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An Economist's Solution to the Organ Market Gap

INCENTIVIZING OR PURCHASING ORGANS FOR PEOPLE WHO ARE IN NEED FOR TRANSPLANT.

Spending a small amount by current standards to save a life is within our reach. Why not doing well by doing good. Welcome to The Clinician's Roundtable. I am your host, Dr. Maurice Pickard and joining me today is Dr. Gary Becker. Dr. Becker is a University Professor of Economics and Sociology at the University of Chicago and is Professor in the Graduate School of Business. He is the Rosemarie and Jack Anderson Senior Fellow at the Hoover Institute and he has won the Nobel Memorial Prize for Economic Science in 1992.

DR. MAURICE PICKARD:

Thank you very much for joining us today.

DR. GARY BECKER:

Glad to be here.

DR. MAURICE PICKARD:

Dr. Becker we have seen the increasing time that it takes for people who are on the waiting list for a donor for kidney and liver transplants. The list is getting longer. It used to be nonexistent 10 years ago. It is now 5 years before somebody may receive an organ and 50% of the people on the list will have died. Is there some economic way to solve this problem that exists between the gap of this tremendous demand and the lack of supply for a needed organ?

DR. GARY BECKER:

Well the obvious solution is to increase supply, we have tried many ways to do it by you know exhorting people to leave their organs, to give organs, advertisements to do it and we found a very small amount of success, but as you said far from sufficient to satisfy that growing demand as we have improved the ability to make organ transplants. So what's the solution? The solution is to take a much more radical approach to start paying people for organs. Experience in economics with almost any item that you can imagine has been that when you raise the price, you elicit significant increases in supply and I am sure that will happen in the case of the supply of organs, particularly kidneys and livers.

DR. MAURICE PICKARD:

Using economic science, how do you come up with a price that will cause the demand to go up?

DR. GARY BECKER:

Well you have to first of all break down the various costs to a donor. We divided them up into 3 categories. The risk of dying, the lost time from work and so on, recovery period from the transplant surgery, and any effects on the quality of life. So we calculated what's the increased probability of dying. It is very small, but it's not zero. Sometimes surgeries go wrong and so we have a method of putting a value on even small changes in the probability of dying, we did that. We estimated the average number of weeks that people lose as a result of being a donor, recovering and then looking at the earnings of people. We could put a value on that and then this was the hardest part. We tried to come up with some rough magnitudes of what any change in the quality of life would be for people. For most donors, the quality of life is normal. It isn't affected, but there is some small risk and so we had to value that. Putting it altogether we estimated for kidneys in the United States, we would have to pay about $15,000 to get a sufficient number of kidneys to satisfy this large increasing demand that you mentioned.

DR. MAURICE PICKARD:

This paper was presented at The Hoover Institute. I am sure that knowing who you are, putting your weight behind this particular subject caused a lot of response. Could you tell me some of the feedback from the particular scientific data that you presented there?

DR. GARY BECKER:

Well we got a bunch of different types of feedback, some enthusiastic supporters particularly of people who had relatives, who had needed an organ and had to go through this terrible experience of waiting 4 or 5 or 6 years sometimes tied to a dialysis machine, very expensive process often. We also had some people critical, who thought this was not moral and I had to walk them through why I thought it was more moral than what we are doing know, when we are condemning people either to death because they can't get an organ or to wait so long with a very low quality of life that this would be much more moral way of attacking this type of illness. We had other people who just wanted to know more evidence, how we made the calculations, why we could be so sure that it would be enough supply at that price. So we had a variety of responses, more of the responses started out negative, but as they went through the discussions, I like to believe a lot of people got converted and so are the reasonableness of such a procedure.

DR. MAURICE PICKARD:

You have talked about the various methods that we have used to increase the number of donors and this has failed. Do you think this might lead to a level playing field, in other words that the vulnerable and disadvantaged who do not have access to the media, to the internet might not have an equal opportunity towards getting an organ?

DR. GARY BECKER:

Absolutely. In most situations when you don’t have a market clearing and minorities are hurt more for reasons you say, A. They don’t have as many relatives who are willing to supply organs or they don’t go on the internet or whatever. So I definitely feel that they would benefit even more than others from the system because everybody would have access to an organ as a result of this.

DR. MAURICE PICKARD:

I am your host Dr. Maurice Pickard and I am speaking with Dr. Gary Becker, University Professor of Economics and Sociology at the University of Chicago and we are discussing incentivizing or purchasing organs for people who are in need for transplant.

When you look at the total cost of a transplant, what is the actual additional cost of procuring an organ if you are incentivizing it?

DR. GARY BECKER:

It wouldn't be a big fraction of total cost because you well know and I am sure most of the audience knows transplant surgery is one of the most expensive forms of surgery. We had estimates for kidney transplants as I remember it now about $100,000 and for liver transplants, maybe $150,000 would be typical in the United States. If you had $15,000 to hundred some odd thousand, you get around 10% to 15% increase in the cost. So it's not an overwhelming increase in the cost.

DR. MAURICE PICKARD:

Do you think actually the cost that we now go through of procuring organs would actually go down? There would be certain things that would go down by adding this cost.

DR. GARY BECKER:

Two types of cost would go down. One - we wouldn't have the procurement problem or a somewhat simpler procurement problem, you would have to test the organ and so on, but now from speaking to transplant surgeon, as soon as they hear about a potential organ some place, they have to fly off and rush down there to get it, come back quickly, because it doesn't last that long and then have the surgery. You would eliminate most of that problem under the system. The second problem that costs in the general sense of costs is you can make the transplant much more to convenience of the recipient, that implying when they are healthy enough to have the surgery, so you could match the timing much better to suit both the donor of course and the recipient and that would a significant reduction in some real cost as we think of cost. So there are a number of costs that would go down.

DR. MAURICE PICKARD:

And of course the enormous cost of being on chronic dialysis?

DR. GARY BECKER:

Right. I forgot, I am glad you mentioned that. Yeah you would eliminate the big cost, both in terms of the actual monetary cost and in terms of the restriction on work from being on dialysis and in terms of the quality of life. Those would be tremendous, probably for people who are long time dialysis patients who would actually significantly reduce the total costs by paying for a kidney.

DR. MAURICE PICKARD:

Do you think the poor will be taken advantage of?

DR. GARY BECKER:

Well I think, 2 things, 1 - you are more likely to get a disproportionate supply from the poor. Although that you have to qualify that a little bit because somebody who is poor and around drugs and alcohol and the like, their organs may not be in good enough shape so that you rule out a significant fraction of the poor. That's been true in voluntary army. If you went to a voluntary army, so its only going to be poor people. Well lot of poor people don't qualify. They don't meet the standards of the military and I think in a similar way here, a number of the poor will not meet this quality of the organs standards that are required, but on the whole I think you would get a larger fraction of donations from lower income people than in the population as a whole. Now will they be taken advantage of? On the one hand you are supplying them income, so that's good. I mean that's why they are doing it. On the other hand, you might say well, but they will be impulsive and so on. So if you are worried about impulsive behavior, you could have a cooling off period, particularly with live transplants. You would say well, okay you sign up now. We are going to give you 30 days or so to change your mind. Let's see after 30 days, you still want to do it, and then you can do it. You would have to got double, initial signature and then a signature 30 days later. So you can put in very similar protection and I think it will be an opportunity for many poor people, not a disadvantage.

DR. MAURICE PICKARD:

You know 25 years ago when Congress looked at this for the first time and it failed miserably, they also wanted to put in protections as what will be done with the money. Some people suggested retirement fund, health policies, or even college tuition. Would this possibly satisfy some of the critics?

DR. GARY BECKER:

Yeah, it might. I have more confidence you know in that the poor know how to spend their money. Yes they don't have a lot of it, but if you worry about that, sure you can limit it to you know various types of expenditure like educational fund for children or for the person themselves, if they are young people doing it. Having dealt a lot with poor people in my analysis, my experience has been, it is not that the poor don't know what to do with the money they have; they just don't have enough money. Once they do, I am sure they will make mistakes just like rich people make mistakes and middle class people make mistakes in spending their money, but I think they will do a good deal to meet their basic needs. Some of if would be educational needs, some of it will be other needs. Things that to them are very important in their daily life.

DR. MAURICE PICKARD:

You know a lot of people object to selling body parts and yet we have examples of eggs and surrogate mothers and corneas. Now how do you feel that this is really wrong that we shouldn't sell a body part? It isn't ours to sell.

DR. GARY BECKER:

Well one of the basic freedoms, if you look at the history of freedom in philosophy. Great philosophist, Jean Luc and others, the first thing they said is that people have the freedom of their body. They control themselves. It is the first thing they control. The most fundamental thing. Most totalitarian societies have tried to take away peoples freedom over themselves. If you take that as the fundamental freedom, that's what people say. Women should be free in terms of what they want to do with the fetus. If you think of the fundamental freedom that people have over themselves and I would include in that freedom over their body parts and as you mentioned

we allow a lot of transactions in different body parts because the judgment was made, it is important to allow those sort of activities to go on. I think that's a fundamental freedom that nobody else should have control over that. Who else we say owns, you know, different parts of my body. I would like to think that I am the owner of that and I am the one who has the freedom to do it as I will. I may, you know, as a young guy may do daredevil type of activities with great risk, lot of tricks on skateboarding and all these things and surfing with high waves because I mean we like to think aside from certain extreme cases that people are the best judges of what to do with their bodies.

DR. MAURICE PICKARD:

You know you talk about liberties and we all grew up life, liberty in the pursuit of happiness. It appears within our grasp now, maybe for the first time to present these liberties back to people who have chronic renal disease.

I want to thank Dr. Gary Becker who has been our guest today and we have been discussing incentivizing donations of kidneys to people who have been waiting far too long on the list. To listen to our on-demand library visit us at www.reachmd.com. If you have comments or suggestions, call us at (888-MDXM-157). Thank you for listening.

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