

Estimate of the Situation

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“Can You Hear Me Now?”



No, that's not Verizon talking. It's the Market.

The natural human response to an existential threat is self-preservation. When the system that supports one's profession, status, or income is threatened, the response is extended to the system. That primal need for self-preservation is why all actors involved in "health care reform" efforts start from the presumption that their organization's role and interests must be protected to the maximum possible extent. Failure is assured.

Providing care was initially a vocation, not a profession. Then money entered the picture and everything changed. To this day an underlying tension remains between care givers motivated by a morally-required mission and the pragmatic goals of those responsible for generating a margin. Exacerbation of that tension was an unintended consequence of the Third Party Payer System's effect on human behavior, a consequence that The Affordable Care Act only magnified.

Third Party Payer centered health care is a Legacy system that is dying and cannot be saved. Many very smart, well-intentioned,

and highly placed people profoundly disagree with that conclusion. They are not listening to what the market is telling them, in part because they find the idea of a market role in health care to be morally repugnant. That is a mistake.

Here is what the market is telling us. The message is really impossible to miss.

- Employers are saying that insurance coverage and the Third Party-covered medical care provided in hospitals and physician's offices are too expensive and far too complicated. So is the public at large.
- Physicians, rebelling against centralized micromanagement of practice decisions and involuntary income reductions, are voting with their feet. They are refusing to accept Third Party covered patients, selling their practices, and either retiring early or switching to concierge medicine.
- Hospital executives are learning that ever-increasing layers of complex regulation and mandatory reporting requirements impede service delivery, reduce patient satisfaction, increase administrative costs and drive patients to non-traditional lower cost providers.
- Communities are losing access to local health care and experiencing unacceptable damage to the local economies as hospitals and offices close in response to cost reduction-driven consolidations.
- Millennials have figured out that there is only a one-in-four chance that their incurred medical expense in any given year will be as great as the annual cost of their insurance premiums and deductibles. They are buying ski trips instead of health insurance.
- Walgreens, CVS, Walmart and others are demonstrating that they can provide quality outpatient primary care at far lower costs.
- Alternatives to traditional hospital-based care delivery and Third Party payment systems are being developed.
- The states are finding rising Medicaid costs to be unsustainable.
- Even under the most optimistic assumptions, Medicare's trustees forecast Trust Fund exhaustion in the foreseeable future.

Are you listening?

FJB



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