

**Review of *Fixing American Healthcare*
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Fixing American Healthcare: Bringing covert rationing to the light of day to encourage real change in our health system

by Vijay Goel, MD

Fixing American Healthcare: Wonkonians, Gekkonians, and the Grand Unification Theory of Healthcare, by Richard N. Fogoros, MD is a book I highly recommend anyone interested in the system to read.

It takes more of a sociological/ historical approach reminiscent of the best parts of *Demanding Medical Excellence* and *The Social Transformation of American Medicine*. Where Porter's *Redefining Health Care* and Herzlinger's *Who Killed HealthCare?* highlight what a more consumer-focused system might look like and why the current system is a mess, Fogoros gives us a very clear understanding of why the current players have very little incentive to make that consumer-centered dream a reality.

At the heart of his argument is the Grand Unification theory of Healthcare. It is represented by a deceptively simple 2x2 matrix presenting decision-maker against decision quality. Fogoros' assertion is that we are currently in the real of Low quality, individually-driven decisions (Quadrant IV). Making decisions more standardized by creating better efficiency through centralized decision-making would bring us to Quadrant III-- which still doesn't take us very far, as the decisions made by the centralized power would be of extremely low quality and limited by a centralized budget-- creating a situation where covert rationing is the only way to keep the budgets in check.

He aligns the players into the Wonkonians and the Gekkonians based on their preferences for government-driven vs. market driven solutions. Unfortunately, with a system based on centralized payment for health services, any "solution" brought forth by either side will require rationing because both require centralized collection of taxes or premiums that then are used to pay for services. Neither work to improve the fundamental decision-making quality that would allow individuals to really understand what they're purchasing. In this way, Fogoros argues that the "free-market" solution is working, but its incentives are fundamentally not aligned with providing any more care than necessary to generate premiums, as high a premium as possible. The following passage is enlightening:

Optimizing the cost of health insurance premiums is pretty simple. Gekko must lower his premiums enough to induce employers to switch to [his HMO], but not a penny lower. Because high-priced indemnity insurance plans are still active in all the cities where [he] operates, all he has to do is beat their prices by a little bit...Gekko understands that the reason everyone's pushing HMOs in the first place is that they are supposed to reduce the cost of healthcare. And most people assume that what HMOs charge for their premiums is tied somehow to that lower cost of delivering care. Gekko just shakes his head. Why would people assume that? Why would anyone expect Gekko, a businessperson, to pass his savings on to the consumer (unless doing so results in a competitive advantage)? Businesses are supposed to make as much profit as they can.

That's how it works. To do anything else would be unfair to [his HMOs] shareholders and fatal to Gekko's career.

Fogoros weaves together an entertaining and informative narrative-- putting together one of the most readable and enjoyable treatises on health care and why it works (or doesn't work) the way it does. And his message is a sound one-- healthcare is like any other sector of the economy and rationing is going to happen, so making it overt will allow us as a society to discuss how this should work, while leaving it covert will continue to create anxiety, dissatisfaction, and high amounts of variability due to unclear criteria for making decisions. I highly recommend both the book and his blog (<http://CovertRationingBlog.com>).