

Healthcare costs, and the politicians to blame

By Jack E. Lohman

Every aspect of healthcare is under scrutiny today, and well it should be. But those most to blame are the politicians who write the rules that permit or deny actions by insurers, hospitals, doctors and patients.

Politicians at both the state and federal level have turned what should be the best healthcare system in the world into a terrible mess, all to collect campaign funds for their re-elections.

It's easy to blame patients for the overuse in the healthcare system, and indeed they must share blame. But physician overuse is greater as most patients generally dislike unnecessary doctor visits and hospital admissions. Other major forces are at play.

For example, the state legislature eliminated the Certificate of Need which restricted the excessive growth of hospital technology and bed expansion, and the consequences were not good. Health care economists have shown that new hospitals built near old hospitals do not create competition, but instead increase overall hospital charges in the area. Just the opposite of the claims by proponents.

From a technology standpoint, hospitals were constantly leap-frogging each other. As one bought an updated MRI system, the competitor across town felt compelled to do the same, if for no other reason than to keep physician referrals coming their way.

Unfortunately, this created a technology war with costly equipment often being replaced in two years rather than after its typical five-year lifespan. The costs were passed on to the insurers, and subsequently employers and patients, so it was an easy buy. But the CON purchasing restrictions were removed by politicians.

Part of this cost escalation should be mitigated by another recent phenomenon, the hiring of physicians by hospitals. At one time the Feds considered this a conflict of interest and a violation of law, but those restrictions

have been lifted and hospitals are now employing their own physician staff. This change will create both positives and negatives as hospitals gain control over their physician referrals.

While the leap-frogging pressures should diminish, employed physicians will be less demanding of their hospital and could in fact become more beholden to their employer than to the patient. It is easy to imagine a situation where a hospital administrator pressures physicians to increase bed utilization to pay for the facilities they overbuilt or testing for technology they overbought. In some cases physicians are even offered "production incentives," which is more subtle but equally effective.

There are also concerns that physicians who were once independent will become obligated to admit a problem patient to their own facility rather than to a better-equipped hospital down the street. Or to admit to their own hospital even with higher infection or prescription error rates. In these cases one can only hope that the medical malpractice system balances the threats, but even then, that part of our legal system also needs serious realignment.

In the end it would be comforting to know that rule changes -- both at the state and federal level -- were done by politicians who themselves had no conflicts of interest in the outcome. But they receive massive campaign contributions from the health care industry -- obviously to change laws to benefit the contributor -- and they often also own stock in the companies that would benefit from such changes. Personal portfolios should not be underestimated.

This is the world we live in. Without political money changing hands, they'd likely have solved our healthcare crisis years ago. And our trade deficits and high taxes and oil prices and just about anything else you can think of. But until the voting public gets outraged enough to clean house, we can expect more of the same.

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