



Charles R. Kelley MD

It might be fun to consider how you might be required to run a restaurant if it were subject to the same kinds of rules and restrictions that are currently imposed on a medical practice.

First, there will be regulations on your pricing. That's right, you are no longer free to set your menu prices. Not only will an outside third party price the dishes you serve, but your customers will no longer all pay the same price. Different groups of customers will now pay different prices – for the same meal! Young and healthy working people will pay more, and older customers will pay less.

To find out what prices you will be able to charge young and healthy customers, you will need to contact a large insurance company. You can try negotiating with them, but it won't make any difference. They have all the power. You are small and insignificant. You either accept their prices they dictate, or you will have very few customers, since hardly anyone goes out to eat without "restaurant coverage."

The prices you will be allowed to charge your older, retired customers will be set by the government at about half what the insurance companies permit you to charge your younger customers. Again, you have no choice in the matter. And unfortunately, this may be a substantial group of customers. You will lose money on them, but if you turn them away, they will take their families with them, and then you will have very few customers left. All you can do is hope that the younger, healthier relatives they bring with them will make up for the loss.

Next, you will find volumes of restrictions on what meals your customers can eat. Since the cost of meals is being heavily subsidized by third-party payers – the government and insurance companies – everyone wants the most expensive steak dinner on the menu, but part of your job is to limit how much your customers spend in your restaurant. To help you control spending in your establishment, every couple of months the third-party payers will send you a stack of large, detailed booklets describing the rules about who can order what. These rules will be about as easy to follow as the instructions for your income tax return.

A sample rule might be: "Women between the ages of 35 and 55 are only allowed to order steak once a week unless you can prove

If restaurants were run like doctors' offices

they suffer from iron-poor blood and you have obtained documented pre-approval from the Utilization Review Department."

Should your wait staff fail to follow these complex instructions appropriately, and inadvertently serve the wrong meal, you will not be paid. Should your staff make a billing error and collect the wrong amount from your customers, this will be considered intentional federal fraud. You will be taken to court and your restaurant license revoked. Furthermore, the government will train senior citizens to scrutinize their bills for errors. If they find and report one, they will be rewarded handsomely, and you will be prosecuted.

So now you might be wondering: How can I run a restaurant if I can't set my prices, my customers can't order what they want, and I'm scared to death of making a mistake that will land me in court? Well, maybe you can't run a business this way. This business model hardly works, and your restaurant is "cooked."

This analogy, while much simplified, highlights some of the profound changes that have occurred in medicine over the last 50 years. The steady intrusion by third-party payers and the growing mountain of rules and restrictions have made the private practice of medicine almost impossible as a business model. Perhaps that's why many private practices have closed their doors for good and the physicians are now working for large, impersonal health care organizations.

Editor's Note:

Dr. Charles R. Kelley is the second generation of Kelley's to leave the halls of medicine and enter into other enterprises - the Outrigger Enterprises, Incorporated, that is.

Charles Roy Kelley MD, MPH, MBA, was not born in Hawaii, but in Boston. He received his BA at the University of Washington and his MD at the John A. Burns School of Medicine, where he served a Medical Residency. He went on to a Duke University fellowship in Occupational Medicine, then to the University of North Carolina for a Master of Public Health degree, returning to Hawaii for his MBA at Chaminade University.

Chuck is Board-certified in Internal Medicine and Preventive Medicine, and worked in the Occupational Medical Department at Straub Hospital from 1991 to 2000. He now serves as Outrigger Hotels Director of Sales - Special Markets (i.e. medical meetings).

His Briefing above illustrates the absurdity of government regulation on private practice. Despite the problems, there remains a solid cadre of private solo practitioners of medicine in Hawaii who do not want to enter the restaurant business... yet.