

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

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Learning Objectives

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

- Name three subsystems of the U.S. health care delivery system
- Describe at least one way health care delivery is financed
- Define what an “integrated delivery system” is

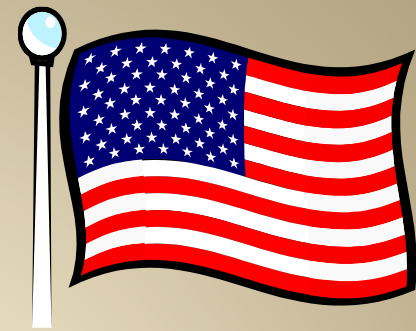
Introduction

Introduction



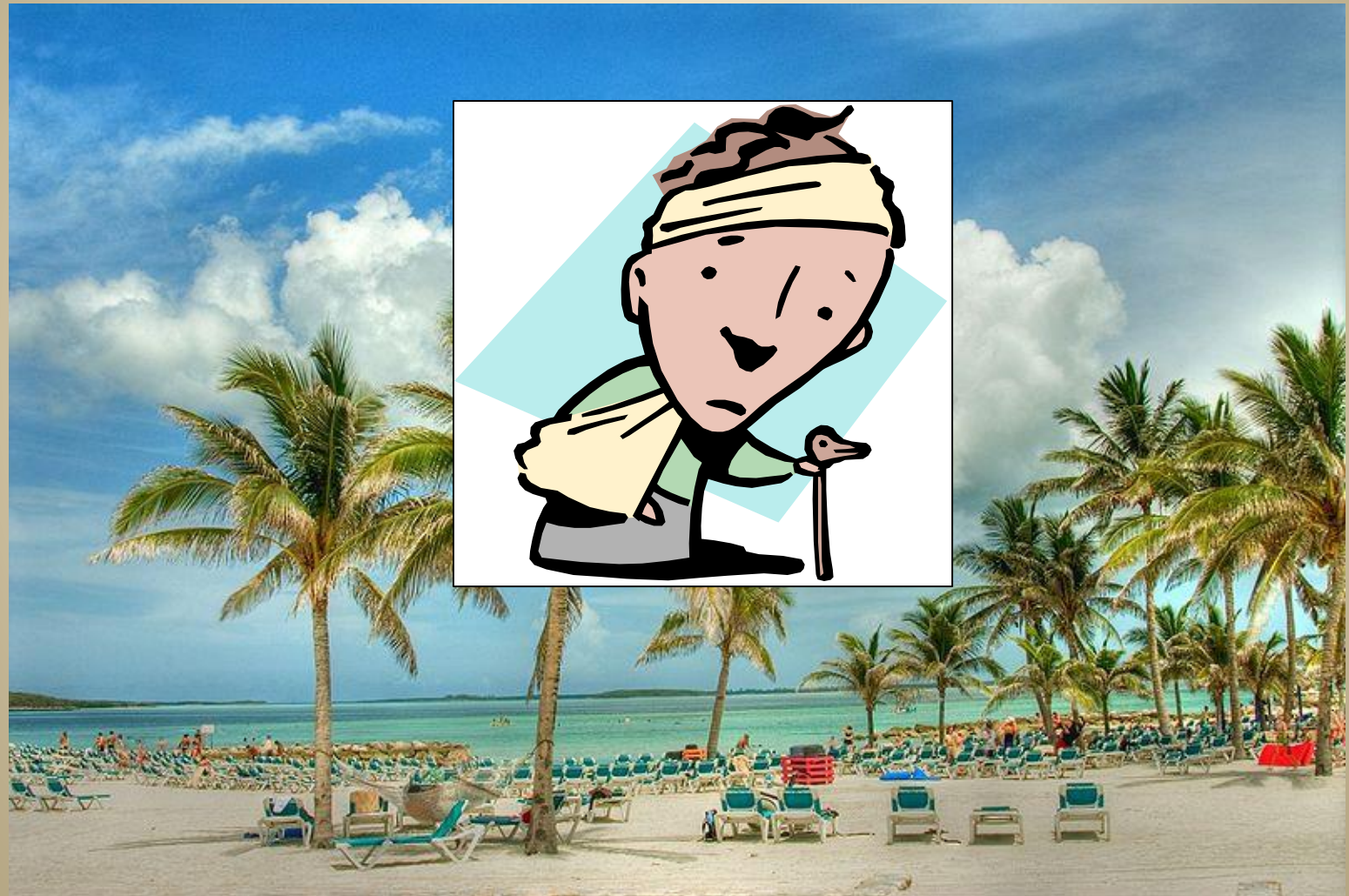
- “Health care delivery” and “health services delivery”
- These terms can have slightly different meanings, but in a broad sense, both terms refer to the:
 - Major components of the system.
 - Processes that enable people to receive health care.
 - Provision of health care services to patients.
- Primary objectives of any health care delivery system
 - To enable all citizens to receive health care services whenever needed--universal access
 - To deliver services that are cost-effective and meet certain pre-established standards of quality.

U.S. in Contrast to Other Systems



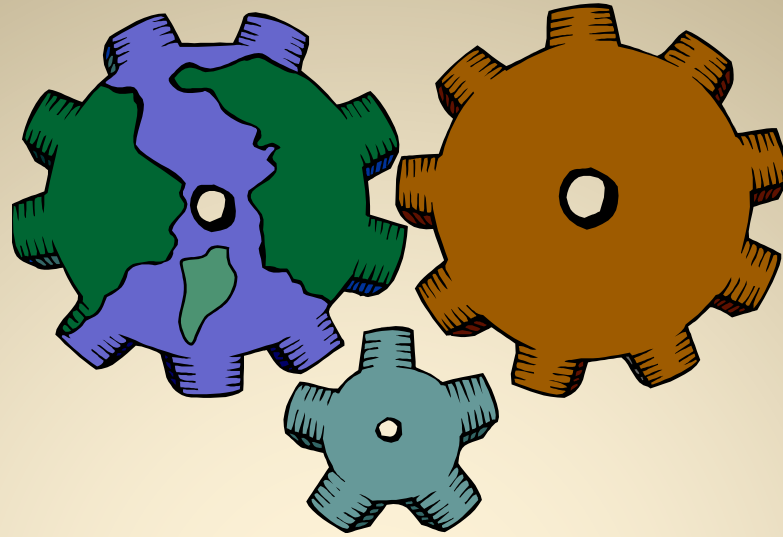
- Most developed countries have national health insurance programs referred to as “universal access”.
 - This system provides routine and basic health care.
 - It is run by the government, and financed through general taxes
- By contrast, the U.S. system does not currently have a national health insurance program that provides universal access
 - All Americans are NOT “entitled” to routine and basic health care services.

Getting Hurt in the Bahamas



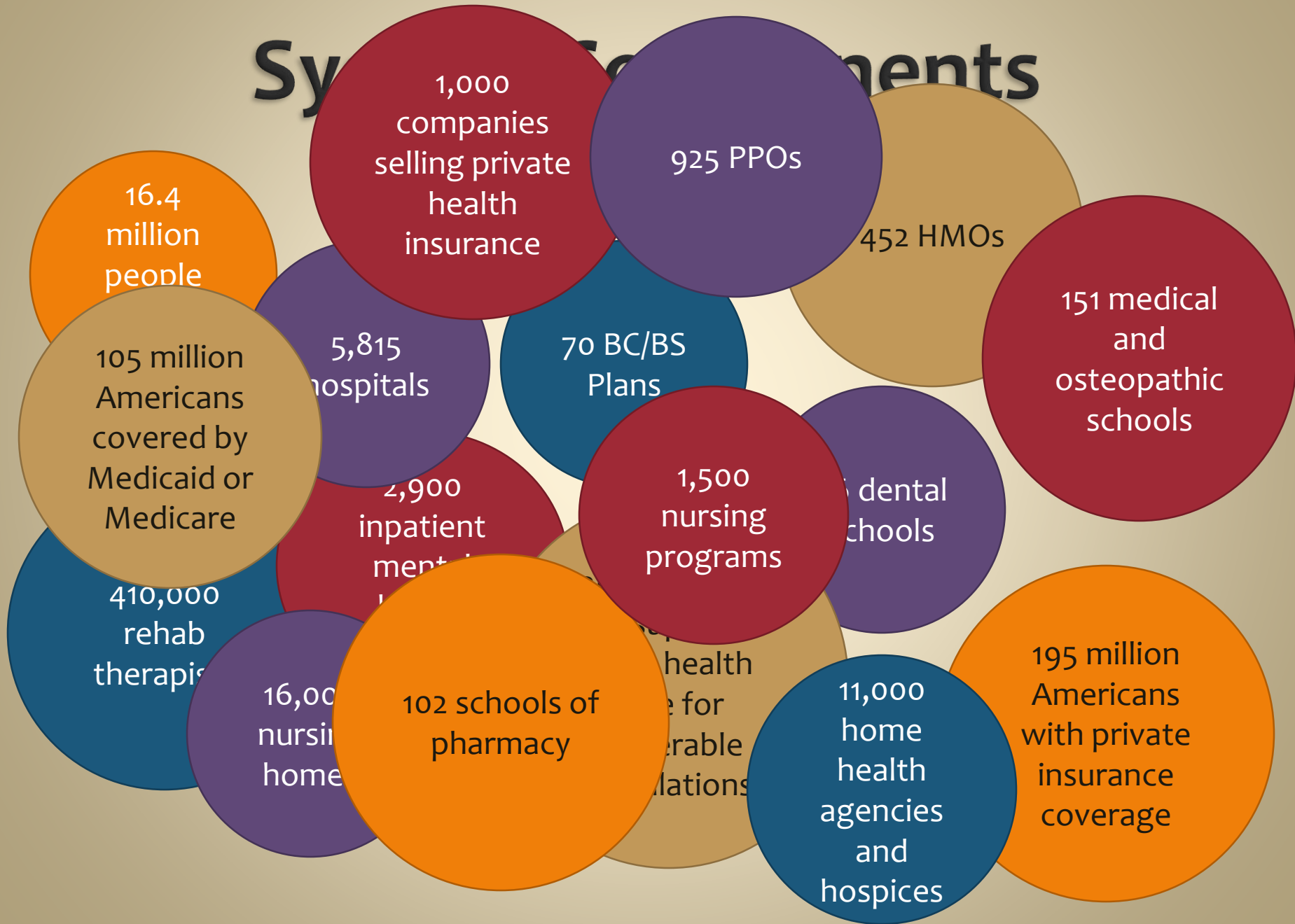
Textbook Overview

- New textbook as of July 2012 – Affordable Care Act mentioned
- “Systems Framework” discussed at end of Chapter 1 – Second Half lecture – framework for textbook
- Although we say health care “system”, it is not really a system in that the components are loosely connected
 - However, there are many, many components
 - What they are and how they are loosely (or more tightly) connected is the subject of this course



Subsystems in the U.S. Health Care System

System Components



1,000
companies
selling private
health
insurance

925 PPOs

452 HMOs

151 medical
and
osteopathic
schools

70 BC/BS
Plans

150
dental
schools

1,500
nursing
programs

2,900
inpatient
mental health
facilities

11,000
home
health
agencies
and
hospices

195 million
Americans
with private
insurance
coverage

105 million
Americans
covered by
Medicaid or
Medicare

410,000
rehab
therapists

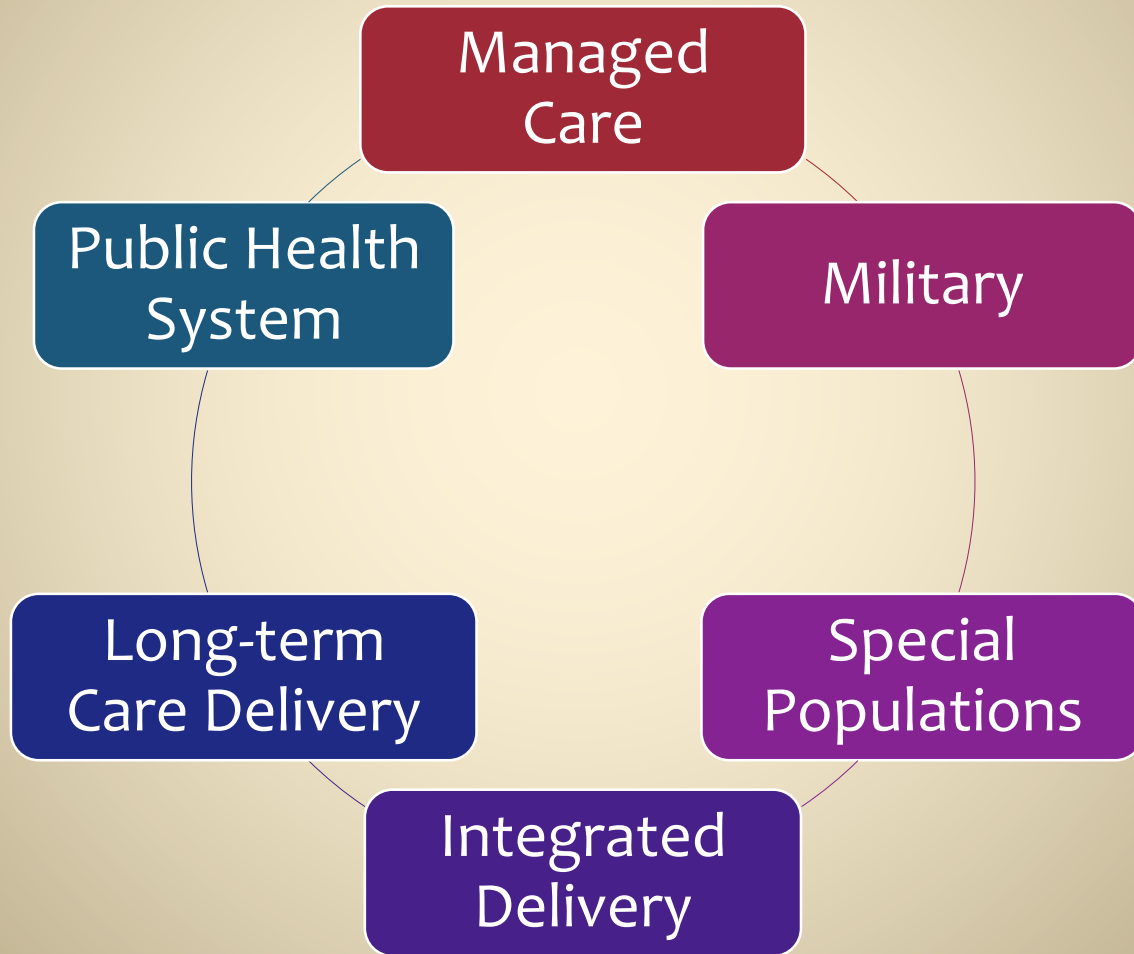
16,000
nursing
homes

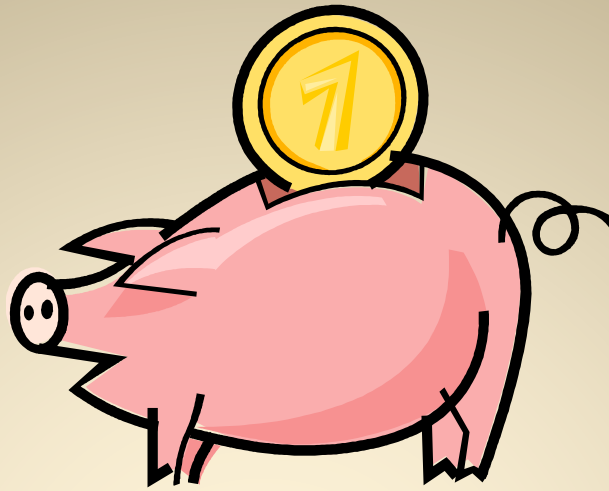
102 schools of
pharmacy

16.4
million
people

5,815
hospitals

Subsystems of U.S. Health Care Delivery





Managed Care

Philosophy Behind Managed Care

Managed care is a system of health care delivery that...

Integration

... determines the price at which the services are purchased (and therefore how much providers get paid).

Determine Price

Manage Utilization

Managed Care



- Managed Care is the most dominant health care delivery subsystem in the U.S.
 - Abbreviation “MCO” (managed care organization)
 - Available to most Americans
 - Primary financiers are employers and government
- An MCO is like an insurance company
 - Employers and the government contract with MCOs to offer a selected health plan to employees (if an employer) or Medicare and Medicaid beneficiaries (if the government).

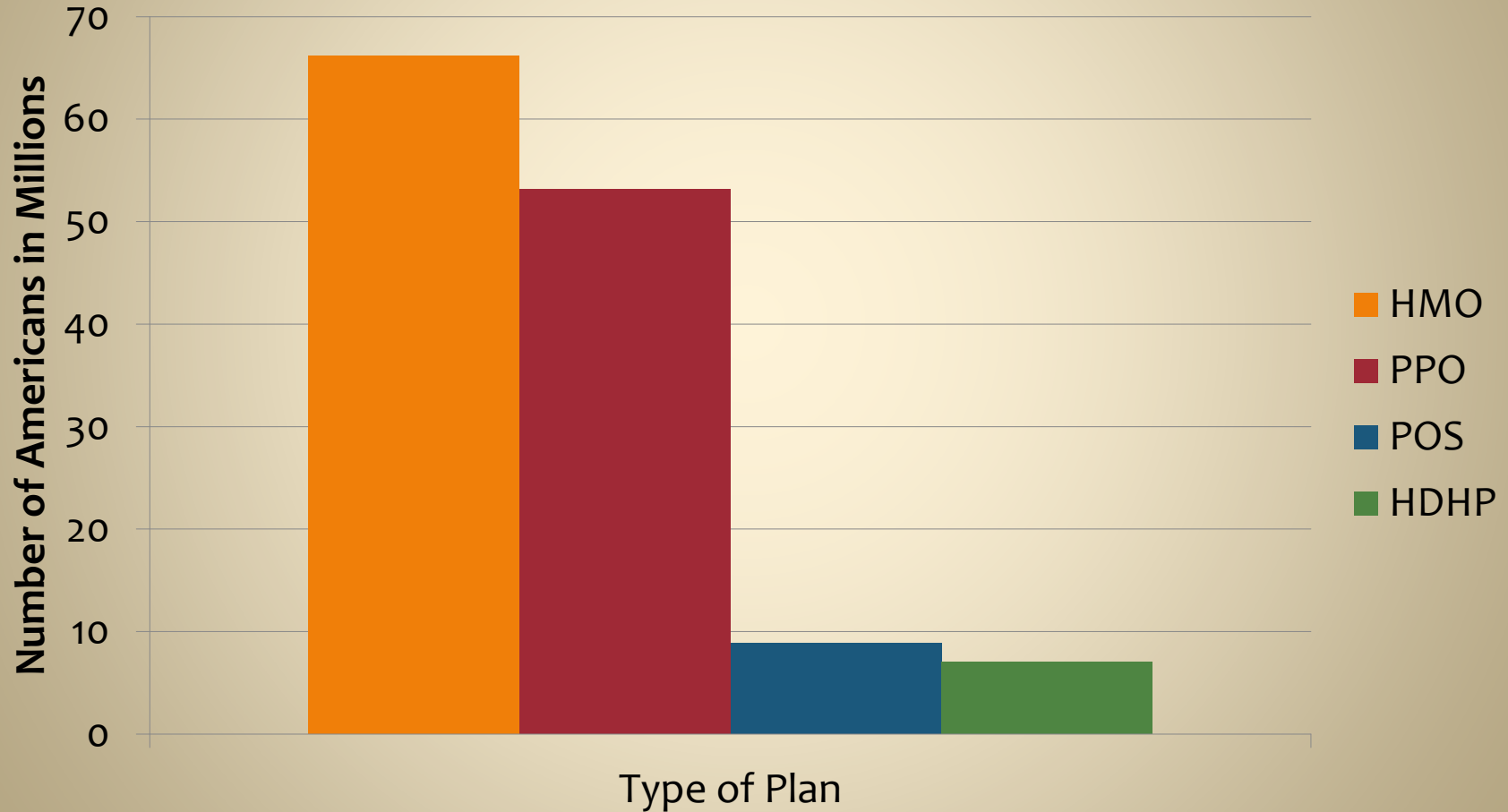
Financing in MCOs

- Capitation: For one set fee per member per month (PMPM) the MCO promises to deliver all needed health care services.
- Discounted Fees:
 - **Insurance**: MCO assumes risk and acts as an insurance carrier
 - **Delivery**: MCO arranges to provide health care services to the enrollees--either directly or through contracts. MCO implements various types of controls to manage utilization.
 - **Payment**: MCO acts as a payer and disburses payments to providers based on capitation or discounted fee arrangements.

Terms used in MCOs

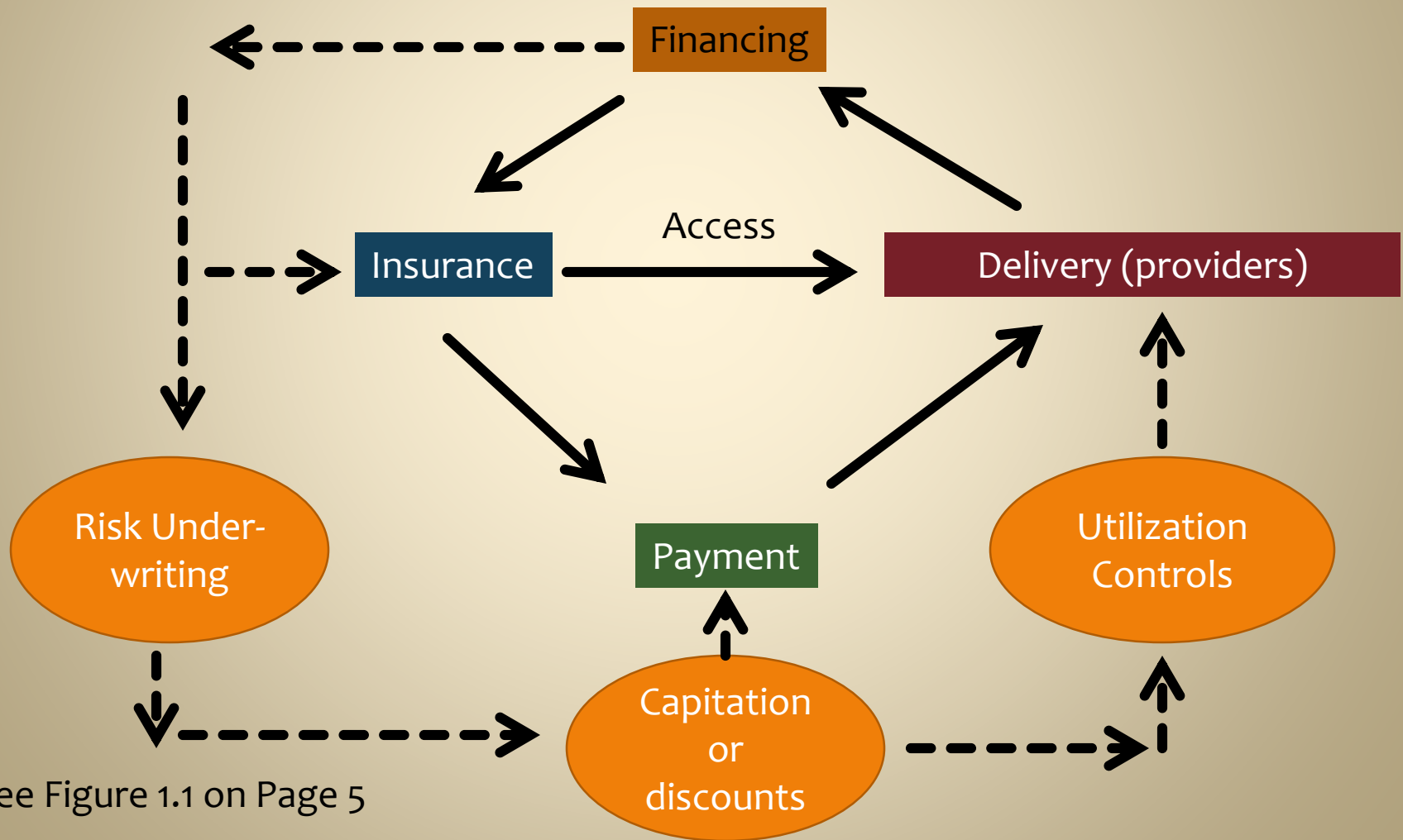
- Enrollee
 - Refers to a member of the MCO, or an individual covered under an MCO “health plan”
- Health plan
 - A contractual arrangement between the MCO and the enrollee
 - Includes a list of covered health services to which enrollees are entitled
 - Uses selected providers
 - Often uses primary care or general practitioners as “gatekeepers” to specialty providers
- *Why all this control over providers and health services?*

Number of Americans on Different MCO Plans, 2009



From page 4 of text.

Managed Care: Integration of Functions



See Figure 1.1 on Page 5

Example: Hennepin Health

- Minneapolis, MN is located in Hennepin County. Hennepin Health is a *health plan* administered by an *MCO* called Metropolitan Health Plan (MHP).
- It has a list of *selected providers* to choose from, and provides a list of *covered care and pharmacy formulary*.

The screenshot shows the website for Hennepin County, Minnesota. The header includes the text "Hennepin County, Minnesota" and a navigation menu with links for "Subscribe", "Media", "Events", "Jobs", "Contact", and "Site Map". A search bar is located on the right side of the header. Below the header is a large banner image with the Hennepin County logo on the left and the slogan "working for you" in a cursive font in the center. A vertical menu on the right side of the banner lists "How Do I?", "Who Is?", and "Where Is?". Below the banner is a horizontal navigation menu with links for "HOME", "RESIDENTS", "BUSINESS", "PUBLIC SAFETY & LAW", "GOVERNMENT", and "ABOUT". The main content area features a section titled "Hennepin Health" with a "SHARE" button and social media icons. The text below the title reads: "Hennepin Health, administered by MHP, is designed to serve the needs of eligible Hennepin County residents. Eligibility is determined by age, income, and county". To the right of the main content area is a "Contact" section with the text "Metropolitan Health Plan" and "Member Services".



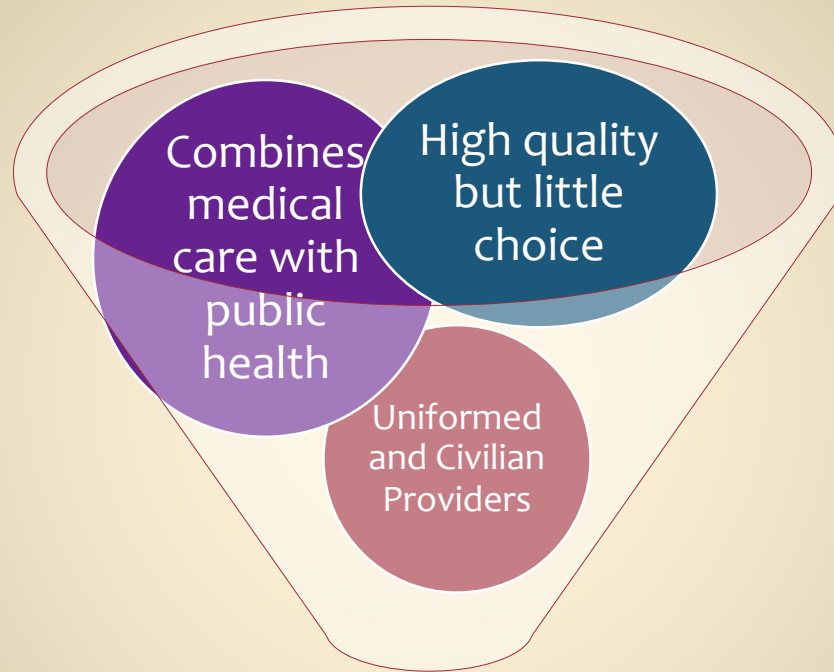
Military Subsystem

Military Subsystem

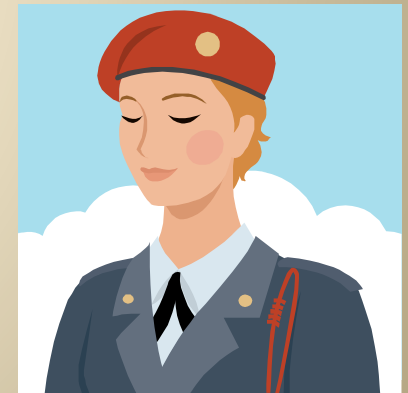


- Important distinction between current servicemembers and veterans
 - Current servicemembers, their families/dependents, and certain retired servicemembers are covered by the TRICARE system
 - Most veterans (servicemembers who are no longer on active duty) do not have access to the TRICARE system.
 - Veteran can opt for using the Veteran's Administration (VA) system, or make another insurance arrangement.
 - A typical Soldier will be in the Army for a 4-8 year enlistment under TRICARE, then become a veteran and either opt for or opt out of VA benefits.

Characteristics of Military Subsystem



Prevention and Treatment



TRICARE

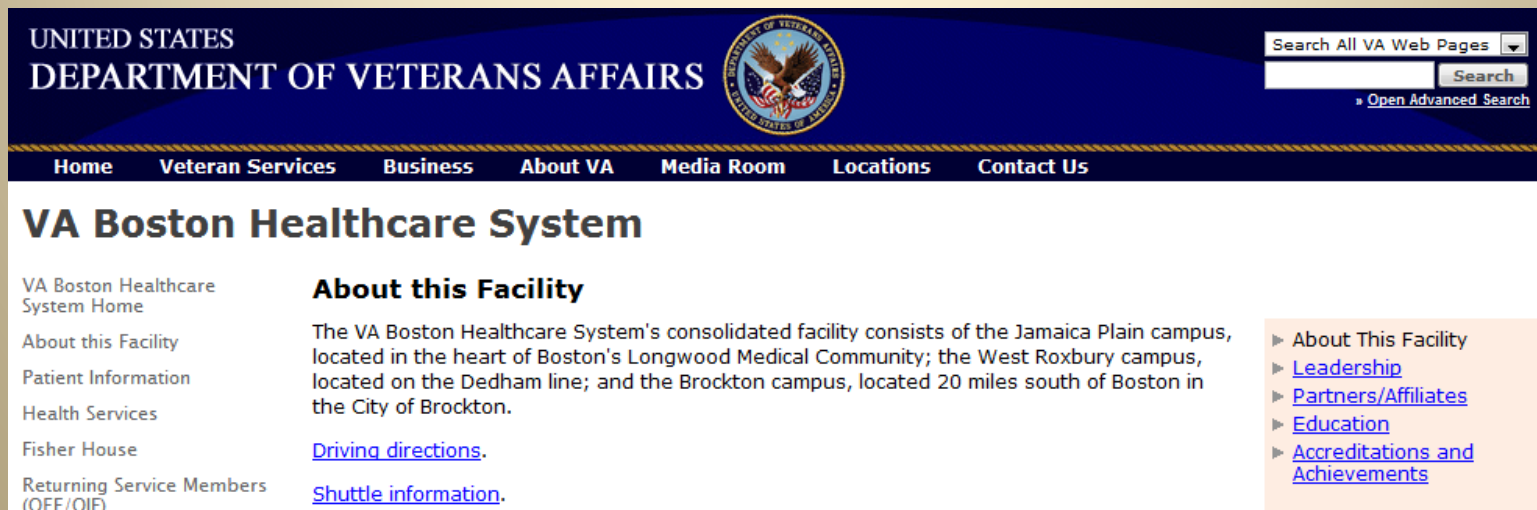
- TRICARE members get medical care (including preventive care) free-of-charge
- The following are enrolled in TRICARE:
 - Active duty military personnel of the U.S. Army, Navy, Air Force, and Coast Guard.
 - Certain uniformed nonmilitary services such as
 - The Public Health Services and
 - The National Oceanographic and Atmospheric Association (NOAA).
- Includes access to care at Military Treatment Facilities (MTFs) as well as locations in the community (e.g., Newton-Wellesley Hospital)
- Financed by the military

The VA Health Care System

- Available to veterans (people who used to be in TRICARE)
- Focuses on hospital, mental health and long-term care.
- Is one of the largest and oldest (1946) organized health systems in the world.
- Is to provide medical care, education and training, research, contingency support and emergency management for the Department of Defense medical care system.

VA System Organization

- The VA budgets over \$40 billion and employs over 280,000 per year
- Organized into 23 geographically-distributed Veterans Integrated Service Networks (VISN).
 - Each VISN coordinates its own services, and receives its own funds



The screenshot shows the top portion of the VA Boston Healthcare System website. At the top left, it reads "UNITED STATES DEPARTMENT OF VETERANS AFFAIRS" next to the VA seal. To the right is a search bar labeled "Search All VA Web Pages" with a "Search" button and a link to "Open Advanced Search". Below this is a dark blue navigation bar with white text for "Home", "Veteran Services", "Business", "About VA", "Media Room", "Locations", and "Contact Us". The main content area has a white background with the heading "VA Boston Healthcare System". On the left is a vertical list of links: "VA Boston Healthcare System Home", "About this Facility", "Patient Information", "Health Services", "Fisher House", and "Returning Service Members (OEF/OIF)". The central text, under the heading "About this Facility", describes the consolidated facility with three campuses: Jamaica Plain, West Roxbury, and Brockton. Below this are links for "Driving directions" and "Shuttle information". On the right, a light orange box contains a list of links: "About This Facility", "Leadership", "Partners/Affiliates", "Education", and "Accreditations and Achievements".

UNITED STATES
DEPARTMENT OF VETERANS AFFAIRS

Search All VA Web Pages
Search
» Open Advanced Search

Home Veteran Services Business About VA Media Room Locations Contact Us

VA Boston Healthcare System

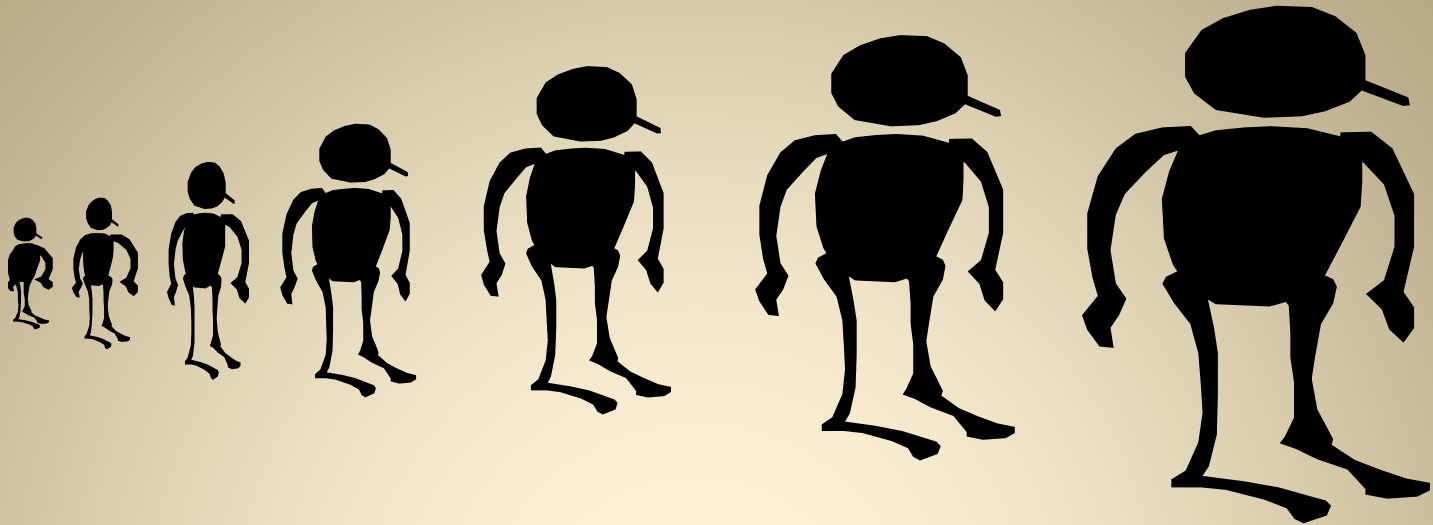
VA Boston Healthcare System Home
About this Facility
Patient Information
Health Services
Fisher House
Returning Service Members (OEF/OIF)

About this Facility

The VA Boston Healthcare System's consolidated facility consists of the Jamaica Plain campus, located in the heart of Boston's Longwood Medical Community; the West Roxbury campus, located on the Dedham line; and the Brockton campus, located 20 miles south of Boston in the City of Brockton.

[Driving directions.](#)
[Shuttle information.](#)

- ▶ About This Facility
- ▶ [Leadership](#)
- ▶ [Partners/Affiliates](#)
- ▶ [Education](#)
- ▶ [Accreditations and Achievements](#)



Special/Vulnerable Populations

Access to Care?

- If a person in the U.S. does is not on a health plan through an employer or the government (TRICARE, Medicaid, etc.), then how does s/he pay for health care?
- Lower socio-economic status individuals, ethnic minorities, and immigrants more likely to be uninsured.
- Live in disadvantaged communities and receive care from “safety net” providers.

30+ Years of Primary and Preventive Health Services



Migrant/
Seasonal
Workers



Homeless
Persons



Public Housing
Residents



School-aged
Children



Minority



Low Income



Uninsured



Enrolled in
Medicaid

- Bureau of Primary Health Care (BPHC)
- in Health Resources Services Administration (HRSA)
- in the Department of Health and Human Services (DHHS)

Community Health Centers Supported by Federal BPHC

2010

1,124
Community
Health
Organiz-
ations

Served
19.5
million
people

Across
8,100
service
sites

Handling
77 million
visits

93% less
than
200% of
poverty
level

38% un-
insured

Public Health Insurance

MEDICARE

- One of the largest sources of public health insurance in the U.S. for elders, disabled, ESRD
- Managed by CMS, division of DHHS
- Covers hospital care, post-discharge nursing care, hospice, outpatient, prescription drugs

MEDICAID

- Third largest source of health insurance in U.S.
- Covers 16% of population
- Low-income adults, children, elders, disabled
- Also Children's Health Insurance Plan (CHIP)
 - 1997 Medicaid expansion to cover more kids
 - Physician visits, immunizations, hospitalizations, ER visits

Safety Net Providers

- Not secure. *Why?*
- Provider type and availability vary. *How?*
- Some individuals forego care and seek hospital emergency services if nearby. *Why?*
- Providers pressured to see the rising number of uninsured. *Why?*
- Medicaid, the primary financial source for the safety net, does not allow much cost shifting.
Implications?

Case-in-Point: Komen for the Cure

- Komen for the Cure known internationally for fundraising for breast cancer prevention, treatment, and research
- Public relations SNAFU in February 2012 – defunded, then refunded, Planned Parenthood
- Puget Sound (Seattle area) Komen reports losing \$750,000 in donations that would go to mammograms for disadvantaged women



Integrated Delivery System

Integrated Delivery Systems (IDS)

- The hallmark of the U.S. health care industry is that it aims to deliver health care through IDS
- The objective of IDS is to have one health care organization deliver a range of services.
- In reality, it is a network of organizations that provide or arrange to provide a coordinated continuum of services to a defined population
 - Defined populations held clinically and fiscally accountable for outcomes and health status.
- IDS involves various forms of ownership and links among hospitals, physicians and insurers.

IDS Example: Allina Health in Minnesota

- Many facilities throughout urban and rural Minnesota
- Network of hospitals and clinics offering all types of care, including mental health
- *What is the advantage of being a large organization that offers all different types of health care?*

The screenshot shows the top portion of the Allina Health website. At the top right, there are links for "About Us", "Careers", "For Medical Professionals", "Give / Volunteer", "En Español", and "Employee Sign In". The Allina Health logo is on the left. A search bar contains the text "Search allinahealth.org" with a magnifying glass icon. Below this is a blue navigation bar with the following items: "Locations", "Doctors & Providers", "Health, Conditions & Treatments", "Medical Services", "Customer Service", "Family Health Manager", and "MyChart". Below the navigation bar, there is a promotional banner. On the left, a blue box contains the text "Take control of your health care with just one click." followed by a horizontal line. To the right of this box is a photograph of a woman looking at a laptop. On the far right of the banner, there is a green box with the text "I would like to" followed by a white box containing the text "Find a Doctor / Provider" and "Enter Specialty or keyword*". Below this is an input field, followed by the word "AND" and another input field with the text "Enter ZIP code or City/State" below it.

Long-term Care

Long-term Care (LTC)

- Consists of medical and non-medical care that is provided to individuals who are chronically ill or who have a disability.
 - Group homes for autistic adults
 - Skilled nursing facilities
 - Alzheimer's treatment units
- By 2020, more than 12 million Americans are projected to require LTC.
- *How are LTC and IDS connected?*

Public Health

Functions of Public Health



Monitoring health status to identify and solve community health problems



Diagnosing and investigating health problems and hazards.



Informing and educating people about health problems and hazards.



Mobilizing the community to solve health problems.



Developing policies to support individual and community health efforts.



Functions of Public Health



Enforcing laws and regulations to support health safety.



Providing people with access to necessary care.



Assuring a competent and professional health workforce.



Evaluating the effectiveness, accessibility, and quality of personal and population-based health services.



Performing research to discover innovative solutions to health problems.



Examples in Public Health

- Each year, the Center for Disease Control coordinates the formulation of the flu vaccine
 - *Monitors* flu strains, does *research*, makes sure people have *access* to vaccine, *informs and educates*
- Behavioral Risk Factor Surveillance Survey (BRFSS) is a yearly phone survey to estimate prevalence of risk factors in the U.S. (e.g., smoking)
 - *Monitors* risk factors, *diagnoses/investigates health problems* (growing obesity problem), *research, informs and educates*

Conclusion – First half of Chapter 1

- Rather than one seamless system, there are actually several subsystems that provide health care delivery in the U.S.
- MCOs are the dominant way in which Americans access health care providers
- Safety net provisions are put in place for those who do not have access to health care by way of insurance through an MCO

Learning Objectives

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

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- Describe at least one way health care delivery is financed
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