

Rules and Incentives: The Problem with American Healthcare

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There are very few within or outside of the American healthcare system who would argue that the current system of providing healthcare is badly broken and needs fixing. The cost of healthcare has outpaced every other sector of American life. We spend 2.5 times more on healthcare than do most developed countries in the world. Do we have the best healthcare in the world? The average life expectancy is 78.49 years, which ranks us 51st in the world. We spend more on healthcare than any other nation but get less for our hard-earned dollars. This article will provide suggestions for repairing the broken healthcare system with excerpts taken from the book *Practical Wisdom*, by Dr. Barry Schwartz and Kenneth Sharpe.

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Few within or outside the American healthcare system would disagree that the current system of providing healthcare is badly broken and needs fixing. The cost of healthcare has outpaced every other sector of American life. We spend 2.5 times more on healthcare than do most developed countries in the world. Do we have the best healthcare in the world? The average life expectancy is 78.49 years, which ranks us 51st in the world. We spend more on healthcare than any other nation but get less for our hard-earned dollars. For this article, I interviewed Dr. Barry Schwartz, Professor of Psychology at Swarthmore College and the coauthor of *Practical Wisdom*,¹ which he coauthored with Ken Sharpe, who has provided us with suggestions for repairing the broken healthcare system.

When the system is broken, one contemporary solution is to give people more rules to follow. This means society does not trust you, and someone is always looking over your shoulder. An example is the concept of defensive medicine. Doctors are penalized for not following the rules—rules that often require doctors to perform or order tests when prudence and common sense tells them otherwise. For example, a man comes to the emergency room with head trauma. He was not rendered unconscious; he is oriented to person, time, and place; and his neurologic examination is intact. Does he need a CT of his head? Probably not. Yet billions of dollars are spent each year on needless and

unnecessary tests that are done to protect the doctor and the medical system from litigation. This can and should be remedied. When you make a lot of rules and you have somebody standing over people watching them to make sure that they actually obey the rules, then you don't care what people's motivation is. You have to follow the rules or you're out.

According to Schwartz, when the system is broken, the system offers incentives so people are motivated not to serve others but to perform an action for their own benefit or self-interest. Certainly incentives can produce a desired outcome, but this is done at the expense of creativity and prudence.

Let's be honest—if you rely merely on rules and incentives, you are not fixing the system but just applying a bandage. American healthcare is hemorrhaging, and it is going to take more than a bandage to staunch the flow of rising healthcare costs. If you can't count on anything else, then you impose rules and incentives. But you'll never get what you want. It's an insurance policy against disaster, but it doesn't produce excellence.

What can we do? Healthcare needs to attract people of good character who want to do the right thing because it's the right thing, who know how to figure out what the right thing is in this particular situation with this particular person, and who are willing to improvise, take the initiative, risk being wrong—and all in the service of actually serving the mission of whatever activity they are in. We

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need doctors who want their patients to be healthy and don't need to be goaded by either rules or incentives into achieving that goal.

I recently read *Passions of the Mind*, by Irving Stone (Doubleday, 1971), a novel about Sigmund Freud. It was amazing to learn how doctors in the late 19th century were able to make very accurate neurologic diagnoses and to predict prognosis without expensive technology or testing. The doctors of Vienna at the time of Freud were very wise. They learned the art of medicine and were focused on kindness, caring, and empathy, and not expensive diagnostic tests, costly therapeutics, or defensive medicine.

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We need to train doctors to find the right thing to do in the right situation and for the right reason. We need to emphasize that they should always tell the truth.

It may sometimes be acceptable to use deception to shade the truth, but only for the purpose of protecting others. The wise doctor knows when and how to adjust and improvise to meet the needs of others.

Schwartz compares wise doctors to jazz musicians. They know the notes, but they can improvise on the fly and rearrange the combination of notes to create new and exciting music. Doctors know the steps for diagnosis, and they are trained to provide the treatment, but they often need to rearrange the options and treatments for each individual patient.

Schwartz believes that wise men know when to make exceptions to the rules and when to bend the rules. I am reminded of a surgical case I once had. I was going to perform a radical nephrectomy for a hypernephroma on a patient who was a Jehovah's Witness and had stated he did not want to accept any blood transfusions or blood products. Prior to surgery, I had him sign a special consent that he did not want to receive any blood, at which point he told me that it was his son, not the patient himself, who was the Jehovah's Witness. The patient said that he would receive the blood if he needed it, but that we were not to tell him or his son. Soon after the surgery, the son came to my office and asked if his father had received blood, and I asked him what made him think that. He said the blood bank representative came out and asked for blood donations on behalf of his father. I had only a second to think of the response. I remembered that my "contract" was with

the patient and not the son, and I told him that his father did not receive any blood. Yes, this was a lie, but it was a lie in the best interest of the patient; and I was comfortable with my response.

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Rules and incentives lead to mediocrity. They eliminate the possibility of the use of discretion and the application of good judgment. When doctors are mandated to follow a script or a cookbook, you are saying, in essence, "the establishment doesn't trust you." Yes, it is true that scripts can prevent disasters, but they do so at the expense of creativity and finding better ways to solve big problems. It is best when rules are used as guidelines. The wise doctor knows when to apply an exception to the rule.

Using incentives implies, "We can't get people to behave in a way that we want without paying them." It would be far better to motivate doctors and their allied healthcare assistants to practice wisely and use good judgment and always think of the patient first.

We need to identify moral heroes and celebrate their successes. For example, Josh Nesbit, a fellow with the Clinton Global Initiative, studied international health and bioethics at Stanford University, where his honors thesis focused on barriers to pediatric HIV/AIDS treatment. His goal is to empower healthcare workers in poor countries to coordinate patient care and provide diagnostics using low-cost mobile technology. Another example is a group of doctors at Mt. Sinai Medical Center in New York who have developed an exchange program between the hospital in New York and the JFK Medical Center in Monrovia, Liberia, to bring better medical care to an underserved country with limited resources.

Bottom line: Our goal is to be able to say at the end of every day that someone's life is better because of our involvement. When you do good, you can do better, and this is made possible by bringing wisdom into our practices. There is hope for wisdom if you do the right thing, the right way, for the right reason. This puts hope and wisdom and a better healthcare environment within the grasp of every physician and everyone else engaged in caring for patients. ■■

REFERENCE

1. Schwartz B, Sharpe K. *Practical Wisdom: The Right Way to Do the Right Thing*. New York: Riverhead Books; 2010.

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