Health, Medicine and the Policymaking Process

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Objectives
- Provide an overview of the U.S. Health Care System
- Describe the changing nature of health care in America
- Identify and review selected issues pertaining to at-risk populations
- Translate epidemiological data into policy
- Review the health policymaking process in the U.S.

Session Objectives
At the end of session, students will be able to:
- Describe the U.S. health care system and its components
- Explain the policymaking process

Americans Satisfaction With U.S. Healthcare System

<table>
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<th>Poor: 45%</th>
<th>Elderly: 61%</th>
<th>Everyone else: 34%</th>
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- The poor: satisfaction due to a combination of Medicaid, ERs, free clinics
- The elderly: covered by a state-run national health care system (Medicare and Medicaid)
- Children and youth: covered by SCHIP and Medicaid


Who Shall Live? Health Economics and Social Choice

- The problems we face:
  - Cost of care
  - Access to care
  - Determinants of health levels

Who Shall Live? Health Economics and Social Choice

- Cost of care
  - Health care spending in the United States far exceeds that of other countries.
  - Approximately 14% of gross domestic product, or $1.6 trillion in 2002, is spent on health care services in the United States.

### Who Shall Live? Health Economics and Social Choice

#### Access to Care
- Getting the kind of care needed when it is needed
- Access to care as a "right"?

#### Determinants of health levels
- Health levels in the U.S. are not as high as in many other developed nations
- Large variations between groups in the U.S.

#### The choices we make:
- Health or other goals?
- Medical care or other health programs?
- Physicians or other medical care providers?
- How much equality? And how to achieve it?
- Today or tomorrow?
- Your life or mine?
- The jungle or the zoo?

### Health Policymaking in the U.S.
- Almost every democratic industrialized country provides some manner of health insurance for its populace.
- Comprehensive health care may be provided by a government-run insurance scheme, a voluntary private insurance system, or a mixed system.

### Rewriting the Social Contract

As healthcare, pensions and other social benefits erode under economic pressures, the challenges continue for:
2. Government: Medicare, Medicaid, Social Security
3. Society: Uninsured, Unemployed, Poverty
Rewriting the Social Contract

Company sponsored pension plans declining
Companies short-changing workers
Company sponsored pension plans defaulting

Retirement Pensions at Risk

Health Policymaking in the U.S.

Health Care Reform: Medicare and Prescription Drug Coverage

1948: Harry Truman’s push for national health insurance failed
1960: Kerr-Mills health legislation provided federal medical assistance funding to states for care of the poorest elderly
By 1963, five large states (with only 32% of the US population) were using 90% of the Federally provided funding
1964: Lyndon Johnson and Democratic majority in Congress pushed for national health insurance policy, and tried to increase Social Security benefits
1965: Passage of the Social Security Act amendments formed Medicare and Medicaid for senior citizens and the poor respectively
1990: Hillary Clinton heads up attempt at Medicare reform
Present: President George Bush privatizing Social Security and individualized health savings accounts

National Survey of Physicians: Health Policy Priorities

Healthcare Reform – Medical Liability
Special Interest Groups
- The American Hospital Association
- The American Medical Association
- The Health Insurance Association of America
- The Pharmaceutical Industry
- Organized Labor
  - All of these groups, as well as others not mentioned, have active lobbyists....

The U.S. Health Care System
- What is it?
  - Referred to as a patchwork of medical facilities
  - health providers (doctors, dentists, nurses, pharmacists, allied health professionals),
  - community-based health services entities,
  - professional association organizations, and a myriad of special interest groups at the
  - national state and local levels.

U.S. Health Care System
- America’s Health Care Caste System:
  - The U.S. opted for a makeshift system of increasing complexity and dysfunction
  - Americans spend $5,267 per capita on health care
  - every year, almost two and half times the industrialized
  - world’s median of $2,193
  - The extra spending comes to hundreds of billions of
  - dollars a year.
  - What does that extra spending buy us?
  - Americans have fewer doctors per capita than most
  - Western countries

The Private Sector
- Institutional members such as hospitals and nursing homes
- Groups of people organized according to their specialized
  - training, professional skills, and credentials

The U.S. Healthcare System
I. Institutions
II. Providers
III. Changing Nature / Financing
IV. Policy

I. Institutions / Healthcare Facilities
- Hospitals
- Nursing Homes
- Hospice
- Ambulatory Care
- Allied Health
- Pharmaceutical and Medical Instrument Manufacturers
Hospitals
- The institution responsible for much of the major expense is the hospital system
- Consists of private, freestanding hospitals
- Many of these hospitals use only a fraction of the total number of licensed beds
- Attempts to consolidate hospitals to make them more efficient have largely failed

Hospitals - Continued
- Most hospitals in the U.S. are freestanding, mostly not-for-profit, originally organized as community service organizations
- Many were developed in health care shortage areas after World War II under the sponsorship of the federally funded Hill-Burton program
- Any facility developed with federal funds had to dedicate a significant proportion of its services to the poor
- These hospitals included the nation’s 125 Academic Medical Centers as well as the U.S. medical schools
- Hospitals are normally members of the American Hospital Association (AHA)
- U.S. medical schools are members of the Association of American Medical Colleges (AAMC)

Nursing Homes
- The nursing home industry is also responsible for a large share of medical expenses
- The American Health Care Association (AHCA) represents almost 12,000 nursing facilities with more than 1.5 million beds
- Some hospitals and many community centers have areas designated for sub acute (nursing home) care
- Costs of private beds in many institutions may be over $150/day, but this is far less than a hospital bed (which in Virginia is about $375/day)

Hospice
- Another type of bedded institutions include respite centers / hospices
- The hospice movement has been present for many years in Europe, but has only made headway in the U.S. in the last 25 years
- Hospices generally provide care to the terminally ill patients, with emphasis placed on pain relief and quality of life

Ambulatory Care
- Ambulatory care is normally provided by physicians in their offices
- This care is also provided in community-based health clinics
- Ambulatory clinics also include surgical daycare centers developed by surgical specialists who found their income was improved by developing free-standing units not associated with hospitals. These daycare centers were not bound by hospital standards or by surgical suite rotation where senior surgeons had access privileges.
- Free-standing radiological centers have also been developed for the same reason.

Community-Based Facilities
- Other clinics have been developed in underserved areas of the country, both central city and rural.
- The Health Resources and Services Administration Bureau of Primary Health Care funds community health centers
- These centers must be open to all citizens, although they have a commitment to underserved populations.
- They must have a board of directors selected from their clients.
Community-Based Clinics – Cont.

- In addition to these clinics, the bureau also has started providing support funds to look alike clinics which serve similar populations in similar areas, and are having difficulty surviving due to service to many patients unable to pay for care.
- A local example is the Hayes E. Willis Health Center in South Richmond, started in 1991 by the Virginia Health Care Foundation, and now an integral part of the VCU Health System.

Allied Health Organizations

- Final catch-all group is that of allied health organizations
- Includes:
  - Physical and occupational therapy clinics
  - Mental health centers
  - Pharmacies
  - Audiology centers
  - And free-standing clinical laboratories

The Pharmaceutical and Medical Instrument Manufacturers

- Merck, Squibb, Burroughs Welcome and others represented by the Pharmaceutical Manufacturers Association (PhRMA)
- Drug efficacy and outcomes called into question
- Impact: Medicare eligible, uninsured, underinsured, and vulnerable population groups

II. Providers

- Physicians
- Pharmacists
- Nurses
- Allied Health
- Dentists

Physicians

- May belong to local, state, or national medical associations or not
- Major trade group: American Medical Association
- Physicians fall into two major subgroups: primary care physicians and specialty physicians

Pharmacists

- May practice in hospitals, group practices, community pharmacies, the pharmaceutical research industry, or the federal government
- Trade group: American Pharmacists Association (APA)
- Majority practice in the private sector
Nurses

- Wide range of skills:
  - licensed practical nurse
  - associate degree nurse
  - three-year trained nurse
  - four-year college degree nurse
- Trade group: American Nursing Association (ANA)
- May be employed wherever there is a medical/healthcare organization

Allied Health

- The term allied health covered all health-related professions except physicians, nurses, and dentists
- Myriad of allied health professional organizations
- Includes: physical and occupational therapists, audiologists, dieticians, counselors, laboratory technicians, radiology technicians, emergency medical technicians, health care administrators, etc.

Dentists

- Most work as practitioners within their own practices or in small groups
- Divided into generalists and specialists
- Trade group: American Dental Association (ADA)
- Many third party insurers fail to cover or include dental care

Key Voluntary Associations

- Play a major role in promoting and advocating the health and well-being of certain constituent groups
- Chronic Disease
  - American Lung Association
  - American Heart Association
  - American Cancer Society
- Polio Foundation / March of Dimes
- Philanthropy
  - William and Melinda Gates Foundation
  - Robert Wood Johnson Foundation

III. Federal Health Care System

- Veterans Administration
- Department of Defense
- Civil Servants

Veterans Administration

- Facilities
  - 172 hospitals
  - 132 nursing homes
  - Ambulatory care facilities
- Clientele Served
  - Veterans eligible from wartime or military-related injuries
  - Approximately 5.2 million patients
For years, the Department of Veterans Affairs’ sprawling health care system was criticized by veterans groups and government investigators as a dangerous backwater of medicine. But in the past decade, largely unnoticed by the public, the system has undergone a dramatic transformation and now is considered by some to be a model.

Researchers laud the VA for its use of electronic medical records, its focus on preventive care and its outstanding results. The system outperforms Medicare and most private health plans on many quality measures.

Some experts point to the VA makeover as a lesson in how the nation’s troubled health care system might be able to heal itself.
Diversity

- By 2010, 32 percent of the U.S. population is expected to be African-American, Asian, Hispanic, or Native-American
- In California, these groups already comprise more than 50 percent of the population
  - 44 percent of the Los Angeles Population is Hispanic

Uninsured

- Percentage Uninsured, by State

Uninsured in Virginia

- 28.7% of Virginians under the age of 65 went without health insurance for all or part of the two-year period from 2002-2003
- Most uninsured Virginians (79.2 percent) are members of working families
- Families in Virginia with incomes at or below 200% of the federal poverty level more likely to be uninsured
- Uninsured more likely to be younger than the general population
- Hispanics and non-Hispanic blacks have highest rates of uninsured (60.8% and 42.5%)

Healthcare Financing

- Medicare
- Medicaid
- Social Security
- Private Insurance

Healthcare Financing

- Where does the money go?

Healthcare Financing

- Medicare

Sources:
- Employee Benefit Research Institute estimates from March 1999.
Medicare - Continued

Prescription drug spending of Medicare patients

- 11.20% Over $1,000
- 15.70% $5,000 to $6,000
- 12.50% $2,000 to $2,999
- 19.30% $1,000 to $1,999
- 31.00% $1 to $999
- 10.20% $0


Medicaid

- Provides medical coverage for certain groups of low-income individuals (aged, blind, or disabled); members of families with children; and pregnant women
- Jointly funded by federal and state governments

Source: http://www.americanvoice2004.org

Medicaid - Continued

Social Security

Source: http://www.ahrq.gov/data/

Private Insurance

- Majority of health expenditures covered by private insurers
- Often associated with employee benefits or individual personal plans
- May entail high premiums in addition to out-of-pocket expenses or copays


Insurance Premiums

Health costs skyrocket
Faced with the largest price hike since 1990, firms pass more insurance costs on to their employees.

September 22, 2003: 6:05 PM EDT
By Sarah Max, CNN/Money Staff Writer

BEND, Ore. (CNN/Money) – The results are in, confirming what a lot of American workers may have already figured out for themselves: Insurance costs continue to climb.

Consumer Choice

- Consumer expectations
- Cost-sharing trend (shift to individuals bearing more of the burden)

Clinical Quality

- Increased concerns about patient safety and medical errors
- National quality standards
- Trends towards "pay for performance"
- National report card to help patients select physicians not yet forthcoming

V. Epidemiology and Health Policy

- Newly emerging diseases can spread rapidly throughout the world
  - West Nile Virus
  - Avian flu
  - SARS
- Pattern of global problems becoming local, and local problems becoming global

Role and Paradox of the Hospital

- The hospital has emerged as the undisputed professional and technological center of the health care world, but is prevented from playing the central coordinating role which its position logically dictates
- Internally, the hospital has been unable to resolve the deep-rooted conflict between medical staff and lay administration

Role and Paradox of the Physician

- More and better trained doctors than ever before, performing many near-miracles, seeing more patients, earning more money, and with a heartening infusion of new humanism...
- But, a continuously increasing imbalance between supply and demand is producing tremendous emotional and financial pressures, resentment on the part of both doctors and patients, and public depreciation of the medical profession

Paradox of the Patient

- Longer-lived, less disease-ridden, better educated, richer patient than ever before, but...
- Needing and demanding more health care than ever before, increasingly critical of existing health care institutions, and determined to change these institutions, by whatever means he can command, in order to get what he thinks he needs
Paradox of Financing

- Due to expansion of both public and private financing programs, the financial barrier to health care has been substantially reduced for most Americans
- Yet shortcomings in the programs, especially Medicaid, the continuing gaps and duplications, and the ever-rising provider costs, have contributed to inability to provide comprehensive coverage and continuing dissatisfaction on the part of both providers and consumers.

Questions and Comments