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Mayo Clinic's John Noseworthy Speaks an Uncomfortable Truth About Gov't Insurance

By Chuck Dinerstein, MD, MBA — March 20, 2017

“We’re asking ... if the patient has commercial insurance, or they’re Medicaid or Medicare patients and they’re equal, that we prioritize the commercial insured patients enough so ... we can be financially strong at the end of the year to continue to advance, advance our mission,” said John Noseworthy, the CEO of the Mayo Clinic [1].

Given a choice, says Noseworthy [1], Mayo Clinic *prefers* patients with private insurance over those receiving government insurance.

When I read his statement, I was gobsmacked, mostly because this behavior is illegal, and it looks bad for a non-profit charitable trust. Those facts explain why Dr. Noseworthy is “walking back [2]” his comments. Yet though this behavior is, on its face, unethical, violating our obligation to treat all people equally, fairly, and impartially, a less emotional response shows there is another ethical principle involved - beneficence, the obligation to bring about good in all our actions.

It's politically incorrect but there Dr. Noseworthy is on somewhat less shaky ground. The plain truth is you can’t afford to provide care that costs more than you are repaid. Let me rephrase Dr. Noseworthy in a way that makes common sense to everyone in America who pays their bills; our institutions cannot take in *too many* Medicaid patients and survive. [2] In his own, perhaps unintended way, he exposes a belief we all feel but few mentioned outside a trusted circle of friends, because when it comes to doctors and health care is seems to be both unethical and politically incorrect.

So why is this statement so disheartening?

First, it shows the consequences of monetizing healthcare, and it indicates that the bean counters have won. Physicians and nurses are providers, providing a service to patients and revenue stream to our overlords. Consumers have replaced patients and our profession, our calling, has been replaced with a workforce. Dr. William Mayo, one of Mayo Clinic's founders, was more succinct in his warning, noting "Commercialism in medicine never leads to true satisfaction, and to maintain our self-respect is more precious than gold."

Second, there is real world economics involved. Patients vary, some are more ill than others, we use the term *patient mix* to describe this variation. Similarly, the payer mix reflects how many patients have private insurance, Medicare, Medicaid or are unable to pay. A payer mix with too many individuals paying less than their costs shifts the burden of balancing cost and revenue on to others.

The Affordable Care Act (ACA) claimed to address this issue for payers through government funded "risk corridors," [3] but made no similar accommodating plans for hospitals or physicians. The American Health Care Act (ACHA) [4] is, if possible, even less helpful. Providing more individuals with insurance, even Medicaid, will increase access to healthcare, and that is good; it will lessen the financial losses. But it is also a Ponzi scheme, where physicians and health care systems are the marks. Academic medical centers, like Mayo, and unlike your community hospital, earn only a portion of their income from clinical care and are less impacted by changes in reimbursement. *It was only a 3.7 percent increase in Medicaid patients that provoked Dr. Noseworthy's comments*. A 3.7% shift in payments from the well-insured to Medicaid reflects how tenuous the payer mix balance is.

Dr. Noseworthy's statement and the controversy it generated does have an ethical basis, and it creates an ethical dilemma. Two thoughts that should guide our decisions, the first from William Mayo, "We have never been allowed to lose sight of the fact that the main purpose to be served by the Clinic is the care of the sick." And from his clinic's mission statemen [3]t, "Allocate resources within the context of a system rather than its individual entities. Operate in a manner intended not to create wealth but to provide a financial return sufficient for present and future needs."

NOTES:

[1] Dr. Noseworthy has been one of Modern Healthcare's 50 Most Influential Physician Executives and Leaders every year since 2011.

[2] This problem of being reimbursed less than our costs pertains to Medicare as well. For example, hospitals received about $4000 less than their costs to treat aortic aneurysms by placement of stents [4] because stent manufacturers take more than half of the monies paid to the hospital.

[3] The risk-corridor program was established under the ACA to help offset insurer losses in the insurance exchanges. The government currently owes insurance companies “more than $8 billion [5] in payments to cover insurer losses on the health insurance exchanges, but industry experts are growing doubtful the full tab will ever be paid.”

[4] Perhaps the adage about the naming of governmental laws is true, they usually mean the opposite of how they are named.

Links

[1] http://www.startribune.com/mayo-to-pick-privately-insured-patients-amid-medicaid-pressures/416185134/
[2] https://www.statnews.com/2017/03/17/mayo-insurance-medicare-medicaid/
[3] http://www.mayo.edu/pmts/mc4200-mc4299/mc4270.pdf
[4] https://www.ncbi.nlm.nih.gov/pubmed/24139984
[5] http://www.modernhealthcare.com/article/20161205/NEWS/161129937