Rural Wisconsin
Health Cooperative

Eye On Health

Review & Commentary on Health Policy Issues for a Rural Perspective – August 1st, 2007

American Looks Homeward on the 4th of July

Below is the text of an email received from Eamonn Collins, a University of Wisconsin-Madison student in London, England on a summer internship:

Today I celebrated the 4th of July in the UK, and I thought it appropriate that I consider why I was compelled to listen to the dulcet tones of Toby Keith (note: Keith is a American country music singer) on the subway this morning. I give you my take on Americana; thanks for humouring me, that's with a "u."

Jefferson and Adams—231 years ago today, 56 men signed their names to the Declaration of Independence and set into motion the greatest and most successful experiment in Democracy the world has ever seen. One great test of that nascent and fragile democracy came during the presidential election of 1800 between John Adams (a Federalist) and Thomas Jefferson (a Democratic-Republican). While the two had once been close friends and allies, they had formed very different political philosophies such that their presidential race was bitter and dirty. Yet when Jefferson won, Adams stepped down—and America met an important benchmark of the strength of its democracy, as the new nation underwent the first peaceful transfer of power between political rivals in history. A few decades later, the two had reconciled their differences and carried on a friendly correspondence. In fact, John Adams and Thomas Jefferson, two of the pre-eminent founding fathers, died on the same day—July 4th, 1826—on the 50th anniversary of the birth of our nation to the sound of canons as their fellow countrymen celebrated the nation they created. (My favorite true American legend.)

The Fastest with the Mostest—My international relations professor once defined the United States as the last superpower because we can deliver incomparable military strength anywhere in the world faster than any other nation on the planet—as he put it, "the fastest with the mostest." That incomparable status gives us incomparable potential. It's an honor as well as a duty that the United States can do what no other nation can—whether we use that potential to good ends or not. With our wealth and infrastructure—military and otherwise—we can address global problems on a greater scale, and to a greater degree than any other nation or organization on Earth. I stood in the central lobby of Westminster this morning looking at a statue of Churchill and was reminded of something he said about us: "The United States is like a giant boiler. Once the fire is lighted under it, there is no limit to the power it can generate." He, like my professor, was speaking in terms of military strength, but the sentiment extends to every sector of our society. Globally, there is nothing we cannot do. (And that deserves a little American pride.)

Manifest Destiny, Baby—When defining America's core values, the word "freedom" is used too narrowly or too abstractly. It's not just the word that was

drummed into us in elementary school—in the sense that we are free from oppression, that we have civil liberties and "unalienable rights" as American Citizens. This sense of "freedom" is more evident in our attitudes. It's the classic frontier spirit; the sense—or perhaps lack of recognition—of the impossible. One of my friends on the London program was discussing with his supervisor how to spot an American in a crowd of Brits. He joked that Americans still seem to have a perceptible innocence about them—that the world hasn't beaten us down yet. I think that's the sense of possibility and unrestricted freedom. We know it's never been done. But we'll do it. We know you say it's all over, but we'll fix it. We've done it before—just look at our track record. After Pearl Harbor, we rebuilt the Navy in 6 months to save civilization in WWII. America has cured incurable diseases and invented impossible technologies. America is innovation—an enduring pioneer attitude.

In a time of heated partisanship when I distance myself from the policies of the President, I can't help being proud of our history, our lone capabilities, and our undeniable "American spirit." The United States is all about the impossible. That's the real value, I think, of our independent spirit—it's the idea that you can do whatever you want—you're not bound by over-restrictive government, lack of money or a family name, or even the constructs of reality.

Heck, in America, it's even possible for a Liberal to be patriotic. Happy Independence Day, my friends.

The **Rural Wisconsin Health Cooperative** (RWHC) was begun in 1979 as a catalyst for regional collaboration, an aggressive and creative force on behalf of rural health and communities. RWHC promotes the preservation and furthers the development of a coordinated system of health care, which provides both quality and efficient care in settings that best meet the needs of rural residents in a manner consistent with their community values.

Eye On Health Editor:
Tim Size, RWHC
880 Independence Lane, PO Box 490
Sauk City, WI 53583

office@rwhc.com **http://www.rwhc.com**

For a free electronic subscription, send us an email with "subscribe" on the subject line.

SiCKO, July 4th & Visions of America

The following is a posting to the Blog on the *Health Affairs* website entitled "REFORM: Musings On SiCKO, July 4th, And Visions Of America" by Sarah Dine on 7/03/07:

"Michael Moore closes his movie SiCKO with a quotation from Alexis de Tocqueville. His paean to French social welfare benefits perhaps has to end with a Frenchman's unique view of America, but a more appropriate lament for the state of America's vision of ourselves should come from an earlier source, from the pen of one of America's English founders and settlers, John Winthrop."

"As the Puritans were sailing on board the Arbella in 1630, bound for Massachusetts Bay, Winthrop, their leader, wrote a famous sermon, a text that has been used for the basis of American 'exceptionalism' ever since: 'We shall find that the God of Israel is among us, when ten of us shall be able to resist a thousand of our enemies; when He shall make us a praise and glory that men shall say of succeeding plantations, 'may the Lord make it like of New England.' For we must consider that we shall be as a city upon a hill. The eyes of all people are upon us.' "

"What is often forgotten in discussing Winthrop's uniquely distinctive vision is that it was also communitarian. In numerous places in Winthrop's sermon he reminds his followers that they bear responsibility for one another's condition: 'We must delight in each other, make others' conditions our own, rejoice together, mourn together, labor and suffer together, always having before our eyes our community as members of the same body.' And 'we must bear one another's burdens. We must not look only on our own things, but also on the things of our brethren.' "

"More than 375 years later we are still struggling with how to be both uniquely and individually American and yet knit together as a caring community. Princeton economist Uwe Reinhardt spoke of this American community ethos recently on NPR, and also 20 years ago in *Health Affairs*: 'Americans must ask themselves this fundamental question: Should an American citizen in, say, New England be

at all concerned with what health care is or is not being given to a suffering American infant or adult in, say, Texas or Florida, and vice versa? If the answer to this question is 'no,' then, with all respect, one must judge this country to be less of a nation than is ritually professed on the Fourth of July. An affirmative answer, on the other hand, would seem to imply direct federal involvement in defining and financing the floor below which no American is permitted to sink in health care.' "

"The current looming political divide over universal health care exemplifies this struggle over the American social contract. While Moore's movie and its right-wing critics paint this divide as a huge chasm between those who believe in the profit motive versus socialism, the reality is that soon nearly half of U.S. health care will be provided by the government. Almost half of all Americans with insurance have the government paying for part or all of their care and the salaries of their providers through Medicaid, State Children's Health Insurance Program (SCHIP), Medicare, Tricare, and the Department of Veterans Affairs. None of these are particularly socialist."

"The great political battle of the summer is where we draw the lines in the increasingly murky divide between private and public. Private insurance has been both declining and growing more costly. How do we as a country address the decline and the costs? The SCHIP reauthorization is but a battle in this debate, but hopefully not one portending a war. SCHIP has combined aspects of federal, state, and private support in extending the safety net to poor but not impoverished children and at times their parents. The question before Congress this summer is, do we pull back from where SCHIP has taken many states, providing health insurance to kids and sometimes parents whose family incomes are over 200 percent of the federal poverty level? Or do we continue as a country to provide for our neediest citizens, even if they are not our poorest, making health insurance available in a uniquely American mix of federal, state, and private sources?"

"Moore argues that we betray the promise of America if we do not provide for our sick. Other countries can do it, why don't we? The question for Americans and Congress as we come up to the July 4th holiday, SCHIP reauthorization, and the 2008 elections is, How do we do this in an American system?"

Do We Want Business-like Government?

The following commentary was specially written for "Eye on Health" by Thomas E. Hoyer, Jr., Federal Center for Medicare and Medicaid Services, retired.

One of the recurring themes in American political life is the contention that the government ought to run more like business. Advocates of this approach hold that business principles and business efficiency ought to be the hallmark of government. It is impossible to argue that efficiency is a bad thing conceptually. Who would complain that competence is dispensable? Waste not, want not is an apothegm most of us received uncomplainingly from our parents. What could be the problem with that?

Of course, there is no problem with these ideas. The problems come up when we look a bit deeper into the question; when we ask ourselves what the purpose of government is. Would you be comfortable with the idea that the government needs to keep the mails going, the roads paved, and the shores defended while its citizens compete to see who has the intelligence and drive (and good luck) to use them? Would you be willing to take the chance that you and your family would be among the winners?

Make it more personal. An efficient auto insurance company may raise your premium or even refuse to sell you auto insurance if you have an accident. Most health insurance carriers won't sell you a policy if you have some condition that's likely to require them to pay for care or they may exclude that condition from coverage. Most banks won't lend you money if your ability to pay is spotty.

Make it geographical. Would an efficient employer locate in a place where there was inadequate health care—say, no hospital? Would a physician with thousands of dollars in educational debt locate a practice in a place with a high demand for his services but a low level of insurance and high unemployment? Would a grocery chain locate a store in an area with a population too small to generate maximum profits (bearing in mind that very busy smaller stores are being closed even in urban areas because they can't produce enough revenue). What about a pharmacy chain?

Would it locate itself in an area that could not generate the level of business needed to hit its profit targets?

One of the key teachings in any Master of Business Administration program is that extracting the maximum amount of profit from a business is virtually a moral obligation of the manager. Everything the business does needs to be looked at from the standpoint of profit—even charity, which needs to produce tax advantages or quantifiable good will that can add to the bottom line. This principle means that the customer isn't always right if he or she isn't the right customer to feed the bottom line. This "everything for shareholder value" principle is the bedrock teaching of all good business programs.

Before The Great Depression our government was much more limited. It believed that health care and child care and support and care of the poor were all responsibilities to be carried out by individuals for themselves or under the aegis of private charities. Calvin Coolidge, a village boy from Plymouth, Vermont, came out of rural America. He had all the virtues. He didn't say much, but he is famous for saying that the "chief business of the American people is business." He said it more than eighty years ago, when the country was mostly rural and agricultural. He vetoed farm bills. He opposed forgiving war loans to Europe when we were doing well and their post-WWI economies were still lagging, saying, "They hired the money, didn't they?"

RWHC Eye On Health

"It's just good business; we offload Medicare to the insurers and the whiners can fend for themselves."

Coolidge was known as an honest and kindly man. But he believed with all his heart that the marketplace and business principles were the best processes for operating a society and he went to his grave believing that there was no government role in alleviating The Great Depression. Although he believed in individual charity, he also believed that the natural order of things needed to be allowed to play itself out; that life is a competition in which the strong survive.

In the years since then, the Medicare program has been enacted to insure the health care of the elderly and disabled; the Medicaid program has been enacted to raise the level of care available to the poor who are served by State/Federal programs; various programs of the government have encouraged the building of hospitals and nursing homes and the training of medical personnel. There are programs now to subsidize some kinds of housing; to lend money to people trying to start small businesses; to support crops that had been entirely at the mercy of fluctuating markets; to do many things that until then the conventional wisdom had said was not a government responsibility. As a result, most people today see the government's obligation to its citizens as much broader than it was at the beginning of my grandfather's generation.

In the years since WWII, our lawmakers have constantly been whipsawed between the urge to make things more "business-like" and to look to the overall welfare of their constituents. Their efforts have been inconsistent at best. Health insurance, a phenomenon of the Depression, developed under the assumption of community rating: we all pay the same premium against the possibility that any of us may need expensive care. As the years have gone by, though, insurance companies have wanted to compete with other businesses for high returns and business oriented lawmakers have allowed them to move away from that the community rating principle. Now it is common to establish a wide range of groups, stratified by risk, so that healthy people can buy less expensive policies and sick people pay more and more until, in many cases, they can no longer afford coverage.

In the business world, it is more important for the insurance company to produce a high return than it is to assure broad-scale coverage. It is this principle that is responsible for the increasing number of uninsured people at the same time that insurance companies prosper and more and more Blue Cross and Blue Shield plans yield to the temptation to get out of the not-for-profit business and into the commercial in-

surance marketplace. This is, from the business standpoint, a triumph of efficiency. It leaves, of course, a residue of need that either goes unmet or is met through Medicaid and the magic of cost shifting.

If Medicare was run by business principles, it would eschew all those special payment provisions that relate to providers in rural areas. It would surely eliminate its end stage renal dialysis program, whose customers virtually all require greater expenditures than the premium income they generate. It would take more seriously the notion that it is the beneficiary who must find and receive the services before Medicare will consider making a payment.

Medicare is a good example here because, though it isn't run by business principles related to profit-making, it is very efficient. Its claims processing operations are more efficient and its administrative costs lower than other insurers. It is a well kept secret of health care businesses that Medicare is the speediest and most reliable payer they have (at least in its fee for service program). Medicare is an imperfect program. Imperfect because the competing interests who lobby Congress for Medicare changes cannot all be met in a consistent program. Imperfect because there is a constituency for every kind of payment but no constituency for structural reform or retrenchment. Among Medicare's imperfections are its special payment provisions and many of its special provider classes. Medicare is an imperfect program but it is administered with greater efficiency than any other.

Coolidge was not the last person to take a conservative view of government's purpose. President Reagan's first budget director, David Stockman, was a product of rural Michigan and a man who knew the rigors of life in rural areas. When asked early on whether his background made him sympathetic to government supports for rural areas, he famously suggested that people who are unhappy with life where they are should "vote with their feet" and locate themselves somewhere else. He believed the marketplace should govern such things. Many people today believe these same things and they express their beliefs in many cases by demanding that the government run itself like a business.

This is not an article in support of Medicare (though a thirty year career working there has led me to believe whole heartedly in its value). This isn't even an article in support of progressive policies (though I do support them). The article simply attempts to show that a government that recognizes the basic needs of all its citizens and operates programs to assure their basic health and welfare may aspire to efficiency but it will never be able to run itself according to the principles of today's great corporations.

The Double Bottom Line of Small Hospitals

From 'Small Business, Big Impact' by Catherine Fredman in United Airline's *Hemispheres*, 6/07:

"In the dotcom era, the formula for success was called 'flipping burgers.' Start a business, ramp up growth to a point that attracts attention from big money, then sell to the highest bidder and go on to the next idea. For many entrepreneurs, that business model still represents the American dream. But not for Laury Hammel, the founder and president of the Longfellow Clubs, a group of four health clubs in the Boston area. 'If someone said, 'I want to do a franchise and build your business to 100 clubs,' I would say no,' says Hammel. 'I don't feel compelled to grow any faster.' "

"Hammel has a different aim in mind, one that turns the burger-flipping formula on its head. 'We're trying to develop an institution that meets the needs of the community.' If that's your goal, you have a different strategic plan than trying to cash out. Hammel represents a growing number of business owners who are guided by 'the double bottom line.' In addition to calculating the bottom line of financial profit, more and more entrepreneurs are paying attention to a social bottom line: having a positive impact on their employees, their customers, and their community."

" 'We feel there's a shift afoot in capitalism,' says Don Shaffer, the executive director of Business Alliance for Local Living Economies (BALLE), a San Francisco—based network of 14,000 entrepreneurs and owners of small companies across North America. 'As opposed to maniacally driving forward with quadruple-digit growth each year just for the sake of growth, many entrepreneurs are making conscious decisions about the kind of life they'd like to create.

Many are saying they would like to spend more time with their families and their communities, rather than striving for the 26-room house in Lake Tahoe.' "

"According to the U.S. Small Business Administration (SBA), firms with fewer than 500 employees have generated 60 percent to 80 percent of net new jobs annually over the past decade. They produce 13 to 14 times more patents per employee than large firms and create more than 50 percent of nonfarm private gross domestic product."

"The number of small businesses in the U.S. reached a new high of roughly 26 million in 2005, according to the SBA Office of Advocacy's annual report. More small businesses were started in 2005 than were closed, resulting in an estimated 6 million firms with employees and about 20 million sole proprietorships."

"A variety of trends are converging to debunk the 'bigger is better' myth. One of the most powerful is the backlash against big-box chain stores and impersonal corporations. 'When you ask people what's missing in their lives, it's rare that they say, *A big store to shop in*,' says Michael Kanter, a co-owner with his wife, Elizabeth Stagl, of Cambridge Naturals, a health products store in Cambridge, Massachusetts. 'They talk about neighborhoods and community.' "

"Recent statistics certainly make a compelling economic case for locally owned and operated businesses. Civic Economics, a Chicago-based consulting firm specializing in sustainable economic development, performed a series of 'Livable City' studies in Austin, Texas; Toledo, Ohio; and Maine's midcoast region. They found that local merchants routinely generated three times as much local economic activity, adjusted for revenue, as chain stores."

"At the same time, Shaffer says, the perception of these small business owners as 'hippie throwbacks' who just want to get out of the mainstream is off the mark. Many are sophisticated entrepreneurs who are balancing financial and lifestyle concerns and are beating the big guys on their own turf."

" 'This is by no means a starving artist approach to entrepreneurship,' says Shaffer. He likes to quote BALLE's unofficial motto: 'No margin, no mission.' "

" 'Business students have long been taught that bigger is better, but small can be a strategic advantage,' argues Michael H. Shuman, the author of *The Small-Mart Revolution: How Local Businesses Are Beating the Global Competition.* Hometown businesses can leverage local knowledge to provide personalized goods and services. The result is customer relationships built on trust that last longer than those dependent on deeper discounts."

"Proponents of 'bigger is better' like to preach the benefits of economy of scale: The larger the organization, the more leverage it has to demand discounts from its suppliers or raise the prices it charges consumers. For the Wal-Marts, Toyotas, and Intels of the world, economy of scale is hard-baked into the business model. But, claims Hammel, 'economy of scale is highly overrated.' "

"Certain businesses do not succeed at gigantic proportions, says Eric Flamholtz, who, as a professor of management at UCLA's Anderson Graduate School of Business and the author of *Growing Pains: Transitioning From an Entrepreneurship to a Professionally Managed Firm*, regularly advises small businesses on how to manage growth. A company that makes its mark with a high-quality product or service is most at risk. 'Past a certain point, it gets diluted and may lose its core customer base,' he says."

We Have More to Learn about Birds & Bees

From 'Swarm Theory' by Peter Miller in *National Geographic*, 7/07:

"A single ant or bee isn't smart, but their colonies are. The study of swarm intelligence is providing insights that can help humans manage complex systems, from truck routing to military robots."

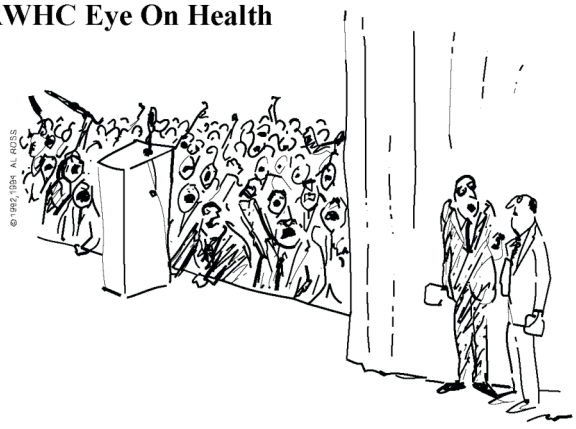
"I used to think ants knew what they were doing. The ones marching across my kitchen counter looked so confident, I figured they had a plan, knew where they were going and what needed to be done. How else could ants organize highways, build elaborate nests, stage epic raids, and do all the other things ants do?"

"Turns out I was wrong. Ants aren't clever little engineers, architects, or warriors after all—at least not as individuals. When it comes to deciding what to do next, most ants don't have a clue. 'If you watch an ant try to accomplish something, you'll be impressed by how inept it is,' says Deborah M. Gordon, a biologist at Stanford University."

"How do we explain, then, the success of Earth's 12,000 or so known ant species? They must have learned something in 140 million years. 'Ants aren't smart,' Gordon says. 'Ant colonies are.' A colony can solve problems unthinkable for individual ants, such as finding the shortest path to the best food source, allocating workers to different tasks, or defending a territory from neighbors. As individuals, ants might be tiny dummies, but as colonies they respond quickly and effectively to their environment. They do it with something called swarm intelligence."

"Where this intelligence comes from raises a fundamental question in nature: How do the simple actions of individuals add up to the complex behavior of a group? How do hundreds of honeybees make a critical decision about their hive if many of them disagree? What enables a school of herring to coordinate its movements so precisely it can change direction in a flash, like a single, silvery organism? The collective abilities of such animals—none of which grasps the big picture, but each of which contributes to the group's success—seem miraculous even to the biologists who know them best. Yet during the past few decades, researchers have come up with intriguing insights."

RWHC Eye On Health



"I don't like where this is going: an ant has an IQ of 3 but smart colonies for the last 140 million years; we are smart individuals not so good at community."

"One key to an ant colony, for example, is that no one's in charge. No generals command ant warriors. No managers boss ant workers. The queen plays no role except to lay eggs. Even with half a million ants, a colony functions just fine with no management at all—at least none that we would recognize. It relies instead upon countless interactions between individual ants, each of which is following simple rules of thumb. Scientists describe such a system as self-organizing."

"Consider the problem of job allocation. In the Arizona desert where Deborah Gordon studies red harvester ants, a colony calculates each morning how many workers to send out foraging for food. The number can change, depending on conditions. An ant might be a nest worker one day, a trash collector the next. But how does a colony make such adjustments if no one's in charge? Gordon has a theory."

"Ants communicate by touch and smell. When one ant bumps into another, it sniffs with its antennae to find out if the other belongs to the same nest and where it has been working. (Ants that work outside the nest smell different from those that stay inside.) Before they leave the nest each day, foragers normally wait for early morning patrollers to return. As patrollers enter the nest, they touch antennae briefly with foragers."

" 'When a forager has contact with a patroller, it's a stimulus for the forager to go out,' Gordon says. 'But the forager needs several contacts no more than ten seconds apart before it will go out.' "

"That's how swarm intelligence works: simple creatures following simple rules, each one acting on local information. No ant sees the big picture. No ant tells any other ant what to do. Some ant species may go about this with more sophistication than others. But the bottom line, says Iain Couzin, a biologist at Oxford and Princeton Universities, is that no leadership is required. 'Even complex behavior may be coordinated by relatively simple interactions,' he says."

"That's the wonderful appeal of swarm intelligence. Whether we're talking about ants, bees, pigeons, or caribou, the ingredients of smart group behavior—decentralized control, response to local cues, simple rules of thumb—add up to a shrewd strategy to cope with complexity. Social and political groups have already adopted crude swarm tactics."

"The biggest changes may be on the Internet. Consider the way Google uses group smarts to find what you're looking for. When you type in a search query, Google surveys billions of Web pages on its index servers to identify the most relevant ones. It then ranks them by the number of pages that link to them, counting links as votes (the most popular sites get weighted votes, since they're more likely to be reliable). The pages that receive the most votes are listed first in the search results. In this way, Google says, it 'uses the collective intelligence of the Web to determine a page's importance.' "

"Wikipedia, a free collaborative encyclopedia, has also proved to be a big success, with millions of articles in more than 200 languages which can be contributed by anyone or edited by anyone. 'It's now possible for huge numbers of people to think together in ways we never imagined a few decades ago,' says Thomas Malone of MIT's Center for Collective Intelligence. 'No single person knows everything that's needed to deal with problems we face as a society, such as health care or climate change, but collectively we know far more than we've been able to tap so far.' "

"Such thoughts underline an important truth about collective intelligence: Crowds tend to be wise only if individual members act responsibly and make their own decisions. A group won't be smart if its members imitate one another, slavishly follow fads, or wait for someone to tell them what to do. When a group is being intelligent, whether it's made up of ants or attorneys, it relies on its members to do their own part. For those of us who sometimes wonder if it's really worth recycling that extra bottle to lighten our impact on the planet, the bottom line is that our actions matter, even if we don't see how."

" 'A honeybee never sees the big picture any more than you or I do,' says Thomas Seeley, the bee expert. 'None of us knows what society as a whole needs, but we look around and say, oh, they need someone to volunteer at school, or mow the church lawn, or help in a political campaign.' "

"If you're looking for a role model in a world of complexity, you could do worse than to imitate a bee."

Space Intentionally Left Blank For Mailing