

SGORL Summer School

Rationing in medicine: economic concepts and Ethical implications

PD Dr. Balthasar L. Hug, MBA
Division of Internal Medicine
University Hospital Basel

1

SGORL Summer School

Rationing in medicine: Contents

- Why ration?
- Economic Terminology
- What are models of rationing?
- What are ethical implications?
- Personality traits: What meaning do they have?
- Conclusions

2

SGORL Summer School

Rationing in medicine: Why ration?

Because there is scarcity of resources and therefore a trade-off of goods



3

SGORL Summer School

Rationing in medicine: Economic terminology

- Less supply than demand -> scarcity of goods -> constraints (remember constraint curve)
- Dilemma: How to decide what goods to buy?

(Kymlicka W 2002, „Utilitarianism“, Oxford University Press)



4

SGORL Summer School

Rationing in medicine: Economic terminology

- Utilitarianism under economic constraint: the most „happiness“ for all
 - But what is the definition of „happiness“?
 - Drawback: „For all“ implies potential neglect of minorities (e.g. transplantation; majority vs. minority)

(Kymlicka W 2002, „Utilitarianism“, Oxford University Press)



5

SGORL Summer School

Rationing in medicine: Models of rationing

- Capitation
- Deductibles
- Oregon

6

SGORL Summer School

Rationing in medicine: Capitation



- Provider (physician) gets fixed amount of \$ for 1 year („capitated plan“)
- Summarize: How will capitation influence physician behavior?

(Kassirer NEJM 1998;339(6):397-8)



7

SGORL Summer School

Rationing in medicine: Deductibles



- Deductibles: Definition
- What are the consequences of deductibles?

(Burtin, Health Affairs 2006;w516)



8

SGORL Summer School

Rationing in medicine: Oregon Model



- 1989 Legislation for Oregon Health Plan (OHP)
- Aim: affordable health care for all
- 350'000 of 1.2 Mio. inhabitants without insurance coverage (29%, mostly poor*)

*\$ 14'628/year for family of 3

9

SGORL Summer School

Rationing in medicine: Oregon Model



- Health Services Commission: prioritizing a list of covered health services
- Two part strategy to get universal coverage:
 - Everyone below Federal Poverty Line*: covered by Oregon Medicaid
 - Oregon employers: health insurance for workers, otherwise tax

*\$ 14'628/year for family of 3

10

SGORL Summer School

Rationing in medicine: Oregon Model



- Health Services Commission: prioritizing a list of covered health services
 - Civic Organizations: Oregon Health Decisions, Oregon Health Action Campaign involved in process
 - Public Hearings, Community polling, telephone interviews: community values
 - >50 physician teams to advise
 - Prioritizing according to mortality, morbidity, treatment effectiveness, cost and community values

11

SGORL Summer School

Rationing in medicine: Oregon Model



- Health Services Commission: prioritizing a list of covered health services
 - Community values: „Compassion“ (hospice and palliative care), „Prevention“ and „Effect on Community“ (maternity care, screening services), „Maintaining Function“ (mental health, substance abuse)
 - List revised yearly
 - Contains about 750* „lines“ (services)
 - Funded up to line 570* (approximately 80% of services)

*approximative numbers since list is revised yearly

12

SGORL Summer School

Rationing in medicine: Oregon Model



PRIORITIZED LIST OF HEALTH SERVICES April 1, 2010

Condition: PREGNANCY (See Guideline Notes 1,2,16,22,64,65,76)
Treatment: MATERNITY CARE
ICD-9: 640-673, 674.0, 674.2, 674.4-674.9, 675-679, V07.2, V22.0-V22.1, V23, V24, V28, V72.4, V77.6, V89
CPT: 01958-01963, 01967-01969, 12021, 57022, 59000-59001, 59012, 59015, 59020, 59025, 59030, 59050-59051, 59070-59076, 59100, 59160-59162, 59830, 59866, 59871, 76801-76820, 84163, 84704, 86150-96154, 98966-98969, 99024, 99051, 99060, 99070, 99078, 99201-99360, 99366, 99374-99375, 99379-99444, 99460-99460, 99605-99607
HCPCS: G0406, G0407, G0409, G0425, G0426, G0427, S0265, S0270, S0271, S0272, S0273, S0274, S2401, S2402, S2403, S2405, S2411, S8055, S9208, S9209, S9211, S9212, S9213, S9214
Line: 1

www.oregon.gov/OHPPRHSC/current_prior.shtml

13

SGORL Summer School

Rationing in medicine: Ethical implications



- What are the ethical implications of the OHP?
- OHP: only for the poor? Who should be covered? All? Vulnerable populations (only)?
- Community meetings: who will be attending?
- OHP as incremental health coverage system obstructing universal coverage?
- Double role of physician: fidelity to patient and stewardship to resources

(Sabin BMJ 1998;317:1002)



14

SGORL Summer School

Rationing in medicine: Personal Accountability



- What is the role of personality traits on insurance? What is the influence of personal accountability?

- Smoking? (---)
- Drinking alcohol (---)
- Single vs. Married (+++ for married)
- Having children (+++)
- Breadwinner of household (+++)



(Olson, Social Science & Medicine 2003;57:1163)

15

SGORL Summer School

Rationing in medicine: Conclusions



- Scarcity of resources, trade-off of goods
- Models of Rationing
 - Capitation
 - Deductibles
 - Oregon
- Ethical implications

16