History of US Health Care System: Medicine, Law & Policy Perspective

PHC 6102
Principles of Health Policy and Management
Objectives

• Identify major breakthroughs and issues in medicine and health in American History.

• Identify major laws and policymaking in American history.
Medicine and Health in the 1900s

• In 1901, AMA reorganizes and becomes a powerful national force

• Railroads are the leading industry to develop extensive employee medical programs

• Nursing had developed as a profession

• However, America lags behind Europe in insuring against the costs of sickness
Important Laws & Policymaking: 1900s

• **1902**: Biologics Control Act (1902)
  – First federal law regulating interstate and foreign sale of viruses, serums, toxins and analogous products

• **1906**: Pure Food and Drug Act (Wiley Act)
  – Defined adulterated and mislabeled foods and drugs and prohibited their transport in interstate commerce
Medicine and Health in the 1910s

• Emphasis on medical examinations in 1910s revealed most Americans had some kind of health problem

• Hospitals are now modern scientific institutions

• American Association for Labor Legislation organizes 1st national conference on "social insurance"

• Progressive reformers argue for health insurance

• Opposition from physicians, interest groups, and US entry into the war in 1917 undermine reform effort
Important Laws & Policymaking: 1910s

- **1910**: Flexner report on medical education, presented AMA Council on Medical Education and Hospitals

- **1911**: Wisconsin enacts the nation's first workmen's compensation insurance law

- **1912**: The US Public Health Service is created

- **1918**: Congress adopts the Chamberlain-Kahn Act for the study and control of venereal disease
Medicine and Health in the 1920s

- No strong effort to change health insurance
- Reformers now emphasize cost of medical care instead of wages lost to sickness
- Growing cultural influence of the medical profession
- Recognition rural health facilities are inadequate
- General Motors signs a contract with Metropolitan Life to insure 180,000 workers
- Penicillin is discovered
Important Law & Policymaking: 1920s

• **1920**: The Snyder Act, first federal legislation pertaining healthcare for native Americans

• **1921**: The Maternity and Infancy Act (i.e., Sheppard-Towner Act) provided grants to states to help them develop the health services for mothers and their children
Medicine and Health in the 1930s

• Depression changes priorities, with greater emphasis on unemployment insurance and "old age" benefits

• Push for health insurance within Roosevelt Administration

• Blue Cross begins offering private coverage for hospital care in dozens of states
  – Development of group health insurance & tax exemption status of health insurance premiums
Important Law & Policymaking: 1930s

• **1935**: Social Security Act passed, omitting health insurance

• **1936**: Walsh-Health Act, authorized federal regulation of industrial safety

• **1937**: The National Cancer Institute Act, established first categorical institutes within the National Institute of Health

• **1938**: LaFollette-Bulwinkle Act, provided grants in aid to the states to support investigation and control of STIs

• **1939**: The Reorganization Act, transferred the Public Health Service from the Treasury to the new Federal Security Agency
Medicine and Health in the 1940s

- Penicillin comes into use
- Prepaid group healthcare begins
- Companies begin to offer health benefits, giving rise to the employer-based system in place today
- President Roosevelt asks Congress for "economic bill of rights"
- President Truman offers national health program plan, proposing a single system to include all of American society
- Beginning of era in relationship of federal government to medical research and development
Important Law & Policymaking: 1940s

- **1941**: The Nursing Training Act
- **1944**: The Public Health Services Act
- **1946**: Hospital Survey and Construction Act (Hill-Burton Act)
- **1948**: The National Health Act, established 2nd categorical institute: the National Heart Institute
Medicine and Health in the 1950s

- National health care expenditures are 4.5% of GNP
- Attention turns to Korea and away from health reform
- Federal responsibility for the sick poor firmly established
- Many legislative proposals are made for hospital insurance
- Many medications are available to treat a range of diseases
- New vaccines that prevent childhood diseases
- First successful organ transplant performed
Important Law & Policymaking: 1950s

• **1954**: The Medical Facilities Survey and Construction Act

• **1955**: The Air Pollution Control Act

• **1956**: The Dependents Medical Care Act, established CHAMPUS for dependents of military personnel

• **1958**: Grants-in-Aid to Schools of Public Health

• **1959**: The Indian Sanitation Facilities Act
Medicine and Health in the 1960s

- Outside the workplace, especially elderly, have difficulty affording insurance
  - Over 700 insurance companies selling health insurance
- Concern "doctor shortage" and need for more "health manpower"
- Major medical insurance endorses high-cost medicine
- "Compulsory Health Insurance" advocates no longer optimistic
- Development of Certificate of Need (CON) legislation
- The Bad with the Good: Drugs Cause Side Effects
Health Law & Policymaking: 1960s

- **1960**: Kerr-Mill Act (Social Security Amendments)
- **1963**: Health Professions Educational Assistance Act, construction grants for teaching facilities
- **1964**: The Economic Opportunity Act (Anti-Poverty Program)
- **1965**: Medicare and Medicaid established
- **1966**: The Highway Safety Act
Medicine and Health in the 1970s

- President Nixon renames prepaid group health care plans as health maintenance organizations (HMOs)
- Healthcare costs are escalating rapidly *(WHY?)*
- President Nixon's plan for national health insurance rejected, but his "War on Cancer" centralizes research at the NIH
- The number of women entering the medical profession rises dramatically
- World Health Organization declares smallpox eradicated
Important Law & Policymaking: 1970s

• 1970: Occupational Safety & Health Act
• 1970: Public Health Cigarette Smoking Act
• 1972: Certificate of Need passed into federal law
• 1973: The Health Maintenance Organization (HMO) Act
• 1973: Emergency Medical Services System Act
• 1974: Employee Retirement Income Security Act (ERISA)
• 1974: The Safe Drinking Water Act
• 1974: President Ford withdraws plan for national health insurance
Medicine and Health in the 1980s

• Corporations begin to integrate the hospital system
  – Shift toward privatization and corporatization of healthcare

• Medicare shifts to payment by diagnosis (DRG: diagnosis-related group) instead of by treatment

• Growing complaints by insurance companies fee-for-service payment to doctors is being exploited

• "Capitation" payments to doctors common
Important Law & Policymaking: 1980s

- **1980**: Mental Health System Act

- **1986**: The Federal Emergency Medical Treatment and Labor Act
Medicine and Health in the 1990s

- Health care costs rise at double the rate of inflation
- Managed care helps to moderate increases in health care costs
- Federal health care reform legislation fails again
- 16% of Americans uninsured
- Human Genome Project gets underway
- By June 1990, 139,765 people in the United States have HIV/AIDS, with a 60 percent mortality rate
Important Law & Policymaking: 1990s

• 1990: American with Disabilities Act

• 1990: The Ryan White Comprehensive AIDS Resources Emergency Act (CARE)

• 1997: The Balance Budget Act (BBA)
Medicine and Health in the 2000s

• Changing demographics of the workplace lead many to believe employer-based system of insurance can't last
• Medicare is viewed by some as unsustainable under the present structure and must be "rescued"
• Human Genome Project completed in 2003, two years ahead of schedule
• Direct-to-consumer advertising for pharmaceuticals and medical devices on the rise
• National health reform on US agenda again
Important Law & Policymaking: 2000s

- **2000**: Breast and Cervical Cancer Prevention and Treatment Act
- **2001**: Emergency Supplemental Appropriations Act
- **2002**: Homeland Security Act
- **2003**: Medicare Prescription Drug, Improvement, and Modernization Act (created Medicare Part D)
- **2010**: Patient Protection & Affordable Care Act
Questions

• What were some of the issues in medicine and health from:
  – 1900s to 1910s, 1920s to 1930s, 1940s to 1950s, 1960s to 1970s, 1980s to 1990s, 2000s to 2010s?

• What were some of the major policymaking from:
  – 1900s to 1910s, 1920s to 1930s, 1940s to 1950s, 1960s to 1970s, 1980s to 1990s, 2000s to 2010s?
References


• http://www.pbs.org/healthcarecrisis/history.htm