Principal Agent Dilemma: conflict of interest in endovascular surgery

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What is the principal-agent relationship?

- A principal engages an agent for a specific task

Examples:
- A spouse engages a divorce attorney
- An investor engages a stock broker
- A voter engages an elected representative
- A patient engages a physician
- A pedestrian engages a taxi (UBER and GPS)
- A customer engages a car salesman (Carfax)

The principal-agent dilemma

- Both the principal and agent will seek to maximize utility from the arrangement but...
- But the agent can exploit the information asymmetry to his/her own advantage... at the expense of the principal.
- The principal has no real way of monitoring whether the agent is acting in his/her best interest
- So unethical behavior by the Agent may be undiscoverable to the Principal

How does the P-A dilemma impact our endovascular world?

- Example: patients with vv are especially vulnerable to information asymmetry
- Universal fear of blood clots makes it easy to coerce patients into unnecessary treatment (ablations / stents)
- Direct marketing to the public
- Patients bypass PCP and miss out on unbiased advice and appropriate referral...they go directly to self-proclaimed “experts”
- Patients cannot distinguish the ethics of a provider, they simply don’t know that they don’t need 6 vein ablations
PA Dilemma in OBL world

- Fact: Office based endovascular procedures are lucrative
- Fact: There is no oversight in the office
- All of which makes us vulnerable...it’s easy to use information asymmetry to our advantage and make decisions not completely in patients’ best interest
- Clear conflict of interest
- Ethical behavior is expected but rarely recognized
- It takes courage to be honest and ethical and we aren’t 100% perfect at anything so even the best of us will have slip-ups here too

Information asymmetry and market forces

- In traditional market dynamics independent buyers and sellers create an equilibrium for the quantity and price of services provided
- That assumes “perfect information” on both sides
- Healthcare does not conform because its supply and demand curves are not independent of one another.
- The consumer of healthcare depends on the provider for information about what services the consumer needs.
- So the supply and demand curves both fall under the influence of the supplier

“Better” (sometimes) in vascular disease management

Peter F. Lawrence, MD

Supplier induced demand?

Waste, fraud, abuse

- By exploiting information asymmetry, unethical providers put patients through unnecessary interventions to boost income
- Pts are often unaware
- Fraud is easy because there is no oversight
- Abuse is easy because providers can manipulate patients “choose” more services
- Clearly not in the best interest of our profession

George Akerlof
Nobel Laureate, economics

“The cost of dishonesty lies not only in the amount by which the purchaser is cheated; the cost also must include loss incurred from driving legitimate business out of existence”

What can “Veith” do to combat unethical endovascular tx?

- “Veith” has the gravitas to broaden this discussion
- We need to explore forces like the Principal – Agent dilemma, and talk about the challenges of ethical behavior when no one is looking
- Study the relationship between lack of oversight and overtreatment
- Will AI reduce information asymmetry? Can we wait?
- Help payers and regulators create meaningful metrics to distinguish good doctors from imposters
How health care becomes a lemon

- Used cars can be “lemons” or “peaches”
- Information asymmetry-only the seller knows (pre-Carfax)
- The buyer had no way to accurately assess the quality before the sale yet all sellers know the quality of the car exactly
- To account for the possibility of getting a lemon the price of car is blended
- Eventually, the price gets so low that no-one with a good car is willing to sell. Only lemons are left and the market collapses.

Lemons in healthcare

- Complications, excessive costs, errors, delays, inefficiencies, overtreat, undertreat, and fraud all lead to frustration; pts increasingly question whether we have their best interests at heart
- Pts look to internet for answers
- Despite ratings and reviews there is no way for pts to assess our skill or judgement
- Pts cannot tell the “peaches” from the “lemons” among us
- Information parity (think Carfax) will improve the market

Conflict of Interest

- A situation in which a person is in a position to derive personal benefit from actions or decisions made in one’s official capacity

Finding the right Agent

- Stockbroker: What are her qualifications? What are her ethics? Is advice objective? What are the financial incentives to recommend one investment vehicle over another? Are those incentives transparent? Does the advisor have access to all possible investments or is portfolio limited?
- Endovascular physician: What are his qualifications? What are his ethics? Is advice objective? What are the financial incentives to recommend one course of action over another? Can the physician perform all procedures for the index disease or is scope of practice limited?

How does moral hazard affect vein care?

- Patients have a lack of incentive to guard against risk where protected from its consequences
- So patient with insurance wants vein treatments whether or not she needs them because insurance pays.
- If insurance did not pay, not only would she would do more investigation about the quality of the surgeon but she would likely pay for what she really needed.
How does moral hazard affect vein care?

- Doctor do medically unnecessary procedures requested by the patient with insurance because there is no penalty for doing inappropriate treatments, i.e. the insurer never know if treatment was warranted or not because all you have to do is match the codes.
- Fraudulent coding is rampant. How many of you have seen records documenting C4 disease in a patient who only has spider veins?