

# Do You Know Who Really Controls Your Practice?

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You know all too well that government bureaucrats and their 100,000 pages of regulations come between you and your Medicare patients. But do you know who comes between you and your non-Medicare patients?

If you said insurance companies and their minions, you would certainly be correct. However, in their defense, insurance companies are only responding to their customers. Therein lies the problem.

You and your patients are not the customers of insurance companies. The customers are employers, especially large corporations. As the primary buyers of medical insurance, employers negotiate prices, terms, and conditions with insurance companies, which then pass the results of the negotiation down the distribution channel, or food chain, to patients and – if you have signed a contract with them – to you. The net result is that the two most important parties in medicine, the patient and you, have the least to say about its economic arrangements. Thus, there is no true consumer market in medical insurance: Misguided government policies killed the market 60 years ago and made employees dependent on their employers for payment of most medical bills.

The goal is to put patients back in control of their medical care and their insurance arrangements. To achieve that goal, it is necessary to understand the main obstacle: the people who handle health insurance matters for employers. They are the people you have to know, understand, and influence if we are to wrest control of medicine from third parties and stop their interference with the patient-physician relationship.

The people responsible for employee “benefits,” including medical insurance, work in a department called “HR,” which is short for “Human Resources.” Large corporations typically have a sub-department of HR called “Employee Benefits,” but the label “HR” will suffice for this discussion. These are the people who decide what “health plans” the employer will offer to employees, typically on a take-it-or-leave-it basis.

HR is one of the fastest growing professions. It has grown in lockstep with the explosive growth of federal and state regulations that govern the workplace, especially with respect to retirement plans and medical insurance plans. In a real sense, many HR people are de facto agents of the government.

The U.S. Department of Labor estimates that there are 445,000 HR people in the nation, or about 45,000 more than the number of physicians with office-based practices. The largest HR professional association is the Society for Human Resources Management, with 170,000 members and 500 chapters. It is headquartered in Alexandria, Virginia, near its chief benefactor, the federal government.

I know how HR people think. Until I left the profession after becoming disgusted with the unholy alliance between the profession and the government, I was a highly paid human resources executive. My expertise is not medicine. It is human and organizational behavior, and employee motivation, productivity, compensation, and training and development – the things that used to matter the most to corporations before the government made red tape the highest priority.

The vast majority of HR people believe that they are helping their employees by providing them with medical insurance. They do not understand how third-party payments drive up the cost of medical care or how employer-provided insurance forces unhappy employees to stay on the payroll for fear of losing coverage. Nor do they question why they are involved in one of the most personal aspects of someone’s life – medical care – but do not play a nanny

role in such other personal matters as food, shelter, clothing, and transportation. For sure, HR people know little about medical care and what you have to endure from bureaucrats to live up to your Oath of Hippocrates, yet they are dictating from afar what goes on in physicians’ offices. In most small and mid-size companies, the HR people often do not understand that benefits are part of the workers’ pay, although in larger corporations they are well aware of this fact and of the distortions caused by the tax code.

It is up to you to educate them.

The best approach is to speak at chapter meetings of the Society for Human Resources Management. For a city-by-city list of chapters and contact information, go to [www.shrm.org](http://www.shrm.org) and click on the “Chapters” link. Find the name of your local chapter president and call him. Suggest that the members would like to hear a presentation from a doctor’s perspective on employer-provided insurance and how it affects their medical care.

The most common speakers at chapter meetings are attorneys because, unfortunately, the most important job of HR is compliance with government regulations. It would be a refreshing change for many chapter members to hear directly from a physician how government and insurance company bureaucrats interfere with the practice of medicine, how third-party payments drive up medical costs, and how employer-provided insurance is not necessarily in the best interest of employees.

Caution: In my experience in speaking at chapter meetings on the subject, about a third of the audience will be hostile to hearing the truth from you. They are insecure, small-minded bureaucrats who see any change in the status quo as a threat to their power and livelihood. Forget about them. Focus instead on the two-thirds who can think strategically and are not afraid to challenge the status quo.

Understand that HR people have a vested interest in the status quo: it’s their livelihood. This is particularly so for benefits managers, and less so for managers in the other HR functions of compensation, recruiting, legal compliance, training, and employee relations. The best way to counter their concerns about their own self interest is to make the point that getting rid of the medical insurance benefit would free them up to work on more strategic issues favored by senior management. Measures that increase the company’s profitability also increase their own job security. I would also tell them that medical insurance is a lose/lose situation for them, as employees blame them for hassles and cost increases.

Another suggestion is to give the audience solutions. One solution is for employers and SHRM to lobby to change tax laws and regulations so that employees can buy their own insurance on a group or individual basis without employers making the decisions for them. An additional solution is to lobby Congress to expand the use of Medical Savings Accounts, which operate like a 401(k) retirement plan, allowing employees to save money on a tax-free basis to pay for medical expenses, including insurance premiums.

In summary, if you want insurance bureaucrats to stop coming between you and your patients, you have to influence their customers. Their customers are now the 445,000 HR people in the nation and especially the 170,000 members of the Society for Human Resources Management. That situation must change if private medicine is to survive. It will not change without some help from HR people.

Some of them will understand you.

If you don’t educate them, who will?

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