

Review of *Fixing American Healthcare*
Krouwer Consulting
<http://lkrouwer.wordpress.com>
October 25, 2007

Fixing American Healthcare – A Review

by Jan Krouwer

My review of this book is from the perspective of a healthcare consumer and also as consultant to the medical device industry – I have no expertise in healthcare economics. In fact, the topic itself was initially of no interest for me – I figure we're all going to get screwed and so someone talking about net present values of capitation expenditures would be a real snoozer. However, in this day and age of blogs, I came across the [Covert Rationing Blog](#) and found myself repeatedly coming back to this blog. Dr. Fogoros, aka DrRich, has a clear and entertaining writing style and made this topic interesting on his blog, so I bought the book. I was not disappointed.

The organization of this book is well thought out. The first 50 or so pages (out of slightly over 300) function as a summary of much of the analysis, after which people can either abandon ship or read on. I found Dr. Fogoros's GUTH – grand unification theory of healthcare - to be quite compelling and also easy to understand. GUTH divides healthcare in four quadrants, all four combinations of centralized vs. the individual, and low quality and high quality. In this summary part of the book, there is a description of an investor session from 2000 which Dr. Fogoros attended. Here, Jim Clark (founder of Netscape) discussed his then latest venture – WebMD. I could have benefited from Dr. Fogoros's insight as to why WebMD would fail in its original concept, as I was one of the naive investors (fortunately only dabbling in this one). Simplifying insurers' transaction costs and procedures was Jim Clark's pitch, but the insurers did not want this simplification as their goal was to take money in but make it as complicated as possible to pay out for claims.

In the rest of the book, Dr. Fogoros supplies more details. What is so compelling to me is that when Dr. Fogoros exposes the forces at play, everything falls into place. There are no evil people, just people doing what they do best within the rules of society. So a football player that smashes his opponent on the field is cheered – off the field, the same behavior would land him in jail. In this book, the relevant players are like football players making hits on the field – they are not portrayed as evil.

Some of the discussions that were of interest: everything about money, the whole idea of covert (vs. open) healthcare rationing, the principle (that America refuses to abandon) that there can be no limits to healthcare, the destruction of the doctor patient relationship, the history and way HMOs work, why eliminating fraud won't solve the healthcare cost problem, randomized clinical trials.

Two major groups are discussed as trying to control healthcare – the “Gekkonians” –who believe that market forces will reduce cost and the “Wonkonians” – who believe regulation can lower cost, largely by decreasing fraud.

Dr Fogoros has an engaging writing style. It is as if he is telling us a story, subtle humor is present but the book is not a joke-a-thon. One example - to illustrate the importance of cost in solutions, he says that one could do a lot more to make a plane crash survivable, but would you pay 2.5 million dollars for a ticket to Cleveland. Dr. Fogoros relays a chilling account of his own run-in with regulators, an experience that would make most people think of retirement. Thankfully for us, one reaction of his was to become an expert in the topic and write this book.

My somewhat cynical view of healthcare insurance has been that you pay expensive premiums for many years, at some time develop a serious illness, and then your policy is abruptly cancelled. Does *Fixing American Healthcare* simply play to my previous bias? Perhaps, but one should know that I complain about everything I encounter if I find a problem. Often, these complaints are published and thus, they are peer reviewed complaints about peer reviewed articles (the [one](#) that I am most proud of refers to the most cited publication in *The Lancet*). I do [complain](#) about a point made in *Fixing American Healthcare*. But it is a tiny point and does not detract from the main message of the book.

One of the values of this book is that it espouses the values of transparency, and just as importantly explains healthcare so that it is transparent. Transparency is the enemy of those with hidden agendas. I remember the resistance to unit pricing in food stores – some characterized it as too confusing, but its value was simplifying things.

Of course, for Dr. Fogoros to point out problems is important, but what one also wants is proposed solutions. There is a preview of the solution in the section on clinical trials – openly ration healthcare and provide services to those who need it most. As one gets into these final sections about solutions, everything made sense to me, but I must admit, I need to reread these sections and since this will take some time, I thought it was important to provide this partial review, because this book is so important.

Overall, this book is fabulous and I learned a lot. It deserves to sell out of its first printing. For subsequent printings, OK, one final complaint - larger print would be nice.