

Alleviating the Healthcare Crisis Through Positive Incentives

POLICY

Doctors that work overtime should be permitted to bill against insurance tickets beyond their contracted ~30¹ patients per week, i.e. that they be permitted to bill for overtime through insurance.

Conditions:

- “Doctor” means family doctor or general practitioner
- See ~30 patients minimum as per contract
- Bill normally during a full 40 hour work week
- Insurance billing must be outside of a worked 40 hour work week
- Semi-retired doctors may bill for any patients seen over ~30
 - Semi-retired doctor means
 - Their age + years of practice ≥ 80
 - And who operate an active, regular part-time practice
- Retired doctors may bill for any patients seen
 - Retired doctor means
 - Their age + years of practice ≥ 80
 - Fully retired and no longer operate an active practice
- Other medical doctors working in research/education may be eligible under certain conditions

Background

Our healthcare system in Nova Scotia is in shambles and has been for a long time. The problems start back many decades and have only compounded problems with more problems. Current approaches are not working. If they did, we wouldn't have hallway medicine and emergency room visits to get an aspirin and a bandage.

A new approach is needed.

We propose a very small modification to the current system that would have cascading positive effects across the entire healthcare industry in Nova Scotia.

¹ “30” is an estimate and the actual value will differ according to the contract.

Our proposal is to allow doctors that work overtime beyond their contractual mandatory 30 patients per week and outside of a regular 40 hour work week to accept insurance tickets for payment in addition to their currently contracted payment per patient visit (~\$31.46).

The amount received by the doctor from the insurance ticket would not be a matter of policy, but would be a matter of how much insurance companies were willing to pay. Our initial recommendation is 2/3rds (~67%) of the ticket price. That is, if the insurance ticket is for a massage therapist or a chiropractor, and the value of that is \$90 (we'll use this arbitrary, hypothetical number throughout whenever we address ticket prices), then the doctor may bill \$60 while the remaining \$30 of that ticket is retained by the insurance company.

This creates 2 positive incentives:

- **Doctors** are incentivised to work additional hours as their remuneration is nearly 3x as much
- **Insurance companies** are incentivised to pay doctors because they were going to pay that \$90 in any event, and this saves them \$30 while directly contributing towards better health for their customer, which again would save them money (healthier clients are more profitable than sick clients)

However, the effects that would have are far reaching and need to be explained. The benefits cascade into many other areas. The short summary is that these positive incentives would increase the number of “doctor hours” which would help increase the health of people and save money at the same time. Increased health means less spending on health care.

There are several stakeholders that we need to address.

- Doctors
- Hospitals
- Insurance companies
- Patients with insurance
- Patients without insurance
- The Province of Nova Scotia

Each will be addressed several times. Below we aim for a roughly linear order of how the benefits cascade into benefits for other stakeholders.

First, for doctors to be able to bill through insurance for overtime that they work, we must set forth a basic example.

Currently insurance companies offer tickets for healthcare services such as for a masseuse, chiropractor, or alternative healthcare provider. The insurance companies are already paying for these. On a basic level, as they are paying anyway, what does it matter to them what it's actually spent on inside of the healthcare industry? Drugs? Services? Medical devices? If the

net effect of the spending is to increase the health of the patient, then they will save money in the long run because **healthier customers are more profitable customers**.

It is in the best interests of the insurance companies that those people they insure are as healthy as possible. Healthy people do not need healthcare services as much as unhealthy people. How this policy will serve the interests of insurance companies will become increasingly obvious as we progress here because other benefits for other stakeholders will also benefit the insurance companies.

As stated above, doctors receive ~\$31.46 per patient as per their contract while insurance companies are paying around \$90 for tickets. If doctors could accept those tickets in their overtime hours (those patients they see beyond the mandated 30 per week and outside of a regular 40 hour work week) at a discounted rate of \$60, doctors would receive ~\$91.46 for that patient, or about 3x the amount.

This is a significant incentive for doctors to work overtime as they will receive about 3x compensation compared to their contracted rate with the Province. If you were a doctor, would you take advantage of that? We believe most would.

The result here is that we'd obviously have more "doctor hours" for patients. But the benefits cascade from there. With more doctor hours, we immediately have:

- Shorter queues and faster access to doctors for everyone
- Better health outcomes for everyone as rapid response prevents conditions from degenerating, which leads to increased costs
- Less healthcare spending as health outcomes improve
- More money for infrastructure as healthcare costs decrease

These benefits cascade. The above cascading benefits are merely the beginning.

However, let's examine the immediate benefits before looking at other cascading benefits.

The immediate benefit of more doctor hours means that the current queue of patients waiting for weeks or months would be shortened. There would be a greater supply of doctor hours to deal with it. Someone who previously needed to wait 3 weeks may only need to wait 2 weeks. This is obvious.

Being able to see a doctor earlier can significantly help with an ailment before it becomes more serious. It's better to chop off the gangrenous toe before the gangrene reaches the knee. Again, this is obvious.

Metaphorically from above, by chopping off the toe and saving the leg below the knee, the patient is far better off. Again, quicker access to healthcare saves costs in the long run with better health outcomes.

With reduced healthcare costs, more money inside of the current healthcare budget is available for other purposes, which may or may not be in the healthcare space. That is, they may be put towards debt reduction, towards healthcare infrastructure, or any other public service purpose.

So far we have looked at only a limited scope of benefit. Even more benefits cascade across all stakeholders.

- **For doctors**, they receive greater compensation for their services
- **For hospitals**, with patients being able to see their family doctor, there is less need for patients to visit the hospital for an aspirin and bandage
- **For insurance companies**, healthier patients means less spending, more money saved, and greater profitability. Competition would then lead to better prices for consumers
- **For patients with insurance**, they can get faster access to dearly needed immediate medical attention at their family doctor's office, rather than visit the hospital
- **For patients without insurance**, they still have the exact same access to healthcare services that they had before, but the queue is shorter because other patients saw their doctors in overtime hours. They need to wait less than they did before. They don't lose anything, and they gain faster access
- **For the Province of Nova Scotia**, costs are reduced and more doctors are attracted to Nova Scotia

Let's look at **hospitals**. Increased access to doctors and improved health means fewer hospital visits. The obvious benefit is that hospitals can operate more efficiently.

However, at the same time this means that doctors are visiting their patients in hospitals less and they have more time for other patients. This cannot be overstated.

Consider that when a doctor needs to visit a patient in the hospital they need to:

1. Schedule that visit
2. Get ready for it, e.g. put on their coat, grab their car keys, purse, etc.
3. Leave their office
4. Get into their car
5. Drive to the hospital - just how far is it?
6. Get out of the car
7. Get into the hospital
8. Navigate their way to their patients room
9. Help their patient
10. Rewind steps #8 to #2

This is incredibly time consuming. The doctor could be seeing more patients in that time, which is more profitable for them and better for their patients. Keep in mind that the hospital visit

earned them a grand total of a whopping ~\$31.46. If they took a taxi back and forth, it probably cost them more than that already and they lost money.

For the Province of Nova Scotia, the benefits are non-stop. **First**, this costs the province **NOTHING** to implement. It's a very small matter to draft a proper bill for this policy and pass it. 90% of the work is done.

Second, any government that passed this would instantly become heroes. They'd be political darlings.

Third, there would be incrementally increasing cost reductions in Nova Scotia healthcare as Nova Scotians became healthier. The current healthcare costs are about 40% of the total provincial budget.

Fourth, the Province's doctor recruiting efforts would be much easier because the extra earning potential is very attractive. This is particularly true for young doctors who have recently graduated from medical school with a mountain of debt.

The cascading effects of simply allowing doctors to work overtime and bill through insurance would revolutionise what it means to get health care in Nova Scotia.

With doctors earning more through overtime, more doctors will be attracted to Nova Scotia. This would reduce recruiting costs and add more doctor hours, again leading to better health outcomes for Nova Scotians while at the same time reducing costs at every level.

If ever there were to be anything to be called a "virtuous circle", this is it.

Notes:

"\$31.46":

<https://web.archive.org/web/20171216185930/https://thechronicleherald.ca/opinion/1527130-schneidereit-doctors-can%E2%80%99t-keep-afloat-forever-earning-just-31.46-per-visit>