

The Profit and Non-Profit Rift in Healthcare



An Encephalo
Institute Report

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A recent review in the Journal of the American Medical Association (JAMA) reports on the influences that may be imposed by for-profit pharmaceutical companies from their financial involvement in scientific research, mainly clinical trial investigations (1). Negative influences such as conflicts of interest, halting clinical trials because of financial reasons (violating the Declaration of Helsinki that provides protection of patients in clinical research trials), and biasing methodology have all been noted. While grant money from for-profit companies can be much needed resources for academic medical research, the review stresses that biases need to be identified in order to make sure drug therapies that reach the consumer have done so by honest, unbiased research.

Negative influences from for-profit industries do not stop at clinical research, but also reach healthcare administration. For-profit health insurance companies provide for those paying insurance premiums, whose key interest is their own health and well-being, and for the company's stockholders who are more interested in making money. Arguments against for-profit health insurance companies rally on the idea that non-profit organizations will be motivated to provide for their clients' medical treatment without the company bottom line and increased dividends for stockholders lingering in the back of their mind. However, a profit motive can be a unique efficiency factor that helps to control healthcare costs. An effective non-profit health insurance organization will need to keep costs low while still providing for all of its clients. As noted by Medicare and Medicaid, the two federally and state funded non-profit healthcare support sources for elderly and low-income patients, maintaining a balance between providing for patients and keeping costs down is a tricky task. Now that more doctors in private practice are turning away patients with

Medicare or Medicaid health plans, the current method of controlling costs by using low payment rates does not seem to be working and could actually be increasing the total healthcare cost since people with Medicare or Medicaid often go untreated until a preventable disease becomes severely debilitating and more extensive and expensive medical treatment is required.

Apparent differences between the two business ideologies are what key motivation exists for the success of the organization. Both have their equally righteous place in society, but that place is limited by their true motivation. For-profit companies provide for a healthy economy while non-profit organizations can focus on better care for the health of people. To be a very successful non-profit health insurance organization will require a keen business sense compounded with plenty of heart. Non-profit healthcare organizations need to balance available funds carefully, since simply paying much less for health service is a counterproductive method for controlling costs.

Reference:

1. Chopra, S. Industry Funding of Clinical Trials: Benefit or Bias? JAMA. 2003; 290:113-114.