

# 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.

2

## 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

3

## Americans Satisfaction With U.S. Healthcare System

Poor:	45%
Elderly:	61%
Everyone else:	34%

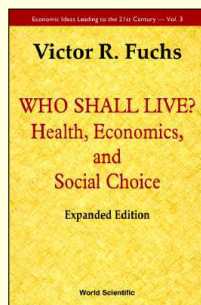
- The poor: satisfaction due to a combination of Medicaid, ERs, free clinics
- The elderly: covered by a state-run national health care system (Medicare and Medicaid)
- Children and youth: covered by SCHIP and Medicaid

Source: Health Care in America, US Forum, Posted April 19, 2005.

4

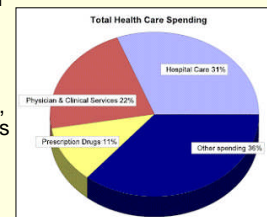
## Who Shall Live? Health Economics and Social Choice

- 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.



Source: [http://www.ams2.org/ams2\\_rising\\_cost.htm](http://www.ams2.org/ams2_rising_cost.htm)

6

## 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"?

7

## Who Shall Live? Health Economics and Social Choice

- 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.

8

## Who Shall Live? Health Economics and Social Choice

- 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?

9

## 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.

10

## Rewriting the Social Contract

As healthcare, pensions and other social benefits erode under economic pressures, The Challenges continue for:

1. Business: GM, Ford, Wal-Mart
2. Government: Medicare, Medicaid, Social Security
3. Society: Uninsured, Unemployed, Poverty

11

## Rewriting the Social Contract The U.S. Workforce

**American Icon**

**Getting Organized**  
1935: The National Labor Relations Act, which established the right to organize, was passed. It was a landmark in the history of labor unions in the U.S.

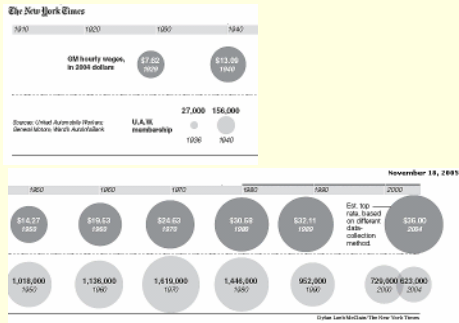
**A New Standard of Living**  
1945: The GI Bill provided for education, housing, and unemployment benefits for returning World War II veterans. It was a landmark in the history of social welfare in the U.S.

**Signs of Trouble**  
1970s: The U.S. economy was in a state of stagflation, with high inflation and unemployment. This was a landmark in the history of economic challenges in the U.S.

**1980s: The U.S. economy was in a state of stagflation, with high inflation and unemployment. This was a landmark in the history of economic challenges in the U.S.**

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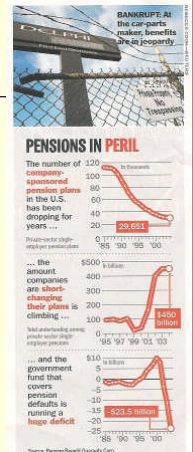
## Rewriting the Social Contract



13

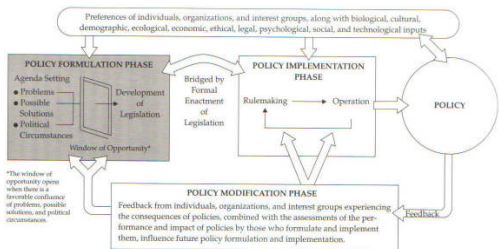
## Retirement Pensions at Risk

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



## Health Policymaking in the U.S.

A model of the Public Policymaking Process in the United States



Source: *Health Policymaking in the United States*, third edition, Beaufort B. Longest, Jr., Health Administration Press Admission of the Foundation of the American College of Healthcare Executives, 2002.

15

## 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

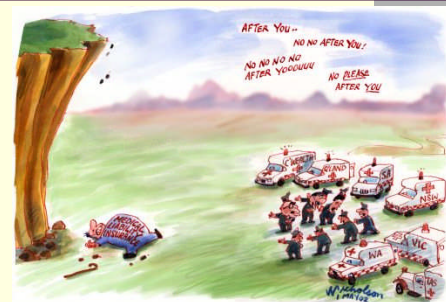
16

## National Survey of Physicians: Health Policy Priorities

Making Medicare financially sound for future generations	59%
Increasing the number of Americans with health insurance	57%
Protecting patients' rights in health plans	55%
Helping people aged 65 and over to pay for medications	49%
Helping families with the cost of caring for elderly, disabled family	33%
Encouraging medical savings accounts	33%
Regulating the costs of medications	33%

17

## Healthcare Reform – Medical Liability



18

## 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.

20

## 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

Source: Steve Verdor, "America's Health Care System, Part II," New Yorker Tuesday, August 23, 2005.

21

## The Private Sector



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

22

## The U.S. Healthcare System

- I. Institutions
- II. Providers
- III. Changing Nature / Financing
- IV. Policy



23

## I. Institutions / Healthcare Facilities

- Hospitals
- Nursing Homes
- Hospice
- Ambulatory Care
- Allied Health
- Pharmaceutical and Medical Instrument Manufacturers



24

## 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



25

## 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)

26

## 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)



27

## 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.

29

## 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.

30

## 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.

31

## Allied Health Organizations

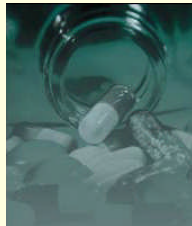
- Final catch-all group is that of allied health organizations
- Includes:
  - Physical and occupational therapy clinics
  - Mental health centers
  - Pharmacies
  - Audiology centers
  - And free-standing clinical laboratories



32

## The Pharmaceutical and Medical Instrument Manufacturers

- Merck, Squibb, Burroughs Wellcome 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



33

## II. Providers

- Physicians
- Pharmacists
- Nurses
- Allied Health
- Dentists



34

## Physicians

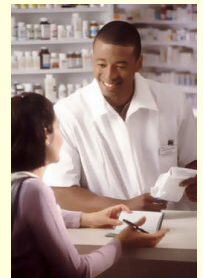
- May belong to local, state, or national medical associations or not
- Major trade group: American Medical Association
- Physicians fall into to major subgroups: primary care physicians and specialty physicians



35

## 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



36

## 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



37

## Allied Health

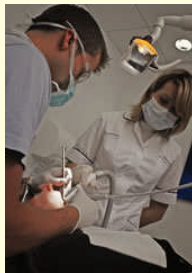
- The term allied health covered all health-related professions except physicians, nurses, and dentists
- Myriad of allied health professional organizations
- Includes: physical and occupational therapists, audiologists, dieticians, counselors, laboratory technicians, radiology technicians, emergency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



38

## 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



39

## 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



40

## III. Federal Health Care System

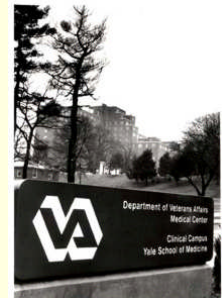
- Veterans Administration
- Department of Defense
- Civil Servants



41

## Veterans Administration

- Facilities
  - 172 hospitals
  - 132 nursing homes
  - Ambulatory care facilities
- Clientele Served
  - Veterans eligible from war-time or military-related injuries
  - Approximately 5.2 million patients



42

## VA - Continued

### Revamped Veterans' Health Care Now a Model

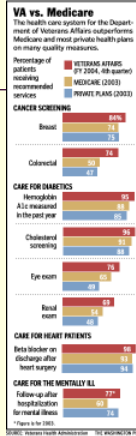
By Gilbert M. Gaul  
Washington Post Staff Writer  
Monday, August 22, 2005, Page A01

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.



## Department of Defense

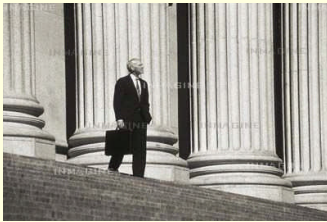
- Health care system provides care for eligible active duty and retired military personnel and their dependents



44

## Civil Servants

- System that provides insurance coverage for civilians employed by the Federal Government



45

## IV. Changing Nature/Financing

- Demographics
- Healthcare financing
- Consumer choice
- Clinical quality



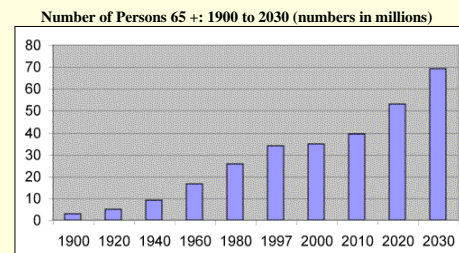
## Demographics

- Aging population
- Diversity
- Uninsured / Underinsured

47

## Aging Population

- People 65 years of age and older represent the fastest growing segment of the U.S. population



48



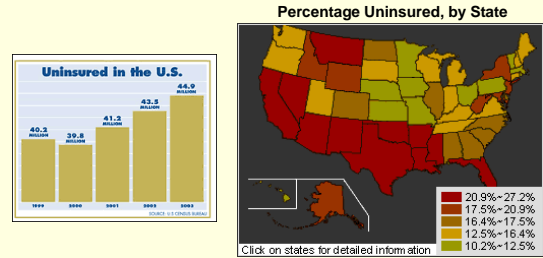
## Diversity

- 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



49

## Uninsured



50

Source: Employee Benefit Research Institute estimates from March, 1999

## 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%)

Source: The Uninsured: A Closer Look, Families USA, June 2004, www.familiesusa.org

51

## Healthcare Financing

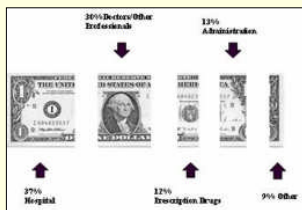
- Medicare
- Medicaid
- Social Security
- Private Insurance



52

## Healthcare Financing

- Where does the money go?

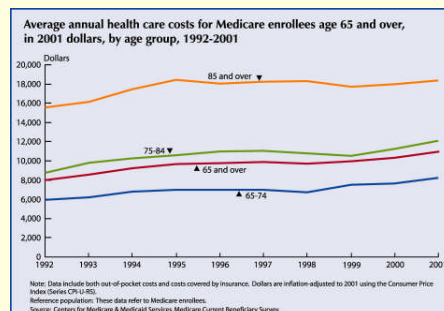


37% Hospital  
30% Doctors/Other Professionals  
12% Prescription Drugs

13% Administration  
9% Other

53

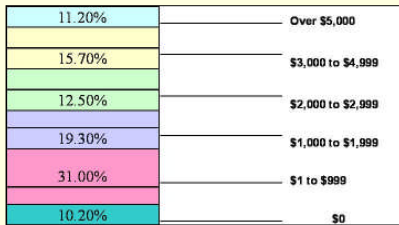
## Medicare



54

## Medicare - Continued

Prescription drug spending of Medicare patients

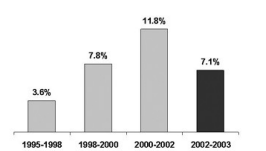


55

## 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

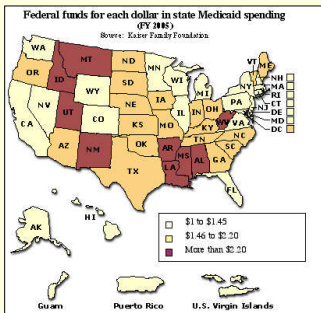
Figure 1  
Average Annual Growth in Medicaid Expenditures, 1995-2003



Source: Kaiser Family Foundation, <http://www.kff.org/medicaid/burns012002gr.cfm>

56

## Medicaid - Continued

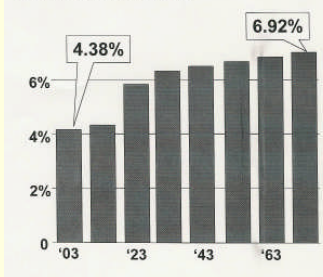


Source: <http://www.americanvoice2004.org>

57

## Social Security

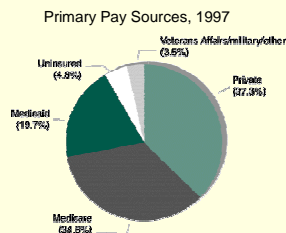
Social Security on the Rise  
Social Security is projected to claim a larger share of the economy in coming decades. Projected Social Security as a percentage of GDP.



58

## 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



59

Source: Agency for Healthcare Research and Quality, US Dept of Health and Human Services, <http://www.ahrq.gov/data/>

## 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. Health insurance costs continue to climb.

### PAYING MORE FOR HEALTH INSURANCE?

Between '00 and '03 employees' annual premiums for family coverage increased **48.9%\***

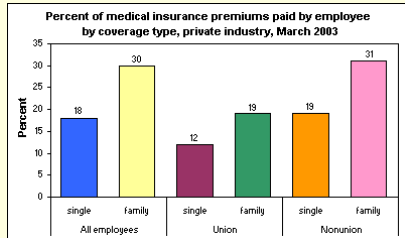


\*ANNUAL PREMIUM PAID BY EMPLOYEES  
SOURCE: KAISER HRET 2003 SURVEY AND CNN/MONEY CALCULATIONS

60

## Consumer Choice

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



Source: [www.bls.gov/iif/ohctable/iif/ohctable4.html](http://www.bls.gov/iif/ohctable/iif/ohctable4.html)

61

## 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



Patient charts

62

## 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

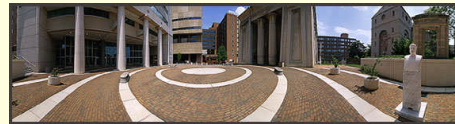


Soldiers suffering from the Spanish flu in a hospital at Camp Funston, Kansas, 1918. Source: National Museum of Health and Medicine, Armed Forces Institute of Pathology, Washington, D.C.

63

## 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



64

## 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



65

## 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



66

## 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



67

## Questions and Comments



68