

Chapter 1: Major Characteristics of the U.S. Health Care System Second Half

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Learning Objectives

At the end of this lecture, student should be able to:

- Name three characteristics of the U.S. health care delivery system
- Name at least one way in which the U.S. health care delivery system is different from that of most developed countries
- Explain what a “systems framework” is

Characteristics of the U.S. Health Care System

Main Characteristics of the U.S. Health Care System



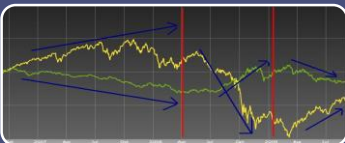
No central governing agency and little integration and coordination



Technology-driven delivery system focusing on curative care



High in cost, unequal in access, and average in outcome



Delivery of health care under imperfect market conditions



Government as subsidiary to the private sector

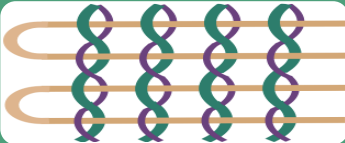
Main Characteristics of the U.S. Health Care System



Fusion of market justice and social justice



Multiple players and balance of power



Quest for integration and accountability



Access to health care services selectively based on insurance coverage



Legal risks influence practice behaviors

1. *No Central Governing Agency*



- No central governing agency results in little integration and coordination
 - Usually centrally-controlled in developed countries
 - Central systems less complex, less costly
- Not being centralized adds complexity
 - Many different payment, insurance, and delivery mechanisms
 - Even diversity within governmental mechanisms
 - Medicare--elderly and certain disabled people
 - Medicaid--poor (if they meet the eligibility criteria)
 - Health care is financed both publicly and privately.
 - Private insurance through employers or individually purchased
 - Governmental programs

2. *Technology-driven, and Focused on Acute Care*



- The US invests in research and innovations in new medical technology.
- Growth in science and technology helps create demand for new (fancy, high-tech, expensive) services
- Shrinking resources for sophisticated care
- Technology implemented with some success, but overused
 - The cost of botched technology is not trivial, but mostly indirect
 - Affects amount employers and employees pay for health plans

Good and Bad Tech: Governance

- Bad tech: Buying an electronic medical records (EMR) system and implementing it the wrong way
- Good tech: Buying possibly the same EMR system, and implementing it the right way
- Older article online (2003) by Dr. Paul Smith with his EMR experience and “keys to success”:
 - Clear definition of goals,
 - Strong project leadership team to run the implementation,
 - Project manager with sufficient, dedicated time,
 - Strong physician leader to champion the project,
 - Detailed analysis of work flow,
 - High level of staff flexibility,
 - Commitment to “plan for the worst; hope for the best.”

3. High in Cost, Unequal in Access, and Average in Outcome



- Not a very good balance! Like a VIP room at a nightclub?
- High in cost
 - The United States spends more than any other developed country on health care.
 - Costs rising at alarming rate
- But yet, unequal in access
 - Access = the ability to obtain health care services when needed
 - Financing and insurance are the key predictors of access
 - Many U.S. citizens have limited access to basic care

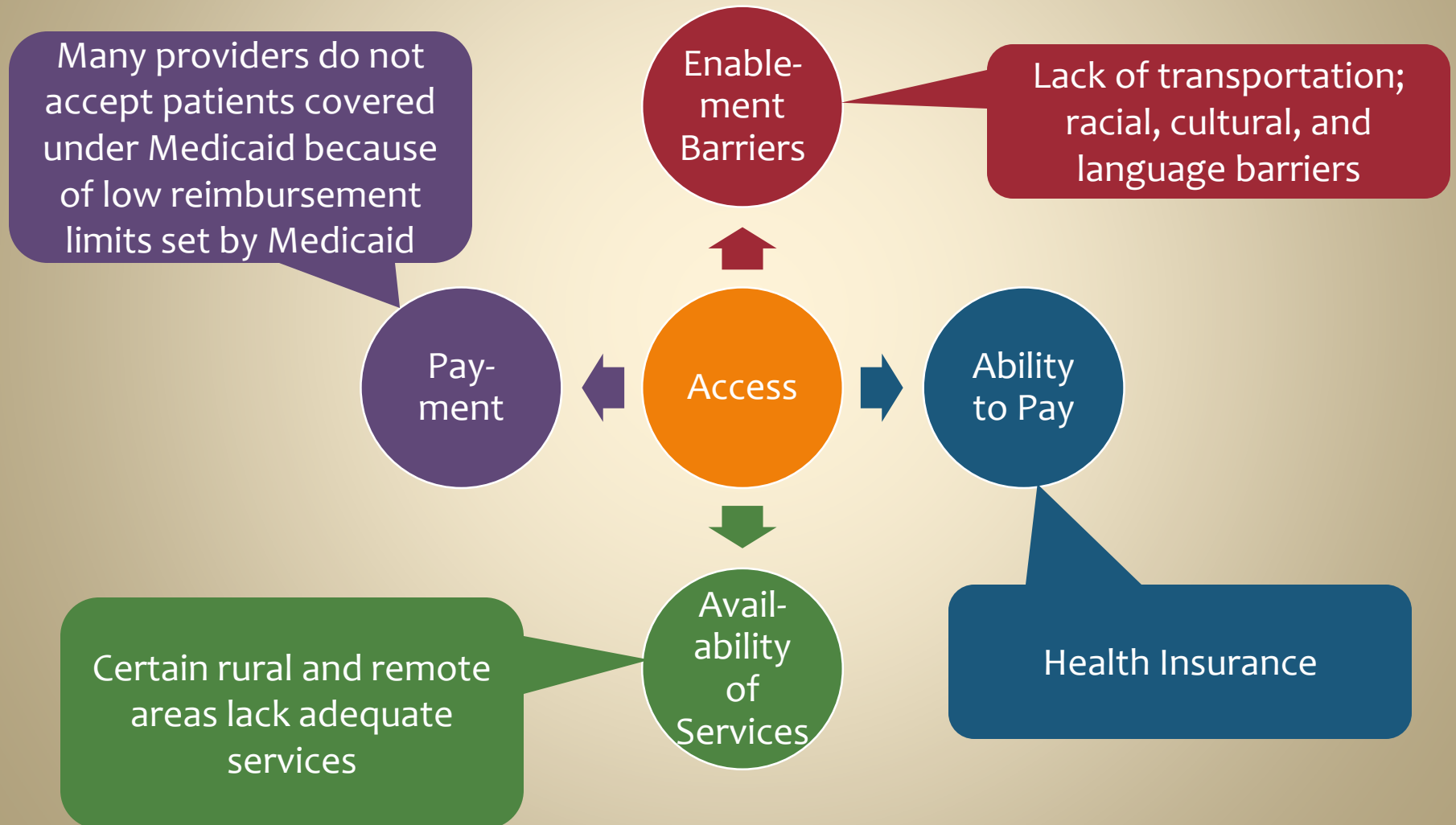
Access to Care in the U.S.

- Access to care in the U.S. is limited to:
 - Those who have health insurance under an employer (e.g., work at Boston Scientific, or even the State of Massachusetts, and employee shares cost)
 - Those who are covered under a government program (TRICARE, Medicaid, etc.)
 - Those who can afford to pay out-of-pocket for *insurance* (some small business owners? 1%-ers?)
 - Those who can afford to pay out-of-pocket for *care* (I don't know anyone that wealthy!)

Specific Laparoscopic Hysterectomy Procedures and Boston Cost Averages

| | |
|--|-------------|
| Adnexa Removal (Laparoscopic) Cost Average | \$15,500.00 |
| Hysterectomy Myomectomy Cost Average | \$16,000.00 |
| Hysterectomy Vaginal Cost Average | \$20,300.00 |
| Ovary Surgery Cost Average | \$10,400.00 |

Access is Determined by Four Factors



Subsystems and Access

- It is true that citizens can “piece together” access
 - A veteran uses public health, military, and vulnerable population subsystems to get treatment for head injury during deployment
 - A young woman uses public health, vulnerable population and long-term care subsystems to help her through her first pregnancy and birth
- Even so, *the absence of insurance inhibits a patient's ability*
 - to receive *well-directed, coordinated, and continuous care*
 - to receive *primary and specialty services if referred.*

4. Imperfect Market Conditions



- Under national health care programs (not U.S.), true “free market” forces are virtually non-existent
 - Patients have varying degrees of choice in selecting providers
- In the U.S., health care is only partially governed by free market forces.



Six Traits of a Free Health Care Market

Providers are Vendors

- Unrestrained competition must occur among providers, on the basis of price and quality.
- Patients should be able to choose their provider based on price and quality.
- Multiple patients (buyers) and providers (sellers) act independently.

Patients are Consumers

- Patients must have information about the availability of various services.
- Patients make decisions about the purchase of health care services.
- Patients directly bear the cost of services received.

5. Government as Subsidiary to the Private Sector



- In most developed countries, government plays a central role in the provision of health care.
- In the U.S., the private sector plays the dominant role because of
 - American tradition, and
 - the desire to limit government.
- *How is the “American” tradition different from that of Canada or Europe?*
- *Why do Americans have the desire to limit government?*

6. *Market Justice vs. Social Justice*



Market justice places the responsibility for the fair distribution of health care on the market forces in a free economy.

Thus, interfering with market forces in a free economy would be considered unjust.

Social justice emphasizes the well-being of the community over that of the individual.

Thus, the inability to obtain medical services because of a lack of financial resources would be considered unjust

Market or Social Justice?

- In many European countries, regardless of the socio-economic status of the parents, children's health care is fully covered by the government until the child turns 18
- A pregnant woman in Florida whose shoulder was injured when her husband pulled her arm in a fight cannot obtain an X-ray because she does not have the \$150 required for this service
- A couple who is age 60 has to wait over a year for the husband to be seen at a U.S. state-government sponsored memory disorder clinic for an evaluation for possible dementia because they do not have insurance
- A person in Canada has a heart attack while traveling in a nearby province, but has no barrier obtaining care, and even her medical records, due to the relative simplicity of a universal system

7. Multiple Players and Balance of Power



- Who has the power in this system? So far, the key players have been:
 - Physicians
 - Administrators of health care institutions
 - Insurance companies
 - Large employers
 - Government
- *How do these groups wield their power?*
- *Is this fair for patients – the “consumers”?*

8. *Quest for Integration and Accountability*



- Envisioned role for primary care would include integrated health care by offering comprehensive, coordinated, and continuous services with a seamless delivery
- This emphasizes the importance of patient-provider relationship (especially with primary care providers) and how it can best function to improve the health of each individual and thus strengthen population.

Integration and Accountability

- Integration
 - In the U.S. there is a drive to use primary care as the organizing hub for continuous and coordinated health services with seamless delivery.
- Accountability
 - Provider accountability: Ethically providing quality health care in an efficient manner.
 - Patient accountability: Safeguarding one's own health and using resources sensibly
- *With such well-laid plans, what could possibly go wrong?*

9. Access Based on Insurance and 10. Legal Risk Influences Practice



- As described earlier, access to health care in the U.S. is selectively based on insurance coverage
- Because of the “free market”, providers take on legal risks when they deliver health care, and this influences their practice behavior. *How?*

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Comparison with Other Developed Countries




Universal Access

- Other developed countries have national health care programs providing universal access.
 - Theoretically this leaves no citizen uninsured.
- Universal access is provided by a health care delivery system which
 - (1) is managed by the government, and
 - (2) provides a defined set of health care services to all citizens.

National Health System Models

- National Health Insurance (Canada )
 - Core of care delivered by private providers
 - Tighter consolidation of the financing, coordinated by government
- National Health System (Great Britain )
 - Tax-supported national health insurance program
 - Government manages the infrastructure for the delivery of medical care
 - Most medical institutions are operated by government
 - Most providers are government employees

National Health System Models

- Socialized Health Insurance Systems - Germany 
Israel  Japan 
 - Health care is financed through government-mandated contributions by employers and employees.
 - Health care is delivered by private providers.
 - Sickness funds collect and pay for services.
 - Insurance and payment is closely integrated.
 - Delivery characterized by independent, private arrangements.
 - Government exercises overall control.

What is the doing wrong?

Table 1.1 Health Care Systems of Selected Industrialized Countries

| | United States | Canada | United Kingdom | Germany |
|---|---|---------------------------------|-------------------------------------|--|
| Type | Pluralistic | National health insurance | National health system | Socialized health insurance |
| Ownership | Private | Public/private | Public | Private |
| Financing | Voluntary, multipayer system (premiums or general taxes) | Single-payer (general taxes) | Single-payer (general taxes) | Employer—employee (mandated payroll contributions and general taxes) |
| Reimbursement (hospital) | Varies (DRGs, negotiated fee-for- service, per diem, capitation) | Global budgets | Global budgets | Per diem payments |
| Reimbursement (physicians) | RBRVS, fee-for-service | Negotiated fee-for-service | Salaries and capitation payments | Negotiated fee-for-service |
| Consumer copayment | Small to significant | Negligible | Negligible | Negligible |
| Life expectancy for women | 83 | 82.7 | 81.8 | 80.4 |
| Infant mortality per 1,000 live births | 5.1 | 3.9 | 4.7 | 6.8 |
| Expenditures as a percentage of GDP | 10.0 | 8.4 | 10.5 | 16.0 |

Note: DRGs, diagnosis-related groups; RBRVS, resource-based relative value scale.

Source: Data from Organization for Economic Cooperation and Development. OECD health data. OECD Health Statistics [database], 2010. doi: 10.1787/data-00350-en. Accessed June 30, 2011.

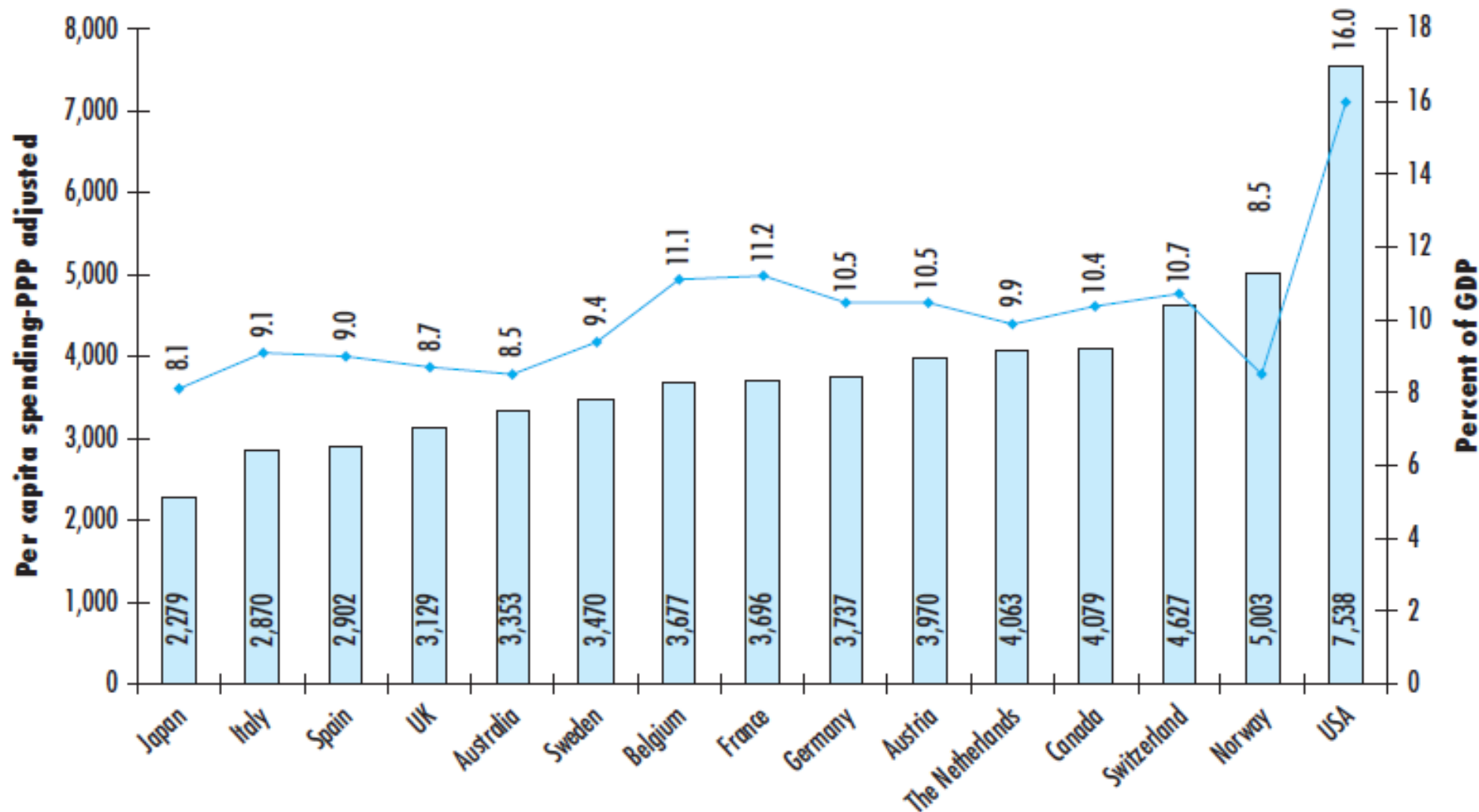


Figure 1.2 Total Health Expenditure per Capita and as a Share of GDP, United States and Selected Countries, 2008

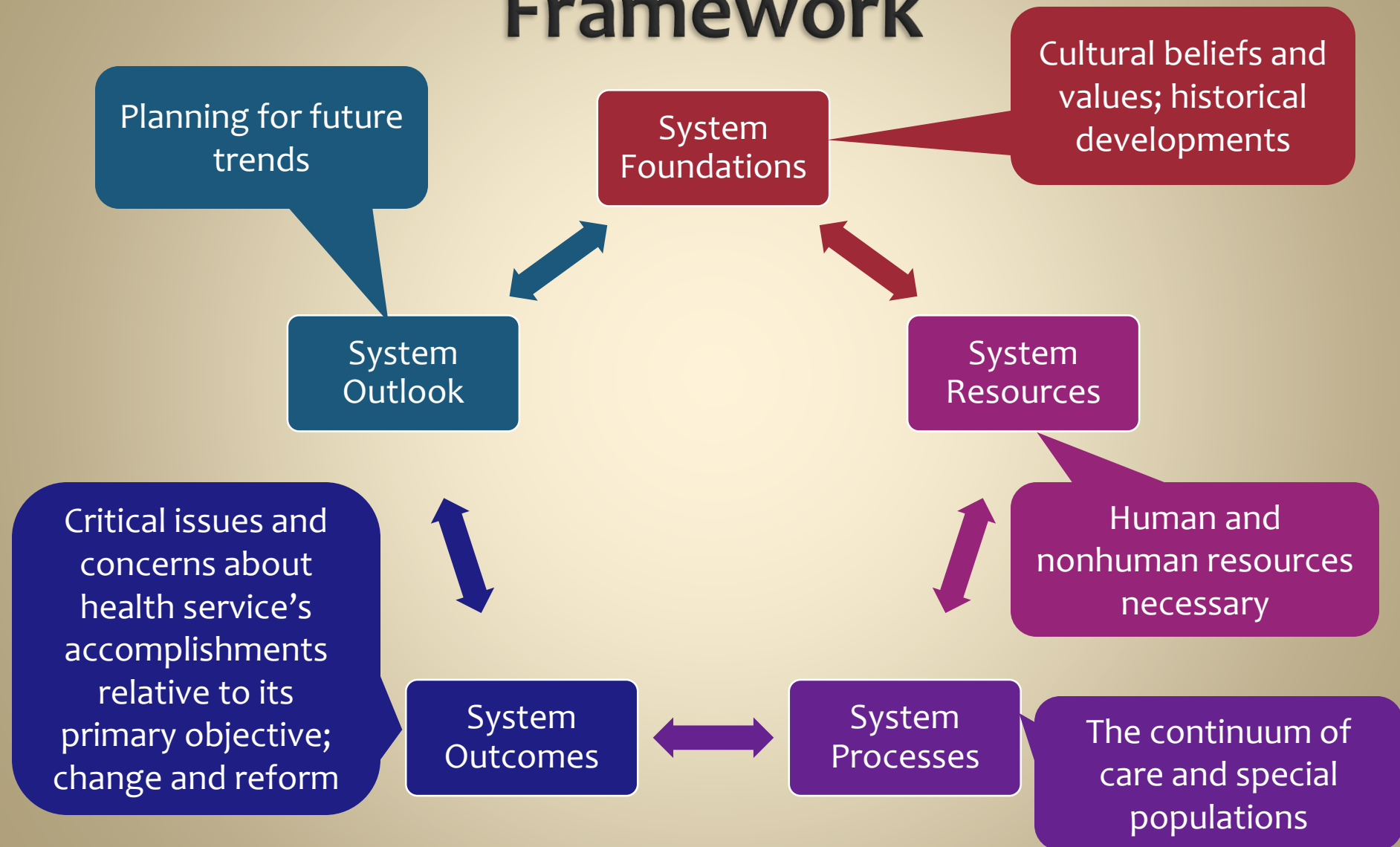
Source: Data from Organization for Economic Cooperation and Development. OECD health data. OECD Health Statistics [database], 2010. doi: 10.1787/data-00350-en. Accessed June 30, 2011.

Systems Framework

Systems Framework

- Systems consist of a set of interrelated and interdependent components designed to achieve some common goals
 - Explains the structure of health care services in the U.S. based on foundations
 - Provides a logical arrangement of various components
 - Demonstrates a progression from inputs to outputs
- Note: In order to better understand the textbook, consider Figure 1.5 on Page 25 of the text.
 - It organizes the chapters into “systems framework”, and may help you more easily remember how these components fit together as we proceed

Components of the Systems Framework



Conclusion – Last half of Chapter 1

- Rather than one seamless system, there are actually several subsystems that provide health care delivery in the U.S
- There are several unique characteristics of the U.S. health care delivery system that makes it much different from other countries
 - In contrast to other countries, the U.S. does not have “universal access”, with unique implications
- A “systems framework” approach is necessary to understand the U.S. health care system

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