

A Brief Description of the US Health Care Delivery System

**The IRG/UVA Conference on
Non State Actors and
Public Health Policy**

March 22, 2010

The American Health “System”

- Unfortunately there is no “System” in the sense of an interconnected network of services with common national goals and program objectives
- The US has not codified a strategy or set overall goals for its health delivery programs
- Instead the US has a portfolio of funding schemes loosely hung together to cover most but not all Americans for most but not all their costs for most but not all of their health care needs

The American Health System

- Americans value personal independence and individual autonomy very highly.
- They do not trust government to manage important personal issues.
- This has led to a health system with more independent focus and a smaller government involvement than in most developed nations.
- Which in turn leads to the nation's greatest moral failing: A large uninsured population.

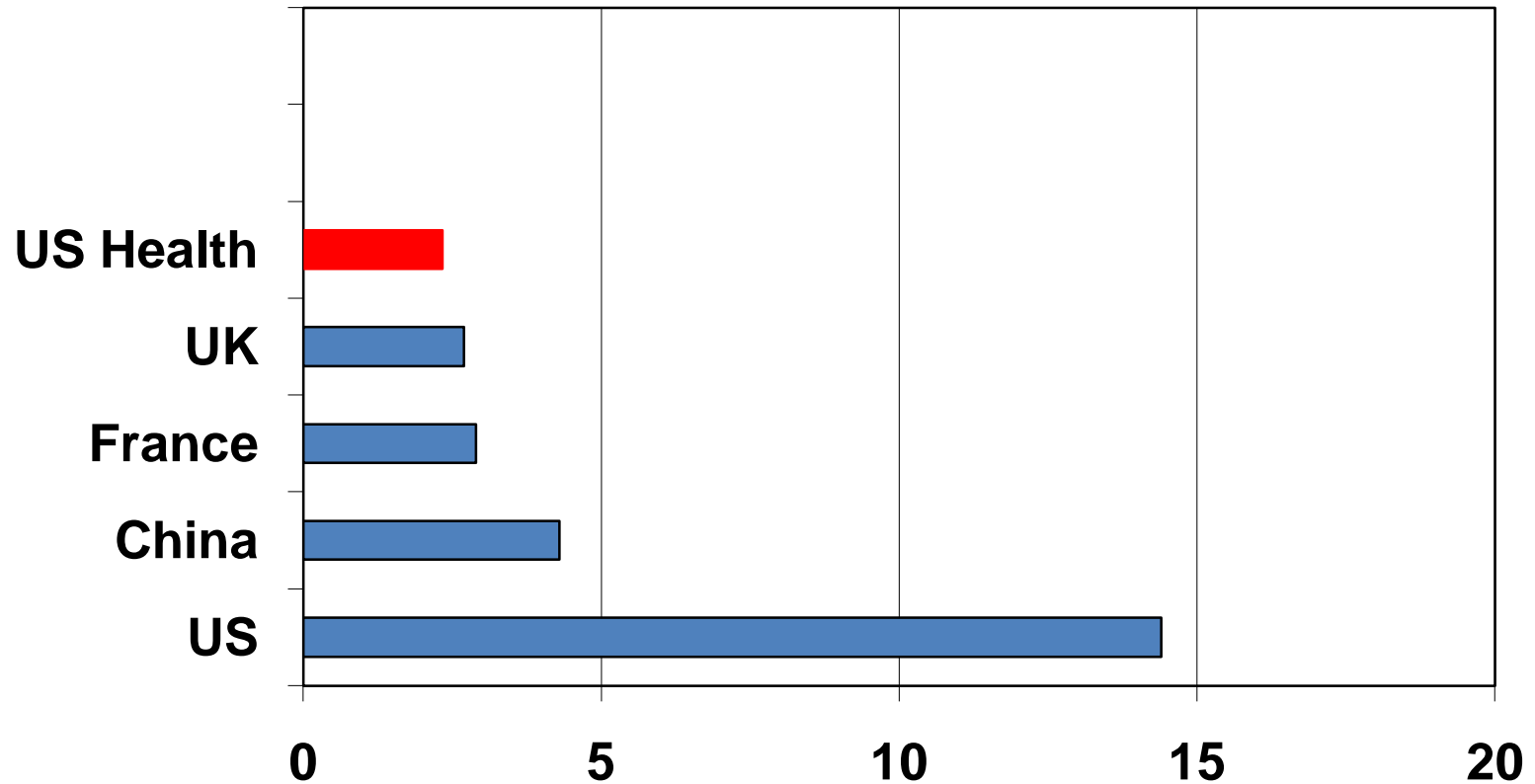
The American Health System

- Mixed private and public funding for personal health care.
- Public, private and for-profit hospitals coexist.
- Most physicians in private practice.
- Entrepreneurial mindset dominates private provider environment.
- Thus, non-state actors especially commercial firms and organizations play prominent roles.

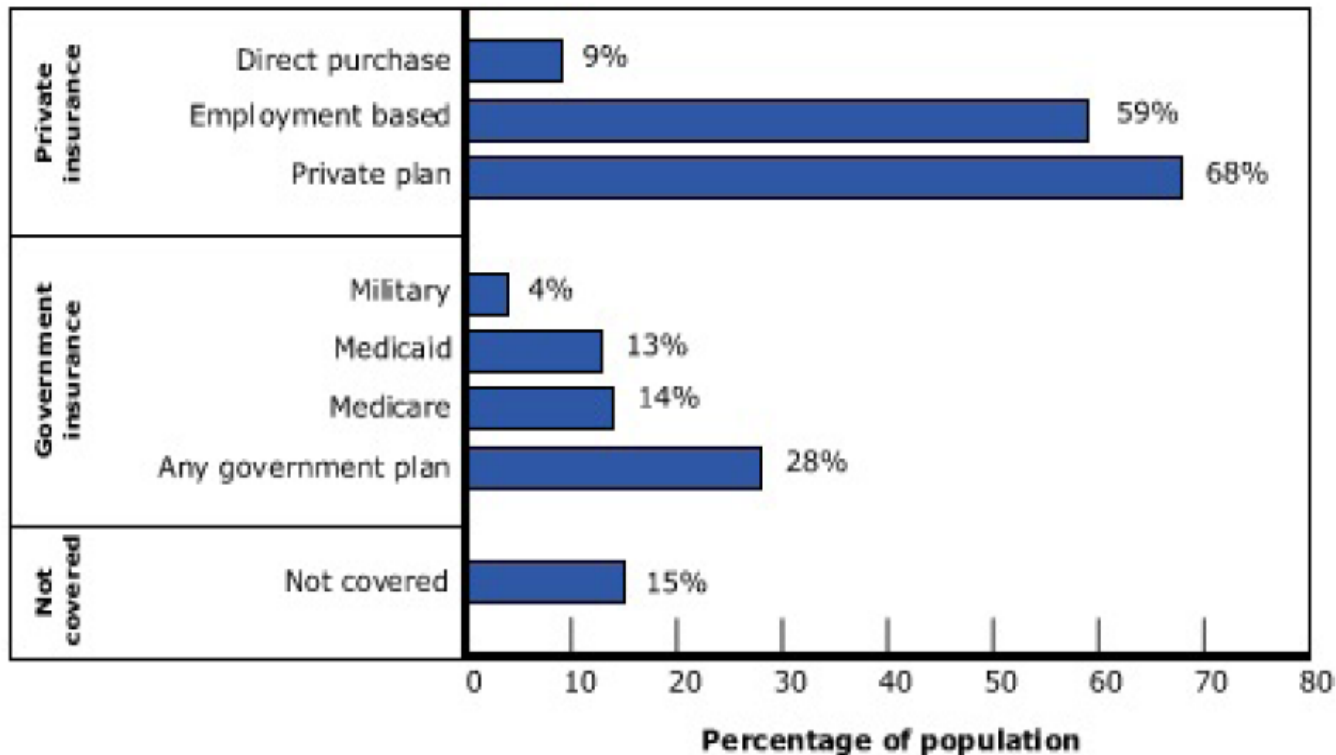
The American Health System

- Because of the lack of strategic focus and vision every debate on health reform begins at the philosophical beginnings
 - Government v. market?
 - Collective obligations v individual responsibility?
 - Personal freedom or state mandate?
 - Disease Prevention v. Medical Treatment
- Stakeholders are free to propose solutions consistent with their own belief systems rather than proposing modifications of existing policy.

GDP and US NHE 2008 (US\$T) (IMF)



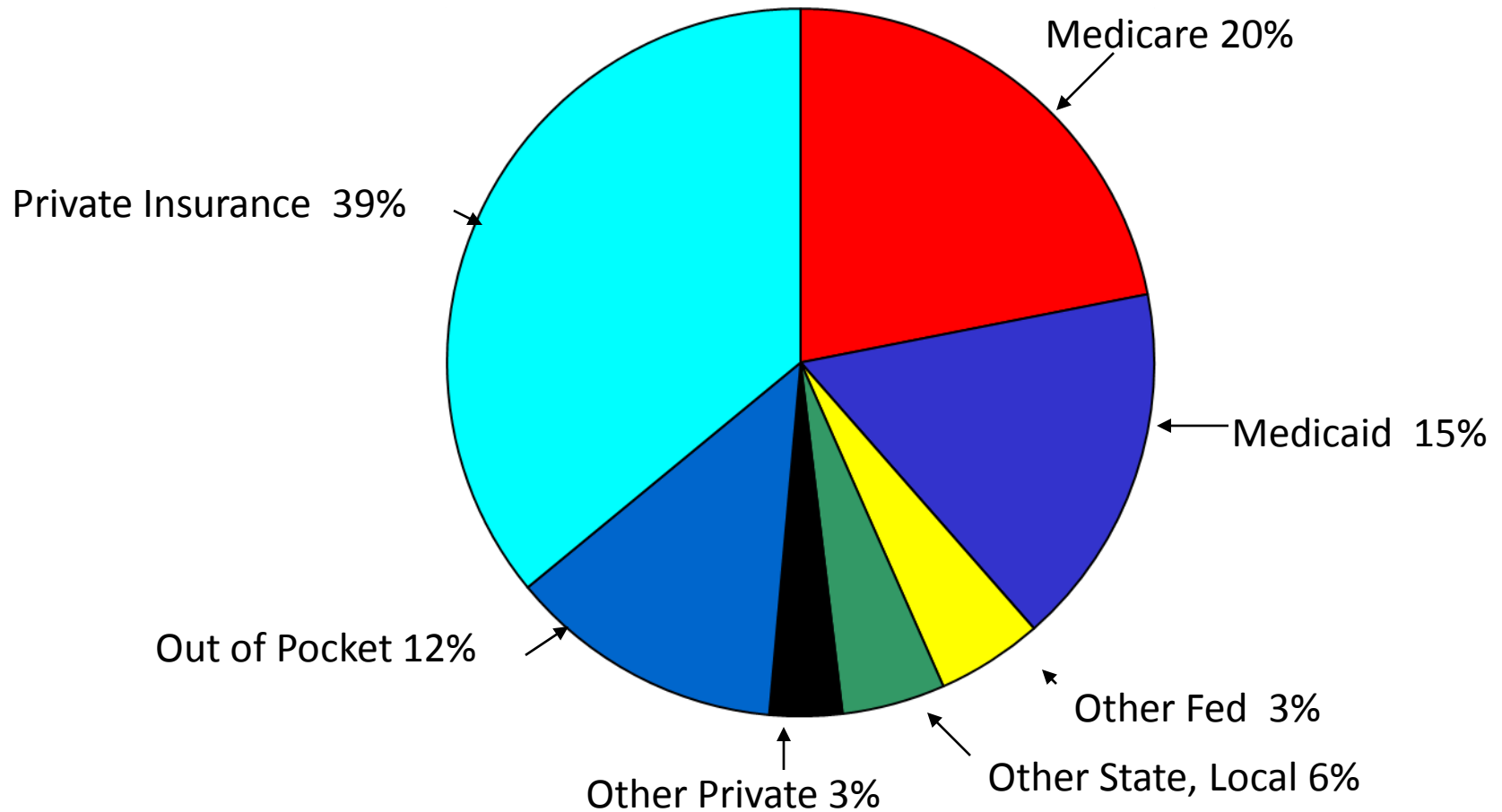
Where Do Americans Get Health Care Coverage?



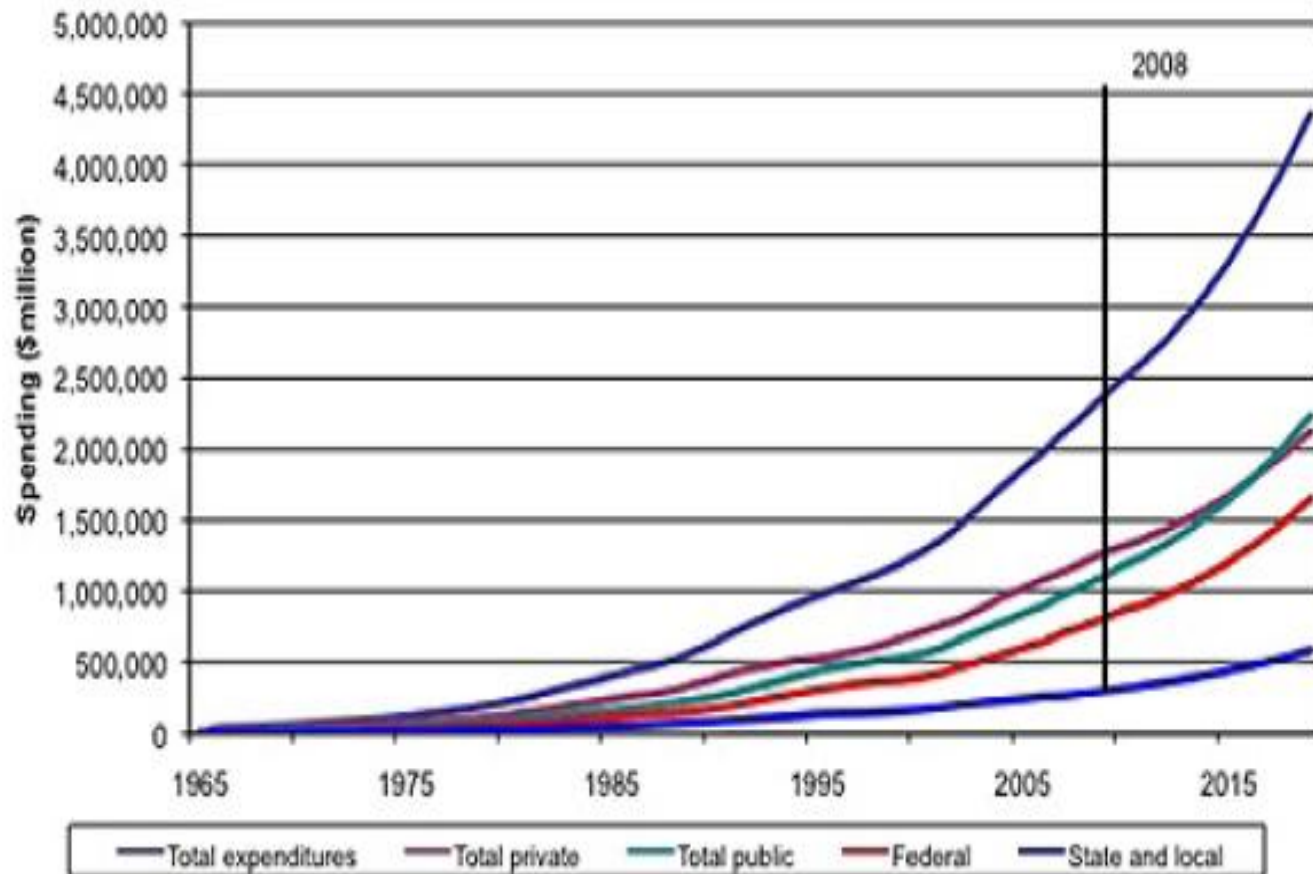
SOURCE: Data are from U.S. Census Bureau and Bureau of Labor Statistics, 2008a

Where the Money Comes From

Total 2008 \$2.34 Trillion



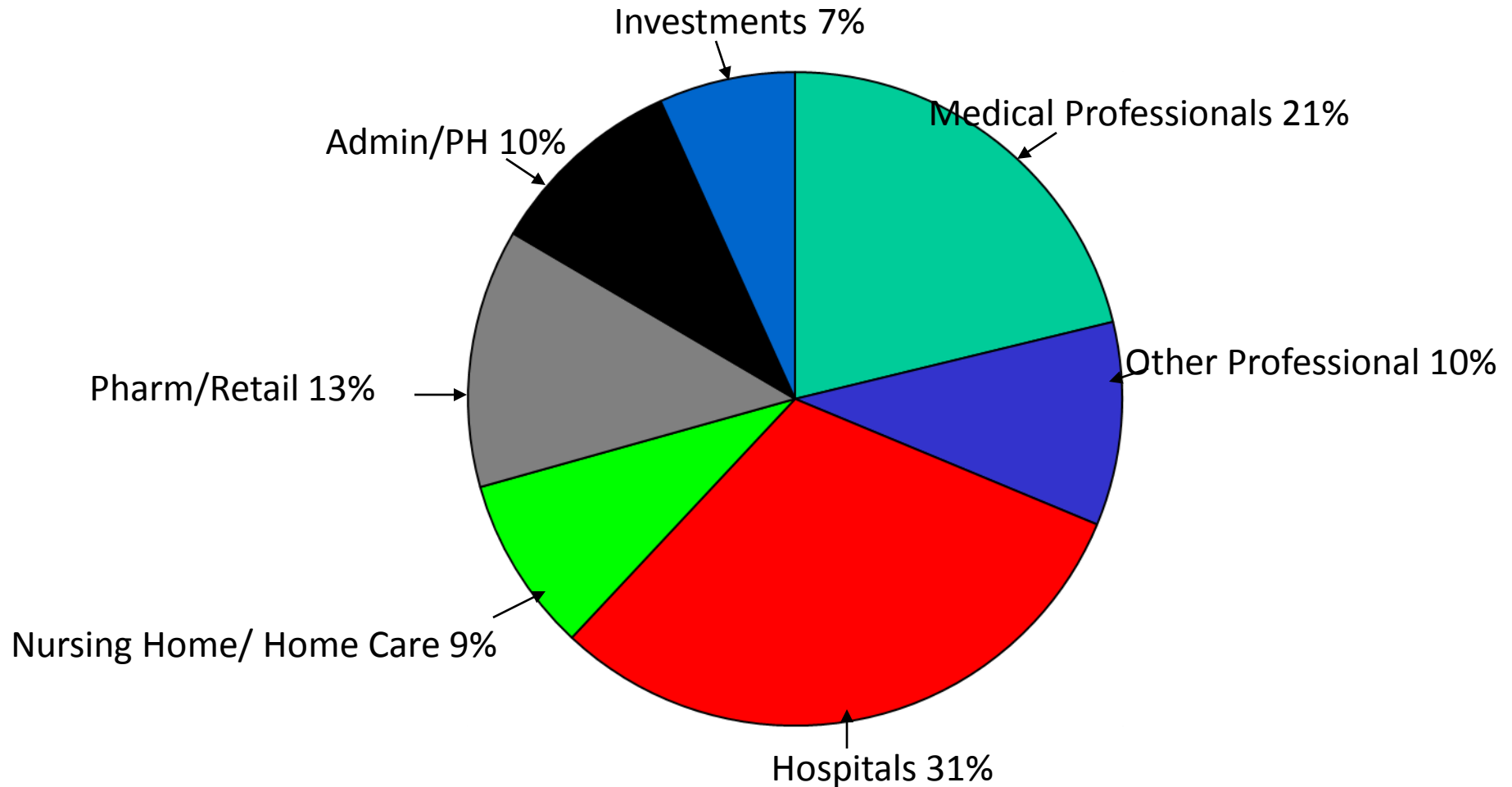
Sources of Funds for Personal Health Expenditures



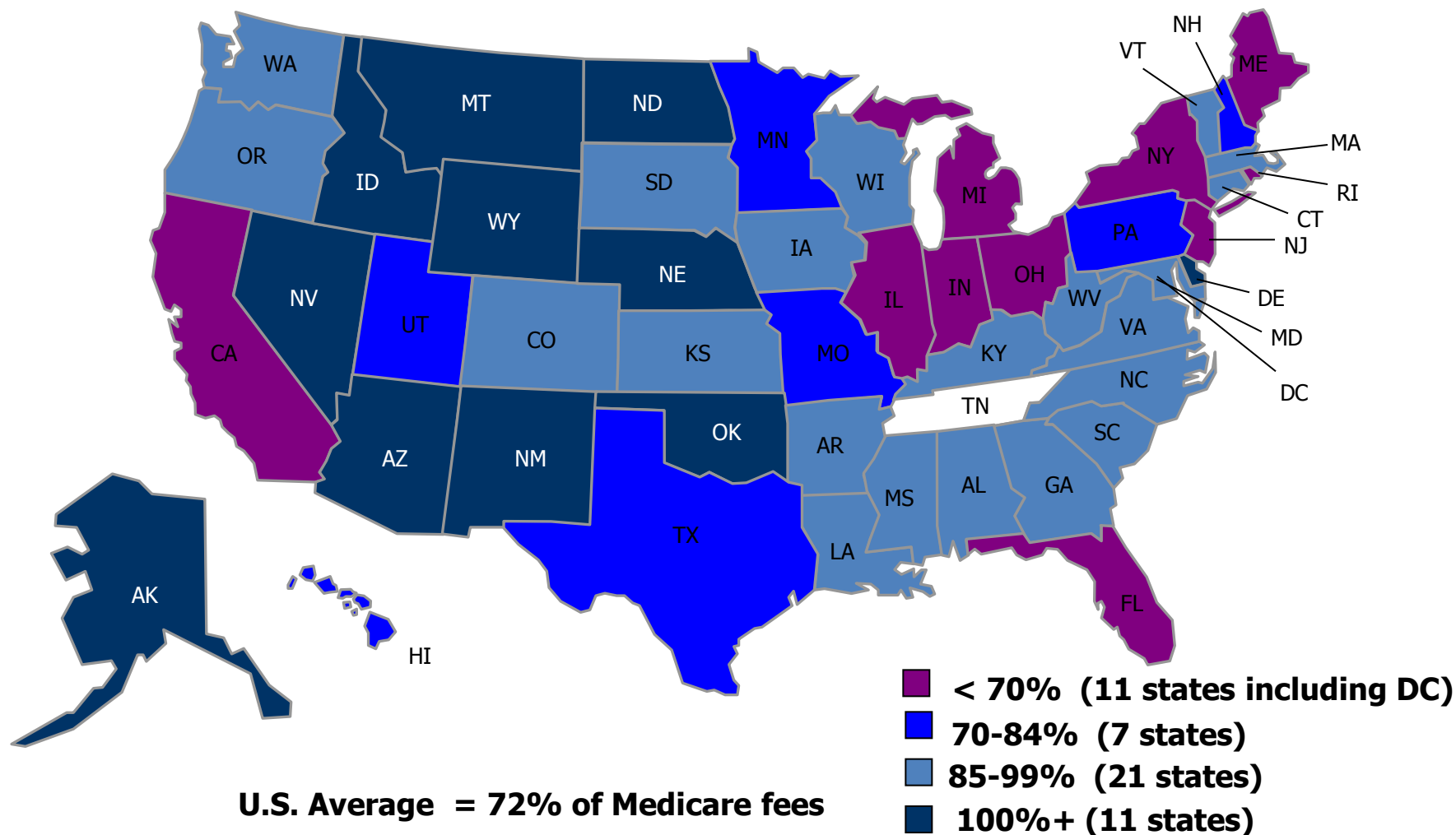
SOURCE: U.S. Department of Health and Human Services, 2009a.

Where the Money Goes

Total 2008 \$2.34 Trillion

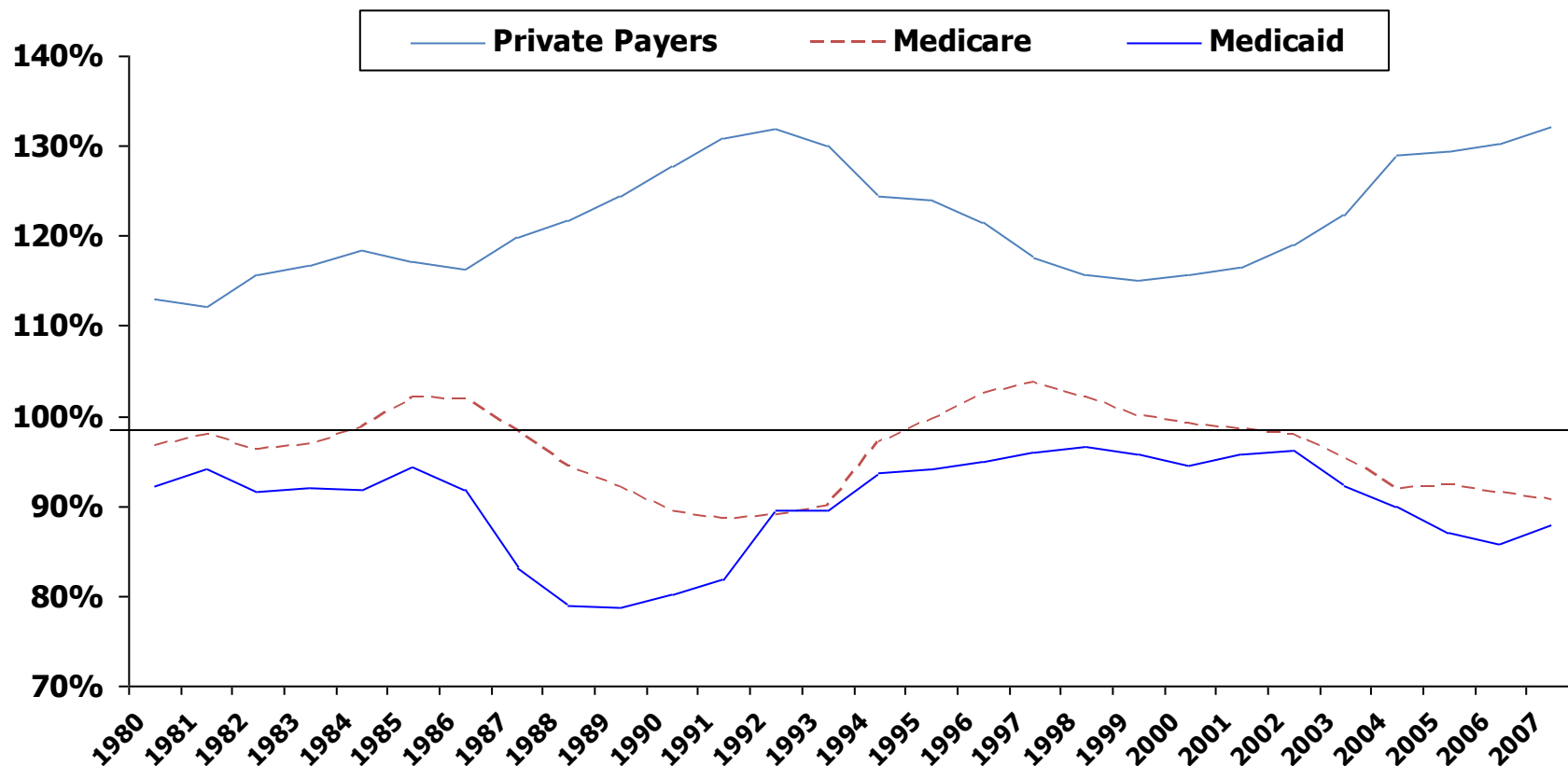


Medicaid-To-Medicare Provider Fee Ratios for All Services



SOURCE: S. Zuckerman, AF Williams, and KE Stockley, "Trends in Medicaid Physician Fees, 2003-2008," *Health Affairs*, 28 April 2009.

Community Hospital Payment-to-Cost Ratios, by Source of Revenue, 1980-2007



Note: Payment-to-cost ratios show the degree to which payments from each payer cover the costs of treating its patients. They cannot be used to compare payment levels across payers, however, because the service mix and intensity vary. Data are for community hospitals. Medicaid includes Medicaid Disproportionate Share payments.

Source: American Hospital Association and Avalere Health, Avalere Health analysis of 2007 American Hospital Association Annual Survey data, for community hospitals, *Trendwatch Chartbook 2009, Trends Affecting Hospitals and Health Systems*, Table 4.4, p. A-35, at <http://www.aha.org/aha/trendwatch/chartbook/2009/appendix4.pdf>.

Physicians' Net Income from Practice of Medicine and Percent Change vs. Private Sector Occupations (1995, 1999, 2003)

	Average Reported Net Income (dollars)			Average Net Income, Inflation Adjusted (1995 dollars)			Percent Change in Inflation-Adjusted Income		
	1995	1999	2003	1995	1999	2003	1995	1999	2003
All Patient Care Physicians	180,930	186,768	202,982	180,930	170,850	168,122	-5.6%*	-1.6%	-7.1%*
Primary Care Physicians	135,036	138,018	146,405	135,036	126,255	121,262	-6.5*	-4.0*	-10.2*
Specialists	210,225	218,819	235,820	210,225	200,169	195,320	-4.8*	-2.4	-7.1*
Medical Specialists	178,840	193,161	211,299	178,840	176,698	175,011	-1.2	-1.0	-2.1
Surgical Specialists	245,162	255,011	271,652	245,162	233,276	224,998	-4.9	-3.6	-8.2*
Private Sector Professional, Technical, Specialty Occupations^	N/A	N/A	N/A	N/A	N/A	N/A	4.3	2.5	6.9

Source: Center for Studying Health System Change, Community Tracking Study Physician Survey, *Losing Ground: Physician Income, 1995-2003*, Tracking Report No. 15, June 2006, Table 1, at <http://www.hschange.com/CONTENT/851/851.pdf>.

US Health Reform 2010

- Petit à petit, l'oiseau fait son nid
 - “Little by little the bird makes its nest”
- A journey of a thousand miles begins with a single step

Health Reform Objectives

- Access for uninsured
 - New coverage for 32 million people
- “Bending the Cost Curve”
 - Payment reform but no meaningful cost reform/
- Improving Medical Practice
 - Very little to influence doctor behavior and encourage “best practices”

Thank You