Family Practice Forum

Public Policy Changes and the Economics of Academic Medicine

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Change in public policy affects all socioeconomic political organizations, including academic institutions. Indeed, it was a change in public policy that sparked and then supported the academic development of family medicine. Public policy toward the medical marketplace is also undergoing change, and this change will affect academic medicine.

Preparation to protect and improve positions is needed now to accommodate the following changes:

1. Mainstream medical care for those who receive health care services under governmental programs is no longer economically feasible.
2. Academic institutions utilizing Medicaid and Medicare programs to capture reimbursement for faculty teaching and fees for service for patient care must clearly delineate the two and keep accurate time records.
3. Hospital reimbursement for teaching programs will probably be included in contractual prospective-payment concepts.
4. Competitive contracts will be negotiated for third-party-payer dollars by both institutions and individual providers.
5. The development of the concept of preferred-provider organizations will bring fierce competition to the medical marketplace.
6. The need for the health care consumer to pay the "first dollar cost" and larger deductibles will lead to "shopping in the marketplace."
7. House staff stipends have reached maximum levels as part of reimbursable costs.
8. The concept of automatic cost of living increases will no longer apply to faculty and house staff as changes in the labor market occur.

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As a profession, medicine can be viewed as a triangle. One side is the science of medicine, another the art of medicine, and the third the business of medicine. The technological explosion in medicine has placed emphasis on the science of medicine, both in practice and in educational effort. The art of medicine as an academic concept has almost perished with those beloved professors who practiced it from the academic centers.

The third side, the business of medicine, has often been considered relatively unimportant by academicians. Only of late has its importance been recognized. Indeed, many faculty have limited, if any, experience in the basic aspects of the business of medicine.

To survive the changes of public policy, academic programs need to recognize these changes and react positively. It is time to bring business concepts into medical academia both functionally and educationally. Academia will need to become competitive in the medical marketplace to survive. Including business concepts in the educational model will provide experiential learning for the student, especially at the graduate level. New and exciting curricular concepts can be developed to complete the third side of the triangle, while ensuring academic survival in the marketplace.

The consumer must be satisfied with the product if it is to be competitive. What wonderful motivation and opportunity these economic changes can provide to restore the concept and practice of the art of medicine at the academic level.

Finally, it is time for residency programs to develop a partnership between faculty and house staff. Both need to be supported through patient care collars. A partnership of the two will create a better competitive posture for the program. Consider the learning opportunities for house staff, if for several years they must survive in the realities of medical practice as partners with members of their faculty.