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Article

Subsidiarity: Restoring a sacred harmony

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The principle of subsidiarity is a bastion of Catholic social teaching. It is also a principle in the philosophy of the American Founding Fathers. In the USA, subsidiarity is ignored without a sense of the proper harmony between authority and responsibility. Human dignity and wise stewardship are compromised. Conscience protection becomes a concerning issue as highlighted by the conflicts arising after passing of the Patient Protection and Affordable Care Act. A reconnection of the patient to be steward of his health care is critical in addressing these issues. Third parties, including the government, business, and insurance companies, are firmly entrenched in health care oftentimes with the result being increased cost and detachment of the patient from the stewardship of his or her care. Vitally needed is a return to the principle of subsidiarity in health care. Hopeful solutions include the Zarephath Health Center, the Surgery Center of Oklahoma, and the clinic of Dr. Juliette Madrigal-Dersch.

Summary: The principle of subsidiarity is a bastion of Catholic social teaching. It is a principle in the philosophy of the American Founding Fathers. In the US, subsidiarity is ignored without a sense of the proper harmony between authority and responsibility. Human dignity, wise stewardship, and solidarity are compromised. A reconnection of the patient to personal stewardship of his health care is critical in addressing these issues. Third parties are firmly entrenched in health care oftentimes with the result being increased cost and detachment of the patient from his or her care. Vitally needed is a return to the principle of subsidiarity in health care.

Keywords: Subsidiarity, Health care, Stewardship, Patient–physician relationship, Third party, Rerum novarum, Centesimus annus, Human dignity

Introduction

The genius of the American Founding Fathers is their unprecedented success in implementing subsidiarity. The idea of independently sovereign states coming together to form a united nation is subsidiarity put into practice. Since the time of the initial European immigrants to North America, from the Quakers and Puritans of the middle and northern colonies to the Celtic and Cavalier cultures of the southern and western regions, the common conception of power was from the base upwards (McClanahan 2012). That is, people saw authority first within themselves and their family and looked next to their local town then to the county and after to the state and finally, last of all and least importantly, to the federal authority. In our very own Bill of Rights, the 10th Amendment to the Constitution makes this belief clear. Namely, any power not expressly delegated in the Constitution

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to the federal government resides with the states or the people.

However, the deterioration of subsidiarity is evident in the United States today. The office of the presidency dominates modern political discussion while local politics is almost completely disregarded. The Supreme Court renders decisions (see *Roe v. Wade*, *Obergefell v. Hodges*) about all facets of life ranging from marriage to abortion. The default response to societal problems today is centralization. Physicians must combat this response in order to maintain the sacred relationship between them and their patients. The principle of subsidiarity is instrumental in this effort. Specifically, reconnecting the patient with his or her health care is the fundamental solution subsidiarity offers for some of the greatest ills within the healthcare system today. I will attempt in the remainder of this essay to further develop the application of subsidiarity specifically within the medical field.

To begin, I will briefly lay the foundation for the principle of subsidiarity and after doing so proceed to make clear the definition and meaning of subsidiarity. Next, it is important to focus on the most harmful problems in the current healthcare realm resulting from the lack of subsidiarity. Finally, I will explore key examples of solutions that demonstrate subsidiarity in action.

Subsidiarity: Foundation, Definition, and Meaning

Subsidiarity ultimately derives its significance from the identity of the human person. Based upon the fundamental principle that each of us is made in the image of God and endowed with an immortal soul we derive further truths—one of which is subsidiarity. All of creation, by its very nature, exists within a certain hierarchy. This hierarchy is reflective of its Source, the Trinity. The fourteenth chapter of John speaks in the hierarchical language of the relationship of Father and Son as well as the specific role of the Paraclete (John 14, Douay-Rheims). Further, in the book of Matthew, Christ gives his authority to a select group, the Apostles, to teach all nations baptizing them in the name of the Father and of the Son and of the Holy Ghost (Matt 28:18). To acknowledge this hierarchical nature of reality in determining the proper relationship of authority between individuals and groups, one must always begin by first recognizing the dignity of each person (Mioni 1999, 26, 28). In recognizing the dignity of the human person, we, by extension, also recognize the role of subsidiarity in his or her relationships. By doing thus, we promote the proper measure of authority and responsibility inherent to each person with regard to the right ordering of his or her relationships.

What, then, is subsidiarity, and why is it beneficial? Subsidiarity is an organizing principle or rather, a harmony. Among the grand diversity of peoples, cultures, and situations, subsidiarity acts to harmonize their relations. Those nearest to a given problem or conflict are most familiar with it and also are most apt and able to respond. Subsidiarity seeks to achieve that balance in which those closest to the issue at hand are given preference, priority, and protection in problem-solving. In short, subsidiarity is prudence in the allocation of authority.

The principle of subsidiarity can be seen at work in the execution of major enterprises such as skyscrapers. The construction of a tower requires many levels of authority and diverse roles that demand bidirectional respect. That is, the foreman must respect the specific skills and expertise of a builder that he himself may not possess to the same degree, allowing that craftsman to have sufficient

independence to do his work well. Simultaneously, the craftsman must have equal respect for the authority of the foreman in broader matters. This cooperation, when done well, results in a productive harmony that we often take for granted in its daily manifestation in many successful associations and businesses around us.

Authority demands, however, a concomitant responsibility. There is always some service or good over which the person in authority takes responsibility. In order for people to exercise the proper measure of authority, they must, therefore, possess the necessary good(s) to do so. One then may lose authority when one loses that good, such as property or education. A danger exists in the case where one person or group takes the responsibility belonging to another by furnishing that good for them. The family and the education of children is an illustrative example of this danger. Each family possesses authority over its internal affairs, one of which is the education of children. Neither can the parents resign this responsibility nor can any other body, such as the local or national government, claim it (Mioni 1999, 20–21). However, when a tax directs a portion of each family's resources to government schools, there is a danger of the parents losing influence over their children's education because they lose direct control over what type of school their income funds. We do well therefore to keep subsidiarity at the forefront of all decisions that may ultimately impact the role of people to govern within their proper sphere of authority.

Subsidiarity acts similarly to the elegant harmony that makes the human body a masterpiece. As noted in the *Compendium of the Social Doctrine of the Church*, each principle of Catholic social teaching works in harmony with the others to form a unified corpus (PCJP 2004, 162). When one principle is expressed, it simultaneously causes the others to prosper as well. It stands to reason, then, that subsidiarity—functioning characteristically as a harmonic principle—allows for other principles of social doctrine to flourish.

Of particular interest to the topic of subsidiarity is the principle of wise stewardship. It is important, therefore, to develop further the idea of wise stewardship. This concept is fundamental to the Christian ethos given its noted prominence in the first chapter of Genesis. However, wise stewardship is often seen solely in light of Earth's natural resources and without the guiding role of subsidiarity. Under the influence of subsidiarity, wise stewardship takes root, and certain beneficial effects come to life. I contend that, in health care, these salutary effects include personally tailored care, reasonable costs, and improved overall medical care as a result of removing unnecessary additional party involvement. A crucial component of applied subsidiarity underpins these effects. Namely, reconnecting the patient with his or her health care.

Problems Arising from a Lack of Subsidiarity

Before proceeding to examples of the successful application of subsidiarity in the medical field I will first identify the problems arising as a result of its absence. To further this discussion, I will now address the unnecessary involvement of additional or so-called third parties in health care. The three additional parties are government, insurance companies, and business. In general, the addition of any third party necessitates at least two effects: administrative webbing and cost increases.

Government

An excerpt from Pope John Paul II's encyclical *Centesimus annus* serves as an apt preface to this discussion.

> By intervening directly and depriving society of its responsibility, the Social Assistance State leads to a loss of human energies and an inordinate increase of public agencies, which are dominated more by bureaucratic ways of thinking than by concern for serving their clients, and which are accompanied by an enormous increase in spending. (John Paul II 1991, 48)

Perhaps the most obvious example in American government of third party interference is the Patient Protection and Affordable Care Act of 2010 (PPACA). This law more tightly binds all health care with insurance by mandating coverage. In other words, the PPACA mandates an additional party's (insurance companies) involvement in patient care while at the same time wedging government (yet another party) even further within the realm of health care. The PPACA increases the centralization of our healthcare system, with the Independent Payment Advisory Board as a key example. This board consists of fifteen unelected officials appointed by the president to determine Medicare payments. This approach leaves subsidiarity as an afterthought, at best. In the process of forcing national or global solutions on local problems, we lose the sacredness of human relationships. We lose the flexibility and personalized character vital to good medicine. Finally, we lose accountability as bureaucratic systems veer toward greater waste and corruption.

Unfortunately, bureaucrats rarely consider the prudent measure with regard to individual authority and responsibility. A grave example is when bureaucrats violate the ability of a person to exercise his or her conscience. Numerous examples exist in which the state uses the law to coerce the allocation of certain actions or resources in ways contrary to consciences (USCCB 2016). Individuals, businesses, and other organizations hold the responsibility to make decisions in accord with their beliefs. A government's intervention in these areas is a breach of subsidiarity. The Conscience Protection Act, passed by the House in July of 2016, highlights an attempt to reestablish the proper limit of law. This bill, if signed into law, would protect healthcare practitioners and insurers from penalties resulting from their decision not to participate in abortion procedures. The excessive expansion of the law is the natural consequence of citizens relinquishing their responsibility to exercise local self-government in return for some (promised) benefit. In health care, such benefit is predominantly some form of subsidized medical insurance or financial coverage for medical care.

Insurance companies

Next, I will discuss insurance companies to further specify the discussion regarding additional party involvement in health care. In the case of a *catastrophic* event requiring medical treatment insurance can fulfill a vital role. Namely, it allows the average citizen to pay for catastrophic events themselves—albeit indirectly—with the help of all other members within the insurance pool. However, the insurance of today is not true insurance but rather a form of pre-paid medicine no longer reserved for catastrophic events. *Routine* medical care then is illogically combined with insurance. This combination is akin to using insurance for another (even more vital) resource, namely, food. If we do not require insurance for purchasing something so critical as food then there is little

indication we should do so for routine medical care. In doing so, we create additional unnecessary conflict between insurance companies and the healthcare team in caring for patients. The negotiation of prices between the third party and the healthcare team corrupts the proper role of the healthcare team, which is to cooperate with the patient to achieve the best practice and treatment for the patient's situation. The involvement of insurance in routine medical care can and should be avoided.

Business

Similarly, business should not interfere in the patient–physician relationship. Business's role in health care properly ends at any point beyond intervention in strictly charitable endeavors on the behalf of employees. Unfortunately, as a result of the Comprehensive Health Insurance Plan introduced by President Nixon in 1974, business is heavily involved in health care. Compared to 1970, in 2011 the Consumer Price Index was five times greater while healthcare spending increased roughly twenty times in that same period (Thornton 2012).

Employers, such as Intel, undertake the Herculean task of reducing these rising healthcare costs (McDonald et al. 2015). Following the principle of subsidiarity, Intel would restrict its focus to offering a high quality product, such as an Intel Core processor, rather than laboring inefficiently within the unfamiliar territory of health care. Society finds it reasonable that companies such as Intel are engaged in health care; yet we would find it strange (rightly so) if Intel began a similar campaign to provide food and shelter for its employees. This issue would not be so nonsensical if other industries besides health care shared similar struggles. One such struggle is determining accurate prices for services while at the same time failing to provide clear price information to patients. The fact that price is extremely difficult to ascertain for many medical services is a direct result of separating the patient from his or her care by a third party (Goodman 2013). In this situation, the patient no longer is primarily responsible for obtaining health care and contributes less directly to his or her care.

It is possible to get a sense of patient contribution and, by extension, his or her involvement in care by looking at the percentage of *directly patient-controlled* healthcare expenditures (i.e., out-of-pocket spending). In the United States, over the recent twenty-year period from 1988 to 2008, the out-of-pocket percentage has dropped by almost 50 percent, to about 12 percent, as compared to nine other developed countries for which the percentage has remained stable—usually at or above 15 percent of health expenditures (Graham 2012). When patients have less skin in the game they not only have less influence over their care but also less motivation to actively participate in their care.

As the patient's role diminishes, so outside parties' role increases. That trend results in the progression toward larger and larger healthcare systems. A 2014 Deloitte study estimated that in ten years, as a result of greater consolidation into larger bodies, only 50 percent of current health systems will still exist (2014). Furthermore, there is evidence that the consolidation of hospital systems contributes to a monopolist environment and leads to higher prices (Cooper et al. 2015). In addition, evidence also exists that more locally owned practices, such as those that are physician-owned, generate lower costs than practices owned by large hospital systems (Schulman and Richman 2016).

When health systems become larger they must ensure that the physicians' and patients' roles do not diminish in the process.

Health care's high cost is another serious problem accompanying the disconnection between patients and responsibility for care. One of many alarming statistics reveals that, compared to 1960, healthcare expenditures as a percentage of US GDP in 2011 increased from 5.2 percent to an alarming 16 percent of GDP (Thornton 2012). Contributing to this overwhelming increase is the unnecessary complexity within the system. It is important to understand that separating the patient from his or her care adds unnecessary layers of complexity, which correspond to increased expenses. A recent study published in *Health Affairs* found that over 25% of hospital spending in the US is devoted to administrative costs (Himmelstein et al. 2014). As recently noted in the *Harvard Business Review*, "the purchase of health care services for employees is often a game in which each player—employer, payer, or healthcare provider—tries to use its market power to secure the best deal for *itself* in annual negotiations" (McDonald et al. 2015, emphasis added). Note the complete absence of the patient in this discussion. Massive initiatives to determine the best ways to deal with pricing and cost are ongoing. Debate occurs over a slew of approaches to cut costs, including fee-for-service, pay-for-performance, bundled payments, and population-based/capitation methods. Meanwhile, the patient stands by as a passive pawn amidst the entangled struggle of business, government, insurance companies, and finally (and less often, unfortunately) actual healthcare practitioners.

It is illuminating to our discussion of subsidiarity to more closely examine this question of cost. One answer to the question of how to value and determine rational payment for health care came from William Hsiao of Harvard in his study published in 1988 describing the Resource-Based Relative Value Scale which led to today's Relative Value Units or RVUs (Hsiao et al. 1988). Dr. Jane Orient (2001), a faculty member at the University of Arizona College of Medicine, wrote an excellent essay exposing the fallacy underlying this approach. In short, the theory is based upon a flawed understanding of economic value, namely, the objective theory of value. The objective theory of value measures the value of a service or product based upon the cost required to furnish it, rather than upon the worth placed upon it by the prospective buyer. This understanding disregards the person seeking a given good or service in much the same way that the current healthcare debate ignores the role of the patient. In fact, the patient in cooperation with the guidance of the healthcare team is the proper and effective judge of the value of his or her health care as they are most directly affected by any decision made and are most familiar with their own beliefs, priorities, and circumstances. For this reason, and in accordance with the principle of subsidiarity, patients should be granted primary stewardship over their health. In this way, patients assist the healthcare team in determining the price of care. The result is an inherent check on costs. This approach is similar to other areas of the economy in which consumers purchase directly from the sellers.

Solutions

Fortunately, the principle of subsidiarity provides solutions to these problems. At its core, subsidiarity emphasizes and respects the role of the person's free will in his or her life choices. In other words, the human person is the essential actor in the care of his or her health. Denying, destroying, or

delegating such responsibility is an affront against both human dignity and subsidiarity. Doing so undermines conscience, health, and wise stewardship. In the healthcare debate today, we make far less progress by failing to recognize the need for the patient to be intimately connected to his or her care. In recognizing the patient's role, we begin to address the cost and quality of health care.

Dr. Juliette Madrigal-Dersch, an internal medicine and pediatric physician near Austin, Texas, exemplifies this practice. As a physician, she chose to abandon a system dependent on third parties like insurance and Medicare in favor of dealing with her patients directly. While many other physicians, working under a barrage of administrative tasks, find themselves trapped in a continuous struggle to devote time to patient care, Dr. Madrigal-Dersch is able to tailor care according to the relationship built between her and the patient. Thus, she is able to offer care for very low or even no cost depending on the patient's situation while still running a vibrant independent practice (Madrigal-Dersch 2012). Dr. Madrigal-Dersch is not alone.

Drs. Alieta and John Eck are internal medicine doctors practicing in New Jersey. In 2003 they opened Zarephath Health Center. Zarephath is a 5000-square-foot primary care clinic that operates without any governmental or insurance involvement. The clinic is able to see three to four hundred patients every month even while only being open fourteen hours a week. In fact, the actual cost to care for each patient, including utilities, space, and supplies, is $15 per patient visit on average (Eck 2012). Intimately associated with the clinic is an affiliated religious organization which offers a clothing and food pantry and faith-based assistance for conditions such as addiction, alcohol abuse, and the difficulties of single motherhood. The Ecks' work demonstrates that personalized care of the whole person is possible when physicians are free to care for patients without outside interference.

Another example of successfully reestablishing the patient's role in health care is the Surgery Center of Oklahoma (SCO). Founded 16 years ago by two anesthesiologists, Dr. Keith Smith and Dr. Steven Lantier, this for-profit surgical center offers an alternative to the nearby hospital Integris Baptist Medical Center run by non-profit Integris Health. The SCO displays its prices on its website and communicates directly with patients regarding their care—often without any third-party interference. As a result, prices for identical surgeries (even performed by the same surgeon who works at both facilities) done at SCO and Integris can differ by thousands of dollars with significantly lower prices at SCO. Greater efficiency is achieved through SCO's ability to focus solely on medical care. This contrast highlights even more acutely the irrationality of the over 25% of hospital spending dedicated to administrative costs (Himmelstein et al. 2014). Not only does SCO offer services at a lower price but the quality of their work is at or above the standard of care (Epstein 2012). SCO accomplishes this feat by focusing directly on the patient, by reconnecting him or her to personal stewardship over his or her health.

These examples demonstrate the ideal future path for medicine. Organizations such as the Wedge of Health Freedom are making the path—exemplified by those aforementioned medical professionals—accessible to more and more patients and physicians by creating an online network to help find or start similar practices.[1] In addition, m-Health resources that give patients greater access to and control over their health using digital technologies also are poised to reestablish the connection of

patients to their care (Dzau et al. 2016). A future where the patient and the physician reunite as the main actors in the realm of health is promising.

Conclusion

Subsidiarity shines most brilliantly in the reconnection of the patient to personal stewardship over his or her health. Going hand in hand with this reconnection is the reaffirmation of the relationship between the patient and the healthcare team. Furthermore, human dignity blossoms when this relationship is strong and unhindered by interference from outside parties. Greater responsibility shared between the healthcare team and patient fosters a stronger sense of trust. Physicians like Eck, Smith, and Madrigal-Dersch are able to achieve far more for their patients when the proper ordering of responsibility is returned to patients and the healthcare teams. Their relationship with patients becomes more than a transactional exchange between consumer and provider. *Centesimus annus* is particularly relevant in this context:

> In fact, it would appear that needs are best understood and satisfied by people who are closest to them and who act as neighbours to those in need. It should be added that certain kinds of demands often call for a response which is not simply material but which is capable of perceiving the deeper human need. One thinks of the condition of refugees, immigrants, the elderly, the sick, and all those in circumstances which call for assistance, such as drug abusers: all these people can be helped effectively only by those who offer them genuine fraternal support, in addition to the necessary care. (John Paul II 1991, 48)

Subsidiarity exerts extraordinary harmonic force when incorporated into society. Within subsidiarity's influence we are better positioned to offer genuine fraternal support because we are more closely connected to those people and problems to which we have a responsibility. We are called to be wise stewards, not subservient drones nor oppressive tyrants. In respecting subsidiarity we promote correctly ordered relationships as well as the judicious harmony of authority. In any prosperous society, the wise distribution of authority and resources demands a corresponding wise distribution of responsibility. Toward this end, let us reinvigorate that oft forgotten yet fundamental principle, subsidiarity.

Note

1 See http://jointhewedge.com/. As of September 17, 2016, the Wedge of Health Freedom listed on its website the criteria for patients and physicians as well as a search tool to find physicians involved in the Wedge.

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