The Crisis in the U.S. Health Care System

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We have the most expensive health care system in the world
International Comparison of Health Spending, 1980–2005

Average spending on health per capita ($US PPP)

- United States
- Germany
- Canada
- France
- Australia
- United Kingdom

Total health expenditures as percent of GDP

- United States
- Germany
- Canada
- France
- Australia
- United Kingdom

Cumulative Changes in Annual National Health Expenditures And Other Indicators, 2000–2007

Percent change

- Net cost of private health insurance administration
- Family private health insurance premiums
- Personal health care
- Workers earnings

Selected individual options include improved information, payment reform, and public health.

Source: Based on projected expenditures absent policy change and Lewin estimates.
But how do we stack up in terms of access and quality?
Scores: Dimensions of a High Performance Health System

- Long, Healthy & Productive Lives: 69
- Quality: 71
- Access: 67
- Efficiency: 51
- Equity: 71

OVERALL SCORE: 66

Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2006
Mortality Amenable to Health Care

Mortality from causes considered amenable to health care is deaths before age 75 that are potentially preventable with timely and appropriate medical care.

Deaths per 100,000 population*

* Countries’ age-standardized death rates, ages 0–74; includes ischemic heart disease.


U.S. Adults Receive Only About Half of Recommended Care, and Quality Varies Significantly by Medical Condition

Quality and Costs of Care for Medicare Patients Hospitalized for Heart Attacks, Colon Cancer, and Hip Fracture, by Hospital Referral Regions, 2000–2002

Median relative resource use = $25,994

* Indexed to risk-adjusted 1 year survival rate (median = 0.70).
** Risk-adjusted spending on hospital and physician services using standardized national prices.
Data: E. Fisher and D. Staiger, Dartmouth College analysis of data from a 20% national sample of Medicare beneficiaries.

Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2006
National Health Expenditures Invested in Research and Spent on Public Health Activities Compared with Administration and Insurance Costs, 2000 and 2004

Dollars (in billions)

Investment in research 2000: 25.6  2004: 39.0
Government public health activities 2000: 43.4  2004: 56.1
Administration and insurance costs 2000: 136.7  2004: 81.2

Percent of national health expenditures

Investment in research 2000: 1.9  2004: 2.1
Government public health activities 2000: 3.2  2004: 3.0
Administration and insurance costs 2000: 6.0  2004: 7.3


Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2006
Can we ‘bend the curve’?
‘Bending the Curve’

• Context
  – U.S. National Health Spending projected to double from $2 trillion to $4 trillion and increase from 16% to 20% of GDP over 10 years
  – Rising numbers of uninsured and underinsured
  – Wide variations in quality, efficiency, and low performance

• Goals
  – To illustrate that it is possible to reduce national health expenditures while also improving access, quality, and population health
  – To spur and inform debate and stimulate action to address national health care costs in a manner that would yield greater value
Savings options include: Health Information Technology, Center for Medical Effectiveness, Public Health, Episode-of-Care, Strengthening Primary Care, Benchmark Rates, and Prescription Drug Prices.

Source: *Bending the Curve: Options for Achieving Savings and Improving Value in U.S. Health Spending*, Commonwealth Fund, December 2008
* Selected individual options include improved information, payment reform, and public health.
Source: Based on projected expenditures absent policy change and Lewin estimates.
Cross-Cutting Themes and Conclusions

• Covering everyone and achieving savings with improved quality and health outcomes should be possible

• Addressing total health system costs, not shifting costs, will be key to long term improvement

• There are no “magic bullets” that alone fully address rising costs and inefficiency

• It will take a multi-faceted approach combined with well-designed insurance to substantially improve performance
  – Value means more than just savings – some investments yield substantial gains safety, quality, and health

• Achieving high performance will mean that every stakeholder must share in the solution and focus on the potential national gain

• Leadership to build consensus is critical
Thank You!

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