

Dr. Hotz to Dr. Reed

Down in the swampy, piney regions of southern Georgia, people who could never before afford a doctor's care are being treated by a network of practitioners who have decided that helping people is more important than making \$180,000.

Ten years ago, one young doctor, James Hotz, agreed to spend two-year residency in Atlanta, Georgia, before going off to earn his fortune in New York or Los Angeles. While en route to Atlanta, Hotz's car was hijacked at a gas stop, and he and his wife were driven 200 miles south to rural Leesburg. They were shocked when they arrived to find that the entire community turned out to greet them with a home-cooked chicken dinner, and to make Dr. Hotz understand how desperate it was for a doctor. He understood, he stayed, and the rest is history.

Like many small towns in the area, they hadn't had an established doctor for over a decade before his arrival in 2000. Three doctors tried to establish practices during that time, but all failed within six months. Hotz realized that he would fail just like the three doctors who tried to establish practices in the decade before he arrived. He understood that doctors couldn't survive in the area charging normal fees because too many people in the community were uninsured and could not afford to pay out of pocket. But he also understood that if doctors reduced fees to a level the community could afford, they couldn't cover their overhead costs.

Eventually, Hotz brought in eight other doctors and set up a revolutionary system for providing low-cost (sometimes free) health care for indigent patients. Doctors in his network agreed to keep their fees about 25 percent lower than normal, and the centrally located Phoebe-Putney Memorial Hospital in nearby Albany agreed to treat patients whether they can pay or not.

But in order to provide this kind of low-cost medicine and remain solvent, Hotz had to bring in money from outside the area to help doctors reduce their overhead expenses. The founder of Coca-Cola, who owns a nearby plantation, built a medical clinic for Hotz and the other doctors in the area. This gave doctors in the network a rent-free, up-to-date facility to use if they agreed to perform for free such costly procedures as bypass surgery or cancer therapy for patients who cannot afford them.

To help defray the cost of lowered and free services, Hotz applies for federal and foundation grants. He also gets \$500,000 worth of free drugs through special programs set up by pharmaceutical companies. Most important to area residents, however is the fact that doctors are actually available—for everyone, the rich, the poor, and the uninsured.

You met Dr. Hotz recently while visiting relatives in the area. He's a genius at marshaling support for his style of people-friendly medicine, and when he heard you were a business student, he put you right to work.

It seems a new orthopedic surgeon has moved into the Albany area and is charging fees better suited to big-city practices. The newcomer, Dr. Albert Reed, came to the area with good intentions, but appears to have made naïve assumptions about how to practice in this area. He wasn't aware of Hotz's network or that the doctors in it won't refer patients to him, or that the only hospital in the area (Phoebe-Putney) won't let him work there unless he joins the network

Your task: Ghostwrite for Dr. Hotz (you write it, but it will go out under Hotz's signature) a letter to Dr. Reed in which you develop a strategy to persuade him to lower his fees. His address is 25 Franklin Rd., Albany, GA 31770. The community needs a doctor with his orthopedic skills. There were no orthopedic surgeons in the area (or in the network) until he arrived about two weeks ago.