Bi-Polar Public Opinion?

• Since the 1990s, large majorities of Americans have stated that the health care system is broken and needs major reform

• On average, 70% of Americans are pleased with the health care they receive and with their health care plan
Mortality Amenable to Health Care
A measure of health system performance

Preventable deaths per 100,000 population*

*Countries’ age-standardized death rates before age 75; including ischemic heart disease, diabetes, stroke and bacterial infections.

Data: E. Nolte and C. M. McKee, London School of Hygiene and Tropical Medicine analysis of WHO mortality files (2008)

Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2008
Infant Mortality Rates
Infant deaths per 1,000 live births

International Comparison, 2004

Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2008
# Health Care Rankings by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>Best</th>
<th>Middle</th>
<th>Worst</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUS</td>
<td>3</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>CAN</td>
<td>1</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>GER</td>
<td>5</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>NETH</td>
<td>2</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>NZ</td>
<td>6</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>UK</td>
<td>7</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>US</td>
<td>2</td>
<td>7</td>
<td>6</td>
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</table>

## OVERALL RANKING (2010)

<table>
<thead>
<tr>
<th>Dimension</th>
<th>AUS</th>
<th>CAN</th>
<th>GER</th>
<th>NETH</th>
<th>NZ</th>
<th>UK</th>
<th>US</th>
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<tbody>
<tr>
<td>Quality Care</td>
<td>4</td>
<td>7</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>6</td>
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<tr>
<td>Effective Care</td>
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<td>6</td>
<td>3</td>
<td>5</td>
<td>1</td>
<td>4</td>
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<tr>
<td>Safe Care</td>
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<td>5</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Coordinated Care</td>
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<td>5</td>
<td>7</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Patient-Centered Care</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>6</td>
<td>1</td>
<td>7</td>
<td>4</td>
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<td>Access</td>
<td>6.5</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>6.5</td>
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<tr>
<td>Cost-Related Problem</td>
<td>6</td>
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<td>3.5</td>
<td>2</td>
<td>5</td>
<td>1</td>
<td>7</td>
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<tr>
<td>Timeliness of Care</td>
<td>6</td>
<td>7</td>
<td>2</td>
<td>1</td>
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<td>4</td>
<td>5</td>
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<tr>
<td>Efficiency</td>
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<td>5</td>
<td>3</td>
<td>4</td>
<td>1</td>
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<tr>
<td>Equity</td>
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<td>3</td>
<td>1</td>
<td>6</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Long, Healthy, Productive Lives</td>
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<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

### Health Expenditures/Capita, 2007

<table>
<thead>
<tr>
<th>Country</th>
<th>Expenditures/Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUS</td>
<td>$3,357</td>
</tr>
<tr>
<td>CAN</td>
<td>$3,895</td>
</tr>
<tr>
<td>GER</td>
<td>$3,588</td>
</tr>
<tr>
<td>NETH</td>
<td>$3,837*</td>
</tr>
<tr>
<td>NZ</td>
<td>$2,454</td>
</tr>
<tr>
<td>UK</td>
<td>$2,992</td>
</tr>
<tr>
<td>US</td>
<td>$7,290</td>
</tr>
</tbody>
</table>

Notes: *Estimate; expenditures shown in $US PPP (purchasing power parity)

Source: Calculated by The Commonwealth Fund based on 2007 International Health Policy Survey; 2008 International Health Policy Survey of Sicker Adults; 2009 International Health Policy Survey of Primary Care Physicians; Commonwealth Fund Commission on a High Performance Health System National Scorecard; and OECD *Health Data, 2009* (Nov. 2009)
International Comparison of Health Spending 1980–2007

Average Health Expenditures per capita ($US PPP)

- United States
- Canada
- Netherlands
- Germany
- Australia
- New Zealand
- United Kingdom

Total Health Expenditures as % of GDP

- United States
- Germany
- Australia
- New Zealand
- United Kingdom

Note: $US PPP = purchasing power parity
Source: OECD Health Data, 2009 (Nov. 2009)
Projected Spending on Health Care
Under Assumption that Cost Growth Continues at Historical Averages

Source: Congressional Budget Office, testimony of Peter R. Orszag, Growth in Health Care Costs before the Committee on the Budget, United States Senate, January 31, 2008
Affordable Care Act

• Largest expansion of private sector health insurance in U.S. history
  – Federal subsidies for those without employer coverage

• Tax credits for small businesses

• Private insurance market reform
  – Eliminate “rescission” and most other forms of underwriting
  – Required medical loss ratios
    • 85% for plans in large group market
    • 80% for plans in individual and small group markets
  – Compete on quality, service, outcomes, price
Affordable Care Act

• Insurance exchanges
  – More efficiently pool risk
  – Lower administrative costs
  – Provide a choice of health plans to eligible individuals and small businesses

• Significantly expanded Medicaid eligibility to capture 16 million uninsured

• Large role for the states via both Medicaid and new insurance exchanges
Affordable Care Act

• Goal: To cover all citizens

• Reality: Reduction of number of uninsured from over 50 million in 2007 to estimated 23 million in 2019
  – Uninsured will be mostly “illegal aliens” and those who fail or refuse to enroll in insurance plan

• Insurance mandate
Health System Models

• Bismarck (decentralized)
  – Established end of 19th century by Bismarck in newly-unified Germany
  – Patients pay insurance premiums to a sick fund
  – Local/regional social insurance model

• Beveridge (centralized)
  – Established in 1948 by Lord Beveridge in the UK as the National Health Service (NHS)
  – State owns and runs hospitals
  – Funded through general taxation

• Market-Based
Nations with Bismarck Model
Social Insurance

Current
- Austria
- Germany
- The Netherlands
- Belgium
- France
- Switzerland
- Luxembourg
- Japan

Moved from Bismark to Beveridge in 1970-80s
- Greece
- Italy
- Portugal
- Spain
- South Korea
Nations with Beveridge Model
National Health System (NHS)

Long-Standing
• UK
• Ireland
• Denmark
• Norway
• Sweden
• Finland
• Iceland
• Australia
• New Zealand

Moved from Bismark to Beveridge in 1970-80s
• Greece
• Italy
• Portugal
• Spain
• South Korea
Public Policy Conundrum
Outcomes vs. Popularity

• Outcomes
  – Bismarck has higher rates of per capita growth in health expenditures
  – Beveridge has a cost advantage
  – Beveridge has a possible advantage in health outcomes related to diseases requiring systematic, organized population-based screening (e.g., breast cancer, TB)

• Popularity
  – Satisfaction in decentralized Bismarck systems generally higher than in centralized Beveridge systems
Marked-Based Models

• American Blue Cross and Blue Shield model
  – Established in 1934
  – Private insurance and provider markets
  – Access depends on ability to pay
  – Provisions for the poorest and most vulnerable

• Other nations with market-based models
  – South Africa
  – Uruguay
  – The Bahamas
  – Chile
  – Argentina
True “Blues”

• The rest of the developed world has Bismarck and Beveridge

• America has “The Blues”

• U.S. health care reform represents the first-ever attempt at “universal” health care on the foundation of a market-based model
Borrowing Among the Models

• Course of reform is never straight

• “The Blues”
  – Borrow from Beveridge in the VA Health System
  – Borrow from Bismarck in Medicaid and federally-sponsored community health centers

• Beveridge models have long experimented with “managed competition”
The Challenge of Bending the Cost Curve

- Around the world, cost pressures have driven reform
- In the United States, health expenditures as a share of GDP have risen dramatically:

Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group; U.S. Department of Commerce, Bureau of Economic Analysis; and U.S. Bureau of the Census
National Health Expenditures, 2008
$2.3 Trillion

Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group
# Accountable Care Organizations

<table>
<thead>
<tr>
<th>Tier</th>
<th>Mode of Payment</th>
<th>Savings Incentives</th>
<th>Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>Fee-for-service</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Tier 2</td>
<td>Fee-for-service, partial capitation, some bundled payments</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Tier 3</td>
<td>Full or partial capitation, extensive bundled payments</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>
## Models of Accountable Care Organizations

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Delivery System</td>
<td>Organization of physician practices, hospitals, and health plan, like Kaiser Permanente</td>
</tr>
<tr>
<td>Multispecialty Group Practice</td>
<td>Affiliation of physicians from multiple specialties, like Mayo Clinic</td>
</tr>
<tr>
<td>Physician-Hospital Organization</td>
<td>Joint venture between one or more hospitals and a group of physicians</td>
</tr>
<tr>
<td>Independent Practice Association</td>
<td>Organization of individual physician practices that contract with health plans</td>
</tr>
<tr>
<td>Virtual Physician Organization</td>
<td>Organization of small, independent physician practices, many located in rural areas</td>
</tr>
</tbody>
</table>
Expenditures for Portugal are from 2004 due to missing data for 2005.

Determinants of Health

- Genetics: 5%
- Environmental and Societal Factors: 55%
- Medical Care: 20%
- Behavioral Factors: 20%

Source: Sowad, Barbara J. A call to be whole: the fundamentals of health care reform, CT. 53
# Infant Mortality Rates

**Infant deaths per 1,000 live births**

## National Average and State Distribution

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. Average</th>
<th>Bottom 10% States</th>
<th>Top 10% States</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>10.3</td>
<td>7.2</td>
<td>5.3</td>
</tr>
<tr>
<td>1999</td>
<td>11.1</td>
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<td>5.1</td>
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<tr>
<td>2000</td>
<td>10.2</td>
<td>6.9</td>
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<tr>
<td>2001</td>
<td>9.9</td>
<td>6.8</td>
<td>4.9</td>
</tr>
<tr>
<td>2002*</td>
<td>9.9</td>
<td>7</td>
<td>4.8</td>
</tr>
<tr>
<td>2003</td>
<td>9.6</td>
<td>6.8</td>
<td>4.7</td>
</tr>
<tr>
<td>2004</td>
<td>10.1</td>
<td>6.8</td>
<td>4.7</td>
</tr>
</tbody>
</table>

*Denotes baseline year


Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2008
America’s Got “The Blues”

“The Blues is life.”
—Brownie McGhee

“It is from the blues that all that may be called American music [and health care?] derives its most distinctive characteristics...”
—James Weldon Johnson