

Feel-Good Medicine

How the Customer Metaphor is Undermining American Healthcare

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A Larger Question

Should the key audiences of social institutions be treated as “customers” or “consumers”?

- Doctors and hospitals - patients
- Churches, etc. - believers
- News media - readers, viewers, listeners
- Government - citizens
- Schools - students (e.g., “students are our customers)

“Broadening the Concept of Marketing” (1969)

- “Marketing is a pervasive social activity” that extends beyond business.
- Thus, it should be applied to healthcare, churches, schools, governments and other not-for-profit entities.

“A Generic Concept of Marketing” (1972)

Organization

Product

Customer

- | | | |
|------------------------------|-----------------------|----------------|
| ■ Museum | Cultural appreciation | General public |
| ■ National Safety Council | Safer driving | Driving public |
| ■ Political candidate | Honest government | Voting public |
| ■ Family Planning Foundation | Birth control | Fertile public |
| ■ Police department | Safety | General public |
| ■ Church | Religious experience | Church members |
| ■ University | Education | Students |

A Great Debate Ensued

- Don't broaden marketing "too far"
- "*Deepen*" the concept of marketing
- Marketing may become "a force for social disorder"
- Debate unresolved

Fast-forward to today...

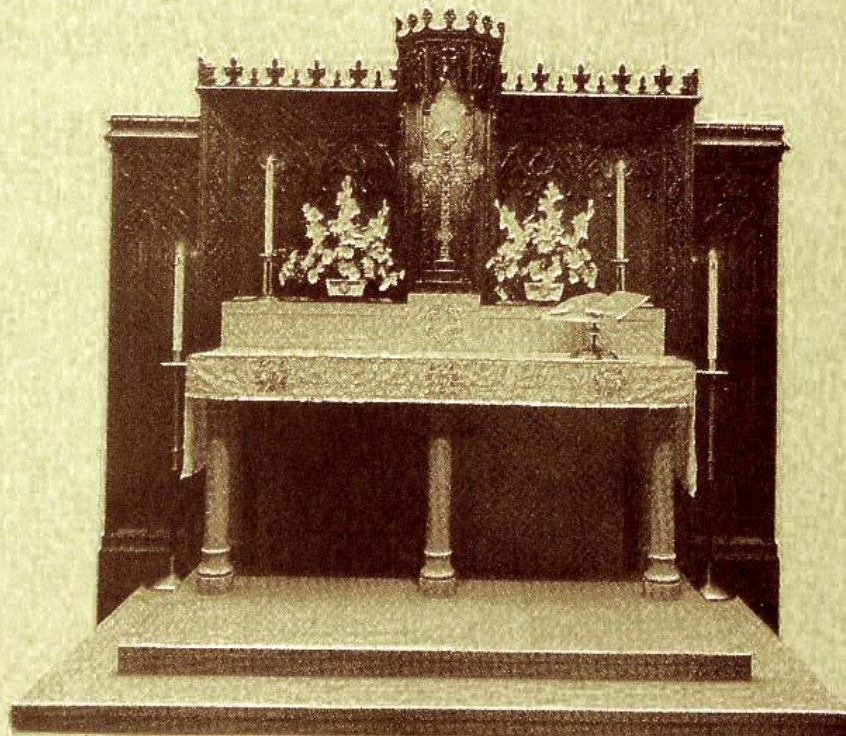
- The “customer” or “consumer” metaphor is deeply entrenched
- “Citizen” → “Consumer”
 - What’s the difference?
 - Citizens: Rights and responsibilities
 - Consumers: Rights
 - The result: pandering, victimization (“The customer is always right.”)

Example: Religion

- New-Age churches, Jews, Catholics, Mormons, Baptists, et al.
- Segmentation (e.g., Bibles)
- Comedy skits
- Drive-in churches
- Market share...

Where women stand in our church.

If you believe that men and women should share equally in the sacraments and service of Christianity, join us where God's calling can be answered by anyone.



What's the purpose of religion?

Entertainment? Affirmation?

“The purpose of religion is not to make you feel comfortable with who you are, but to transform you, by grace, into something that you are not.”

– Director of continuing ed, Duke Divinity School

Example: Journalism

- Traditional goals
 - To entertain, educate, inform and enlighten
 - To tell people what to think *about*
 - To comfort the afflicted and afflict the comfortable
 - To help people cope with their world
- New goal: To package audiences for advertisers

Example: Government

- The legal system and juries
 - O.J. and Dr. Phil
 - What's the purpose of the jury system?
- A terrorism futures market

Example: Education

- Focus on self-esteem rather than learning
- Enormous grade inflation
- Cheating at epidemic levels
- Emphasis on choice rather than basics
- Elevated self importance but declining standards
- “The customer (student) is always right.”

- **English composition required:**
 - 1914: 98% of top 50 colleges
 - 1964: 86%
 - 1993: 36%

- **Specific math courses required:**
 - 1914: 82%
 - 1964: 36%
 - 1993: 12%

- **Foreign language required:**
 - 90% before 1964; 64% in 1993

- By the mid-1990s, more than 80% of 8th graders couldn't calculate fractions, decimals or percentages
- By the mid-1990s, more than 60% of high school students entering California state university system needed remedial courses
- By 2004, 75% of students reminded teachers they have rights and could sue the school

What's the purpose of education?

Jobs? Money? Advancement? Security?

“The purpose of education is to free ourselves from the tyranny of the present.”

– Cicero

We're not that ...

- **Healthy**
 - 12th of 13 industrialized nations in overall health
- **Devout**
 - Much lower church attendance and commitment
- **Informed and Educated**
 - Near the bottom in most international surveys
- **Happy**
 - Individually (happiness peaked in the 1950's)
 - Collectively (Jefferson's "public" happiness)

Something has happened

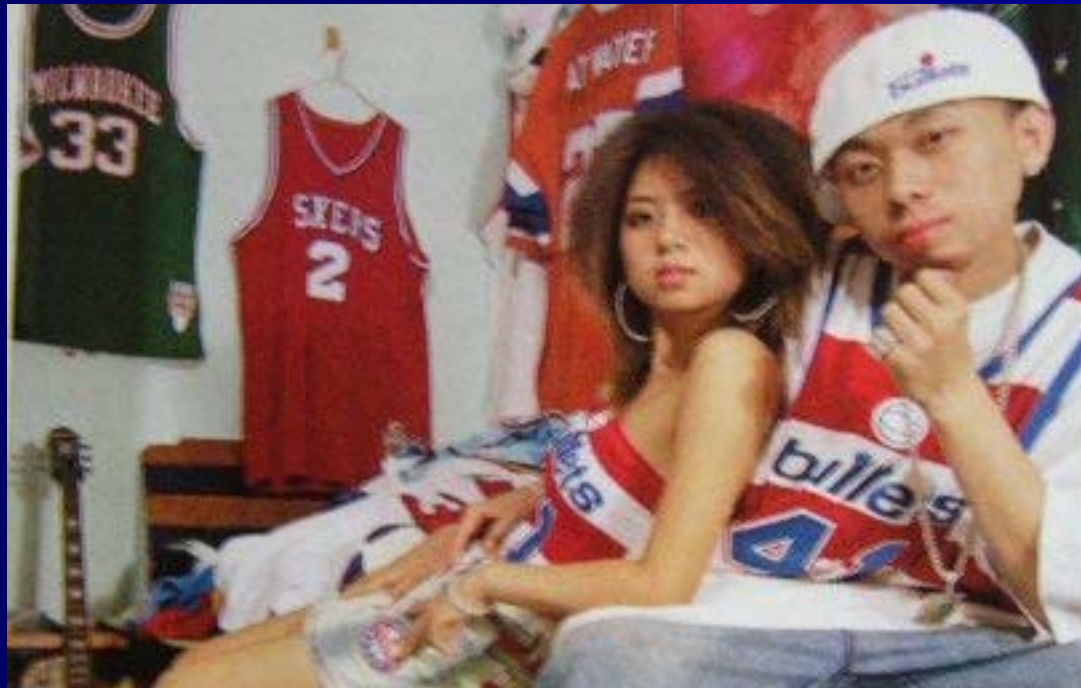
- A big decline in trust of almost *all* American institutions

	<u>1966</u>	<u>2004</u>
organized religion	41	27
universities	61	37
the press	29	15

	<u>'66</u>	<u>'04</u>
federal government (exec. branch)	41%	23%
Congress	42	13
law firms	n/a	10
the military	61	62
medicine	73	32
overall index	100	55

Profound Implications

- For America
- For the world (e.g., China)



Our Focus Today: Healthcare

- America's largest industry (15% of GNP)
- One of the fastest growing industries (with an ageing population)
- An important test case for the world
- False and misleading information about the benefits of "marketizing" healthcare

Dramatic Changes Over Past 25 Years

- Health Maintenance Organizations (HMOs)
- Managed Care
- Direct-to-consumer pharmaceutical advertising

False Arguments Promoting Medical Consumerism

- Greater efficiencies
- More accountability
- Better service

Questionable Arguments

(from Harvard web site)

- “Things can’t get any worse”
 - The same false argument was made 25-30 years ago to promote HMOs and managed care
 - In the 1980’s, an even bigger mess, with Clinton proposing a patient “bill of rights”
 - By the late ‘90s, scandals within the health industry complicated things even more

questionable arguments (continued)

- Healthcare “ROI,” similar to financial investments
 - Healthcare is catastrophic, needs *insurance*
 - Consumers understand money better than medicine
 - False example: eyeglasses
 - Patients usually cannot negotiate (as big employers can)

questionable arguments (continued)

- The market serves everyone
 - “Consumer-driven markets ... innovate to reach all income classes” (e.g., automobiles)
 - “Lexus” vs. “Toyota” vs. no heart operation
 - 40+ million Americans have no health insurance

Healthcare is *Not* a “Market”

- Demand side disrupted
 - Rarely does the U.S. allow people to die on the streets
- Supply side disrupted
 - Licensing of doctors
 - FDA control of drugs
 - Insurance companies’ control over services
 - Etc.

Specific Market Conditions Don't Exist

- More-or-less equal standing of buyer and seller
- Open access to the market
- Open access to information

Lobbying power of doctors and the healthcare industry limits information, as well as legal options

A Cure Worse than the Disease

- Scandals within “managed” and “marketized” healthcare companies
 - Inefficient bureaucracy
 - Bureaucrats making medical decisions
 - Financial incentives to do unnecessary surgeries
 - Commissions or finders fees for patients
 - Billing government for false claims
 - Rejection of undesirable patients

Drug Abuse

- 2/3 of visits to doctors result in a prescription, with 2/3 of those written for the specific drug the patient asks for
- 1/3 of 150 million antibiotic prescriptions written each year may be unnecessary (1 million of those are for *viral* infections)
- New drugs create massive misdiagnoses, overdiagnoses, prescriptions for needlessly expensive drugs, and even “new” illnesses
- The U.S. accounts for 46% of the world’s prescription drug market, 60% of its profits

Drug Abuse – Academic Style

- The focus of Derek Bok's complaints about commercialization of academic research
- Gigantic conflicts of interest
 - Example: Novartis and Cal-Berkeley, involving virtually its entire department of biology in a US \$25 million program
 - Pressure to produce favorable findings
 - Exclusive or first rights to research output
 - Pressure on those who criticize
- U.S. drug companies are now mostly marketing, not R & D entities

A Faltering Healthcare System

- Major U.S. institutions (e.g., Mayo Clinic, Johns Hopkins) probably still lead the world
- But U.S. ranked #12 of 15 industrialized nations in overall healthcare (#15 of 25 in a WHO study)
- More than 200,000 deaths a year due to unnecessary surgery, doctor errors, hospital errors, infections in hospitals and negative effects of drugs

- More than 15% of population is without health insurance
- Minorities and child-bearing-age population are disproportionately represented
- Strong correlation between social class and quality of healthcare
- More Americans are seeking healthcare in other countries (e.g., medical tourism) and through alternative medicine

Solutions from Other Countries?

- Canada? Once the model, now being questioned
 - Long wait times, lack of technology
 - Socialized system is now allowing more private healthcare
 - Some proponents of Canada's socialized system say it is being intentionally undermined by commercial healthcare interests

- China? A more relevant case study for emerging nations

- Dramatic improvements from 1952 to 1982 with a socialized system
- Abrupt introduction of private healthcare in early 80s created havoc for most Chinese (2/3 without insurance)
- City-vs.-country disparity is an ongoing source of anger, frustration
- Not really a fair test of privatized healthcare because of its abruptness

Reality

- Almost no nation has a purely socialized or purely privatized healthcare system
 - “Private” system such as U.S. is actually 44% government funded
 - “Socialized” systems in western Europe, Canada and Japan have private funding of 17-42%

Some implications of patients as customers

- Posted prices and products, no prescriptions, etc.
- Rejection of “bad” patients
- Bait-and-switch (cross-selling and up-selling)
- Airline-style discounting for slack periods and advance bookings
- Rewards for patient referrals
- Frequent-patient discount cards (a hypochondriac’s dream)
- Heart surgeries on sale this week: 2-for-1

The Bottom Line

- Healthcare is not and should not be a “market”
 - Market conditions simply don’t apply
 - The purpose of a market is to allocate scarce resources
 - “Marketizing” healthcare undermines key elements of the healthcare system (e.g., blood)
 - Represents pandering and abdication of professional responsibilities
- A litmus test: organ transplants

Some Solutions to Consumer-Driven Healthcare Problems

- Limit direct-to-consumer advertising of pharmaceuticals
- Create much greater openness, information flows from doctors, drug companies and government entities
- Eliminate sweetheart deals between universities and drug companies
- Enforce ethics laws and codes
- Welcome critics and those with new ideas into the industry

More Philosophically

Should healthcare be regarded as a scarce resource to be allocated among “customers” who can afford it?

Or should the objective be essentially the opposite – to ensure that everyone who needs it receives at least adequate medical care, as the birthright of all citizens of a civilized nation?

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American Education, Religion, Media
and Healthcare

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Thanks for your attention.

Comments? Questions?