Central Planners and the Conflict of Visions

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The latest manifestation of the central planners' vision, the Independent Payment Advisory Board (IPAB), is being criticized by one of the leading visionaries, Stanford economist Alain Enthoven, Ph.D. He stated that local action would be more effective in reducing inefficiencies and improving quality in American medicine:

The 2010 health care reform's Independent Payment Advisory Board is unlikely to be effective. Appointed by the president, 15 experts with no financial ties to the health care industry are supposed to dream up cost cutting ideas that would go into effect unless overridden by a supermajority in Congress. But the reality is that most waste identification and cutting is local. These 15 central planners are unlikely to do as good a job as hundreds of doctors and managers in local delivery systems working with incentives to improve value for money for their enrolled members.1

"Prof. Enthoven is correct," writes conservative policy commentator Grace-Marie Turner of the Galen Institute. "The IPAB will fail, and we must begin now with solutions that will work to make Medicare sustainable for the future."2

In both of these statements, note the use of all those idealistic "in" words—"incentives," "solutions," and, in particular, "sustainable," that favorite word of the environmental movement. These reflect continued acceptance of pervasive unstated assumptions in health policy commentary, rather than a fundamental shift in thinking.

In 1980, Enthoven wrote a book promoting "managed care" strategies, Health Plan: The Practical Solution to the Soaring Cost of Medical Care. His book was part of a popular and widely promoted comprehensive plan for "sustainable" and "affordable" "solutions" based on "incentives" that found their way into federal policy making. Paul Ellwood, health economist, convinced the Congress and the Nixon Administration that funding should be provided to start up and operate non-profit community board-run entities that provided comprehensive care for one community rated premium. Ellwood's influence resulted in the Nixon Administration's Health Maintenance Organization Act of 1973. These federally qualified plans were given federal authority to demand with incentives to improve value for money for their enrolled members.

Dr. Enthoven continues to make his rounds as a policy expert with a new version of "incentives" and "managed care" ideas (Beard Books re issued his book in 2002), even though managed care projects have failed to reduce costs and improve quality in 30-plus years of trials. My own experience as medical director and then CEO of an HMO in Louisiana in the 1980s is one example that shows that the strategies of managed care are grand concepts that don't work.

Managed care appeals to elites and policy "experts" because it imposes rules and controls, and plays with economic and professional incentives. Like socialism, it is ambitiously idealistic, but provides no real world solutions.

Big Ideas and Big Visions

Intellectual elites are now very influential in policy making. Enthoven, for example, is an articulate and influential big-idea man, and when his theories are proven wrong he survives, like most intellectuals, to spin another version or variation, and take the remodeled big vision for another turn in another forum. Peripatetic intellectuals always suggest their best magic is just one funding cycle away from success.

The elites are an example of the fatal conceit discussed by Fredrick Hayek in The Road to Serfdom. Thomas Sowell's vision theme (George H.W. Bush called it the "vision thing") is discussed in Conflict of Visions (1987), Vision of the Anointed (1995), The Quest for Cosmic Justice (1999), and Intellectuals and Society (2009). Sowell repeatedly warns of the unrestrained idealistic vision of the utopian statist/socialist and contrasts "idea intellectuals" with smart people who have practical professional and technical knowledge that solves problems and is measured by success or failure. Big ideas and visions are abstract. Though honored, they are often not tested. Failures are never analyzed—for example, the failed central planning and socialist/collectivist regimes that are known historical events.

In Intellectuals: From Marx and Tolstoy to Sartre and Chomsky (1988) by historian Paul Johnson focuses on the species of intellectuals who spin grand visions and ideas. Unlike scientists and practical persons, they are not held accountable for their failures and successes. Johnson tells of literati or glitterati who, with only one or two exceptions, were not wise and prudent in their personal lives. They lived unhappy, chaotic, and tragic lives, and in many cases were a burden to their families. Most had a big vision but were not practical problem solvers.

In Public Intellectuals: a Study in Decline (2000), Judge Richard Posner of the U.S. Seventh Circuit Court of Appeals expresses regret that the public intellectuals are declining in quality because they don't have the common touch or real world experience. He also recommends a journal for retractions that would document the failed predictions and ideas of public intellectuals. To show the decline, Posner creates lists of the most influential or most cited "intellectuals" based on Lexis/Nexus/Google/journal hits or references. Such a measure of importance is like deciding the greatest singer or musician based on number of internet hits.

Search engine hits are driven by influential entities and persons, sometimes purposely, to create a net that leans left in tune with academic and media bias. Ironically, Posner himself often promotes big ideas and big visions. One might even consider it
Can We Save $350 Billion on Medicare?

The small-area analysis comparison done by the Dartmouth Team led by Jack Wennberg, M.D., for the past three decades is proposed as the secret to achieving great efficiencies and reductions in Medicare costs. Wennberg compared regional practice patterns to show less costly patterns that were automatically assumed to be superior. The claims that “ObamaCare” will reduce Medicare costs by hundreds of billions of dollars are based on the Wennberg studies that assume that practice patterns countrywide can be changed to the lowest cost practice patterns by influence and incentives, or mandates and penalties. These cost savings would result from a disguised form of rationing.

Wennberg never studied outcomes, and can’t study referral patterns or geographic movement, since the studies are driven by ZIP code. Profiles of the patients themselves for point of origin, acuity, and morbidities, and the profile of providers for skills and expertise are not obtainable from the Wennberg data.

The cost reductions will be implemented under the general authority of the Secretary of Health and Human Services (HHS) and use the Independent Payment Advisory Board (IPAB) or some other comparative-effectiveness pressure group. The White House will continue to project savings from the Wennberg efficiencies, still unsupported by evidence, to claim that there will be net reduction in government health-related spending.

Government programs to pay for medical care increase costs, as demonstrated by the research on Medicare effects by Amy Finkelstein of the National Bureau of Economic Research (NBER). The increase in expectations, the free lunch effect, bureaucracy, and price fixing always produce cost shifting, increased utilization, and system gaming to maximize compensation.

It is claimed that preventive care, new innovations, computers, and practice guidelines will improve care and reduce costs, but the evidence is not convincing.

The Problem of the Uninsured

Research shows that care for the uninsured is only 5% of total medical expenditures in the U.S. The uninsured are a heterogeneous group of people who are predominantly young and relatively healthy. In many cases, they can afford to pay for care directly and do, or are destitute enough that they already qualify for many generous societal and institutional charitable or safety net programs. Those who do not qualify for the very good government-paid Medicaid-based American safety-net benefit also can be well served by charity programs of public and private organizations and hospitals, many with well-funded charitable foundations.

Focus on the number of uninsured is a distraction from the main issue: the availability of medical care. Why propose an enormous restructuring of the medical system to solve a 5% problem?

Rationing by the Oligarchy

There are many who think rationing—hard rationing—is the only answer. They are attracted to the statist and control aspects that rationing offers. As Thomas Sowell observes, it is hard to concentrate knowledge or make central planning work, but easy to accumulate power. In this context, it is the power to say no.

Usually the arguments for rationing are presented as patient safety and quality/efficiency programs. Single payer advocates like Donald Berwick, M.D., now Director of Centers for Medicare and Medicaid Services (CMS), and Ezekiel Emanuel, M.D., Ph.D., Director of Clinical Bioethics for the National Institutes of Health (NIH), always start off with a general condemnation of American medicine before launching a discussion of their big ideas.

Berwick at one time focused on risk management and the negligence of American physicians and nurses. He continued during the past 20 years to promote his expertise in patient safety, and became a strong advocate of single payer as a principle in the Institute for Healthcare Innovation. Berwick admires the British National Health Service (NHS) and advocates for its age and quality-of-life rationing project with the Orwellian name National Institute for Clinical Excellence (NICE). His recess appointment as head of CMS in 2011 obviated the need for Senate confirmation and discussion of his agenda and philosophy.

Emanuel’s controversial writings include his support for rationing and central control projects and emphasize how the American healthcare system is negligent, inefficient, and expensive, and inferior to other healthcare systems. His plans to revamp the system will supposedly correct these deficiencies. These plans include his comprehensive plan for rationing by age and quality of life called “The Complete Lives System.” He already has asserted that this is not age discrimination, because all old people used to be young. By this logic, denying care to the disabled isn’t discrimination if the patient was at some time not disabled. When reading his work one cannot help but think of the old Nazi phrase—“useless eaters.”
Berwick and Emanuel claim that they and other policy intellectuals are trying to stop excess deaths from alleged deficiencies, and bring economic and medical efficiencies to bear in the U.S. so we can be as good as France or Italy. They want a statist and socialist managed care plan that would be the envy of socialist nations worldwide.

American Medicine—Better than Intellectuals Think

A critical pillar of the case against the quality of American medicine is the international ranking scheme of the World Health Organization (WHO).

Scott Atlas, M.D., chief of neuroradiology at Stanford, reviewed the claims of the 2000 WHO study in a recent essay in Commentary, exposing the scandalous carelessness of the WHO researchers and data analysts, and their transparent attempt to condemn American free-market medical care in favor of socialist big-vision medical systems.

Flaws in the WHO study include use of data that are incomplete or distorted. Some nations were ranked despite incomplete information. Extra points were given for countries just because of their political system, with bonuses for socialist medical and political systems. Members of the UN-sponsored study group were politically conflicted, with a biased anticapitalist and anti-American political agenda.

Atlas points out that in all cases in which the data set was incomplete it was manipulated to further the WHO political agenda. Nation-to-nation comparisons were invalid for lack of data or differences in definitions, for example of infant mortality. Scoring was arbitrarily in favor of government-controlled programs and welfare-state medical systems. Atlas describes a despicable fraud that was energized and driven by UN apparatchiks, mendacious bureaucrats.

Safety in American Hospitals

Health policy commentators frequently deplore alleged lack of safety in American hospitals, implying that physicians and nurses are negligent killers. Hospital deaths have been a campaign issue for America haters and health policy intellectuals for 20 years, since the early 1990s. Yet it has been shown that the Institute of Medicine (IOM) exaggerated and misused patient safety research in its heavily publicized release of the 1999 monograph, To Err Is Human. The lead researcher for the important and foundational Harvard patient safety studies in New York and Utah/Colorado, Troyen Brennan, M.D., J.D., admonished the IOM for misusing the data and findings in its public-relations crusade to create a patient safety “crisis” with the attendant denigration of physicians, nurses, and hospitals.

Intellectuals cannot imagine themselves in a group that is error prone or pedestrian in its professional activities. Intellectuals in medicine are attracted to risk management because it is so important in professional lives and careers and it is where Monday morning quarterbacks easily outnumber the players who made the Saturday decisions on the field. I was the Texas Medical Association representative to the Practice Parameters Forum of the American Medical Association, and the elites that wanted to tell physicians what to do were there in force.

The theme of the intellectuals and policy idea people is always the same—America pays the most and gets poor care that is dangerous and negligent. There are allegedly 100,000 deaths annually from nosocomial (hospital acquired) infections because physicians and nurses don’t wash their hands. Doctors and nurses cause 98,000 deaths because they are negligent. There is an epidemic of negligence (an epidemic means a big increase). Never do the big-idea people talk about the international superiority of American medicine, or its tremendous capacity and resources, far greater than in any other place on earth. They do not mention that sick people from around the world come to the U.S. for care, and that leading edge technology is widely available, even for rural and poor populations.

In a paper that included an extensive comparison of the Harvard studies with a much larger and more robust study of hospitalizations in Texas, I showed that the Harvard group found no negligence epidemic in American hospitals. There was and is no crisis in patient safety. In fact, over a 3-decade period 1974 through 1992, three separate comprehensive hospital safety studies showed a consistently very low rate of negligent injuries, always much less than 1%, and an improvement in patient safety in the last study done, in 1992, of care in Utah and Colorado.

In his New England Journal of Medicine essay on April 13, 2000, 4 months after the widely trumpeted release by the Institute of Medicine (IOM) claiming that doctors were killing more people than auto accidents, and that negligence in American Hospitals was epidemic, Brennan was indeed correct to warn about misusing the patient safety research results.

The rate of negligent patient injuries and deaths over 3 decades was 0.36% in California in 1974, 0.51% in New York in 1984, 0.29% in Utah Colorado in 1992, and 0.14% in Texas 1989–1992. So the results, even if one accepts what Brennan says were uncertain measures, got as low as a 0.14% rate of negligent injury or death, and there was a downward trend, not an epidemic.

Regarding the crusade on handwashing and the campaign to blame hospitals for nosocomial infections, the research assumes too much. The claim is that patients who develop an infection in the hospital must be the victims of failure to follow sterile technique. However such a claim ignores the fact that no patient or hospital room is sterile—it’s not possible. Nosocomial infections are unavoidable in people who are sick, with tubes in many orifices. Extraordinary efforts may reduce infections in certain situations, like insertion of central lines, but many improvements from patient safety projects are due to the Hawthorne effect (the effect of being studied). Only intellectuals are able to imagine a time when nosocomial infections will be eliminated. A sterile bubble might reduce acquired infections in the hospital, but the human body is not sterile, so even a bubble has limited benefits. Extraordinary hygienic efforts may select out more virulent organisms. The unforeseen and unanticipated effect of a new plan or rule is too often ignored by the intellectual class.

The Path to Government Control

The crusade to highjack American medicine with a government takeover would not have had so much traction if not for the concerted campaign of denigration energized by the IOM, government, nongovernmental advocacy groups, and individuals like Emanuel, Berwick, and others. The campaign to vilify and diminish the stature of physicians and the medical
professionals and institutions is intended to create an advantage for government-sponsored visionaries and agencies, big idea people, and planners: the intellectual elite. In fact the continuous attacks from the leftist intellectuals have created an Oslo Syndrome in the medical world—besieged hospitals and physicians, intimidated by inspectors with checklists, always trying to comply and be cooperative even with silly rules that show little proof of benefit.

H.L. Mencken said that the idea of practical politics is to make the populace clamorous to be led to safety from hobgoblins, all imaginary. The intellectuals and politicians say that people will be without healthcare, and healthcare is inefficient and dangerous and too expensive—so let’s propose a government solution to what in many cases was a government created problem of excessive mandates, price distortions, and violation of basic free market economics, and the increasing inclination to pursue collectivist ideals in an area that should be governed by the patient physician relationship and the duties it creates to hold the individual as the priority.

The Effect of Incentives

Economic manipulation is the tool of the central planner, an intellectual’s artifice that attempts to remake or revamp the marketplace when a conscious decision is made to abandon the free market.

To assume that centrally planned quality program with complex incentives and penalties will reduce expenditures and create effective and efficient care is grandiose, and typical of intellectuals’ thought processes. In actuality, professionals in a carrot-and-stick manipulative system stop practicing a professional discipline and become gamers, medical record and billing form puffers and buffers, actors and players, filling out forms and jumping hoops for compensation, distracted from the professional responsibility to provide appropriate patient care one patient at a time, one contact at a time.

In his farewell address of 1961, Dwight D. Eisenhower warned about the military industrial complex, and in the same speech he warned about the government/research complex. Eisenhower had seen the growth of government research after the Manhattan project, and how it affected academia and policy making.

Academics and intellectual elites with increased funding for research and a larger role in policymaking now wield power never dreamed of in the past. Angelo Codevilla’s essay in the April 2009 issue of American Spectator on the scientific pretensions of elites describes how since the time of scientific socialism and Bismarck’s welfare statism, the rise of a powerful intellectual elite was encouraged and nurtured by and for the benefit of government power.

Government officials become power brokers when they decide how to allocate research funds. Elites are funded and designated as experts after they produce research approved by the sponsoring officials and agencies. If the research supports and justifies a regulatory regime or policy position, more funding is likely to follow, and more opportunity for prominence and advancement, in a cycle of mutually reinforcing incentives.

A statist (Orwellian) system also provides a strong disincentive to disagree with the agenda of the funding agencies. Government officials can bring out the kept members of the scientific community and put them on display to suppress scientific or policy dissent and to intimidate members of the professional and scientific communities, and certainly the public. “The science is settled,” say the government sponsored white coat soldiers. “They are the experts—we have confidence in them,” say the government officials.

Codevilla shows how the government/academic/research complex is now arrayed and magnificently well funded to encourage support from the intelligentsia for statist projects in Europe and America, and discourage support for other views. Medicine is the focus in America for the present, since America has the last standing nongovernment medical system.

The Ruling Elite and a Conflict of Cultures

Codevilla’s 2009 essay was adapted from a chapter in his ambitious book on international political systems, Character of Nations (1997, 2009). Codevilla concludes: “Because the pretense of rare knowledge is the source of the modern administrative state’s intellectual and moral authority, its political essence is the rule of the few, by their own authority, over the many. Such power and influence wielded by the elites and intellectuals should be distinguished from the other class of intellectuals who trade in results and accomplishments, not ideas.”

In the July August, 2010 issue of American Spectator Codevilla goes further, describing the rise of an elite class in America distinguishable by certain indicia of education and mannerisms. Codevilla states:

Never has there been so little diversity within America’s upper crust. Today’s ruling class, from Boston to San Diego, was formed by an educational system that exposed them to the same ideas and gave them remarkably uniform guidance, as well as tastes and habits. These amount to a social canon of judgments about good and evil, complete with a secular sacred history sins (against minorities and the environment), and saints. Using the right words… — speaking the “in” language—serves as a badge of identity.71

Thomas Sowell in his book Intellectuals and Society sets up the conflict: the tragic vision of life, that we are mortal, fallible, and imperfect sinners, versus the expansive vision sponsored by the intellectual elites, that man is capable of perfection and utopia just around the corner.

Sowell points out the difference between ambitious abstract idea merchants and the common sense people. The latter comprise nuclear, civil, electrical, and chemical engineers; physicists; professionals and tradesmen or artists and merchants of all kinds, including plumbers, carpenters, mechanics, exterminators, and farmers. Such people are held to a performance standard and have to get results—no faking it, no extra year of salary or funding to reward them for failing with style and a verbose excuse.

It is much easier to concentrate power than to concentrate knowledge, Sowell states, and he warns against underestimating the value and importance of practical knowledge, too often the habit of grand thinkers. He also warns of the hubris and the frequent serious mistakes of big thinkers with big visions and intellectual passion. Intellectuals in some disciplines continue on
their way even if they are dead wrong, because in the intellectual parlors of the ruling elite style and cleverness matter more than competence and proven success. As Codevilla notes, adherence to the style and vision of the elite is a new form of secular faith.

**Conclusion**

The IPAB is but one of many symptoms of our growing reliance on an intellectual elite that is disabled by hubris and is driven by grand ideas in disregard of real evidence, to the detriment of society and good governance.

Planners and clipboard and checklist tyrants have contributed greatly to the dysfunction of the medical system. Artificial incentives and agenda driven “research” have helped create and perpetuate problems.

The vaccine against the central planning virus is local control by professionals who are accountable to their patients for actual results.

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**REFERENCES**


