

What's Crazy about Health Care and Private Equity

By Michael Fine

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There is lots of talk about health care and private equity lately, and the truth is worse than anyone knows. Too many greedy and unscrupulous people use the equity markets to make ungodly profits for themselves by using a legal process to extract wealth from governments, communities, and even from insurance companies, usually by buying and selling hospitals and medical, dental and veterinary practices. That may come as a surprise to most of us, who always thought hospitals were community assets, and that medical, dental, and veterinary practices were just where doctors, dentists and veterinarians worked every day, and not some object or entity that can be bought and sold. Steward Health Care is in trouble, for example, and a number of its hospitals, many of which are in Massachusetts, are at risk of going bankrupt. The Steward story is a story about how one guy who how to use the equity markets, borrowed a bunch of money, bought hospitals, mortgaged those hospitals to the hilt and then transfer the cash assets to himself and his friends. It's also a story about his two yachts at the same time and about people who can't get needed medical care, and lots of doctors, nurses and buildings-and-grounds and hospital kitchen workers, people who may well end up losing their jobs to support those yachts, kind of a story about how Nero fiddled and Rome burned.

But I'm not actually going to write any more about all that mess, today. Instead, I want to tell you about a telephone call I got last week.

I got a call last week from a very nice new MBA, a business school person who was looking to start a business. How about Direct Primary Care? she said. Can I make money off Direct Primary Care? I bet I can get them to double their fees, she said, use some of that extra money to pay me, and I can use the money they pay me to market their practices, so we get them patients to pay the higher fees. I can organize them into networks and sell their services to employers! That way they'll make more money, and I can build a business of my own. (The truth was that she was going to make more money. The doctors, not so much.)

Direct Primary Care is a way patients can have a primary care doctor who is extra available and works for them, and it's a way doctors can have enough time to listen to the patients they have and not work until 3 AM, listening and trying to make a living, both at the same

time. It's a simple arrangement: you pay your doctor by the month, by subscription the way you pay for cell phone or streaming services, and that doctor limits their practice to five or six hundred patients, instead of 1500 to 2200, which is the number many primary care doctors care for, which means they have time for you. Most DPC practice schedule 45 to 60 minute appointments, not the typical 12.5 to 15 minutes – and many DPC doctors give you their private cell phone numbers, so you can call them directly if you need anything. DPC care usually costs \$60 to \$125 a month, and usually isn't covered by insurance. Most DPC doctors hate anything that has to do with insurance or government programs, because they realize it is the insurance process that wrecked their professional lives, as insurance companies function as strangers who have no connection to the relationship between patients and their doctors but take 40 percent of the money paid for this service or more, make doctors follow all sorts of rules and jump through all sorts of hoops, just to get paid. The insurance process is what's behind making doctors use electronic medical records, which makes many doctors look at their computers in the exam room, instead of looking at you, a process that doctors hate even more than you do.

By doing it their way, direct primary care doctors are able to see fewer patients and have regular predictable lives. They have the time they need to be with and listen to their patients, and to do a good job for their patients, and as a result are usually the happiest and most content people in medicine. They make plenty of money – not beau coups of money, like hospital and insurance executives or private equity folks. But a comfortable living, enough to pay off their student loans and afford a mortgage, send their kids to college and eventually retire.

Hold on, I said to the nice MBA who was calling me. You aren't hearing me. And you aren't hearing them. You want to do for Direct Primary Care doctors exactly what they don't want! They don't want to be organized into networks. They don't want to double their fees. They don't want new rules and obligations, and they sure don't want to give you a cut.

And there, in a nutshell, is what's crazy in health care today. Health care is filled with ethical motivated people, who want to help people, but also want a decent life and a reasonable income. But then there are all sorts of folks with MBAs and money to spend, who want to buy up or buy out the people who care, push up the cost, and make money for themselves out of the deal.

So the cost goes up and up and up. Somebody makes money on the deal. People and communities get less and less. And no one is in charge of making sure the nation gets a health care system that actually improves the public's health and does so affordably.

What's crazy is that no one objects. Or hasn't. And won't. Unless you do. Today.