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Payer, Provider, Consumer: Industry Confronts Health Care Costs

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Preface

With this first monograph, Springer-Verlag launches an unusual publishing venture. The purpose of the Springer Series on Industry and Health Care is to explore in depth the current and potential future role of industry—both management and labor in all private sector enterprises—as a financier of health care benefits, as a provider of health care services, and as an extremely influential “consumer” of health care.

The assumption behind the series is that private industry has the capability, as an alternative to increased government intervention, to effect major change in the health care delivery system and is beginning to show evidence of exercising that influence. The subject matter covered by the series crosses boundaries between disciplines and specialities—occupational medicine, medical care, public health, economics, business administration, law, public policy, medical sociology—and arises in disparate arenas—labor—management relations, corporate negotiations with insurance carriers, physician—patient interactions, public policy, and politics.

The Springer Series will draw much of its material from interdisciplinary working conferences, will analyze and synthesize the discussions, add timely background material, and be published within no more than six months of the conferences on which they build. The series will consist of four monographs a year and two volumes of background papers.

This first monograph examines industry’s various roles in health care, as payer, provider, and consumer. The second and third, a book and a monograph, will delve deeper into the problems and prospects of industry’s changing role in the delivery of health services.

Intended to serve in part as a road map through future volumes of the series, this first monograph draws on a greater variety of sources—two different conferences and a partial review of recent literature—than will future monographs. One conference was held in Ithaca, New York, in early May 1977 under the aegis of Cornell University's Sloan Program of Hospital and Health Services Administration. Entitled "Strategies for Controlling Medical Care Costs," the program was the first of a series Cornell intends to hold for business executives concerned with health care issues. We are grateful to Cornell's Graduate School of Business and Public Administration and to Douglas R. Brown, the director of Cornell's Health Program for Business Executives, for consenting to our using portions of that conference as a core of subject matter for this monograph.

The second conference from which this monograph draws was sponsored by the Boston University Health Policy Institute, aided by a grant from the Robert Wood Johnson Foundation. Held in Boston in early June 1977, it was entitled "Industry-Sponsored Health Programs," and consisted of a day and a half of discussion, with specially prepared background papers distributed in advance of the conference to the participants. The contributions of the June conference will be captured more fully in the next two issues of the series. Quotations in this monograph that are not otherwise identified come from one of the two conferences; information by which to identify the speakers is included in the appendix.

It is our hope that the entire series will be useful in both industry and health spheres, to all who are interested in health services delivery, health planning, prepaid health plans, occupational medicine, the cost-quality equation in health care, and the financing of health services. Different segments of this diverse audience will doubtless have varying reactions to and uses for the material included here. Employee benefit managers may find the payer section most relevant, occupational health professionals and others interested in medical care may gravitate to the provider section, and health planning proponents to the consumer section. We have tried to include enough background information in each section to facilitate and indeed encourage crossing over by interested readers into areas outside their major sphere of concern.

A final caveat may be in order. In the interest of getting this monograph out reasonably quickly, we naturally had to make some compromises—forgoing one more search through the literature, a few more outside reviews, another working draft or two. Difficult as they were, we are comfortable with these trade-offs for we do not view this first product as the definitive word on industry and health care. It is but an opening statement in an ongoing discussion. Many problems and issues remain to be addressed and ultimately resolved, but we feel it is critically important to get the discussion under way.

And a final word of thanks. We are indebted to the Washington Business Group on Health for advice and assistance in arranging our conference, and to its director, Willis B. Goldbeck, for his help with the conference and for a valuable critical review of an early draft of this monograph. Substantial improvements resulted also from the numerous suggestions of William J. Bicknell, Medical Director of the United Mine Workers of America Health and Retirement Funds and an ongoing consultant to the Boston University Health

Policy Institute's Program in Industry and Health Care. Members of the Health Policy Institute staff have been helpful and we thank them, in particular: John Friedland for a very careful reading of a draft and a number of valuable suggestions, and Mark Schofield for help with the library research. We are grateful also to the participants in the two conferences from which we drew material. Whether quoted or not, everyone who spoke up at those conferences contributed to whatever insights we were able to bring to this subject. The final product, of course, is entirely our responsibility.

*Boston,
August 1977*

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