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

Private Insurance 39%
Medicare 20%
Medicaid 15%
Out of Pocket 12%
Other Fed 3%
Other Private 3%
Other State, Local 6%
Sources of Funds for Personal Health Expenditures

Where the Money Goes

Total 2008 $2.34 Trillion

- Hospitals 31%
- Medical Professionals 21%
- Pharm/Retail 13%
- Admin/PH 10%
- Other Professional 10%
- Investments 7%
- Nursing Home/Home Care 9%

Total 2008 $2.34 Trillion
NOTE: Tennessee does not have a fee-for-service component in its Medicaid program

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.


<table>
<thead>
<tr>
<th></th>
<th>Average Reported Net Income (dollars)</th>
<th>Average Net Income, Inflation Adjusted (1995 dollars)</th>
<th>Percent Change in Inflation-Adjusted Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Patient Care Physicians</td>
<td>180,930</td>
<td>186,768</td>
<td>202,982</td>
</tr>
<tr>
<td>Primary Care Physicians</td>
<td>135,036</td>
<td>138,018</td>
<td>146,405</td>
</tr>
<tr>
<td>Specialists</td>
<td>210,225</td>
<td>218,819</td>
<td>235,820</td>
</tr>
<tr>
<td>Medical Specialists</td>
<td>178,840</td>
<td>193,161</td>
<td>211,299</td>
</tr>
<tr>
<td>Surgical Specialists</td>
<td>245,162</td>
<td>255,011</td>
<td>271,652</td>
</tr>
<tr>
<td>Private Sector Professional, Technical, Specialty Occupations^</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

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