase, not to

pay for more goods or services, but to sustain the bureaucracy of the third party payers.

Look at the current problem with prescription drugs. In the last five years, the third party payers, have gotten into the market place offering to cover prescriptions with a $3.00 to $5.00 copay by the patient at the pharmacy counter. Over this time, the prices of medicines have skyrocketed, as a direct result of Dr. Costello's Economic Law.

The price at the pharmacy counter has been distorted and is in the process of bankrupting the personal paying patients and eventually the whole market for prescription drugs. The government's response to this as a buyer of drugs for Medicaid and VA services has been to fix the pending "bankruptcy" for their programs and not the general public's by forcing the drug companies and pharmacies to lower prices to government programs by law, further distorting the real cost of medicines.

The real fix would be to outlaw insurance coverage for prescriptions on federal and private programs. Prices would then drop to their proper level.

Other examples can be thought of to bring the issue to life. What happens to the price of a car repair when it is to be paid for by auto insurance versus the individual?

In summary, in health care transactions, as in all economic transactions, to let the buyer directly negotiate with the seller is the most cost effective.



Dr. Costello's "Best of Health" Quarterly is published by the Medical Practice of John B. Costello, M.D., St. Louis, Missouri. Subscription Rates are $20.00 per year.

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Postmaster: Send address changes to The "Best of Health" Quarterly.

Comments, letters and questions to the Editor are welcome. All submissions should be typed and double-spaced.

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Produced on a Macintosh IIfx, with Pagemaker 4.0.

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