HMOs and AHCs—In Defense of Town and Gown

Medicine is big business in America. Health care is now a full-fledged industry: The actuary stands with the physician at the bedside. The coin is the capitation contract for “covered lives,” and the health maintenance organization (HMO) is emerging as the main administrative structure. “Managed care” is the catch phrase, but who does the managing (physician or actuary) and toward what end is often not clear.

Managed care by HMOs is an evolving system, and one can find recent examples of both their profit motivation and their implementation of innovative public health practices. But cost containment is the common denominator, pursued according to traditional business principles: The bottom line of the balance sheet is the supreme datum.

Academic health centers (AHCs), on the other hand, traditionally have followed a different set of priorities. Most are part of larger universities, with which they share a common ethos of scholarship and skepticism. Their purpose is the advancement of knowledge and the transfer of that knowledge to others. To make such advances, AHCs require complex equipment and highly trained personnel, and considerable time must be spent in circumspect experimentation. Even more time must be spent in communicating the new information to colleagues and students. Such efforts rarely result directly in a marketable product.

Viewed from an economic perspective, AHCs strive to understand the mechanisms of disease and to devise the highest quality health care, without primary concern for cost. In contrast, HMOs seek to deliver reasonable care at the lowest possible cost. Unfortunately, AHCs have been thrust headlong into the competitive health care marketplace, and in order to survive they have become preoccupied with selling clinical care at cut-rate prices to as many customers as possible. As a result, AHCs are buying primary care medical practices and competing hospitals, and marketing consultants are packaging their products for the consumer [witness the development of clinical “institutes” (heart, spine, infertility, neuroscience, and so on) as marketing tools]. Not only are AHCs ill-suited for this competition, they are in grave danger of degrading or losing altogether their raison d’être—teaching and research—in the process.

HMOs also stand to lose if this competition between “town” and “gown” continues on its present course. No matter how effective they are in implementing population-based health care, HMOs will remain purveyors of a static health care standard unless they embrace and support the unique contributions of the AHCs: the advances in medical technique and practice that derive only from active and sustained research programs. No industry can survive over the long term without a major research and development component, and the health care industry is no exception. It is important that HMOs recognize this and shift their focus from short-term profits for their executives and stockholders to long-term support of the engine that drives advances in health science at all levels—the AHCs.

Indeed, it is in the self-interest of HMOs to do so; only by sustaining the AHCs and incorporating the results of their investigative and educational efforts can HMOs retain their competitive edge in the health care marketplace. Some HMOs have already taken steps in this direction; for example, at least one supports fellowships in managed care that offer combined experience in both the HMO and AHC settings. This is encouraging, but such ad hoc efforts are just a beginning and are certainly not adequate to sustain the overall mission of the AHCs. More comprehensive support, such as a nationwide health insurance tax, is needed.

In turn, it is the responsibility of AHCs to address all areas of medical practice, from genetics to public health, through imaginative research and innovative education of tomorrow’s practitioners and academicians. We in academia must vigorously explore today’s health care questions, forcefully develop tomorrow’s health care practice standards, and thoroughly prepare the next generation to repeat these tasks for the generation that follows. And we must be cost-conscious and cost-effective in the process. With the long-term support of the health care industry, we can accomplish these goals. It is a mission for which we have been uniquely trained.

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