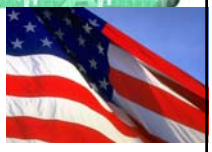
A Brief History

Milestones in the History of the U.S. Healthcare System

1

Milestones



- **1798: The 1st Marine hospital, a forerunner of today's Public Health Service was established to care for seafarers**
- **1847: American Medical Association (AMA) founded**
- **1872: American Public Health Association (APHA) founded**
- **1889: Massachusetts formed the first state health department**

2

Milestones

- **1916: 1st School of Public Health at Johns Hopkins was started**
- **By 1922, Columbia, Harvard, and Yale universities established schools of public health**
- **1935: Social Security Act: No Health Insurance.**
- **1937: National Institute of Health (NIH)**
- **1965: Medicaid and Medicare**
- **1973: Health Maintenance Organizations (tax and regulatory preferences**
- **1997: CHIPS (children's health insurance)**

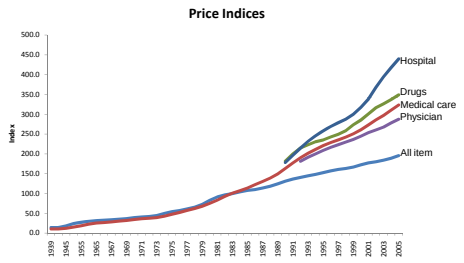
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Important Evolutions

- 1940s – 1970s – Insurance Products
- Mid 1960s – Medicare, Medicaid, and Champus
- 1980s through present – Managed Care
  - Definitions
  - Fee for Service (FFS) to Prospective Payment
  - Results

4

Prices and Expenditures Reboud



5

The physician patient relationship

- Historically: a direct relationship with minimal interference from 3rd party payers
- Under managed care: A managed care organization (MCO) makes a contract with pt. or his/her employer to provide medical care – the MCO takes on a more active role
- Physicians used to be free in their decision making : one reason for cost escalation.
- MCOs: primary contract with the pt. & controls the type and utilization of resources and services.

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Changing Landscape



- Demographic Change
  - Aging society
  - Growing Female Majority
- Information Age
  - Informed, Connected Patients
  - E-enabled Providers and Health Plans
- Long-Term Care Issue
  - Aging population increasing need
  - Continuity of care and services
- Rise of Consumerism
  - Consumers are in control
  - Consumers are more informed than ever



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The Health Care Environment



- Increasing employer resistance to double-digit medical cost increases.
- Consumer and provider dissatisfaction with managed care companies acting as intermediaries.

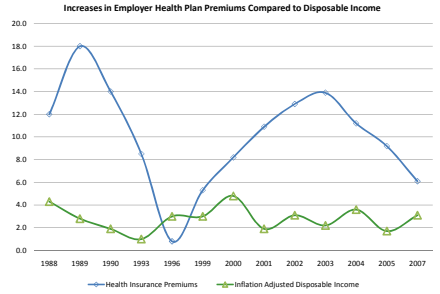
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Unpleasant Realities

- Coverage is <u>not</u> universal … what it means
  - Uninsured … 11.6 million Americans who are 18 or younger do not have health insurance.
  - Unpleasant choices … many elderly Americans find themselves choosing between their monthly prescriptions or buying groceries.
  - Inefficient choices … use of ERs

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The cost problem in perspective



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Key Terms

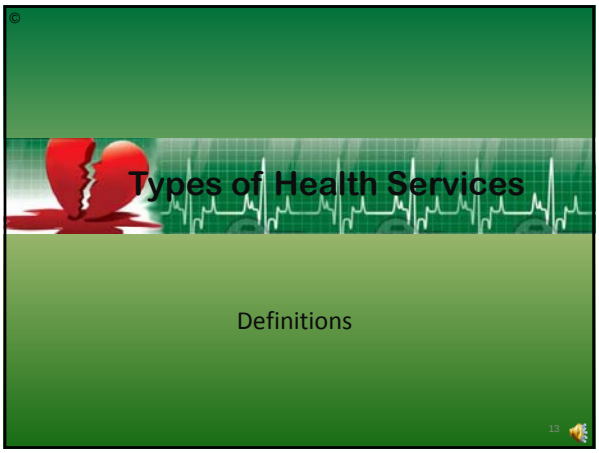
- Health Care Industry:
- Diagnosis-related group (DRG):
- Medicare:
- Medicaid:
- Single-payer System:
- HMO
- Capitation
- Integrated Health Care System

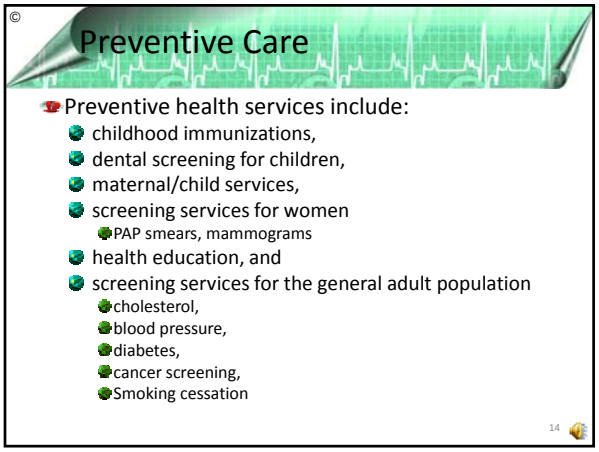
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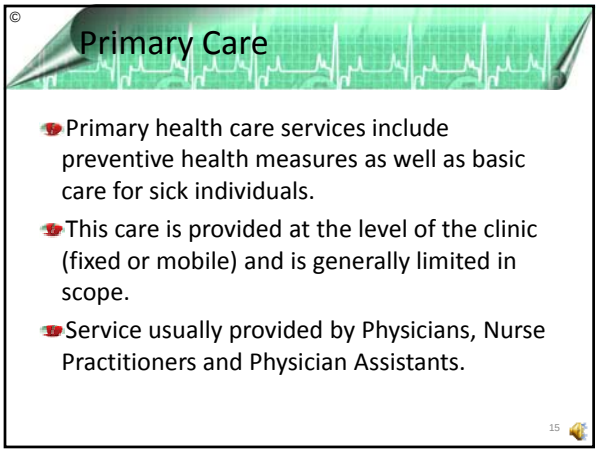
Basic Terms in Insurance Cost Sharing

- Premium
- Deductible
- Co-Insurance
- Co-Payment

12


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Types of Health Services
Definitions
13

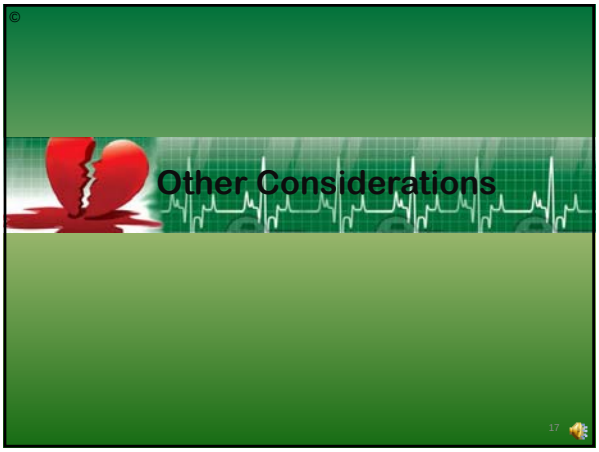

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Preventive Care
Preventive health services include:
childhood immunizations,
dental screening for children,
maternal/child services,
screening services for women
PAP smears, mammograms
health education, and
screening services for the general adult population
cholesterol,
blood pressure,
diabetes,
cancer screening,
Smoking cessation
14


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Primary Care
Primary health care services include preventive health measures as well as basic care for sick individuals.
This care is provided at the level of the clinic (fixed or mobile) and is generally limited in scope.
Service usually provided by Physicians, Nurse Practitioners and Physician Assistants.
15

Secondary / Tertiary Care

- Both Secondary and Tertiary Care services are provided at the level of hospitals and specialized medical facilities, such as cardiac, gastrointestinal, surgical, etc.
- Secondary care is available in both community hospitals and Physician offices and ideally, are arranged through referral or consultation after a preliminary evaluation by a primary care practitioner.
- Tertiary services include highly specialized diagnostic, therapeutic and rehabilitative services e.g. organ transplant, open heart procedures etc.

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17

Character of the present U.S. Health Care System

- A mostly private system
  - Corporate influences
  - Distribution and allocation
  - Relatively large focus on secondary/tertiary
- Increasing role of government
  - Medicare, Medicaid, Tax subsidy, Indian Health Services, SCHIP, Veterans, School Clinics, etc…

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Free Market Pros and Cons

- Well informed consumers???
- The shopping problem
- External costs

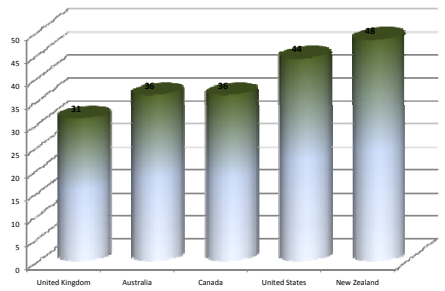
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How satisfied are Americans?

The Commonwealth Fund / Harvard Survey (2002)

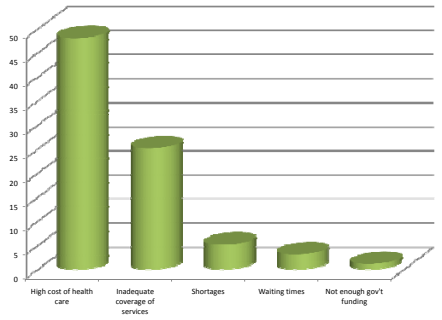
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Dissatisfaction with the Health Care System



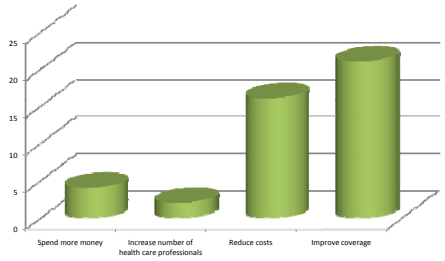
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What is the biggest problem with U.S. Health Care?



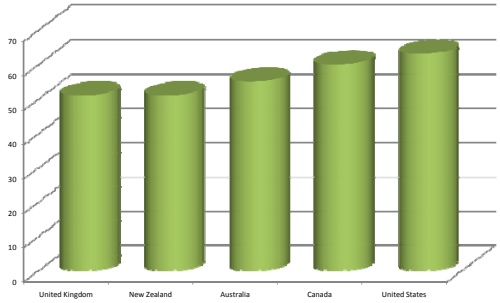
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Single most important thing the gov't can do to improve health care?



23

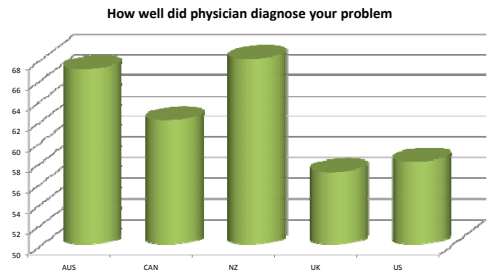
Medical Errors with Serious Consequences?



*Includes only those reporting a medical error!

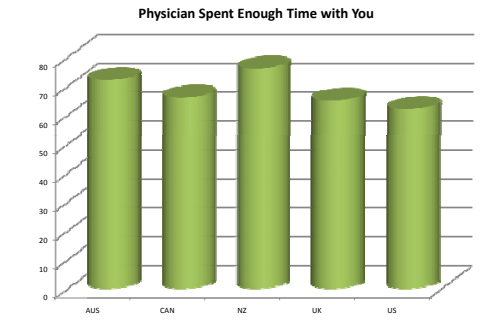
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© % Rating Physician as Excellent or Very Good



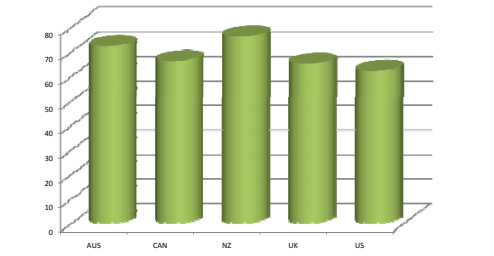
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© % Rating Physician as Excellent or Very Good



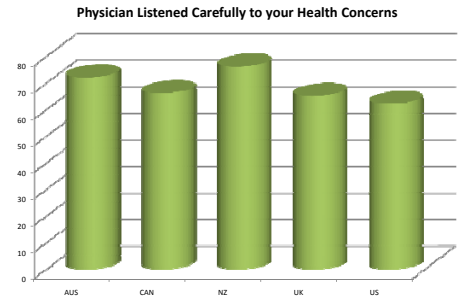
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© % Rating Physician as Excellent or Very Good



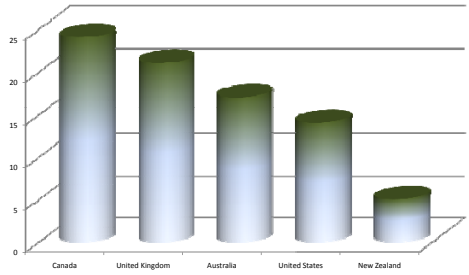
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% Rating Physician as Excellent or Very Good



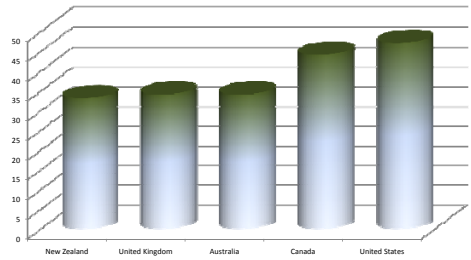
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Problems with Waiting Times to Get an Appointment with Regular Doctor



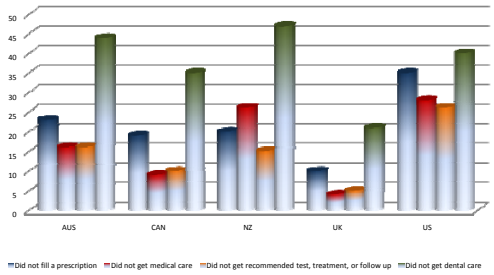
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Emergency Room Use



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Access Problems due to Cost



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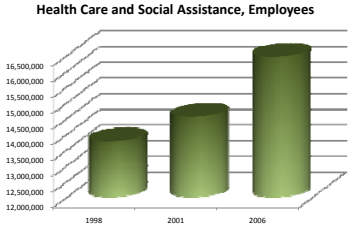
A Politically Active Industry

Lobbying

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Size means power

- The industry's sheer size
  - Growth in # of employed from 1998 to 2006 = 19.6%
  - Overall growth in the economy = 10.9%

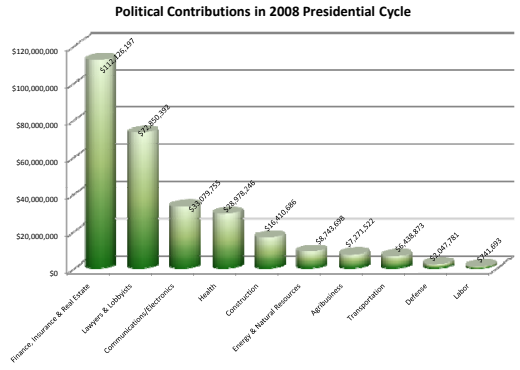


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Politically Active Industry

- Lobbying
  - "**Lobbying** is any effort to influence legislation, rules, and regulations at the federal, state or local government level"
- The health care industry has consistently been in the top 10 political contributors (next slide)

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Who lobbies and why?

- Interested groups, organizations, and individuals to influence a legislation, policy and decision. e.g.
- In health care:
  - Pharmaceutical industries
  - Professional Associations
  - Insurance companies etc.
- Lobbying is a strong factor and determinant of future policies and legislations.
- Person appointed/hired for lobbying is known as a lobbyist

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Recap

- Health care costs rising rapidly
- Changing demographics
- Rising number of uninsured
- Medicine itself is increasingly complex making the role of information more important, which has crucial implications for the success of the free market.
- Patient satisfaction is relatively weak
- The health care industry is large, powerful, and politically active

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In closing … a health care Q & A

- How do we keep people healthy?
  - Public Health
- How do we diagnose and treat people?
  - Medicine
- How do we improve the health of the population?
  - Health Promotion
- Why are some people healthy and others not?
  - Demographics, inequalities, and disparities

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In subsequent weekly presentations, each major components of the U.S. health care system will be discussed separately.

Thank you.

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