

BALANCED CHOICE: A COMMON SENSE CURE FOR THE U.S. HEALTH CARE SYSTEMS, BY IVAN J. MILLER, PH.D., AUTHORHOUSE, BLOOMINGTON, IN, 2006. 173 PP., \$10.99.

KEITH COOK, EDD

Imagine enjoying your practice without any HMO or managed care intrusions, stalls or disruptions. You and your clients decide and plan the best course of treatment and when to stop. You collect co-pays, bill a national payer and get paid promptly because the payer is not trying to generate a profit by stalling. Gone are the days of re-billing claims, and time wasted on the phone chasing delayed payments. You now have more time to spend with clients, more time to innovate and learn new approaches, more time to write or pursue professional activities, or just more time for yourself. Imagine being paid what you are worth, setting your own fees according to your expertise, experience and the local market without HMO's driving down reimbursements and setting a ceiling on your rates. Imagine a truly equitable reimbursement system where questions of seeing some clients pro bono or on a sliding scale are unnecessary and obsolete. If a client loses their job, they don't lose their insurance, and therapy continues without missing a step. Imagine not having your work controlled by a third party. Gone is the anxiety of "Sign on with us or we will funnel clients elsewhere." Clients are free to choose their own therapist without third party manipulation. You are no longer asked if you are on their insurer's list and no longer have to try to get on more HMO panels. Imagine not having to take important time in sessions to discuss problems created by the insurer. Now you spend more time on what your clients are there for. Imagine there is a better way to finance healthcare in the United States. You are now able to see low income clients and be paid an equitable fee. Gone are the days of asking "How will you pay for this?" and they don't know or just never call in the first place. Imagine having affordable healthcare for yourself, for your children and grandchildren. If this vision interests you, then read on. And if you are an employer who struggles with the rising cost of insurance premiums for your employees, then take this book to bed with you, relax and improve your sleep.

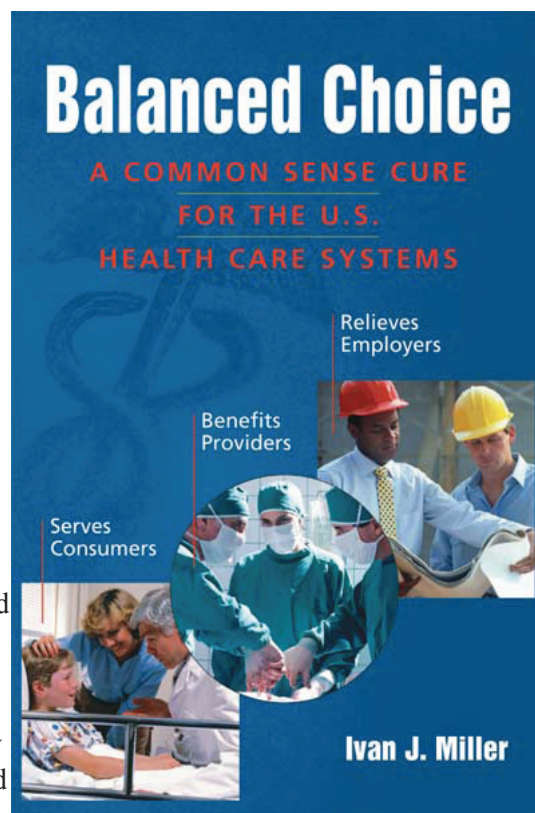
Ivan Miller's new book, *Balanced Choice: A Common Sense Cure for the U.S. Healthcare Systems*, is one of the most hopeful happenings I have seen on the healthcare scene since BMC (before managed care). It is designed to simplify and improve services for consumers, allow professionals to practice and innovate unencumbered by managed care, and dramatically reduce and stabilize employers' costs for insurance premiums. It is for *all*

healthcare, not just mental health. It does not attempt to patch up our presently broken approaches to paying for healthcare. "Balanced Choice makes health insurance obsolete only by completely replacing it." (p. 103) When you first read this book, you realize it is truly a breath of fresh air in the stale, dank, dimly lit room the financing of U.S. healthcare has become. When you read it a second time, you begin to realize how truly creative and ingenious the model really is.

We humans seem to want to understand new concepts in relation to those we already know. Is this a single payer model with government controls? Not really, but somewhat. Is this a market driven model of free enterprise? Yes, but not entirely. Dr. Miller has masterfully melded the best of both

models into a new and robust being.

Balanced Choice is a nonprofit, national healthcare financing plan that covers everyone. It is designed first and foremost to deliver quality healthcare services to the public not to generate profits for an insurance or managed care company. It offers two options to consumers and professionals: the Standard Plan and the Independent Plan. The patient and the professional decide together which plan to use, and the decision can be changed if circumstances change. The Standard Plan operates very much like Medicare with a small co-pay but is more comprehensive. The first two visits each year to a primary care physician or an emergency room are free of any co-pay. The Standard Plan pays a set rate for each procedure and pays enough



to attract quality professionals. No one is left out because of inability to pay. All are covered. If a patient can't pay the co-pay, they can apply to Balanced Choice to pay it for them.

The Independent Plan allows professionals to set their own fee schedules with a base amount paid by Balanced Choice and the difference or gap paid by the patient. For example, if the professional's fee is \$115 and Balanced Choice pays \$80, the patient would pay the \$35 gap. In this way, professionals are encouraged to improve and innovate, and if the public recognizes value they will pay a higher fee. This might include benefits such as special expertise, innovative or advanced treatments, special office hours, or a reputation for experience or excellence. These two Balanced Choice options also apply to pharmaceutical, hospital and specialty costs.

If these two options were left to operate on their own, it would undoubtedly lead to a two tier healthcare system, one for the wealthy, and another for the poor. Balanced Choice addresses this potential inequity by using a creative concept called the "Mandatory Funding Split" whereby 60% of funds are always available for the Standard Plan (SP) and 40% for the Independent Plan (IP). A Balanced Choice Governing Board is responsible for setting and adjusting reimbursement rates to keep these expenditures in balance. This is not unlike what the Federal Reserve Board does with interest rates to establish parameters and balance in our economy to prevent the detrimental effects of extremes. For example, if more than 40% of Balanced Choice funds are being spent on the Independent Plan because it is being chosen an inordinate amount of the time, the Board would decrease reimbursement rates for that Plan, thereby increasing the gap that patients pay to induce more to use the Standard Plan. Or if more than 60% are using the SP, the Board would increase reimbursements for the IP thus reducing the gap patients pay and inducing more to select the IP. Keeping the IP vibrant and robust is vital to innovation and improvements in the field through a competitive market. Other interesting management scenarios are described in the book.

This discussion of the financial model leads naturally to the question of how the Balanced Choice plan will be paid for. Dr. Miller describes how since World War II increasing numbers and varieties of healthcare services have been paid for by insurance premiums paid by employers. We have come to expect most of our healthcare to be paid for by insurance. This dynamic along with insurers discovering there were huge profits to be made by for-profit insurance companies, has led to an escalation of the cost of premiums to employers and to individuals. Our colleague, Dr. Kenneth L Salzman of Lansing, MI, has

recently observed that insurance has become obsolete as a way to pay for healthcare because

... the insurance model operates on the principle that the risk of relatively rare adverse occurrences within a group can be spread among the many members of the group, reducing the impact of the adverse occurrence on any given member.... When, however, the adverse occurrences include routine care, ongoing maintenance, medications and such, the frequency rises to essentially meet the population numbers and there is no way to spread any risk. (personal communication)

Managed care has been introduced to control costs and ensure profits to the insurance company while pretending to improve service delivery. This leaves us with 47 million people uninsured in our country. That is equivalent to 94 cities with the population of Washington, DC proper with no health insurance. The inequities are enormous, and some would say criminal, in a country that can afford to provide healthcare coverage for all *if it is done right*. Part of doing it right is to maximize the funds available for direct patient care and minimize administrative overhead, utilization review, advertising, marketing, sales, pricey real estate and profit. The author describes how we are already using sufficient funds to provide coverage for all, and when Balanced Choice redirects the \$258 billion saved administratively it provides \$108 billion to cover the uninsured and \$100 billion to reduce employers' contributions.

Additional funding comes from a variety of sources including current Medicare and Medicaid funds. Employees contributions will not increase and will carry the security of stable healthcare even if they become unemployed or change jobs. Employers contributions will be reduced and stabilized which facilitates their budgeting and planning. Out-of-pocket expenses, co-payments, and gap payments will continue to be part of the funding picture.

Cost containment is accomplished in several other ways in addition to the operation of market forces, the Mandatory Funding Split and gap payments. As Dr. Miller says, "What is needed is better information, not more management." (p. 130) Balanced Choice provides this by establishing a *Consumer Health Advocacy Organization* patterned somewhat after Consumer Reports magazine to give patients and professionals comparison information about quality, outcomes and costs to use in their discussions together about the various options available for pharmaceuticals, lab and imaging tests, referrals to specialists, treatment options and other such decisions. This collaborative process between patient and professional

emphasizes the importance of personal responsibility for one's healthcare decisions and one's investment of their own time and money. A context of personal responsibility and being an active participant in treatment has been shown to have positive implications for maintaining health as well as for promoting healing and recovery. Consumers are enlisted additionally in the cost containment process by being rewarded with a refund if they discover an overcharge in professionals' billings to Balanced Choice.

Furthermore, cost is contained by reducing administrative overhead in the offices of professionals and in hospitals. Less time, expense and personnel costs are required than when dealing with multiple insurers, HMO's, and PPO's each with their own procedures, requirements and systems for managing claims to say nothing of the hours and dollars saved in dealing with utilization reviewers. Reducing overhead allows professionals the option of operating the Independent Plan to generate more profit or to reduce the gap payment to appeal to more patients. Moreover, Balanced Choice plans to pay within 10 days, further reducing costs for professionals, instead of holding payment for 30-60 days to generate interest for an insurance company.

Coming out of his thirty four years of experience as a healthcare professional and his recent thirteen years of intensive work, study and consulting in healthcare finance, Dr. Miller provides a clear and readable chapter on the historical perspective of how we have ended up with our currently broken healthcare system. This knowledge along with his description of the various approaches to healthcare funding—free market, insurance driven, managed care, and single payer systems and their strengths and liabilities—helps empower all of us in our work for change. Now we can add Balanced Choice to the list of models. In addition to setting the stage for understanding Balanced Choice and how truly unique it is, this excellent chapter could stand alone as a brief exposition on the dynamics of healthcare finance and economics. While it won't make you an expert, it will make you more aware of what you are supporting and less likely to be deceived.

Balanced Choice also offers consumers the benefit of a real choice of professionals, not just those who are on an HMO list. Not having to be on a "panel" not only saves professionals the fees and phony credentialing process some HMO's use, it relieves them of being caught in the inherent conflict of interest between serving the client and serving the insurance company.

Dr. Miller concludes with two strategically placed chapters. One ably addresses the skeptical questions that may occur to you as you read the book and helps to cement the case for Balanced Choice. He also readily acknowledges and lists some of the many important

questions yet to be addressed including the need for mathematical modeling of the system. This is not yet a finished product and requires the work of many hands to make it so, including yours.

The other chapter is a five-phase plan for reforming our health care system; a kind of blueprint for implementing this powerful Balanced Choice model. At this point you begin to see that this really can work because it addresses the core interests of three major power groups in the United States: consumers, employers and professionals. The concerted efforts of all three can overcome the tremendous resistance that is certain to occur by the insurance lobby. And the magnitude of that resistance, by the way, will be further evidence of the power of this plan.

So, I encourage you to review the web site, www.balancedchoice.org and download the first chapter or read the book, which you can order there or from Amazon. The book is highly readable, clearly written and non-technical in nature. Virtually any chapter can be read alone and be understood. The only change I would suggest is to replace the term "provider" with "professional". Managed care efforts over the years referred to us as "providers" which subtly reduces our experience and expertise to that of internet providers and dry cleaners. However, this is a minor issue I would quickly abandon in order to make a gain with the magnitude of implementing Balanced Choice.

Somebody recently asked how he could enroll for this Balanced Choice coverage. I had to tell them they couldn't yet. There is much work to do and you can help. This is a great opportunity to become a founding member of Balanced Choice and, if you wish, to put your hands and heart to work in this grassroots effort to bring Balanced Choice to life in the USA for yourself, your clients, your loved ones and the nation.

Keith Cook, Waterville, ME