field of lazy indifference. Cultisms flourish in this field. Lack of real medical organization spells success for the opposition to basic science laws and encourages the continuance of the incompetent doctor in society.

THE COMPETENCY OF THE LICENSED PRACTITIONER

When physicians are satisfactorily compensated there will be found necessity to meet squarely the problem which has not been faced with courage. The problem, one on which the socialization of medicine must be continuously dependent, is the competency of the licensed practitioner. In this age, under the many diverging laws enacted in different states of the Union, the competency of physicians cannot be assured to the people. Every legal license to practice the healing art should be full evidence of worth and ability and security to the public in matters of sickness and health.

Social medicine should be a real contribution to social justice. In the present cycle of human thought it can be the culmination of physicians' efforts to express sympathy to those in sorrow, in need and in sickness. Full throated acceptance and announcement that the main purpose of scientific medicine is health for all, those now living and those as yet unborn, will change the course of human thought and action.

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MEDICAL ECONOMICS—PRESENT ACTIVITIES*

WITH SUGGESTIONS ON PROPOSED CHANGES

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THE year 1931 has crystallized many smoldering economic problems in all walks of life, including that of the profession of medicine and surgery. In considering the problems of medical economics pertaining to the application of the art of practice today, we must visualize the situation and accept the new world as it now is and act according to the modern trend, instead of allowing tradition entirely to direct our activities. We must base our future policies on reason and act with vigor, dispatch, and common sense.

The basic thought in medical economics was admirably expressed by Dr. Olin West, secretary of the American Medical Association, a few years ago when he said, "The outstanding problem of the medical profession today is how may we convey adequate scientific service to all people, rich and poor, at a cost which can be met by them in their respective stations of life?"

WHAT CITIZEN GROUPS CAN PAY

It has been truthfully stated that only about 15 per cent of the population of the United States are financially able to secure proper medical attention regardless of cost. Another 15 per cent are represented in the charity group, who are amply cared for, as far as scientific medical and surgical service is concerned, by the many well organized charitable hospitals, including city, county, and state institutions. The modest incomes, in many instances, of the remaining 70 per cent—the middle class—will not permit them to pay the costs necessarily attached to the present system of dispensing scientific medical care. As a result many are attracted by the glowing promises of unscientific cults and commercial quackery.

Little can be accomplished by attempting to legislate against this evil unless an educational campaign is instituted, molding the present ideas of the public.

The solution of the problem has attracted the attention of the public at large, principally because organized medicine has given but little or no consideration to the remedy for this timely subject.

The present activity in medical economics is not an attempt to revolutionize the science of medicine. It is an attempt, however, to force constructive consideration of evolution in the application of the art of practice, with the idea of overcoming "fogyism," which latter condition constitutes an unnecessary barrier to modern medical progress.

In discussing this problem our proposals for relief and amends are not put forward as specific plans for a magic cure. It is hoped, however, that the suggestions may in time receive sufficient support to be of service in an educational campaign which will benefit both the profession and the public. Moralizing, browbeating, rate-cutting, contracting, or any other one specific plan do not furnish a solution of the problems. The remedies do not come in pill form or in bottles. Before we make an attempt to form conclusions for relief or amends, modern ideas as well as traditions and history must be studied carefully from all angles, with a thought of justice to all.

THE BEGINNINGS OF MEDICAL ECONOMICS

The more or less intricate ramifications of this subject may be clarified by a brief review of the history which led up to the present trend. With the exception of the Oath of Hippocrates in about 500 B. C., there was nothing of importance in medical economics until the founding of the Royal College of Physicians in the fifteenth century. Prior to that date the healing art was considered largely the function of the clergy, surgery being the work of the layman and usually the side occupation of the barber.

Early hospital organizations were founded by religious groups who made the care of the sick a means of fulfilling religious vows. Thus was developed the tendency on the part of many of the people to expect medical care as a charitable service, a contention which has been more or less propagated ever since. The Royal College of Physicians at this time had no monopoly on the

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healing art. The society of apothecaries was a strong rival until the seventeenth century. The seller of drugs prescribed and the physician mixed his own compounds. This competition developed the first evidence of cut rates for professional services. Immediately following the founding of the Royal College of Surgeons in 1810, some three hundred years after the founding of the Royal College of Physicians, the government began to give consideration to the subject of sanitation and public health. It was not, however, until it became apparent to even the dullest witted among the ruling class that the rich could not escape the contamination by disease propagated among the poor that more adequate provision was made for the extension of medical care to this class.

Just one hundred years ago, in 1831, the labor unions of England, even though they were not permitted to enter into collective bartering with employers on other matters, were allowed to enter into an agreement for wage deduction to provide medical care. This is the first intimation we have of contract medical practice. Those not employed or not having sufficient funds to pay their monthly medical dues were compelled to apply to the local poor authorities for medical services. Thus the beginning of the division of the middle social class into the upper and lower strata.

SOME RECENT EXPERIMENTS IN STATE MEDICINE

As time went on many new problems were presented, but it was not until 1895 that the British Medical Association, after investigation, reported that, while there were many aspects of contract medical practice to be condemned, they could offer no better substitute.

In 1907 the voice of the people commenced to make itself heard in unmistakable language, and the passage of the National Health Insurance Act in 1911 became inevitable. Thus in a measure the medical profession of Great Britain became subservient to lay supervision under political domination. Similar action will come in the United States unless the medical profession heeds the warning and develops better business and political technique through an active department of public relations for the promotion of a satisfactory system of service adaptable to the respective interests.

As early as 1900, European experiments in state medicine and compensation insurance began to receive public consideration in America. Soon after, action was manifest by the passing of the first compensation law. In 1913 California passed its compensation law. A few years later, what might be virtually termed a form of state medicine—a workmen's health insurance act—was proposed and placed on the California ballot. The measure was defeated, but cherished memories represented a smoldering fire. Similar memories throughout the nation have since been fanned by the demand of public sentiment for a change in the system of marketing medical service to the middle class.

AN ANALYSIS OF RECENT ACTIVITIES

In an effort to meet this demand there have developed various agencies of activity which have resolved themselves into four general classifications, namely:

1. Activities of organized medicine which, save for a few exceptions, have been ineffectual.

2. Activities of the general public, which may be subdivided into:

(*a*) Activities supported by philanthropists with good intent, but proposing methods of questionable application due to lack of knowledge of scientific principles.

(*b*) Activities of laymen with selfish interests and ulterior motives, with no respect for the application of medical ethics.

3. Activities of physicians and surgeons as individuals or groups. This class of effort may be subdivided similarly to that of the lay groups with the exception that there is evidence in numerous locations of constructive programs, scientific and businesslike in character, operated with good intent and results.

4. Activities of the Costs of Medical Care Committee at Washington. In 1927, allied interests, recognizing that medical economics was approaching a state of chaos, organized a committee, afterward called the Committee on the Costs of Medical Care. This committee received semiofficial recognition of the medical profession, interested scientific organizations and the government. It was made up of approximately fifty members, representing five distinct groups, namely: private practitioners, public health service, institutions with special interests, social sciences, and the public at large. Private interests and foundations have largely volunteered the necessary financial support, amounting to about one million dollars, for carrying on this survey in medical economics.

Realizing the magnitude of the problem, the committee estimated that five years would be necessary to reasonably complete the study. The object of its activity was to survey the economic aspects of the prevention and care of illness, including the adequacy, availability, and compensation of the persons and agencies concerned.

The committee has no idea of making suggestions which would in any way tend to commercialize medicine or lower scientific standards. The various surveys are purely for the purpose of accumulating facts and figures pertaining to medical service as it is now being rendered to the respective social classes. This statistical information, the committee hopes, will materially assist the medical profession in arriving at practical conclusions with respect to desirable changes in procedure.

For want of better understanding of this committee's work, many of the medical profession do not fully appreciate the value of this effort.

Illustrations of the other national activities of organized medicine are those of the medical as-

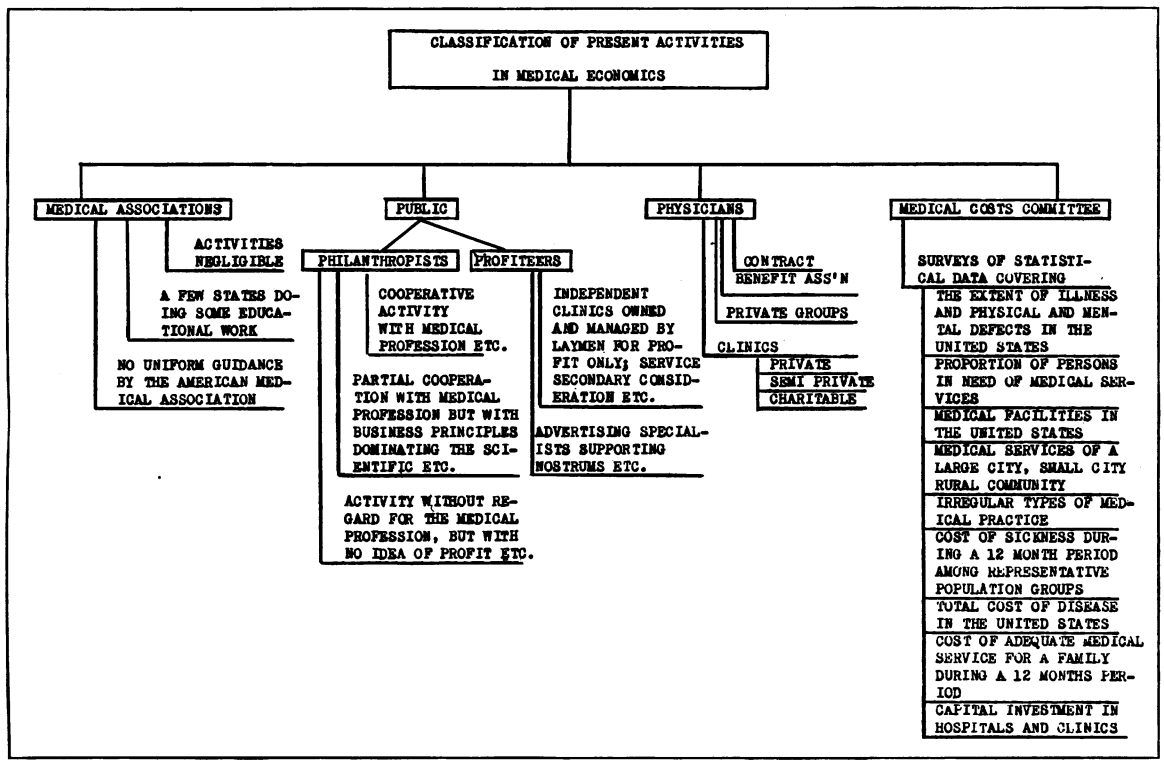

Chart 1.—Some major factors in medico-economic problems.

sociations of the states of New York and Minnesota. They have tried to educate the public by a constructive program of newspaper articles, radio talks, et cetera.

The activities of the general public may be illustrated in the parental rôle of some employers. The Johnson-Endicott survey of fifteen thousand employees furnishes statistical data showing that the costs of full medical care to the potential patient are $21.80 per year. This expense was carried by the employer with no wage deduction from the employee.

Some philanthropists, at first contributing liberally to hospitals and scientific research under medical supervision, have since assumed the parental attitude and are attempting, with good intent, to inject their business judgment into the art of medical practice. Many lessons may be learned by the medical profession from such activities.

Activities of the layman with selfish interests are illustrated in some of the many organized-for-profit hospital associations which are springing up everywhere.

An illustration of the individual benevolent activity is the Cooperstown experiment. The Bassett Hospital Guild of Cooperstown, New York, started an experiment on January 1 of this year. They charge $25 per person or $100 per family per year as a fixed charge for full medical coverage. It is their idea to render complete scientific service as economically as possible, an individual guaranteeing the loss, if any, during the period of the experiment.

There are some so-called "nonprofit" organizations and hospitals rendering full medical service. It is the opinion of many, however, that some of these institutions are using this intriguing idea merely as a camouflage to solicit public contributions for personal gain.

There are many irregular practitioners representing the various cults and laymen camouflaging as physiotherapists who are organizing clinics of physical service and soliciting patronage through newspaper advertising and radio talks. It is really surprising to learn that many seemingly intelligent people wear curative metallic rings, foster superstitions and fall for other quackery. Much of this tendency could be overcome by a constructive educational campaign under organized medical leadership.

Industry is beginning to recognize the value of better medical service to its employees. One employer said, "We are not rendering medical service to our employees because of paternalism. It has been proven beyond a reasonable doubt that full health service to employees is good business and productive of financial returns to industry, to say nothing of the advantages to the employee and his family."

Industry's greatest complaint is that doctors are not available who are properly trained to cope with industrial medical problems. This, of course, cannot be remedied noticeably until our medical schools recognize the importance of this virgin field for future usefulness of the physician and add a department for training students in medical insurance and commercial economics.

Insurance companies are not overlooking the possibilities of future forced health insurance. As yet, however, there has been no definite action on their part. The Metropolitan Life Insurance

Company offers some very interesting data which has been accumulated on the subject of medical costs. The work of this company in medical education of the public is to be commended.

The activities of physicians and surgeons as groups are well represented in the approximately one hundred and fifty private group clinics in the United States. The majority of these group clinics are located in the Middle West. With the exception of an outstanding few, the clinics are supported largely upon the merits of their services in competition with other physicians.

In passing I cannot help but mention that there are many detrimental influences to public health as well as to physicians' interests being manifest by the twenty-eight various isms, cults, paths, and religions, to say nothing of the dozens of commercial organizations which are virtually practicing some form of the healing art in California today. For want of properly applied organized opposition, supported and financed by the medical profession, many of these irregular practitioners have become inrooted with the sanction of state, which is a semiofficial recognition of the popular idea that organized medicine is a great American medical trust, having for its object the physicians' interests at the expense of the public.

THE INFLUENCE OF THE PUBLIC PRESS

The public press, lacking professional guidance, has been intrigued by the sentiment of lay and cultist organizations, including a few misguided members of the profession, and have taken advantage of this popular idea to make the medical profession and the hospitals defendants in a newspaper trial with the public as the plaintiff. Clever promoters and advertisers have spent millions in assisting the prosecution to stimulate the sympathy of the public, who also served as jurors.

Soon after the beginning of this trial of the so-called "Great American Medical Trust" on the charge of high cost of medical care, lack of coöperative organization prompted a split between the defendants. Instead of going to the bat, joining forces and coöperating, each defendant attempted to shift the liability to the other, thus practically stipulating that there was truth in the allegation, but leaving the issue to the jury to decide whether it was individual liability on the part of the hospital or the medical profession, or whether it was a joint liability. The hospitals challenged the doctor, and vice versa, in defense of this public allegation. Neither presented constructive thoughts; hence the public has decided in favor of the plaintiff.

In California we now have documentary evidence as to how a straw vote of the jurors was expressed. The favorable state-wide referendum establishing a chiropractic board a few years ago was our first intimation of the antagonistic attitude of the public. The 1930 state election on the subject of eliminating taxation for nonprofit hospitals again expressed the public's antagonistic attitude toward the ideals of organized medicine. Over a million votes were cast, two to one for taxation. This must be interpreted either as representing the public's antagonism toward organized medicine or as pure ignorance of the public on matters pertaining to medical economics. It matters not, but it does clearly illustrate the necessity for a constructive educational campaign under medical leadership.

Activities in medical economics have developed a national problem for the medical profession which cannot be ignored if future usefulness and dignity of the profession as an organization are to be fully preserved. Thus far, organized medicine has been on the defensive, with no coöperative defense. The majority has rendered its verdict in favor of the plaintiff public, hence directly jeopardizing the interests of the profession and indirectly mortgaging the public health of the future.

THE RÔLE OF MEDICAL ORGANIZATIONS

Is the medical society going to let tradition supersede modern business intelligence? Are physicians going to sleep on their rights and allow the statute of limitations to apply, thus denying the profession the right of appeal, or will they arise to the occasion and organize for an effectual offensive educational campaign? A large army of potential professional soldiers of doctors, nurses, hospitals, and allied professions only await training and leadership for constructive action.

Some may have the audacity to say that the medical associations have endeavored to carry out this thought. If they have, their efforts, with few exceptions, have been amateurish and the light of practical significance has been so buried under the bushel of tradition that the results thus far are negligible.

The dissemination to the public of information about things medical and of business art to the profession can no longer be left entirely to the discretion and efforts of an untrained, part-time, underpaid medical committee. Stop for a moment to consider the cash capital invested in or represented by the members of the State Medical Society. Figure the cost of medical education, office equipment, libraries, automobiles, and homes, to say nothing of the many other assets. Conservatively speaking, the cash invested in this state alone represents more than one hundred million dollars. Compare the limited protection and business forethought given by the medical profession to this tremendous investment with the business technique that is being applied to similar investment by a progressive business corporation. Reversing the comparison, the medical profession would say that the corporation was using peanut oil in an attempt to cure appendicitis. Medical science scoffs at the layman's use of nostrums and unscientific principles in the treatment of human ills. Yet the professional man has failed to recognize that the real business technique utilized in the average medical circle reflects practically the same picture in the business mirror.

PRELIMINARY STUDY IS NECESSARY

Before these problems in medical economics are earnestly approached by the medical profession,

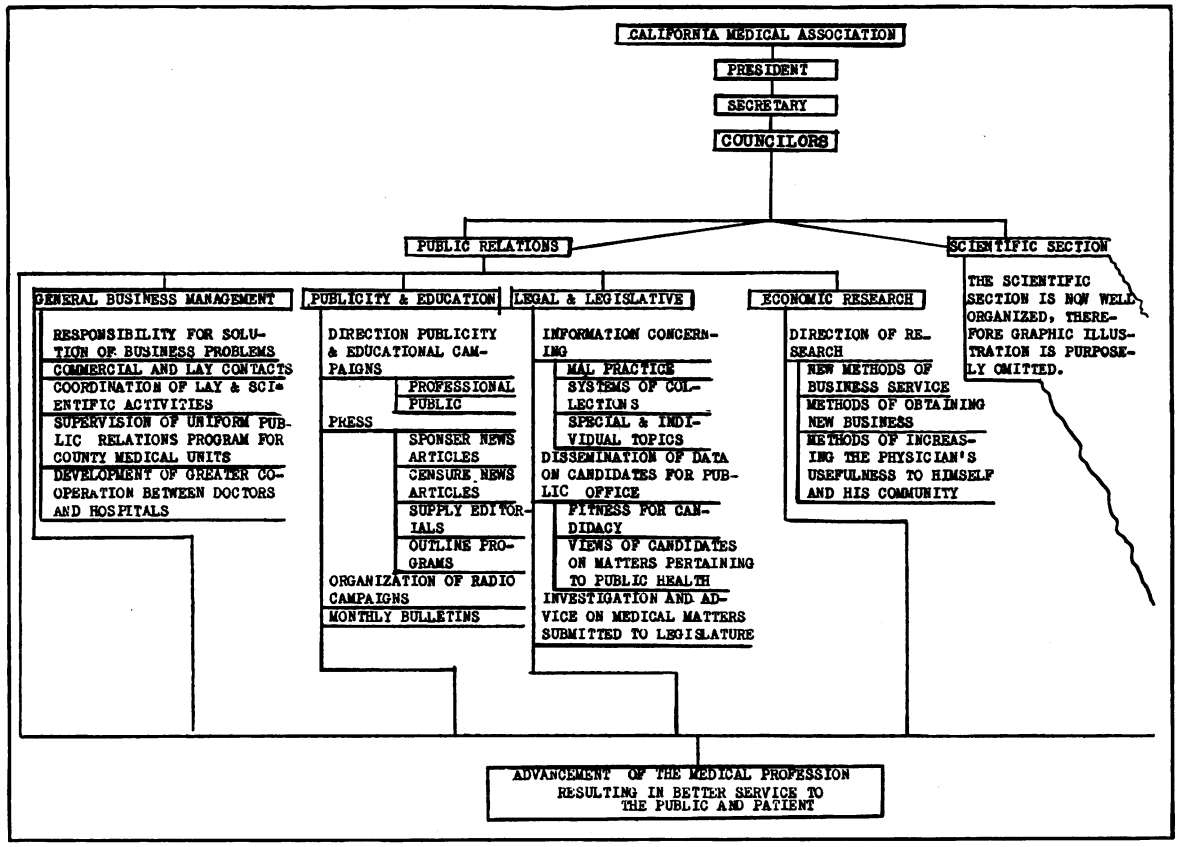

Chart 2.—An analysis of activities as applied to the California Medical Association.

preliminary scientific thought and business consideration must definitely outline the approach to a well-defined campaign for the procedure, incorporating only the basic business fundamentals, leaving the specific plans to be molded by early experiences and circumstances.

The success of any system of scientific service depends largely upon the ability to educate the doctors to the importance of supporting a well organized department of public relations in the medical associations. If this can be done, then medical leadership in matters pertaining to the health of the public is but a question of time. It is now time, so to speak, not only to continue our interest in the evolution of the science of medicine, but also to give whole-hearted consideration to the necessary readjustments in the art of practice.

NEED OF SELF-CHECKING

One of the first things to do may be nicely illustrated by the story of the colored boy, who recognized the value of modern business ideas and applied psychology. He went into a corner drug store and asked the proprietor if he could use the telephone. With an affirmative reply, he called Broadway 1234. Following the proper connection he said, "Mr. Jones, do you want a colored boy to work around your place and help you with the housework, gardens, automobiles, etc.?" Apparently the reply was negative, because the boy then said, "You say you don't? You say you have a colored boy working for you now? Well, Mr. Jones, is that boy you got now perfectly satisfactory? You say he is? All right, then, Mr. Jones. Good-by." As the colored boy hung up the receiver, the druggist, who had overheard the conversation, said, "Say, boy, I want a boy to work around the store." In reply the boy said, "Mr., I don't want no other job. I'm the boy that is working for Mr. Jones. I was just checking up on myself."

From the present trend of public sentiment, it is apparent that the medical profession has neglected to check up on itself, thus necessitating the public giving notice of dissatisfaction, which if not properly heeded by the profession, will result in more drastic action. The old saying, "We will either have to fish or cut bait" well expresses the present economic relationship between the medical profession and the public. In other words, if the medical associations do not develop leadership in health measures, they must be content to be followers and take the consequences. Aloof, dogmatic ideas can only broaden the gap of economic service in a democracy. An attitude of professional jealousy and revenge is the most expensive luxury known and accomplishes but little. On the other hand, the fight for medical leadership of public opinion is worth while. A democracy cannot be driven; it must be led.

SHALL PHYSICIANS OR LAYMEN BE THE GUIDES

Who are to be the leaders in the future program for the health of the public? The medical profession or the laymen? If it is to be the medi-

cal profession, we must change some of the aristocratic ideas sponsored by tradition and train our forces to exercise greater tolerance and develop better coöperation and technique in modern business procedure. The question immediately arises, "What should be done?" To answer this question in detail would require pages of manuscript. However, I trust a few suggestive thoughts will serve as an illustration in assisting the imagination to outline a procedure for practical amends.

ADAPTATION TO MODERN ENVIRONMENTS

Following an early check-up on ourselves, we should so mold medical traditions as to permit slight changes in the interpretation of our code of ethics, thus propagating more flexible relations with the commercial world. Remove the fear that has been impregnated in the doctor's mind that public leadership is unethical. Encourage public contacts. Tell the doctor what to do instead of what not to do. Make public relations a business instead of a side line. This will stimulate the desire of the physician to improve his standard of service instead of discouraging him in his efforts to practice.

Tell the public in a dignified manner what good service is and what it means, and how and where it may be obtained instead of allowing unscientific propaganda to mold the public mind into such a shape that it will not fit the hat of reason.

How can all these and other constructive programs be propagated? It would not be difficult if the medical profession would utilize scientific basic principles of business which have been successfully demonstrated in propagating similar ideas in business. Why not, then, organize a department of public relations in the California Medical Association under the leadership of a well qualified, aggressive business manager who understands the psychology of the art of practice, whose business it would be to train assistants and develop a department to actively promote and protect the interests of the Association and its members.

NEED OF PUBLIC RELATIONS DEPARTMENT IN ORGANIZED MEDICINE

Briefly describing its possibilities, let us visualize that the public relations department of the Medical Association is to be divided into four sections of activity—general business management, publicity and education, economic research, legal and legislative. The respective sections of the public relations department would assume the responsibility of properly caring for business problems; effecting commercial and lay contacts; coördinating lay and scientific activities; molding thought and leading auxiliary health movements; directing publicity and educational campaigns for the profession and the public; sponsoring and censuring general and special articles of news value; providing editorials; outlining programs for the press and county units; directing business service and research in new methods of doing and obtaining business and the best methods of dealing with other economic problems of interest to the doctors of the Association; supplying the doctors and committees with information relative to the fitness of the respective candidates for public office with special reference as to how they would vote on matters of public health; investigating and advising in all matters submitted to the legislature; directing the legal aspect of business procedure of the Association and doctors; furnishing information concerning malpractice, systems of collections, as well as special information for the members upon request.

This department should issue a monthly bulletin to each member of the Association supplementing the official scientific publication and representing a medium for uniform guidance in business and public relations, thus intriguing the assistance of the small town or country practitioner, as well as the county medical units and the specialists of the city.

IN CONCLUSION

Yes, an efficient organization of this nature would cost money. However, if properly organized and managed, the indirect revenue to the individual physician would, within three years, be increased ten dollars for one contributed in support of the department, to say nothing of the intrinsic value to future generations of the medical profession and increased service to the public. One dollar per month from each member of the society would support a department which could put over a constructive program of education to the public and be of immeasurable value to the doctor in business guidance. We must not overlook the value of the diplomatic, ethical spreading of printer's ink, nor can we overlook the efficiency which has been developed in modern business procedure.

In estimating the value and usefulness of such a department of service, our imaginations must shift from the mental impressions molded by tradition to the horizon of the dawn of a new day. We must change our tactics from a losing battle in defense of professional egoism to an aggressive campaign for professional leadership in the health of the public or else be prepared to lose professional independence and become followers, subservient to lay and political domination. It can and must be done. There are many professional volunteers ready, awaiting only a well organized, modern department of our association for leadership.

We must treat problems of present-day medical economics symptomatically until a more specific plan, worthy of consideration, has been developed by a public relations department of the Medical Association.

The advice of the philosopher is now apropos: "Procrastination is the thief of opportunity. A thought to be worth while must complete itself in action."

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