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Foreword

Medical care in America has become dangerously expensive. Consuming more than \$800 billion in 1992 and growing at a compound rate of about 10% per year, medical costs now thwart efforts to reduce the deficit and threaten the viability of our economy. At the present rate of growth more than 16% of our gross domestic product would be devoted to the health sector by the end of this decade—a circumstance that would be disastrous for competing public and private needs.

The American medical care system has also become heavily commercialized. In addition to the thousands of businesses, large and small, that supply medically related products and services, at least a third of all facilities providing medical care are controlled by investor-owned corporations. Even the so-called “not-for-profit” hospitals have caught the entrepreneurial fever, as they compete for their share of the new health care market. What was formerly a community-based social service has become a vast industry which, like other industries, seeks to maximize its revenues and expand its markets. Over nine million people work in this industry, including about 600,000 physicians who play the key role in directing health expenditures. This industry’s revenues are the health care expenses that business, government, and private consumers are forced to bear.

Practicing physicians are at the center of the health care system and they are its controlling element. Although their professional fees and salaries constitute less than 20% of all health care expenditures, their decisions, opinions, and recommendations account for the expenditure of most of the rest. If our health care system now faces a cost-crisis—and there is nearly universal agreement that it does—the proximate cause of that crisis must be sought in the behavior of physicians. The behavior of physicians has many determinants. In practicing their profession, physicians must respond to the clinical problems their patients bring to them, and these problems become increasingly numerous and