Jack Stout

INTERFACE

Peas in a Pod

by Jack L. Stout

I've been studying Dennis Murphy's first two "Public Forum" columns (*jems*, May and June 1986). Murphy advocates government-run prehospital care systems – I do not. I expected opposing views (controversy being fuel for healthy argument), but as it turns out, Murphy and I seem to share more opinions than we don't.

On Multi-Tiered Systems

Murphy: "A logical expansion of the idea of full cost, user fee support is to rid the system of a crazy patchwork of BLS and ALS ambulances, opting instead for full-service ALS on every ambulance." (*jems*, June 1986.)
Stout: "If total system costs are compared – which they rarely are – and if equivalent clinical and response time performance are considered – equally rare – the all-ALS, full-service systems win hands down." (*jems*, May 1984.)

On Billing Systems

Murphy: "Ambulance bills will have to be structured to maximize these sources of revenue (third-party payers) while minimizing the out-of-pocket expense to the consumer." (*jems*, June 1986.)
Stout: "Pricing policies should . . . maximize third-party recoveries while minimizing out-of-pocket expenditures, especially by insured patients." (*jems*, January 1983.)

On Nature of the Industry

Murphy: "The new rules include viewing operation of the public prehospital system more like a healthcare business and less like a traditional public safety system." (*jems*, June 1986.)
Stout: "The system's finances must be structured along the lines of a non-tax-supported business." (*jems*, March 1985.)

I could go on with these examples. Murphy notes that privatized systems often "require a significant change in legal, political, social and, in some cases, even cultural thinking . . . ." He'll get no argument from me on that. "Significant change" requires significant changes – lots of them.

"The important question isn't whether there is a trend toward privately run systems, but whether there should be."

Murphy says that "governments can, in fact, do a good job of collecting a user fee . . . ." I can hardly disagree. In four out of five of my own turn-key system installations, an agency of government performs all billing, collection, and accounts receivable management functions.

Murphy argues for better economies of scale and recognition of natural medical trade areas. He even admits that actual cost fees offer certain advantages over traditional methods of funding government-run services. No argument.

Murphy and I would probably agree, with minor exceptions, on issues like peak loading staffing, vehicle maintenance practices, quality control, maybe

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even system status management. And we certainly do agree that, in Murphy's words, "The public system will be challenged for the right to serve." I believe that challenge is healthy and stimulating – not unlike a swift kick, so to speak. But where is the argument?

It's not about trends. Murphy boasts that the 1986 *jems* survey of the 100 most populous cities shows no trend toward privatization. Right, and I could argue that the survey proves that the trend of the '70s toward socialized systems has ended. The important question isn't whether there *is* a trend toward privately run systems, but whether there *should be*.

It's not about motives. Murphy writes of "advocates of privatization, whose very livelihood depends upon acceptance of these rules." The truth is that advocates of privatization are no more driven by greed and self-interest than advocates of government-run systems are driven by cravings for job security and cushy government retirement programs. An idea must stand on its own merits, regardless of its origin.

It might be about rules of competition. Murphy argues persuasively in favor of using marginal cost analysis as the basis for comparing a government agency's bid with those of private competitors. It can also be argued that fairness requires that any advantage given by the buyer to one bidder should also be available to the others (e.g., free access to working capital, support services, use of public facilities, etc.). These are arguments worthy of our attention.

So what *is* the issue? It's an old one, very old. Under what circumstances is it better for government to provide a product or service directly (i.e., "socialize" production) than to arrange for that service to be furnished by the private sector (i.e., by contract, franchise, or regulation)?

I recently heard a physician speak passionately in favor of preserving "at all costs" the local government-run paramedic service. Later, I asked him this question: Since you are in favor of socialized *prehospital* medicine, are you also in favor of socializing the rest of the health care industry?

His answer was, of course, an adamant no. "Ambulance services," he argued, "should be like police and fire services. Other health care services are different." Overwhelmed by the force of his reason and logic, I dropped the subject.

Since the late 1960s, far more money and effort has gone into development of socialized prehospital care systems than has gone into development of improved methods of contracting or otherwise arranging for private production of similar services. Murphy was right when he said, "Furthermore, the new 'high performance' privatized models reflect the work of a select few."

Even so, the recent track records of the best private systems are giving the best socialized systems a run for their money. Given equal emphasis and financial support, how much better might the new breed of private prehospital care systems perform?

Even if government providers can change, borrowing more efficient operational methods from private providers, and learn to approximate the performance and efficiency of the best private firms, a question will remain: Why government?

Welcome to the pages of *jems*, Dennis. You are a worthy spokesman for the opposing view. The truth, if we can find it, probably lies somewhere between us. □