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## FROM THE DESK OF THE PRESIDENT

# Defining our Worth

## Adding Value to Health Care in a Market-Based Economy

“How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortunes of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it.”<sup>1</sup>

**I**t may come as a surprise to you that the quote above is not from a historically renowned philanthropist. The sentiment comes from Adam Smith, the famed 18th century economist.

The relationship between economics and human needs is uniquely challenging for physicians. Although the majority of us enter the medical profession out of a desire to help others, we find ourselves increasingly bogged down by a constant tug of war with the practicalities of capitalism. Patients are not just patients: they are our customers and consumers in a capitalist society. Often we feel as if, at the end of a consultation, someone should come over the intercom and make the sort of announcement now so familiar to airline passengers: “We know you have a choice of health care providers, and we’re delighted you’ve chosen us. Thank you for your continued business.”

Many of us find involvement in the economics of our business distasteful, a distraction from the work we chose to do. But examining cost is absolutely imperative in our modern health care environment—an environment in which patients seem to be increasingly unable to afford insurance and are traveling to Canada to buy prescription drugs or flying to India for surgery.

But “cost” is not really the full picture. Rather, the important issue is VALUE. When we look at the value of a treatment, what is it that we are measuring? Value is not a stand-alone concept or a distraction from providing the best patient care—it is an integral part of that care.

Our duty as physicians has changed. It is no longer enough just to do the absolute best for each individual patient. Rather, we must consider all of our patients and the treatment options available to them in the context of the society in which they—and we—exist. We must consider the impact of each patient’s treatment on that society.

In January of this year, Bill Gates addressed leaders at the World Economic Forum in Davos, Switzerland. In a talk entitled, “A New Approach to Capitalism in the 21st Century,” he told the audience, “I am an optimist. But I am an impatient optimist. The world is getting better, but it’s not getting better fast enough, and it’s not getting better for everyone.”<sup>2</sup>

Gates used the Forum to introduce his latest philanthropic initiative, the one to which he will devote most of his time now that he is “retiring” from full-time work at Microsoft. This new concept, “creative capitalism,” encourages companies to operate in a new paradigm in which they realize that making money and “doing good” are not mutually exclusive principles:

“The genius of capitalism lies in its ability to make self-interest serve the wider interest. The potential of a big financial return for innovation unleashes a broad set of talented people in pursuit of many different discoveries. This system, driven by self-interest, is responsible for the incredible innovations that have improved so many lives. But to harness this power so it benefits everyone, we need to refine the system.”<sup>2</sup>

Gates’ ideas directly intersect with medi-

cine, for example, in the production and distribution of vaccines. But the overall concept is also applicable to what we are called to do as individual physicians every day. Our nation's health care system is clearly in need of repair: the problem is addressed in the 2006 Harvard Business School publication, *Redefining Health Care*:

*The zero-sum competition of the 1990s and early 2000s in the United States health care system has clearly failed. It did not produce widespread improvements in the quality and cost of delivering care, nor widen access to care for all Americans. Instead, zero-sum competition perpetuated inefficiency and substandard quality. It also drove up administrative costs, inhibited innovation, and resulted in alarming cost increase for patients, employers, and the government. [...] Participants in the system have been pitted against each other, to no one's benefit.*<sup>3</sup>

What the authors propose in *Redefining Health Care* is that we transform health care into a "value-based competition on results [...] a positive-sum competition in which all system participants can benefit. When providers win by delivering superior care more efficiently, patients, employers, and health plans also win. When health plans help patients and referring patients make better choices, assist in coordination, and reward excellent care, providers benefit."<sup>3</sup>

Most importantly, however, the best medical outcomes are achieved, providing VALUE for our patients, which is after all, what we strive to do: "When providers and health plans compete to achieve the best medical outcomes for patients, they pursue the aims that led them to the profession in the first place."<sup>3</sup>

Physicians have a responsibility to provide efficient and effective health care

### **Eight Principles of Value-Based Competition**

- Focus should be on value for patients, not just lowering costs.
- Competition must be based on results.
- Competition should center on medical conditions over the full cycle of care.
- High-quality care should be less costly.
- Value must be driven by provider experience, scale and learning at the medical condition level.
- Competition should be regional and national, not just local.
- Results information to support value-based competition must be widely available.
- Innovations that increase value must be strongly rewarded.

Source: Porter ME, Teisberg EO. *Redefining Healthcare: Creating Value-Based Competition on Results*. Boston, MA: Harvard Business School Press; 2006:97-98

for their patients, and the new central operating principle of the North American Spine Society reflects that ideal. We have a responsibility—both as individuals and in our various roles within NASS—to avoid being distracted by the latest new thing or the bells and whistles paraded in front of us so frequently these days. We must remind ourselves that "new" does not necessarily mean "better." New technology is a good thing, but only that new technology which is clinically relevant, statistically significant and cost efficient is likely to be rewarded with market adoption and payment.

Ahh yes, payment. Without congressional intervention, Medicare will slash physician payments about 40% over nine years beginning in 2008 as practice costs increase by 20%. NASS is working hard on behalf of our membership and our patients to make sure these cuts do not go into effect, but on a micro scale—in our day-to-day practices—it is not the physician's job to worry about reducing health care costs. The physician's responsibility is to practice effectively and efficiently, to assure that each patient receives high-quality care and to balance the needs of each individual patient with the greater good. We must always make

sure that we recommend treatment which lies at the intersection of the patients' best interests and the best interests of society as a whole. We must avoid recommending costly procedures when less expensive alternatives are available that provide the same benefit. Again, it's a question of value: which treatment option provides the best care, with the best outcome, the highest rate of efficiency and overall societal good? Choosing otherwise has consequences, ripple effects that permeate the entire field. We ignore these considerations at our own—and our patients'—peril.

### **References**

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2. Gates B. *A New Approach to Capitalism in the 21st Century*. Presented at: World Economic Forum 2008. Davos, Switzerland; January 24, 2008. Available at: <http://www.microsoft.com/presspass/exec/billg/speeches/2008/01-24WEFDavos.msp>
3. Porter ME, Teisberg EO. *Redefining Healthcare: Creating Value-Based Competition on Results*. Boston, MA; Harvard Business School Press; 2006:97-98.