February 21, 2017

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

The Honorable Michael R. Pence
Vice President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President and Mr. Vice President:

We as practicing physicians would like to present our response to the Jan 25th letter from the nation's self-defined "healthcare leaders" (Advocate Health Care, et al.) This is available at https://www.premierinc.com/wp-content/uploads/2017/01/Jan-25-letter1-24-17-Administration.pdf, and is referenced by Healthcare Informatics (http://www.healthcare-informatics.com/print/news-item/payment/healthcare-leaders-urge-trump-administration-move-value-based-care-forward).

These leaders represent the $3 trillion "healthcare industry," which is crushing the American economy as well as the practice of medicine.

The letter concerns "value-based payments" and "alternative payment models" (APMs). We hope that your Administration will first examine the flow of funds, from the total revenues collected to the recipients of the expenditures.

Perhaps 19% of the "healthcare dollar" goes to physicians' practices (and at least half of that goes for overhead). APMs are concerned with that fraction of expenditures.

Of the total expenditures, it is likely that less than 50% goes to goods or services related to actual patient care. The rest goes to collecting, managing, distributing, and redistributing revenue, along with regulatory compliance. This part is virtually neglected in the discussion of reform.

The letter referenced above states that "healthcare has been operating in a fee-for-service system designed more than 50 years ago." In fact, fee for service (payment for work) is as old as economic activity, and is natural, not designed.

What happened more than 50 years ago was that third-party payment for medical care replaced direct payment of the person or entity providing the service by the person receiving the service. Now about 90% of all medical payments flow through a third party. The "complexity" referred to in the letter is a failed effort to restrain the soaring costs that have resulted. All incentives are to overcharge, overproduce, and overconsume. There are no honest price signals in 90% of the medical economy.

We need a ***return*** to value-based payment—with ***value determined by patients controlling their own money***, not a bureaucratically dictated value set by entities that collect huge premiums in advance from patients who may or may not receive any care.

We suspect that expenditures would not simply be contained but would plummet if patients could forgo things of zero or negative value to them, such as data collection to document and report "quality metrics," ICD-10 coding, and staff devoted solely to filing and re-filing claims. Care would improve greatly if physicians could spend adequate time with patients.

Multi-million-dollar studies have shown that APMs fail. Real-world experience shows that private physicians and facilities can and do offer better results at a fraction of the price if patients and their doctors are in charge.

Comprehensive coverage by third-party payment has caused the problem. Still more managed-care methodology, raised to the nth power by the Medicare Access and CHIP Reauthorization Act (MACRA), will only compound it.

We need freedom, not more top-down prescribing. The age-old successful payment model—cash, catastrophic insurance, and charity—must be allowed and encouraged. Patients and physicians must not be forced into the arrangements that now control 90% of the "healthcare" dollar and benefit from diverting a huge part of it from actual patient care.

We strongly support freedom and innovation, and we are committed to working with Congress and the Trump Administration to escape the trap of the comprehensive-coverage paradigm that underlies the unsustainable disasters of the Affordable Care Act, Medicare, Medicaid, and most of the commercial market.

Respectfully yours,

Jane M. Orient, M.D., Executive Director, Association of American Physicians and Surgeons
1601 N. Tucson Blvd., Suite 9, Tucson, AZ 85716, aaps@aapsonline.org

Marni Jameson Carey
Executive Director, Association of Independent Doctors
400 New York Ave., Suite 214, Winter Park, FL 32789, info@AID-US.org