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While there is no one quick and easy fix to the health care crisis because there are so many factors contributing to problem, the solution set can and should be implemented by addressing all of the issues simultaneously. While this treatise is in no way complete and is composed off the cuff, I believe that it would be a good start.

Abstract: The Metz Health Care Reform Assessment

Hypothesis: The entire structure of the American health care industry and delivery system is fundamentally flawed in its congruence with the Law of Supply and Demand to wit: to lower the price of any commodity it is necessary to increase the supply.

Working Theory: Health care delivery customs and practice standards are not designed to achieve a level of economies of scale in operations, location, staffing and forecasting. The suspected causations of these various diseconomies are a combination of improper regulatory measures, lack of industry oversight, failure to react to health care trends and population demographics, failure to create an efficient and affordable educational system to prepare career ready workers for the industry, failure to invest in health care technology and equipment manufacturing and failing to educate Americans about healthy life styles (nutrition, prevention, exercise).

Observations: [For the sake of brevity, this section has been intentionally omitted as many of issues are implicit in the suggested mitigations.]

Postulate: Given the assumption that the health care delivery system in America is either fundamentally flawed and/or there are barriers and/or restrictions in the supply chain of health care components into the market place, a new paradigm in health care delivery must be established. The model for balancing the constituents of an efficient health care delivery system must factor in the following components; the number, the purpose, the access, and the staffing level to and of each facility vis a vis the needs of the community while also factoring in the trends in population.

Definitions:

Health Care Industry = all endeavors deriving revenue from goods or services related to health.

Facilities = the physical structures that house the staff and equipment.

Work force = personnel trained to proper level of task competence in the various disciplines and industries that comprise all aspects of health care delivery.

Population = residents in a geographic area

Community = identifiable groups within the population exhibiting common traits and trends.

Global Assumption: If the access to service were increased to a level equal to average demand the result would be a cost savings. Extension: If the proper practice of triage were in place under a redesigned delivery paradigm it would result in a cost savings.

Model: The new delivery paradigm shall be constructed in such a way as to accommodate adjustments in economies of scales of all related components and sub-components in the healthcare supply chain to achieve the greatest effectiveness at the lowest cost.

Overview:

Access to Care, Facilities and Services.

The foundation of facility needs assessment shall be guided by the principle of triage. Facilities shall be located, staffed and equipped based on increasing levels of service as necessary to serve the demographic health care demands of the community within a City, County, State, Regional, National hierarchy and may be private, public or publically funded and shall charge equal rates for equal services. Services at any facility may include any or all of the services available at level equal to or lesser than their rank.

Hierarchal Ranks:

National Level Services: The number and location of facilities shall be determined by demand. The highest level of services is provided at this level without limitation or restriction outside prudent health care standards. Fewest number of facilities, most highly restricted access. Numeric Example: 1 National facility per 5 million people.

Regional Level Services: Same as National Level with restrictions for some diagnostic/treatment codes. This level would provide needs based access to Specialists and advanced diagnostics and treatments. Numeric Example: 1 Regional Facility per 1 million people.

State Levels Services: Same as Regional with more diagnostic/treatment code restrictions. This level will provide needs based access to Specialists and specialty services. Non-emergency and prescription pharmaceuticals are available at this level. Entry requires verified need. Numeric Example: 1 Facility per 250,000 people.

County Level Services: Same as State level with even more diagnostic/treatment code restrictions. Facilities may be specialized to provide a community or condition specific diagnostic/treatment service. This level provides access to Primary and Emergency Care Physicians and non-MD certified or registered healthcare professionals. Patient may skip

city level in urgent or emergency. Level of need is determined at County Level. Numeric Example: 1 Facility per 2,000 people.

City Levels Services: Same as County Level with the highest level of service restrictions. This level provides access to facilities and skilled technicians, licensed non-MD professionals such as Nurses and Pharmacists. The risk/need assessment and patient history is created and maintained at this level. No restrictions on access to this level of care. Numeric Example: 1 Facility per 1,000 people.

Main Objective:

Establishing a base line economy of scale for health care service delivery factors will enable oversight in and corrections of diseconomies in the system. Corrective implementations to improve the economies of each factor will result in cost reduction and delivery parity for the population.

Areas of Opportunity: (Presented in random order)

Educational:

Assumption: If the number of trained health care workers were increased to meet current and future levels of need a cost savings would result from the equalizing supply and demand.

Idea: Form educational partnerships with the health care industry in the form of on-thejob training programs for high school students to prepare them for an entry level positions or further education. Such training programs shall include all areas of staffing needs, i.e. transcriptionists, intake coordinators, case workers, lab techs, equipment techs, aides, nurses, housekeeping etc. Encourage higher level education in these fields.
Form partnerships or legislate subsidies or grants for higher education for Doctors, Nurses, Pharmacists and other Scientists necessary to equalize supply and demand. Lowering the cost and barriers to higher education in the health care field will greatly reduce costs in the long run.

Employment:
Assumption: If health care consumes 40% of the American economy, then 40% of the population should derive income from the health care industry.

Idea: Train people from declining economic segments for jobs in health care. Shift outdated industrial segments to the health care segment.

Manufacturing:

Assumption: If health care delivery peripherals were in greater supply the cost would go down.

Idea: Encourage increased production of peripherals such as diagnostic equipment and supplies. (As an example, the cost of a lap top computer when first introduced was $6000, now they are $499.) A lower cost resulting from increased supply would lower overall health care costs and create more jobs.

Idea: Step up innovation and production of peripherally related equipment and supplies to increase world demand for health care equipment made in America and make it a leading export.

Pharmaceutical:

Assumption: Pharmaceutical manufactures are allowed to gouge Americans for name brand or patent protected medications and in some circumstances, are allowed to market medications wherein their claims of therapeutic or clinical benefits, effectiveness and necessity to not meet a high enough standard for burden of proof.

Idea: Repeal or modify the 1951 Federal legislation that exempted domestic drug manufactures from price controls in exchange for creating drug giveaway programs. By repealing or updating this law, fair pricing for medications can be established.

Idea: Restrict or prohibit the direct to consumer advertising of prescription medications.

Idea: Prohibit physician compensation for the prescribing of any medications.

Idea: Shift research and development to strategic academic partnerships.

Idea: Put in place incentives to practice prevention through diet, nutrition and life style modification rather than drug therapy. Encourage increased reliance on natural remedies, vitamin and mineral supplementation, stress reduction, prunes etc.

Idea: Restrict and regulate the retail drug distribution chain to lessen the number of parties involved in loading dock to retail shelf transactions.

Tort Reform:

Assumption: Jury awards for medical malpractice and medical liability directly and unreasonably inflate the cost of health care.

Idea: Limit Jury awards and settlements.

Idea: Allow Medical Panel Case review to keep unwarranted cases out of court.

Idea: Establish measurable and enforceable standards of practice and documentation for health care workers and require continuing education, supervision and peer review as well as mechanisms to protect the population from habitual offenders.

Facilities:

Assumption: Health care delivery facilities in general are not designed to be efficient. From hospitals to stand alone diagnostic/treatment facilities, many improvements can be implemented to lower costs.

Idea: Cluster providers in a single location in relation to community need. Put physicians, labs, pharmacies, therapists etc. under one roof. The result will be lower provider facility costs ergo lowering overall costs. This could also produce other desired cascading effects, such as increasing the total number of diagnostic lab facilities, increasing the demand for lab equipment and increasing the demand for qualified workers hence shifting employment from declining industry segments thus decreasing unemployment.

Idea: Locate facilities to best service the community. This would bring parity to utilization of services and increase access to care. As an analogy, there are established standards for locating fire and rescue services based on community demographics.

Idea: Create a work force to inspect and enforce facility standards in regards to location, utilization, quality of care, facility hygiene, staffing, training etc.

Cost Containment:

Assumption: The true cost of health care delivery is not justified by the therapeutic value received by the consumer.

Idea: Established prices for services rendered must be standardized and justified in terms of true value to the consumer and be the same for every American.

Idea: The end consumer or person responsible for the payment liability of health care services for that end consumer must be made to pay for the services received. Hospitals, providers and Insurance companies must not be allowed to pass on unrecovered costs to other consumers in the form of inflated service costs.

Idea: A national sales tax on unhealthy items, such as junk food, fast food, high fat foods, can be legislated to create a fund to help reimburse providers for unpaid services rendered.

Idea: End consumers should not be made to pay for services wherein the service provider was culpable in a failure to execute the stated purpose of the procedure. Examples would include scenarios such as when a lab mixes up test results, a surgeon performs the wrong procedure, a secretary loses a file.

Insurance Industry Reforms:

Assumption: Health insurance industry practices are skewed toward maximizing shareholder wealth rather than providing consumers the highest level of service.

Idea: Legislate profit margin caps on Insurance companies as well as executive compensation caps tied to a measurable and reasonable standard of value for actual work performed.

Idea: Design a set of standardized health insurance packages similar to the standardization of Medicare Supplement Plans and make them easy for consumers to understand. Disallow pre-existing condition restrictions.

Idea: Emphasize prevention and reward healthy life style behaviors with lower premiums. Place a higher premium burden on consumers that voluntarily increase their health risk factors, such as smokers, unhealthy eaters, and the obese.

Practice Standards:

Assumption: Triage and actual patient need is often ignored in favor of profit.

Idea: Proper patient screening should be instituted to eliminate unnecessary treatment.

Idea: Patients should be assessed for risk factors and monitored with proper preventative screening tests.

Idea: Physicians should be encouraged to educate and cure rather than palliate.

Assumption: Fraud, waste and abuse in the health care industry must be policed and punished.

Idea: Train workers to audit health care provider billing practices.

Idea: Educate health care consumers to be aware of fraudulent, wasteful and abusive acts.

Assumption: Successful patient diagnosis and treatment outcomes can be accomplished without the need of a physician.

Idea: BSN nurses and PAs should be allowed to order diagnostic tests and prescribe medications for common conditions, such as strep throat, pink eye, athlete’s foot etc.

Idea: Patients should only be allowed to see a physician after a nurse or PA consultation needs assessment and appropriate diagnostic test completion justifies the need.

Community:

Assumption: The American population exhibits unjustified health care seeking behaviors.

Idea: Educate the population about common conditions and when to seek professional help.

Idea: Establish more community telephone or web based “Nurse Hotlines” for the population to seek health care information, screening and advice for the need for health care delivery.

Assumption: The American population is not well educated about disease prevention, nutrition or healthy lifestyle.

Idea: Teach comprehensive health concepts throughout the educational system, k-12.

Assumption: The American population is not held accountable for their stake in the future of their own health.

Idea: Educate the population regarding the risks and statistical probabilities of unhealthy life choices.

Recommendation: Passage of Federal regulations to require a specified ratio of facilities and workforce to the population and needs of the community with mandates to prove annual compliance. The intent of the regulation is to improve and equalize the access to healthcare services and to ensure the supply of trained professionals, technology, supplies and equipment.

The implementation will entail the derivation of the equations that solve for the maximum economy of scale for healthcare delivery. Factors include all aspects of healthcare delivery throughout the entire supply chain to identify diseconomies. Examples of factors include the number of MRI machines, lab facilities, ambulances, hospital beds, Physicians, Nurses, Pharmacists and technicians that are necessary to service a given community to maximize the economy of scale. As these factors are determined adjustments in the supply chain can be made, such that parity in the ratio can be achieved. If a community is best served with 1 diagnostic facility per 120,000 population (plucked from air analogy) and the community is 180,000 with a 300,000 projection in future population, then the adjustment needs to be made, for now with a plan in place to accommodate the future.

Ramifications of such a regulation would result in an equalization of supply and demand of the health care delivery system thus reducing cost, increasing access to care parity and increasing employment.

Recommendation: Passage of Federal regulations to require health care delivery service clustering.

Recommendation: Passage of Federal regulations to require health education in public schools.

Recommendation: Passage of Federal regulations to control Insurance Industry profit and executive compensation.

Recommendation: Passage of Federal regulations to standardize health insurance policy benefit design.

Recommendation: Passage/repeal of Federal regulations to control the Pharmaceutical Industry.

Recommendation: Passage of Federal Tort Reform regulations.

Recommendation: Passage of Federal guide lines for strategic health care educational partnerships, programs, funding (grants, scholarships, tax incentives) and facilities.

Recommendation: Passage of Federal incentives to increase manufacturing production facilities, invention, innovation and output of peripheral health care products, technology and equipment.

Recommendation: Passage of Federal regulations to increase the role and responsibility of non-MD health care professionals.

Recommendation: Passage of Federal regulations to standardize health care charges so that everyone pays the same amount per diagnostic/treatment code.

Recommendation: Passage of Federal regulations creating a work force to police the health care delivery system.

Recommendation: Passage of Federal regulations taxing unhealthy products to provide funding for health care related programs.

Albeit this is not entirely complete as a plan, my hope is that this treatise serves as an outline for topics of discussion that will lead to long term solutions to the health care crisis.

The main take away should be the conclusion that by approaching a solution to the health care crisis in terms of the Law of Supply and Demand will lead to long term solutions. Readjusting the American economy, workforce and infrastructure to equalize supply and demand is one part of the fix. Educating the public to care for and accept responsibility for their health is another part. Making health care affordable is another part.

If one could convince Congress of the importance and significance of working on a solutions for all of these aspects simultaneously, I believe health care reform legislation could be passed.

I am a firm believer in a single payer system for American health care; however as a realist I can accept contracting with private insurance companies to act as third party administrators. I also believe that a public option should be made available to the public as an affordable option.

If you think that any of this has merit, feel free to contact me for the rest of my ideas on this subject, or on the subject of Medicare and Medicaid.