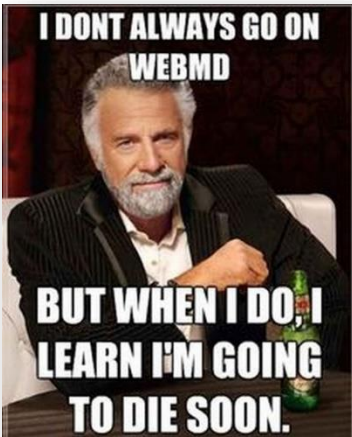


A Market in Diagnosis



The moral hazard of underdiagnosis is a natural outcome of collusion between an insurance company and a healthcare provider. The problem is particularly acute with a self-insured HMO ([SIHMO](#)).

Standards in medical diagnosis are insufficient for solving underdiagnosis because they tend to become rote and lose their benefit. In [land-based capitalism](#), standards can be violated simply with a statement on the VOS.

A market in diagnosis must create incentive for an independent diagnostic firm to delve deeper into a patient's health to find physical illnesses. Psychological illnesses are not relevant because it is not the job of the SIHMO diagnostician to diagnose mental illness.

If a person is not satisfied with their SIHMO diagnosis, they can go to an independent diagnostic firm that can profit if the diagnosis is proven false. All medical records are part of a patient's [VIP identity](#), so the first thing the independent diagnostic firm will do is examine recent test results.

If the results contradict the original health provider's diagnosis the case is worth pursuing. If the tests are clearly negative, the independent diagnostic firm will assess whether important tests are missing from the results.

It is here that a decision must be made, particularly if the missing tests are expensive. In addition to the general incentive for finding a misdiagnosis, tests deemed relevant to the patient's complaints must be compensated by the SIHMO in the event of a misdiagnosis.

The independent diagnostic firm will make a decision on the resources to be invested. Incentives too low to investigate violate the patient's right to healthcare. Incentives too high to investigate will result in gross inefficiencies in the use of testing equipment.

While it would seem that equity and efficiency are at odds, there is an additional level to the market in diagnosis that preserves equity without seriously affecting efficiency. That will be discussed later.

The terms of standard misdiagnosis will be set by a Voluntary Standards Group ([VSG](#)) and enacted by a [district council](#), likely the Federation Council. Provisions might include:

- \$20,000 in punitive damages from the SIHMO to the firm.
- Triple the cost of tests and procedures used to make the correct diagnosis.
- \$1,000 in punitive damages to the patient (a figure too high could encourage diagnosis fishing).
- \$50/day actual damages for pain and suffering or wages/average profits lost from failure to work or perform business duties, whichever is greater.
- Most critically, the misdiagnosis must appear on the Violation of Standards document ([VOS](#)) of all diagnosing physicians as well as the VOS of the SIHMO. SIHMO VOS entries for misdiagnosis expire after 5 years. Physician VOS entries never expire.

Numbers of these magnitudes are sufficient for general equity and highly efficient. They are not high enough to encourage fishing expeditions, yet sufficient to ensure that every patient has the opportunity to get a fair review of their diagnosis. The moral hazard of underdiagnosis is completely eradicated.

Yet there is a radical step a patient could take that increases both equity and efficiency.

Hypochondriacs currently consume [16% of total medical services](#). They go from doctor to doctor, ER to ER, hoping to find someone who will diagnose them with the rare disease they are certain they have. The monthly universal copay is absolutely no obstacle at all. The free reign of hypochondriacs is a huge moral hazard of universal healthcare.

A radical market solves the problem of hypochondria, and ensures that no disease goes undiagnosed. At the same time, it provides significant teaching, training, and research opportunities for medical students that would not otherwise be available. It also serves as an incubator for medical innovation.

Called hypochondriac hotels, these are facilities associated with medical universities, where anybody can check in for months or even years and prescribe tests for themselves, carried out by medical students. This is in exchange for food and housing distributions, and the right of medical students and researchers to use them for practice and testing with relatively benign procedures and tests.

In the rare event that self-prescribed tests reveal a hidden disease, one that is likely the origin of the patient's complaints, the original SIHMO physician that failed to diagnose it will be assessed, as above, for the misdiagnosis. The associated medical school will collect the punitive damages and treble the cost of the related tests.