

The
Modern Health Care Maze:
An Interdisciplinary Approach

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Introduction

- The current state of “health care reform” in the United States.
- Why does health care reform requires an interdisciplinary approach?
- What can philosophers and economists contribute to health care reform?

Current State: Cost

- Overall Costs
- Medicare and Medicaid
- Employment-Based Health Insurance

Current State: Quality

- According to the CIA
 - Infant Mortality: 33rd (Out of 224)
 - Life Expectancy: 50th
 - Preventable Deaths: 19th (Among Industrialized Countries)
- Overall Ranking: 37th out of 191 Countries (WHO)

Principal Stakeholders in Health Care Reform

- What is a Stakeholder?
- Most Visible Stakeholders
 - **First-Party Patients** –Individuals that want or need health care products or services from providers.
 - **Second-Party Providers** (physicians, nurses, pharmaceutical companies, medical technology corporations...)
 - **Third-Party Payers** (government programs, private insurance companies...)
 - **Fourth-Party Employers** (large and small businesses)
- Least Visible Stakeholders
 - Public and Private Research Facilities (NIH, Merck...)
 - Teaching Institutions (Public and Private Colleges and Universities)
 - Tuition-Lending Institutions (banks)
 - Malpractice Lawyers
 - Malpractice Insurance Providers
 - Technology Manufacturers (GE)
 - Government Employees (NSF, NIH, FDA etc.)
 - Stockholders in the Health Care Industries
 - Insurance Brokers hired by employers to purchase health insurance for employees.

Preview

- Philosophical Dimensions of Health and Health Care
 - A libertarian Approach to Health Care Reform
 - What do terms like “health” and “disease” mean and how do they influence debate over reform?
 - What do we mean when we assert a “right to health care?”
 - What is the “ideal” national health care system?
- Economic Dimensions of Health and HealthCare Reform
 - What is “socialized medicine?”
 - What is “free market medicine?”
 - How do other nations pay for their national health care systems?
- Case Studies: Small Groups
- Conclusions:
- Suggested Reading

Ron White:
Philosophical Dimensions
of Health Care



What is Philosophy?

- Human Inquiry
 - **Descriptive Inquiry:** questions and answers about *Truth* or the way things are.
 - **Prescriptive Inquiry**(questions and answers about *Value*, what's *Good* or the way things ought to be).
 - Ethics: Good Human Behavior
 - *Deontological Theories:* Rights/Duty Based
 - *Teleological Theories:* Consequentially Based



A Libertarian Approach

- Basic Principles
 - Personal liberty Bounded by Non-Aggression
 - Self-ownership and Property Rights
 - Free Markets and Limited Government
- Moral Principles
 - Do not employ physical force except in self-defense.
 - Don't not steal property that is owned by others.
 - Do not lie in order to procure a contract. Transparency
 - Keep your promises and uphold contracts.
- Limited Government
 - Criminal justice system
 - Monitor and enforce laws that protect against: physical aggression, theft, fraud, and breach of contract.
 - Military
 - Protect against invasion

What is Health?



- How can philosophers contribute to health care reform?
 - What is good health care?
 - World Health Organization
 - How *ought* health care be distributed?

Justice in Health Care?

- **Social Justice**

- Moral System (patients and providers)
 - Patterned Theory of Justice (equality of results)
 - Merit
 - Need
 - Equality
 - Utility

- **Market Justice**

- Economic System (buyers and sellers)
 - Unpatterned Theory of Justice (equality of
 - Procedural Justice (acquisition, transfer, and rectification)
 - Free Market
 - Information
 - Freedom
 - Competition

Is there a “Right to Health Care?”

- Deontological Arguments
- What is a “right?”
 - Relationship Between Rights and Duties
 - Individual Rights/Duties
 - Collective Rights/Duties
 - Theoretical Foundations
 - Natural Rights
 - Moral Rights
 - Legal Rights
- Libertarian View of Rights
 - Positive Duties and Positive Rights (entitlement: A has a duty to provide B health care)
 - Negative Duties and Negative Rights (non-interference)
 - All rights are property rights).
- Is there a right to health care?
 - Natural Right
 - Moral Right
 - Legal right
 - Positive or Negative Right
- Who has a duty to provide health care?
- What products and services are covered by the “right to health care?”

The Ideal Health Care System

- **If there is a positive legal right to health care, what would the “ideal” health care system look like?**
 - **Universal Access**
 - Positive or negative right?
 - Access to what?
 - **High Quality**
 - What is “good health care?”
 - Measurements: Life Expectancy, Infant Mortality Rate, Avoidable Mortality
 - Comprehensiveness
 - **Reasonable Cost**
 - Who pays the cost?
 - Who reaps the benefit?
 - What is reasonable?

Charles Kroncke:
Economic Dimensions of
Health Care



What is economics?



- The Study of Scarcity
- Lionel Robbins (1932): the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses

Free Market and Socialized Medicine

- Why there is “no free lunch.”
- Two highly idealized views on how nations pay for health care
 - Free Market Capitalism
 - Individual Planning by Individual Buyers and Sellers
 - Information
 - Freedom
 - Competition
 - Socialism
 - Collective Planning by Government

Four National Systems

- Beveridge Model (England)
- National Health Insurance Model (Canada)
- Bismarck Model (Germany)
- Out-of-Pocket Model

National Health Care System Model (Beveridge Model)

- William Beveridge (Great Britain)
- Great Britain, Italy, Spain, Scandinavia, Cuba, and Hong Kong
- Health Care financed and provided by government via taxation
 - No medical bills, public service
 - Most doctors are government employees
 - Most doctors are private doctors collect fees from govt.
- U.S. Correlate:
 - Military and Veterans, Indian Health Service
- Problems: High Taxation, Shortage of Specialists, Waiting Lines, Patients may not be treated if the doctor deems unimportant, Government (not price) rations health care

National Health Insurance Model

- Canadian System
 - Canada, Taiwan, South Korea
 - Single-Payer System
 - Principles Governing Canadian System
 - Public Administration
 - Comprehensiveness
 - Universality
 - Portability
 - Accessibility
 - U.S. Correlate: (Medicare)
 - Individuals over 65
 - Basic Problems: Waiting Lines, High Taxes

Bismarck Model

- Germany, Japan, France, Belgium, Switzerland,
 - Otto Von Bismarck (Germany)
- Universal Coverage
- Providers and Payers are Private
- Insurance Financed by Employers and Employees
 - Non-Profit Sickness Insurance Funds
 - 300 in Germany (pay physicians via regional physician associations)
 - Individual and Employer Mandates (payroll deduction 50/50)
 - Unemployed paid for by benefits agency or government “social fund”
 - Price controls on medical services, premiums set at about 14% of income
 - Public and Private Hospitals
 - Choice of physicians
- U.S. Correlate: Four-Party System
 - Most working individuals under 65
- Basic Problems:
 - Sickness Funds run out of money
 - Doctors not highly compensated
 - Unemployment
 - Perverse Incentives: U.S. Job-Lock, Job-Flight
- [Summary of Health Care Systems](#)

Out-of-Pocket System

- Countries without any organized Health Care System
 - Somalia, Afghanistan etc.
- Products and Services not covered by countries with Health Care Systems.
 - Treatments that address wants (elective v. necessary treatments)
 - Cosmetic surgery, Sex change, weight reduction surgery etc.
 - Treatments with marginal cost-benefit ratios
 - Joint replacement surgery
 - Dental care, psychiatric care, pharmaceuticals
 - Illegal Treatments on the black market (Rhino Horn etc.)
- The United States
 - Unemployed or Underemployed
 - Uninsured with pre-existing conditions
 - Exceed Lifetime Insurance Limits
 - Under-Insured
 - Contractual Exclusions
- Problems: Access to health care by the poor, inequality of quality (the rich get better care).

Health Care Systems in the United States

- Decentralized Mixed System Based on Groups
- **Four-Party System** (workers)
 - Bismarck Model
- **Federal Employees Health Benefit Program** (employees of government)
- **Medicare** (elderly)
 - Beveridge Model
- **Medicaid** (poor)
 - National Health Insurance Model
- **Veteran's Medicine** (veterans)
 - Beveridge Model
- **Indian Health Care** (Native Americans)
 - Beveridge Model
- **State Children's Health Insurance Program (SCHIP)**
 - National Health Insurance Model
 - Reauthorized in 2009
- **Cobra Consolidated Budget Reconciliation Act COBRA** (unemployed)

Does the Concept of Private Insurance Work for health Care?

- The Concept of Insurance
 - Economic Incentives
 - Community Rating Systems
 - Adverse Selection
 - Moral Hazard
 - Experience Rating Systems
 - Information Asymmetry
 - Fraud
 - Enabling Legislation

Key Issues For Health Care Reform

- Is there a positive right to health care? If so, who has a duty to provide it?
- If there is a positive right to health care:
 - ...which products and services ought to be included in this basic package, and which ought to be paid “out of pocket?”
 - ...should there be one health care system to provide universal coverage or several systems covering different groups: elderly, poor, veterans, etc.? Which group gets the best and most?
 - ...should there be one centralized (federal) system or should it be a decentralized system (regional, state, or local)?
 - ...what role, if any, should private health insurance companies play in the distribution of products and services?
 - ...what role, if any, should non-governmental , non-profit organizations ply in the distribution of products and services?
 - ...what role, if any, should health care policy be subject to politics?

Free-Wheeling Small Group Philosophical Discussion

- This morning President Obama and Congress called you on the phone and asked you to serve on a Committee to redesign the U.S. health care system. You have absolute uncontested power to make all decisions related to health care, as long as you can all agree on the answers to the following philosophical and economic questions.
- Break into groups of 4-5.

Question #1

- Will any of the following groups will have a “*positive legal right*” to health care? Why or why not?
 - **Chronically Ill** (All or some? How ill? Which diseases?)
 - **Poor** (All or some? How poor?)
 - **Elderly** (All or some? How old?)
 - **Children** (All or some? How young?)
 - **Military Personnel** (All or some? For how long?)
 - **Native Americans** (All or some? Which tribes?)
 - **Institutionalized prisoners** (All or some? Which crimes?)
 - **Employees** of the Federal Government (All or some? Which employees)
 - **Citizens** of the states of Massachusetts and Hawaii
 - **Urban Americans** living in large cities (All or some, which cities?)

Question #2

- **Question #2** If any of these groups will have a “**positive legal right**” to health care?, which of the following *products and or services* will be included in this coverage? Explain why or why not?
 - **Catastrophic Treatment** (trauma centers, ambulance service, helicopters, cancer centers...)
 - **Preventative Care** (vaccinations, annual physicals, mammograms, obesity surgery...)
 - **Palliative Care** (pain, hospice etc.)
 - **Reproductive Treatment** (IVF, birth control, abortion, neonatal intensive care...)
 - **Cosmetic Surgery** (hair restoration, breast augmentation/reduction, weight reduction...)
 - **Dental Treatment** (annual exams, cleaning, simple extractions, root canals, braces...)
 - **Vision Care:** (Eye glasses, surgery, transplants...)
 - **Psychiatric Care** (drug therapy, counseling, suicide interdiction, ADD treatment, autism treatment...)
 - **Mobility Treatment** (artificial limbs, hip and joint replacement surgery, physical therapy, motorized wheel chairs...)
 - **Substance Abuse Treatment** (alcohol, drugs, tobacco, food)
 - **Gambling Abuse Treatment**
 - **Hospice Treatment**(food, shelter, nursing care, pain medication...)
 - **Treatments of Unknown Safety and Effectiveness** (experimental treatment, untested treatments...)
 - **Tested Treatments Known to be Unsafe or Ineffective** (magic incantations, astrology, human sacrifice to all powerful Gods, etc.)

Question #3

- If health care is a scarce good, **WHO** ought to distribute (ration) it? Why?
 - Physicians or physicians Unions, or Groups?
 - Hospitals or hospital groups?
 - Health care experts?
 - Private Insurance companies or Sickness Funds?
 - Government (President, House, Senate, Supreme Court)
 - State or Local Government?
 - Panels of experts hired by government?
 - Lobbyists for the various health care industries?
 - Individual patients ration their own health care based on quality and cost.
 - Non-profit charitable organizations
 - A combination of any the above?

Question #4

- If Health care is a scarce good, **HOW** should it be distributed (rationed)? Why?
 - **Lines:** Whoever is willing (or able) to wait the longest in line gets the best/most.
 - **Location:** Whoever lives near a provider gets the best/most.
 - **Favoritism:** Whoever is friends with the distributors gets the most/best.
 - **Age:** Adults, Elderly, or Children get the best/most.
 - **Employment Status:** Whoever works gets the best/most?
 - **Health Status:** Whoever is healthiest or sickest gets the best/most.
 - **Lottery:** Whoever wins a state-run lottery gets the best/most
 - **Utility:** Whoever is more useful to society gets the best/most
 - **Price:** Whoever is willing/able to pay for health care gets the best/most.

Conclusions

- There are no Health Care Systems that Approach the Ideal of Universal, Quality Health Care, at a Reasonable Cost.
- There is no rational way to distribute health care between competing groups.
 - There are no pure “free-market systems”
 - There are no pure “socialized systems.”
- There is no rational way to decide which products and services ought to be included in a national system.
- Substantial health care reform is unlikely.

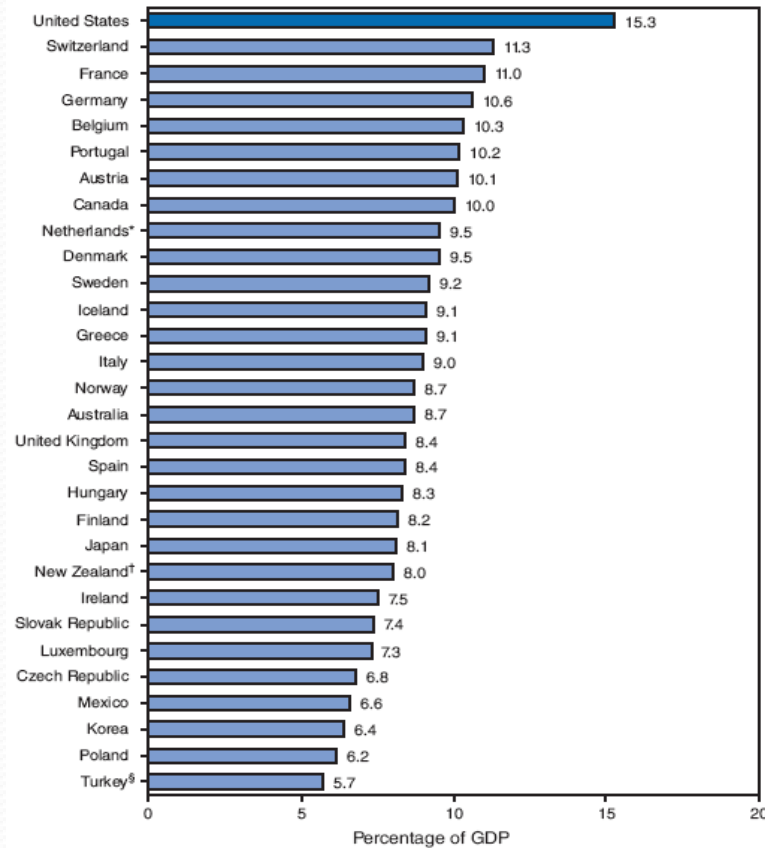
Toward Libertarian Health Care Reform

- Basic Principles and Specific Reforms
- INCREASE INFORMATION
 - Increase Transparency of Contracts (Price and Quality)
 - Eliminate the use of Private language in health insurance policies by codifying insurance language and coding.
 - Limit or control “price discrimination” by providers and insurers
- INCREASE FREEDOM
 - Increase Personal Liberty to Choose Insurance
 - End employer-based health Insurance
 - Increase Personal Liberty to Choose Providers
- INCREASE COMPETITION
 - Increase Competition Between Insurance Companies, and Providers
 - Eliminate legislative obstacles to the formation of larger interstate buyer groups and allow the purchase of health insurance across state lines.
 - Enforce anti-trust laws to insurance companies
 - Minimize licensure requirements for providers.
 - End the longstanding tradition of piecemeal health care reform based on political groupings: poor, elderly, children, tribe, military status, employment status, etc.

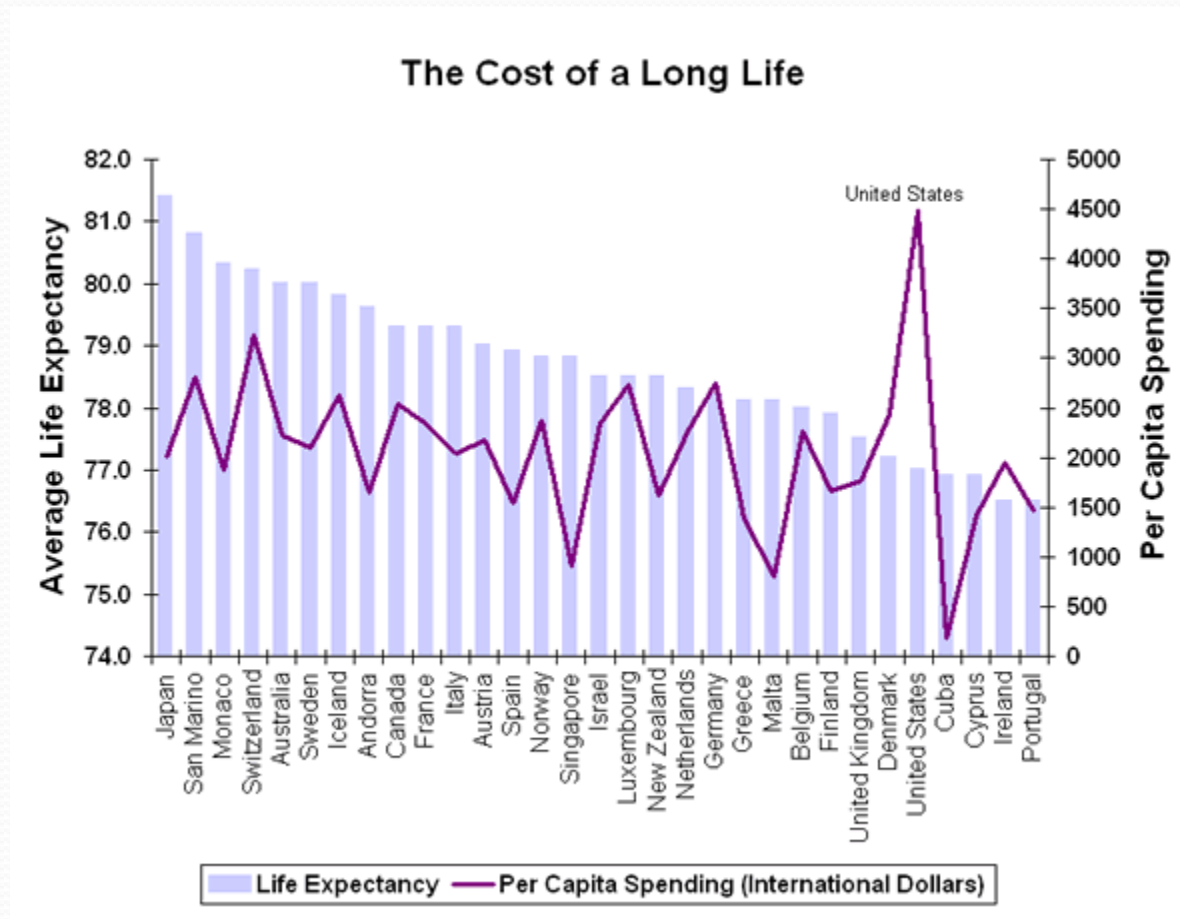
Suggested Reading

- David Boas, *Libertarianism: A Primer* (Free Press: 1997)
- Michael F. Cannon & Michael D. Tanner, *Healthy Competition: What's Holding Back Health Care and How to Free it* (Cato: 2007)
- T.R. Reid, *The Healing of America: A Global Quest for Better, Cheaper, and Fairer Health Care* (Penguin: 2009)
- Arnold Kling, *Crisis of Abundance: Rethinking How We Pay for Health Care* (Cato:2006)
- Charles Kroncke and Ronald F. White, “The Modern Health Care Maze: Development and Effects of the Four-Party System” *Independent Review* vol. 14, no.1 (Summer 2009) pp. 45-70
- Leiyu Shi & Douglas A. Singh, *Delivering Health Care in America: A Systems Approach* (Jones and Bartlett: 2008)

Appendix 1: Percentage of GDP Spent on Health Care (From: CDC)

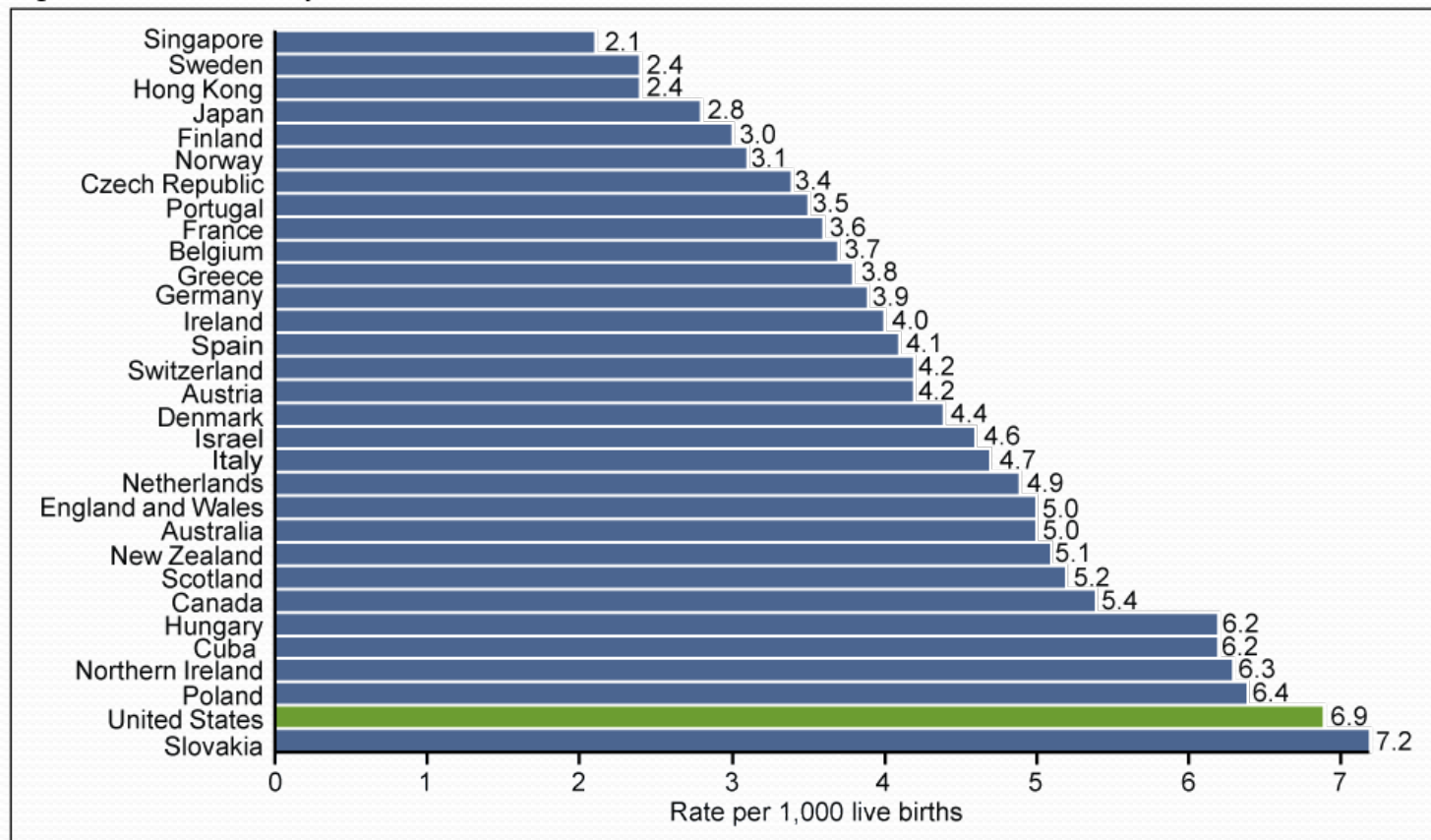


Appendix 2: Cost of a Long Life



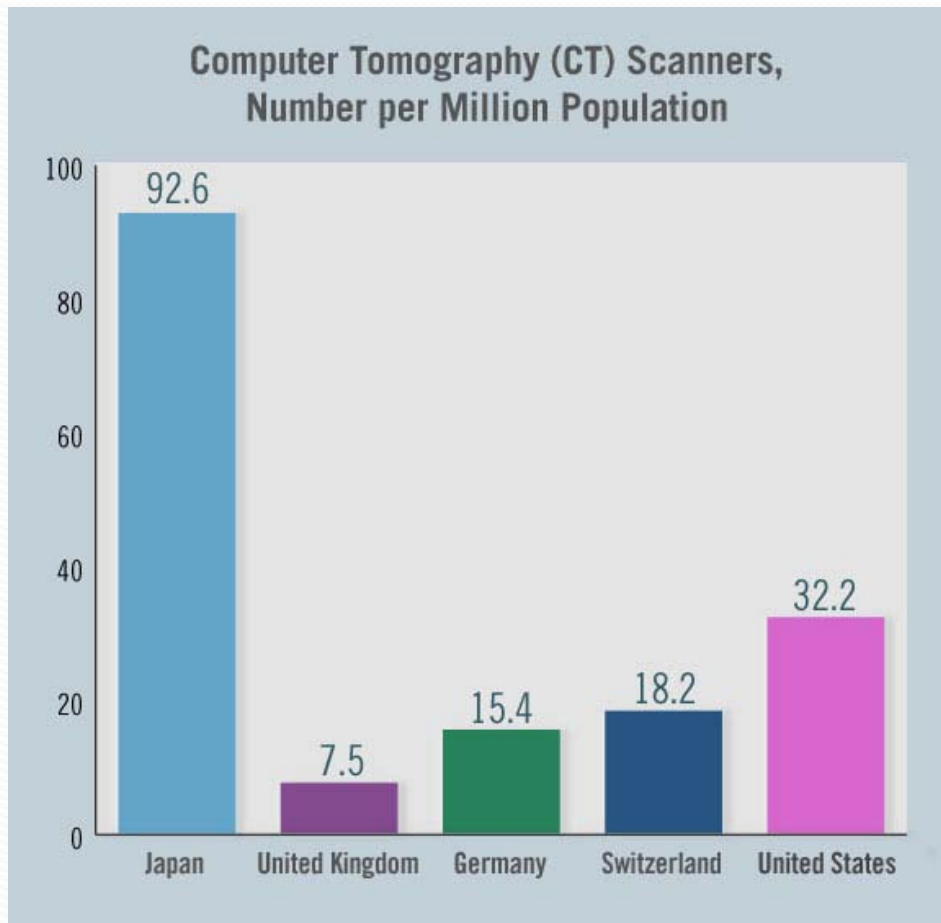
Appendix 3: Infant Mortality (CDC)

Figure 1. Infant mortality rates, selected countries, 2005

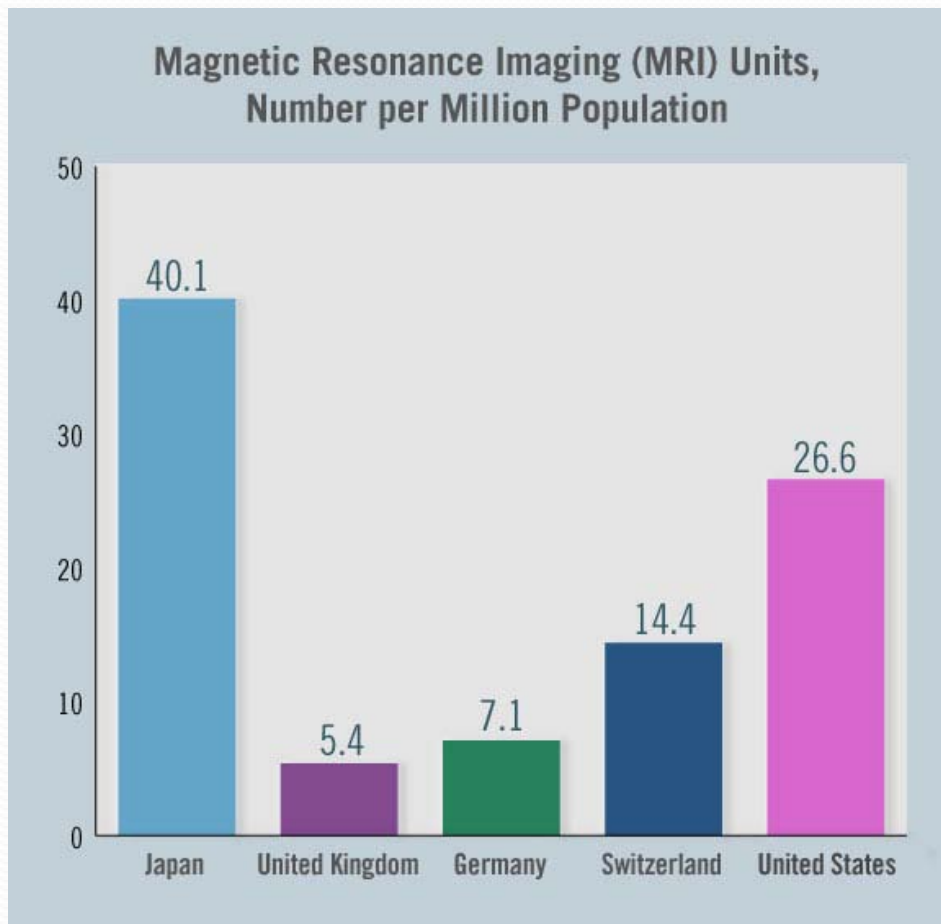


SOURCE: Health, United States, 2008.

Appendix 4: CT Scanners



Appendix 5: MRI Units



Appendix 5: Assorted Statistics Compiled by the CIA

- Population
- Life Expectancy at Birth
- Infant Mortality
- Death Rate
- HIV, AIDS Deaths