

Editor's Notes

The Danger and Opportunity of Health Care Reform Providing a Huge Influx of Funds for Health Promotion...and How to Avert Danger

Nearly a decade ago, a good friend said to me, "The last thing we need is for the government to pour a ton of money into health promotion without thinking about the impact." I asked what he meant. He said, "They could put all of us out of business." It took me a while to understand this, but as we talked it through, it started to make a lot of sense. I realized that it would be very reasonable for a dedicated health promotion expert working for the Centers of Disease Control and Prevention or some other government agency to conclude that the best way to persuade employers, hospitals, insurance companies, and other organizations to implement health promotion programs would be to provide free program materials and consulting services. From a short-term public health perspective, this probably makes a lot of sense. From a business and sustainability perspective, it could be devastating. If the government started providing high quality consulting services and program materials for free, I suspect that demand for these services would increase substantially; more programs would be implemented...which is good. Unfortunately, this would cut into the revenues of health promotion providers that have been providing these services to groups that were willing and able to pay for them...which is not good. Some health promotion companies, perhaps many, would be forced to lay off workers in order to survive. Some might go out of business. The impact on governments would include higher costs for unemployment benefits paid to laid off workers, and lower tax receipts for Medicare; Social Security; and local, state, and federal personal and corporate income taxes.

The long-term impact on the health promotion field would also be negative. What would happen when the government funding ran out, and these products and services could no longer be provided for free? Would groups be willing to pay for services they had received for free in the past? Would any health promotion vendors company still be in business to provide these services, or would the industry need to rebuild itself from scratch? Another risk would be threats to innovation, creativity and cost-effectiveness. I have no doubt that many government workers are smart and capable and try to make the best use of government resources, but I have never seen anyone match an independent entrepreneur from an innovation, creativity, customer service, and cost-effectiveness perspective.

I had never seen the government compete with private business in this way, but this argument made sense conceptually, so we included a clause to address it in the Health Promotion FIRST Act, which was first introduced in 2004. The clause below remains in the current version of the bill (S1001), in section 3131 b.

"General Priority of Developing Health Promotion Infrastructure. The Secretary shall ensure that programs carried out pursuant to this title are consistent with the general priority of developing the health promotion infrastructure among universities, nonprofit organizations, and for-profit organizations, rather than increasing the size of State or local governments or the Federal Government."

In recent years, I have discovered that the phenomenon of the Federal government unintentionally competing with private industry is very real, and is not uncommon. In fact, the Federal government often acts to investigate

and correct these problems when they occur. Unfortunately, most small businesses do not have the knowledge or resources to engage the Federal government in this process, and the process often takes years; most companies just endure the financial hardship or go out of business. I have seen the Federal government unintentionally compete with health promotion vendors three times since 2004. In the first case, the government decided not to launch a consulting service when they were made aware that a cottage industry of consultants already provided those services. In the second case, the government was made aware that their newly planned venture would duplicate services and compete with an existing health promotion provider. They ignored the problem, launched the new service and continue to provide it for free. The health promotion provider is still in business, but has seen revenues drop by half and has laid off staff to survive. The third case is very new and has not been brought to the government's attention. The Federal government was not engaged to intervene in any of these cases.

I suspect this issue is very abstract to most of our readers, but think about it. How can a private business that has to raise money to develop products and services, market its services to find customers who are willing to pay for them, and pay workers to deliver them, possibly compete with a federal government that uses tax payers' money to develop products and deliver services, and then gives them away for free? This issue is extremely important now. Health care reform legislation will result in the largest influx of funds into health promotion that we have ever seen. I predict that this will accelerate the evolution of our field by a decade. If these funds are spent wisely, we will see higher quality programs reach more people than ever before. If these funds are not spent wisely, if the government uses this money to expand government agencies rather than nurture the existing health promotion industry, the industry could be wiped out, and the programs will last only as long as the government funds.

Fortunately, there is a simple way to avert this problem. First, the government must decide that it will use new funds in a way that will expand and enhance health promotion programs and enhance the health of the nation, but in a way that will nurture a health promotion industry that is able to provide high-quality, cost-effective services, an industry that will be self-sustaining when federal funds are no longer available. We need to engage many bright minds and perspectives to come up with the best plan, but a few basic approaches for allocating funds are pretty obvious:

1. Develop core technologies (like algorithms linking behavior, medical conditions, and medical costs) that could be entered in the public domain and used as the foundation for new products and services developed by entrepreneurs.
2. Support program evaluation and research as well as information synthesis and dissemination so that the most effective methods are widely known.
3. Contract with existing health promotion vendors to develop and provide new products and services, rather than hiring new government employees to develop them internally.
4. When free or discounted services are needed for small businesses or other specific underserved population groups, pay vendors to provide these services rather than having the government provide these services directly.

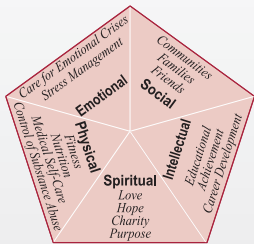
In general, federal funds should be used to do what private businesses cannot do on their own.

Michael O'Donnell

Michael P. O'Donnell, PhD, MBA, MPH

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(O'Donnell, *American Journal of Health Promotion*, 2009, 24,1,iv)

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