IN PRAISE OF FEE-FOR-SERVICE

David Hamilton, a Glasgow surgeon, casts an eye at the Radical Statistics Group's evidence to the Royal Commission.

When I read the literature put out by the Radical Statistics Group, I think of a conference I went to a while back in East Berlin. It was not one of the best organised conferences ever, but since the East Germans are not part of the Renta-meeting crowd, most of us participants took a charitable view of the organisation and of the many hiccups in the administration, though those speakers whose slides were confiscated on the way in at the airport were understandably ruffled. What struck me, however, was the closing speech of the local chairman of the meeting. This rather sad, slow man declared to the delegates "We run a perfect health service" and added "we have run a perfect conference". At this there were murmurs and shouts of amazement and astonishment from the troops, which I noticed appeared not to affect the good professor.

It was only a while later, and with the help of the local Left, that I understood what the man was getting at. Under strict socialist thinking any project run on Marxist-Leninist lines is perfect, and hence the design could not be better. The professor had merely taken this view of the running of a health service and his conference. Thus even if the slide projector does not work and the projectionist does not understand English and the enrolment money has been lost, the socialist insight is there and the design could be called perfect.

I still think of that professor and his rigidity when I read the careful documents produced by the Radical Statistics Group (RSG). It is of course good for all of us that this band of serious-minded mathematicians and statisticians should turn their minds to the health service and especially help uncover flaws in the mass of official statistics. I particularly liked their demolition of the RAWP report: their exposé of the ludicrous page-long formula in the report led to its removal on subsequent reprintings. However, the reason that I recall that German professor when reading the RSG papers is that the RSG also considers the philosophy of the NHS to be perfectly conceived and that its organisation must remain untouched. In reading their evidence to the Royal Commission (entitled *In Defence of the NHS*) these principles are clearly visible and, as with the German professor, such views seriously impede their thinking on the problems of the NHS. Indeed their pamphlet is not so much a set of proposals to the Royal Commission as a defence of the *status quo*, and the message is simply that the NHS design is perfect and can be safely left unchanged. The fact that it does not work, the RSG seems to say, can be dismissed: the apparent problems are either trivial, inevitable or are non-issues drummed up by the right-wing press. Just like the German professor who in the face of disaster could call

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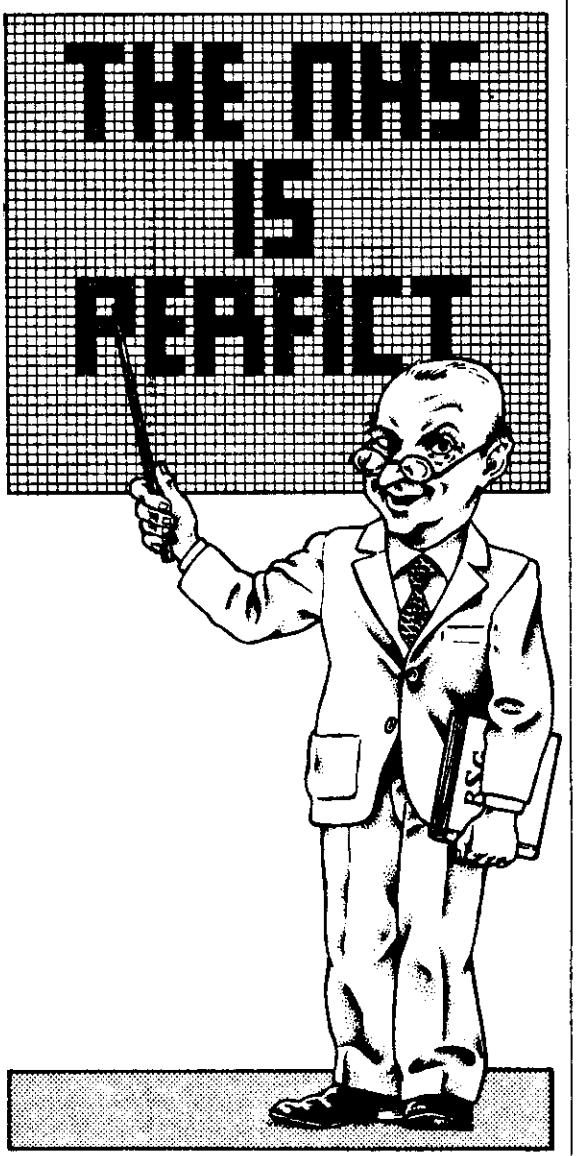

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it success because the philosophy was soundly based, so the RSG would have us believe that the long waiting lists, the difficulties of the doctor-patient relationship, the bureaucratic muddle of the NHS, and the lousy gathering of statistics are insignificant compared with the beauty and correctness of the philosophy of the system, and that any proposals for change could come only from reactionaries. In their defence of the NHS they choose not to propose but to attack any suggestion of reform, and they pick out the closest possible rival system to the NHS (and one that might be considered for Britain), namely a fee-for-service system. Not, of course, one paid for by the patient to the doctor as in America (no one wants that) but one refunded to the practitioners by the government. In choosing the Canadian system to attack, the RSG is into immediate problems, since the Canadian health service, in addition to being free at the point of use, has the remarkable record of having no waiting lists for treatment and good doctor-patient-government relationships. The RSG's attack on the Canadian system is a familiar one. Their system, the RSG alleges, costs too much and gives doctors too much money: it encourages unnecessary treatment, notably in surgery, and must lead to fast, careless work. Having proved this to their own satisfaction the RSG concludes that the NHS cannot be bettered.

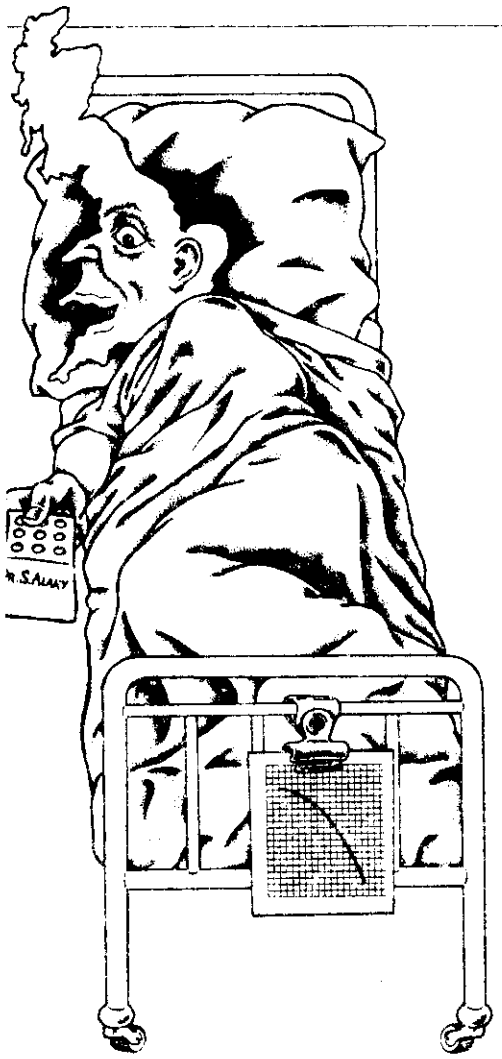
The Canadian system is not to be dismissed in this way. The case for it is much stronger than is made out by the RSG, and it has enormous advantages not noticed by the RSG in their obsession with the doctors' pay. Indeed the fee-for-service system shows some of the features long sought after by the NHS and long thought to be impossible in any government-run system, namely short waiting lists, an automatic check on the growth of manpower, an audit system, and the collection of superb government statistics.

It is worth therefore considering in detail the merits and defects of a government refunded fee-for-service, as in Canada. First, the complaint that it costs too much and puts too much money in the doctors' hands is debatable. If the Canadian system had waiting lists as long as the UK then it too might be as cheap. If the NHS treated everyone in the UK promptly, it might cost as much as the Canadian system. On doctors' salaries, it is the *total* bill for doctors which should be looked at, not the individual salaries, and if a fee-for-service system keeps down manpower, then that is good news. If one doctor in Canada does what two or three do here, then the complaint of the RSG is unjustified. Is there evidence that the fee-for-service system acts as an automatic check on excessive increases in staff? One need only look at the NHS to find the answer. It is really quite remarkable that the numbers of those health care workers in the NHS paid on anything like a fee-for-service basis (dentists and general practitioners) have hardly increased since 1948, but in the salaried sector (hospital doctors and administrators) numbers have increased by a factor of three. Thus, though the Left and the RSG may not like it, the fee-for-service system works to prevent the growth of manpower. A second advantage of a fee-for-service system is that mutually agreed goals in clinical practice can be aimed at. The Canadian system has encouraged what might

be called community surgery, since the surgical fees for surgery of varicose veins and hernias are only about one third or a quarter of the fee for a kidney transplant. This ensures that these common illnesses are not ignored.

The RSG's second allegation about the fee-for-service system is that it encourages unnecessary investigation and treatment, and in particular too much surgery. These problems are difficult to assess, since no acceptable criteria for an unnecessary call on the doctor exist, and there is already a high rate of unnecessary consultation in Britain. Over-investigation may exist in Canada, but again this is difficult to quantify and the routine use of simple blood and urine tests by GPs in Canada is laudable.

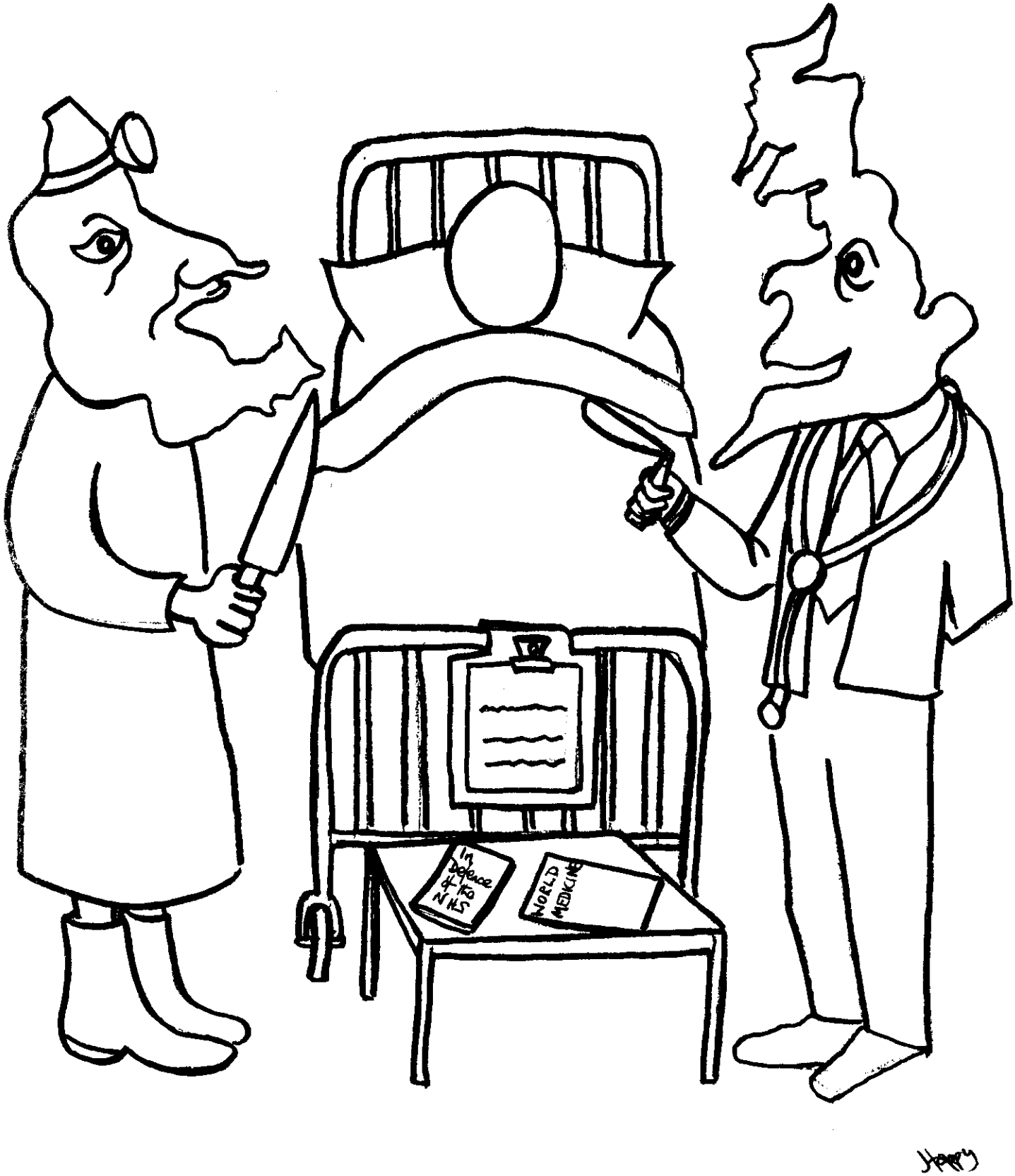
The RSG's last criticism of the fee-for-service system is most wide of the mark, namely the allegations that too much surgery is being done in Canada and that a fee-for-service encourages fast and sloppy work. Certainly in an over-doctored country like the USA unnecessary surgery may be



carried out, but in the UK, with four-year waiting lists for surgery, no one is going to do unnecessary work. What we urgently need in Britain is more surgery, and soon. If a fee-for-service system here would get a large number of gall-bladders removed, then that is what is needed. As far as criticism of quality of work under fee-for-service systems goes, the RSG shows a deep misunderstanding of one aspect of health care systems (which should be their forte), namely that the collection of statistics on the work of the service is much better under a fee-for-service system. The remarkable thing is that under a fee-for-service system, the practitioners (eg the Canadian doctors and the UK dentists) always accept an audit. When you are paid for each item, then you accept a check. If you are salaried, you fiercely resist any such snooping: it is all very understandable. The RSG is unfair to use this advanced feature of the fee-for-service as a stick to beat it with. The RSG looks, for instance, at the splendid figures obtained by the Dental Estimates Board in this country and say that because a number of fillings have to be re-done and some crowns fall off, this is evidence of fast, sloppy work. I am not in a position to judge on this delicate matter, but what is much more important is that the fee-for-service system in UK dentistry has allowed these figures to be collected, and the RSG, clearly in a charitable mood, assumes that because there are no figures about inadequate treatment in medicine or surgery, the quality of work in the NHS is high and beyond reproach. What the RSG has overlooked is that collection of similar data in the NHS is impossible, and if the rate of recurrent inguinal hernias were required to compare with the dentists' re-dos, it would not be available in the NHS, nor will be, under the salaried service within the NHS. However, at the touch of a computer switch under the fee-for-service Canadian system, this information can be obtained, since all doctor-patient contacts are paid and all consultations and treatment are entered and coded. Thus the RSG's criticism of the alleged sloppy work in Canada simply reveals that the fee-for-service results in a commendable central collection of statistics on work done, and also gives the possibility of an audit on the quality of work (and hence the possibility of improvement). No one knows the quality of the work in the NHS and the salaried staff understandably resist an audit fiercely. This lack of statistical information is also a severe impediment to the development of the NHS, and it is now lagging behind the Canadian system in the vital measurement of the work done, cost/benefit analysis, and planning of the use of resources. I cannot imagine that the RSG is happy with the dismal data collection in this country, and any scheme to bludgeon the staff into filling up a work sheet each week would be a disaster. Doubtless the RSG would reply that with correct education of the young, enough altruism can be instilled to make the NHS staff slave night and day for the greater good, but, as with the rest of the RSG's views, this is hopelessly pious. One would like to believe that the world could change to the one the RSG hopes to live in. It would be one in which, after exhortation by central government, all the waiting lists were abolished, there was no waiting time at the doctor's surgery, and all the staff were bright, cheerful, informative, and innovative. The RSG evidently thinks that the NHS could and ought to work that way. However, it is not doing so at present and in my lifetime it will not.

On the other hand, the fee-for-service system admits that human beings are frail and fallible and respond to incentives. The NHS was a brilliant innovation, but has now been improved upon elsewhere. The RSG, like fundamentalist religious sects, believes that the plan of the founding fathers cannot be improved upon. All the evidence shows that it can, and the RSG's rejection of the fee-for-service system is a sad example of doctrinaire tunnel vision.

One of the new pragmatic Chinese communist leaders, speaking of his socialism, said that he didn't care if a cat was red or blue as long as it caught mice. Doubtless he would favour any health service that treated patients quickly and humanely. I hope he meets up with the RSG sometime and has a chat with them. With a bit of luck he might meet and have a word with the German professor, too.■


In Defence of the NHS
WORLD MEDICINE