



# **“THE PERFECT STORM” THE CURRENT CRISIS STATE OF U.S. HEALTHCARE**

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## Financial Disclosures

There are no relevant financial relationships with any commercial interests to disclose

- Member - Health Care for All Colorado
- Member – Physicians for a National Health Program

“I don’t believe there’s  
any problem in this  
country, no matter how  
tough it is, that  
Americans, when they roll  
up their sleeves, can  
completely ignore.”

*George Carlin*





We as a country must decide if health care is a **BASIC HUMAN RIGHT** or a privilege?

If it's a right, we must convince our political leaders to move toward **COMPREHENSIVE** reform.

# PERSPECTIVE - Philosophical

Health care is...

- A Human Right
- A social service distributed according to need
- **Not** a commodity distributed according to ability to pay
- **Not** a business whose “beneficiaries” are company executives and investors not patients
- Most Americans believe everyone should have access to good care without financial hardship

## PERSPECTIVE - Philosophical

- We are the only developed nation that does not provide comprehensive health care to all its citizens
- 51 million Americans are uninsured
- 50 million+ are underinsured - lack comprehensive coverage eg. preventive care, long-term care & drug costs
- 45,000 die a year from lack of coverage
- Markets are good for many things, but they are not a good way to distribute health care



# The Medical-Industrial Complex

“Remember that what the rest of us call health care costs, they call income.”

Paul Krugman, Nobel Laureate  
*New York Times* 5/10/09

What % of the \$2.8 trillion  
(\$8000+ per capita) 2012  
cost of health care was not  
spent on health care?

69% spent on direct health care costs

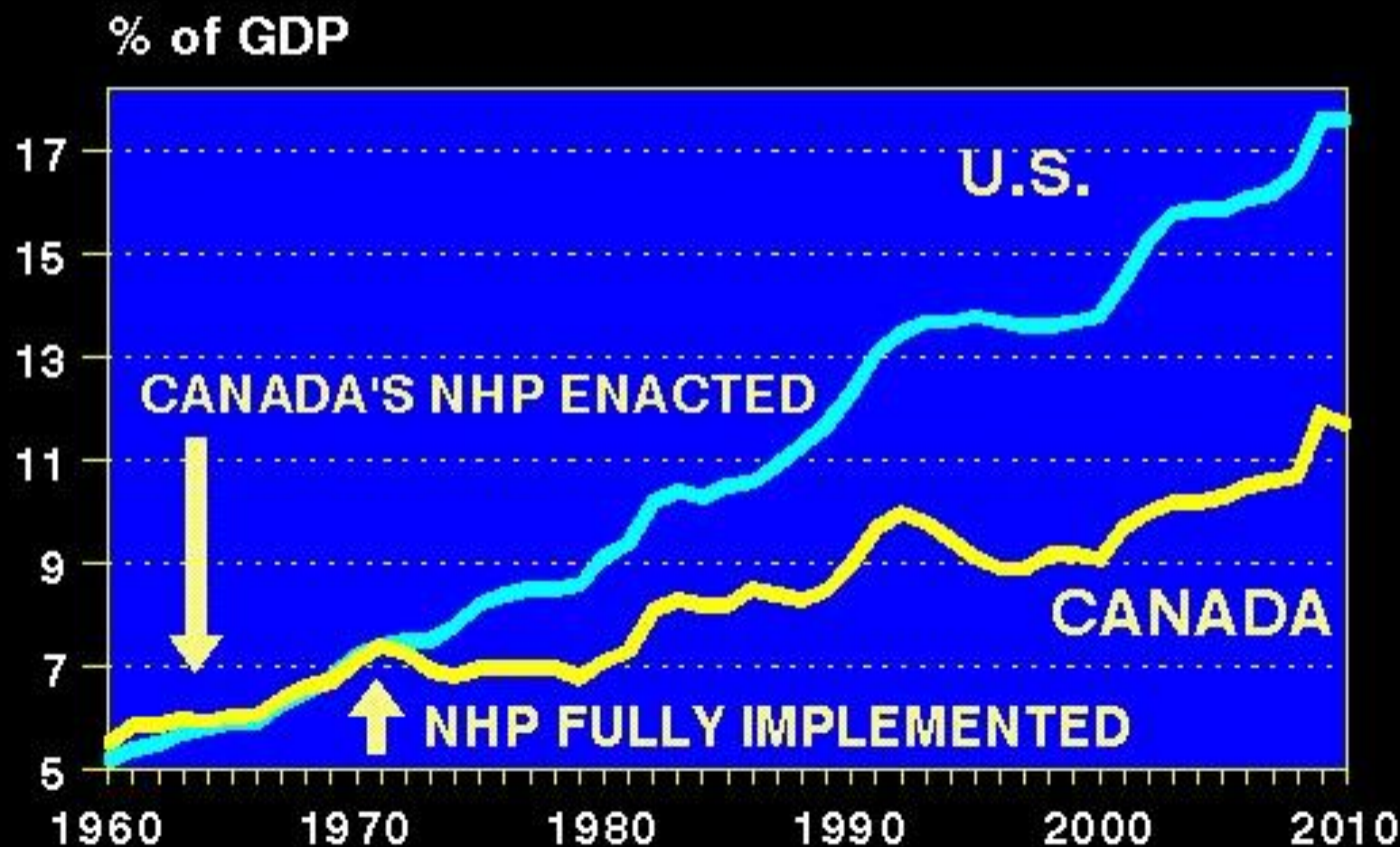
31% spent on administrative overhead and  
profit

Medicare's administrative overhead is 3%

5-7% overhead in other countries



# Health Costs as % of GDP: U.S. & Canada, 1960-2010




# U.S. PUBLIC Spending Per Capita for Health is Greater than TOTAL Spending in Other Nations



**Note: Public includes benefit costs for govt. employees & tax subsidy for private insurance**








**Source: OECD 2010; Health Aff 2002; 21(4):88 - Data are for 2009**



# Do we have the best health care in the world?

- YES for those fortunate enough to have good insurance and financial resources
- NO for many of those 49 million who are uninsured and 50++ million who are underinsured.

# Broken System??

Country Rankings								
	1.00-2.33							
	2.34-4.66							
	4.67-7.00							
		      						
		AUS	CAN	GER	NETH	NZ	UK	US
OVERALL RANKING (2010)		3	6	4	1	5	2	7
Quality Care		4	7	5	2	1	3	6
Effective Care		2	7	6	3	5	1	4
Safe Care		6	5	3	1	4	2	7
Coordinated Care		4	5	7	2	1	3	6
Patient-Centered Care		2	5	3	6	1	7	4
Access		6.5	5	3	1	4	2	6.5
Cost-Related Problem		6	3.5	3.5	2	5	1	7
Timeliness of Care		6	7	2	1	3	4	5
Efficiency		2	6	5	3	4	1	7
Equity		4	5	3	1	6	2	7
Long, Healthy, Productive Lives		1	2	3	4	5	6	7
Health Expenditures/Capita, 2007		\$3,357	\$3,895	\$3,588	\$3,837*	\$2,454	\$2,992	\$7,290

# WHO PAYS FOR HEALTH CARE?<sup>1</sup>

Category	Billions of Dollars	% of Total
<b>National Health Expenditures</b>	<b>\$ 2,338.7</b>	<b>(100%)</b>
<b>Private Funds</b>	<b>\$ 920.7</b>	<b>(39%)</b>
▪ Private health insurance	\$ 642.9	(27%)
▪ Out of pocket payments	\$ 277.8	(12%)
<b>Public Funds</b>	<b>\$ 1,418.0</b>	<b>(61%)</b>
▪ Medicare	\$ 469.2	(20%)
▪ Medicaid	\$ 344.3	(15%)
▪ Other Federal**	\$ 146.4	(6%)
▪ Other State and Local***	\$ 146.8	(6%)
▪ Public Employee health benefits	\$ 140.3	(6%)
▪ Tax Subsidies	\$ 171.0	(7%)
<b>Tax-Financed (\$ per capita)</b>	<b>\$ 4,665</b>	

\*Data for 2008 from Health Affairs: January 5, 2010, using the methodology described in Health Affairs 2002;21:88-98

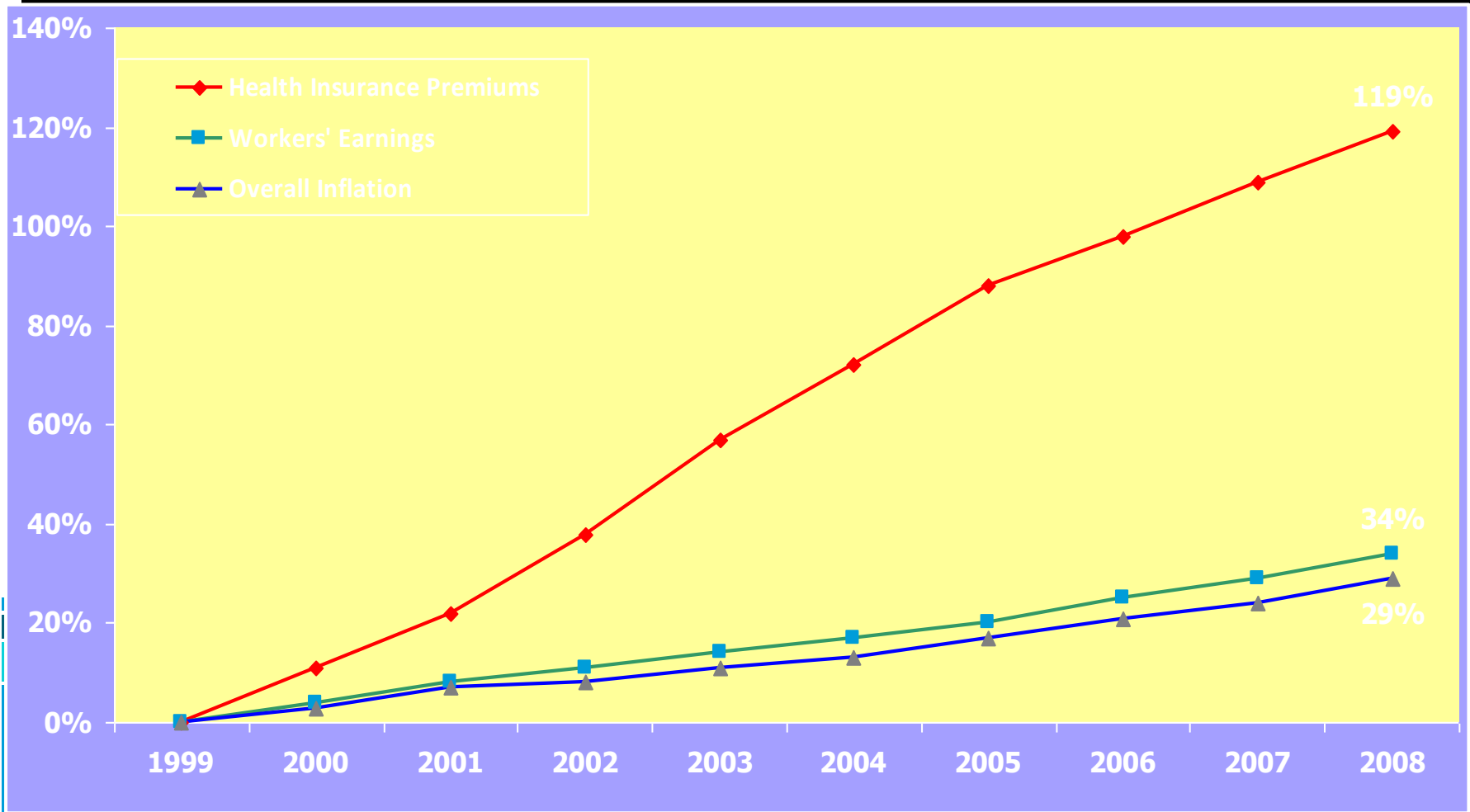
\*\*includes VA, DOD, hospital subsidies, federal public health, SCHIP

\*\*\* includes Workmen's Comp., hospital subsidies, state public health, SCHIP

<sup>1</sup> Woolhandler S, Himmelstein, DU. Paying for National Health Insurance—and Not Getting It. Health Affairs.

# Insurance Premiums • Workers' Earnings • Inflation

## 1999-2008



*Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000-2008. Bureau of Labor Statistics, Consumer Price Index*



## What is the current cost of health insurance?

- ➔ \$16,771 for employer sponsored family policy plus out-of-pocket expenses
- ➔ Individual policy (if it can be purchased) more than \$7,000 after tax dollars
  - ➔ Median income was \$51,000 in 2010

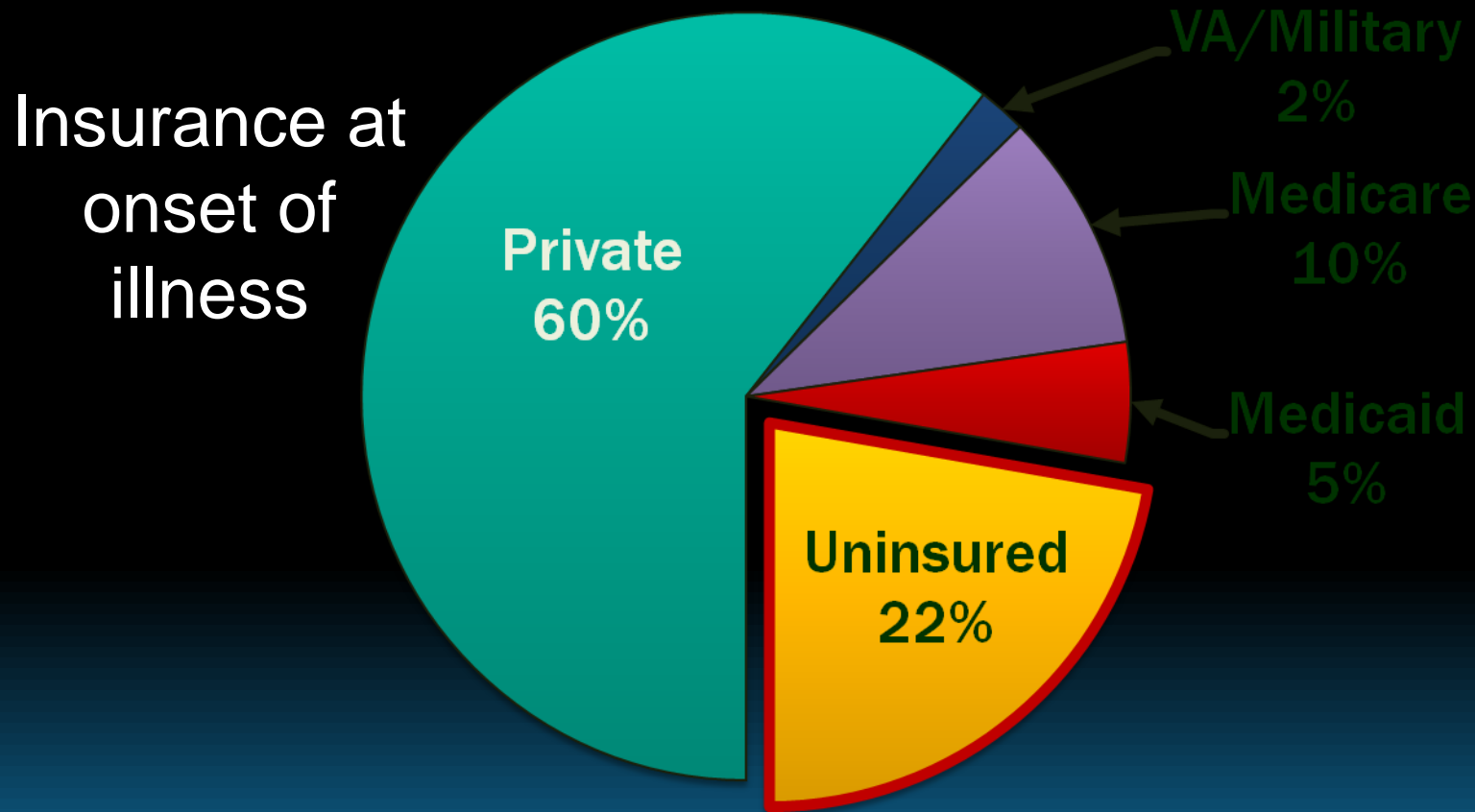
*Can the average worker afford health insurance?*

# Can the average person afford health insurance?

- *Most can if provided through their employer - otherwise it is not affordable for the average person*
- *The majority of personal bankruptcies in the US are the result of inability to pay a medical bill – this does not occur in any other country*



# Most of the Medically Bankrupt Had Insurance Coverage



Source: Himmelstein et al. Am J Med, Aug. 2009

# Lack of Insurance Kills

**1 every 12 minutes**

**120 every day**

**45,000 a year**

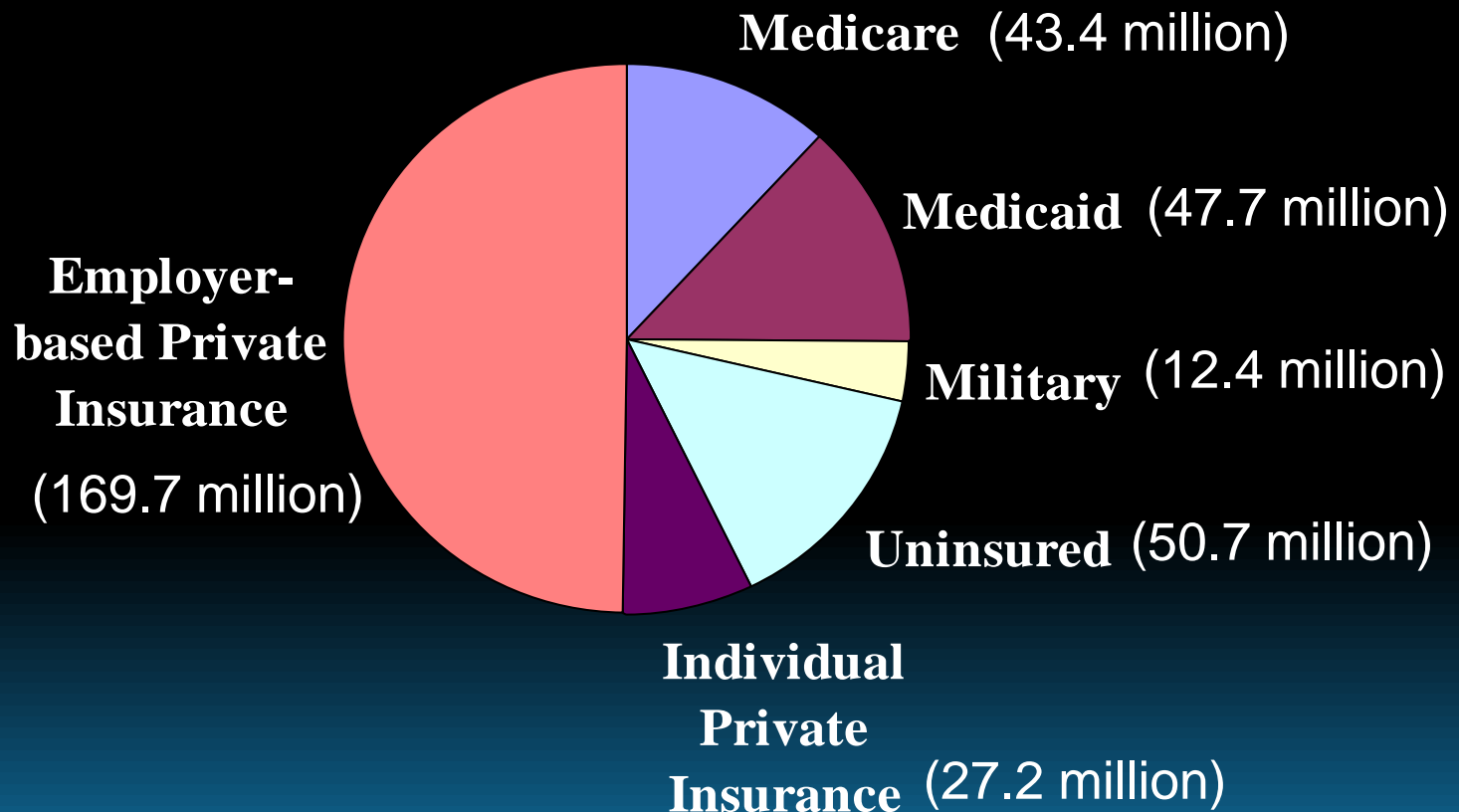
People without insurance:

🚚 Live sicker and  
die younger


🚚 The safety net is full of holes



# Most People Get Their Coverage from the Private Sector



Source: *Income, Poverty, and Health Insurance Coverage in the United States: 2009*, Census Bureau, 2010



# What is the goal of a private insurance company?

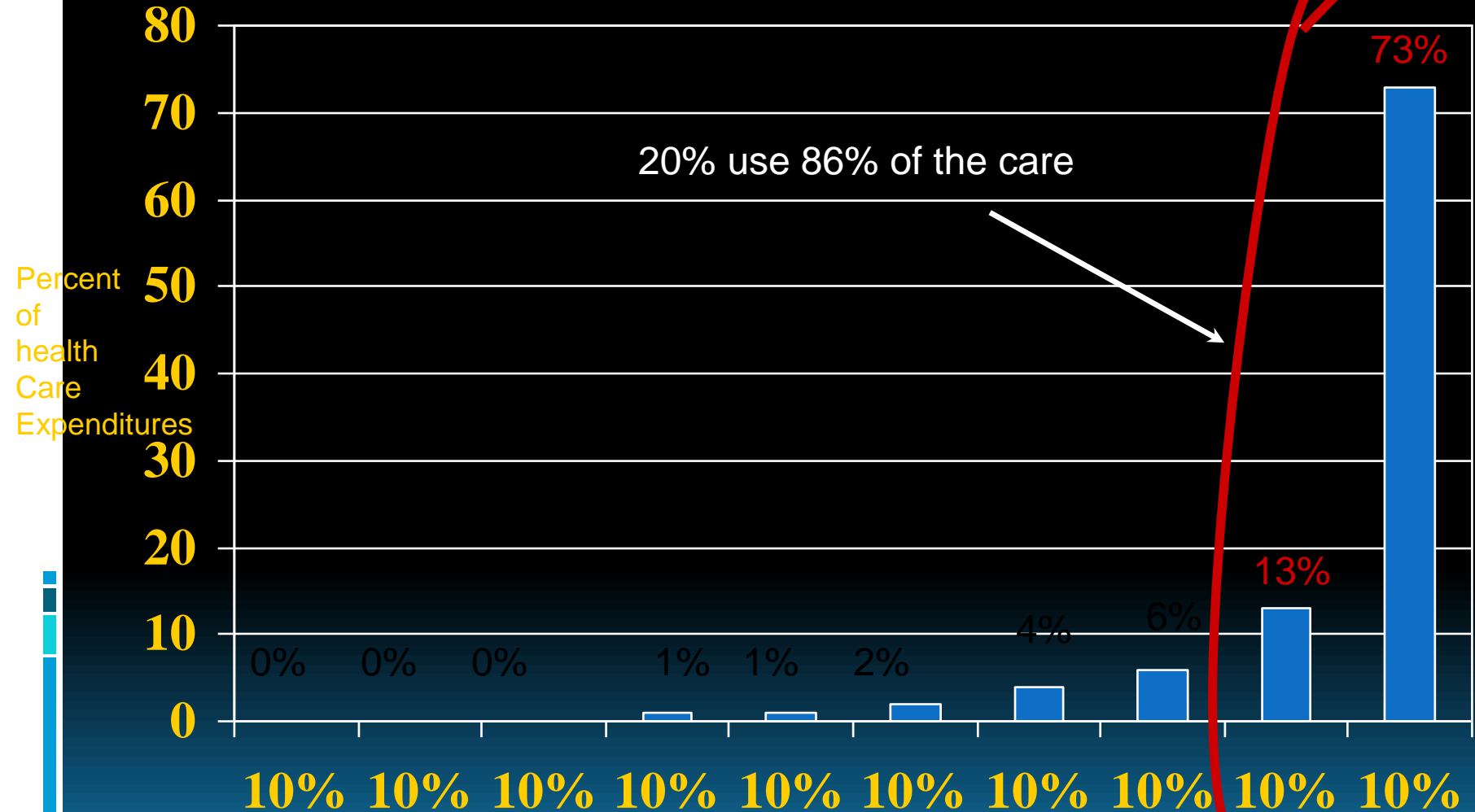
- *Make a profit or break even if not for profit in order to stay in business*
- *About 75% of private health insurers are for profit*

# How does a health insurance company make a profit?

- Manage their risk by underwriting to insure the healthy and avoid the sick
- Minimize payments by high co –pays and deductables, mandating preapprovals, and discounts from hospitals and providers

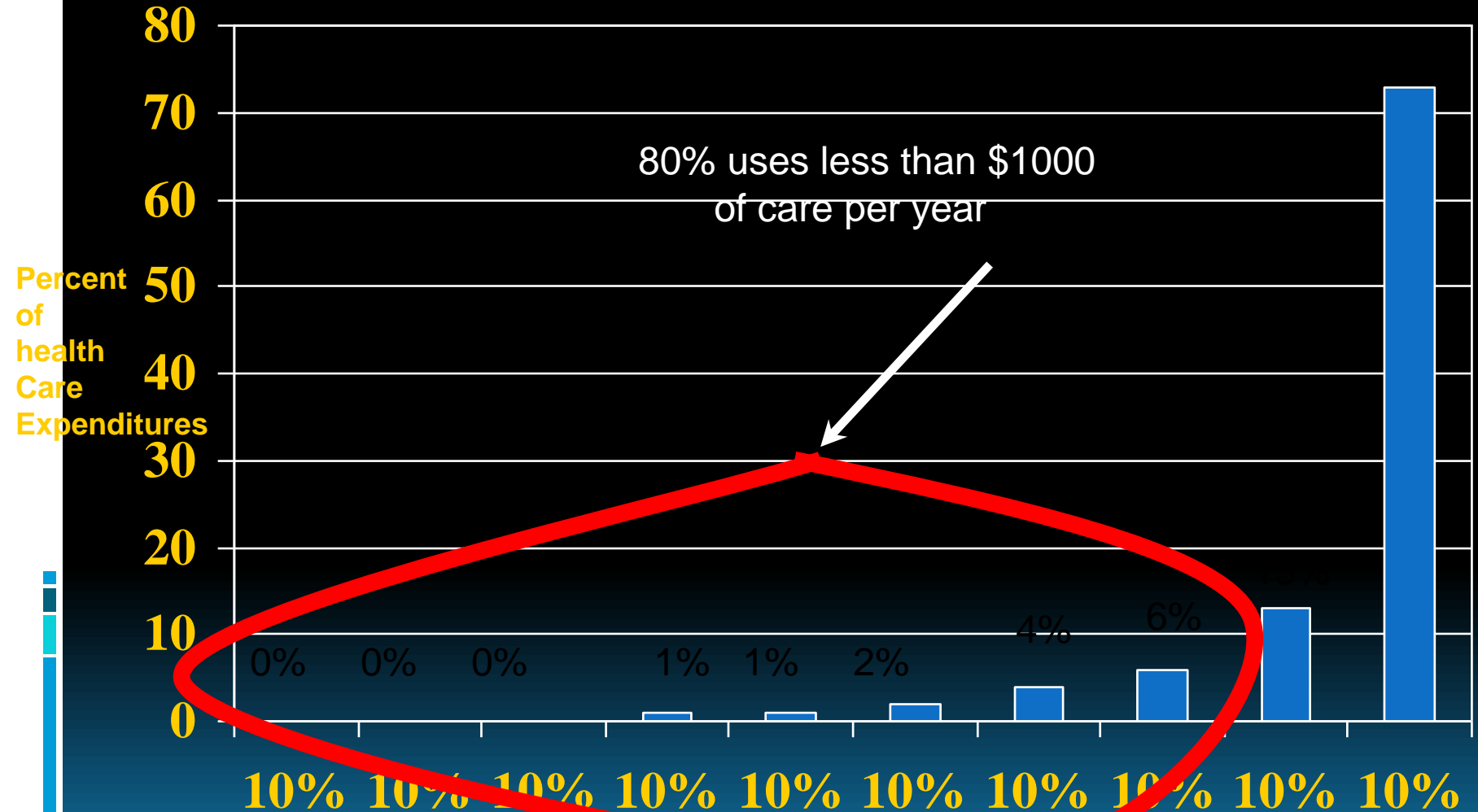
**THIS IS THE FUNDAMENTAL CONFLICT OF INTEREST IN OUR CURRENT HEALTH CARE SYSTEM.**

# Most of the money is spent on a few people in any one year



Source: Agency for Healthcare Research and Quality  
HIEPS, 1999

# If you were in an insurance company CEO, who would you want to insure?



Source: Agency for Healthcare Research and Quality  
HIEPS, 1999

# Health Insurer CEO Salaries (2008)

- Roy Williams – CEO Aetna - \$ 24,300,122
- H. Edward Hanway – Cigna - \$ 12,236,740
- Angela Bray – Wellpoint - \$ 9,844,212
- Dale Wolf – Coventry Healthcare - \$ 9,047,469
- Michael Niedorff – Centene - \$ 8,744,483
- James Carlson – Amerigroup - \$ 5,292,546
- Michael McAllister – Humana - \$ 4,764,309
- Jay Gellert – Health Net - \$ 4,425,355
- Steven Helmsley – United Health Group - \$ 3,241,042
- Billy Tauzin – CEO PhRMA - \$2,000,000
- Karen Ignani – Amer. Health Insurance Plans - \$ 1,580,000
- William McGuire on retirement from United Healthcare in 2006--  
\$1.8 Billion –the GRAND PRIZE winner!



# What is socialized medical insurance?

- *A system in which the government collects taxes to fund medical care. Examples of this are: Medicare, Medicaid and SCHIP(State Children's Health Insurance Program)*



# What is Medicaid?

- *A social insurance program funded 60/40 by federal and state governments. Each state determines eligibility requirements and administers the program.*

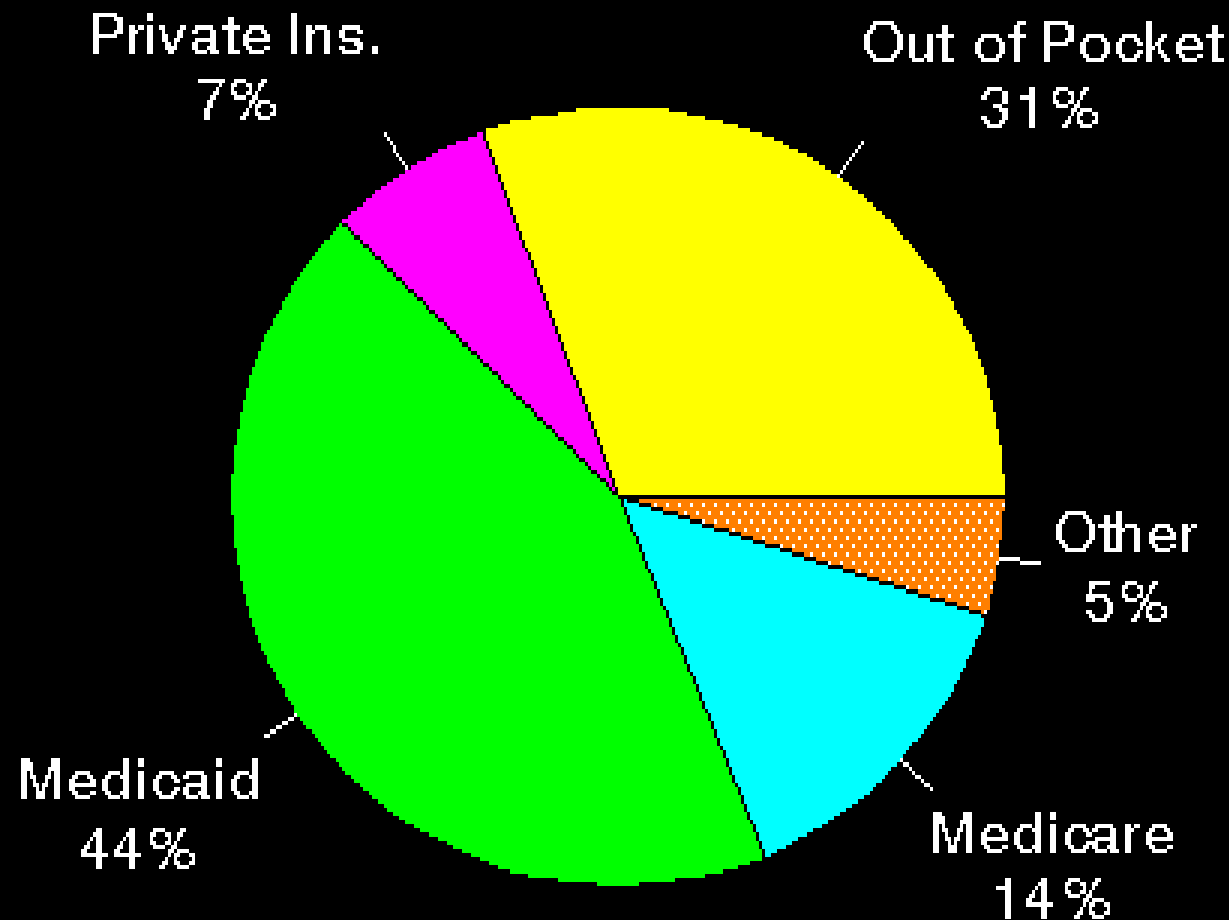


# Who is covered by Medicaid?

- 52 million in 2011 at cost of \$440 Billion
- 27 million children
- 14 million aged and disabled
- 44% of those (mostly seniors) in nursing homes

# Who Pays for Nursing Home Care?

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# What is Medicare?

- A social insurance program established in 1965 funded by a 1.9% payroll tax and 25% funded by graduated income based premiums



# Who is covered by Medicare?

- *47 million in 2010 at a cost of \$524 billion*
  - *Over 65, severely disabled, dialysis patients*
  - *By 2020 projected 64 million beneficiaries at a cost of \$924 billion*
- 

# What is “Obamacare”?

## Patient Protection and Affordable Care Act (PPACA)


- ▣ Passed by US Congress and signed into law 3/23/10
- ▣ Reaffirmed by SCOTUS 6/28/12



# What are the key provisions?

- Provides “protections” from health insurers
- Expands coverage by:
  - Increasing Medicaid eligibility
  - Mandating the purchase of private health insurance
  - Expands Medicare benefits



- 
- Increase Medicaid eligibility and 100% funding to 133% of poverty (15 million more insured if governors opt in)

Employer and employee penalties for electing not to provide or buy coverage



# PPACA Shortcomings

- Will leave 50 million uninsured (20 million medicaid) and many more underinsured
  - No assurance it will significantly decrease medical costs
  - Increases Federal bureaucracy to assure compliance with myriad of rules and regulations
- No real controls on private health insurance premiums

# PPACA Shortcomings

- Will leave 20-30 million uninsured and many more (perhaps most) underinsured
  - No assurance it will significantly decrease medical costs
  - Increases Federal bureaucracy to assure compliance with myriad of rules and regulations
- No real controls on private health insurance premiums

# What are the attributes of the ideal health insurance plan?

## → Affordable

- Minimal or no co pays

## → Comprehensive

- Basic medical coverage
- Cradle to grave

## → Universal

- Ensure all
  - Between jobs
  - Unemployed

## → Portable

- Same coverage throughout Colorado or the U.S.

## → Unrestricted choice of

- Provider
- Hospital

# WHAT'S INCLUDED IN A SUSTAINABLE, SECURE AND JUST DOCTOR/PATIENT HEALTH CARE SYSTEM

## Comprehensive coverage

- Preventive services
- Hospital care
- Physician services
- Dental services
- Mental health services
- Medication expenses
- Reproductive health services
- Home Care/nursing home care

## **“All medically necessary services”**

Any exclusions? How decided? Based on a clinical decision, not a financial one.

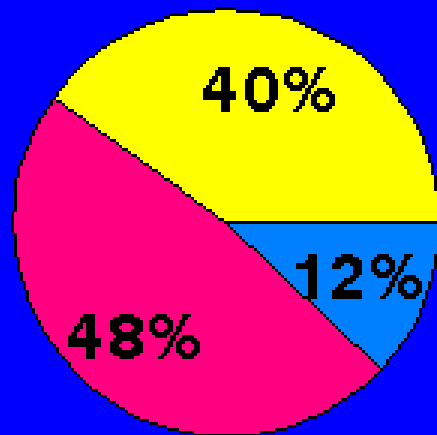
## How do we achieve the ideal?

- Dramatically reduce overhead costs. How?
  - Eliminate “for profit” entities in delivery of healthcare
  - Create a risk pool of all citizens
    - Will make insurance affordable to all
  - Reduce costs of pharmaceuticals
    - Allow Medicare to negotiate price
    - Eliminate Medicare part D private insurers.
    - Eliminate direct to consumer marketing of Rx drugs
    - REDUCE COSTS of medical care delivery
- the greatest challenge to providers

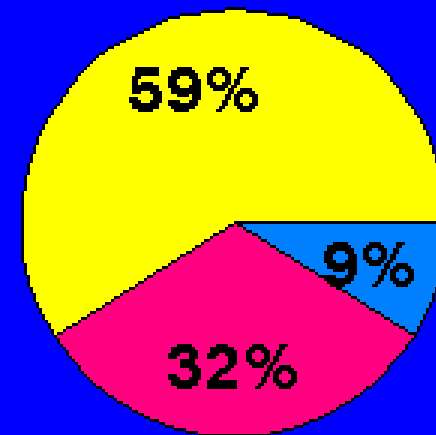
Public Opinion Favors  
Single Payer National  
Health Insurance

# The Rising Popularity of National Health Insurance, 1979-2009

1979



2009



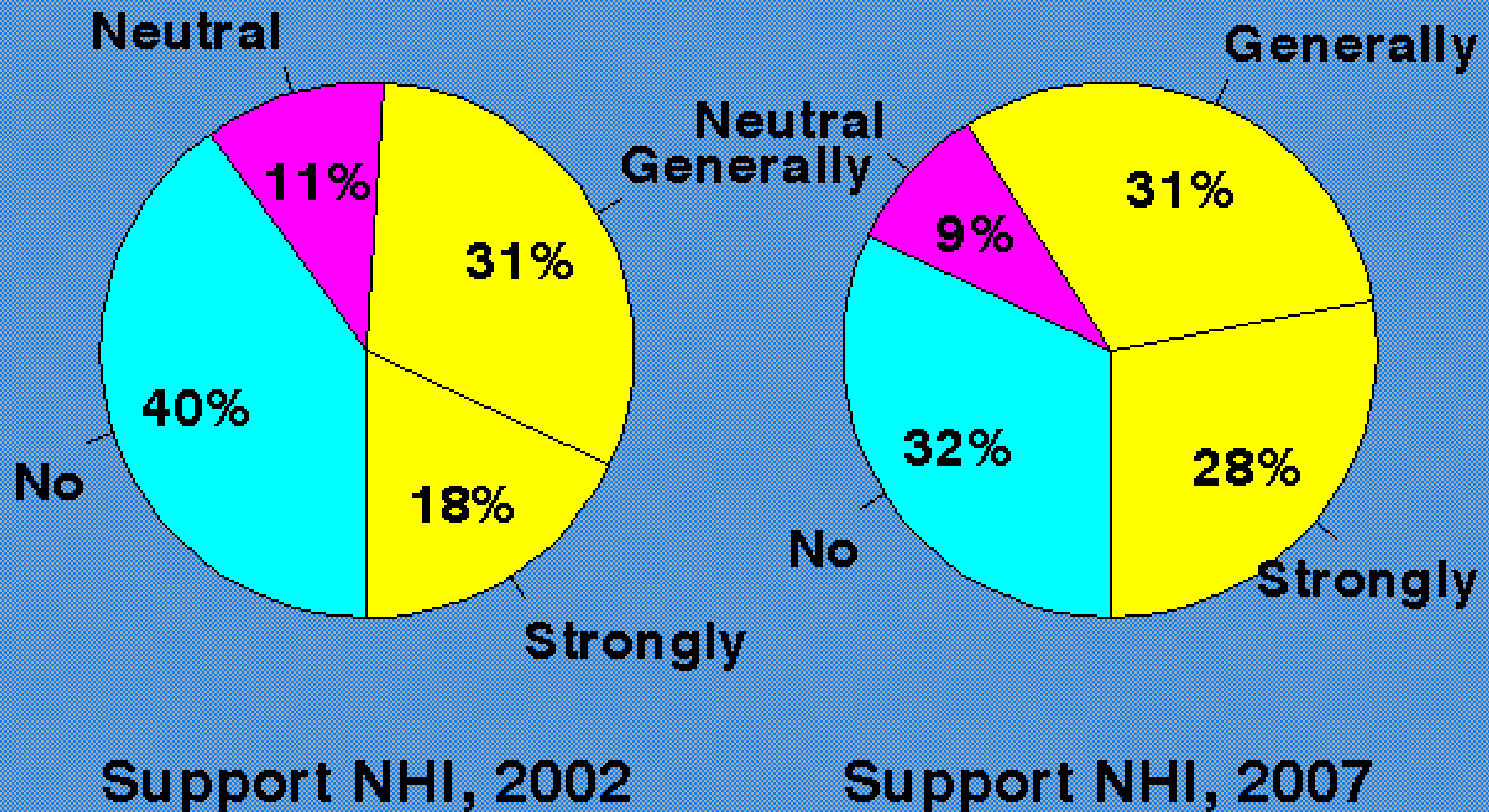
Who Should Provide Coverage?

■ Government ■ Private Enterprise ■ Don't Know




# Growing Physician Support for NHI


Surveys of Random Samples of U.S. Physicians, 2002 & 2007



# How do we fix our “impoding” health care system?

- Tax supported universal health insurance i.e. “improved Medicare for all”
- The Colorado Universal Health Plan(HCAC)
- The Expanded and Improved Medicare for All Act (H. R. 676)
- Health Security Act S. 915


- 
- Free choice of provider and hospital
  - Universal coverage at all times anywhere
  - Equitable payment (based on income)
  - Low cost due to universal risk pool
  - Low overhead (31% to 5%)
  - Transparent system
  - Improved quality assurance and safety
  - Improved access to primary/preventative care

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- What is the major impediment to reform?
  - SPECIAL INTERESTS \$\$\$\$\$\$\$\$  
“buying off” uninformed, ideologically  
driven politicians

TOO BIG TO FAIL ...



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MORIN



*"Of all the forms of inequality, injustice in health care is the most shocking and inhumane."*

**Martin Luther King, Jr.**



We as a country must decide if health care is a **BASIC HUMAN RIGHT** or a privilege?

If it's a right, we must convince our political leaders to move toward **COMPREHENSIVE** reform.

# Web Sites on Health Care

- [www.commonwealthfund.org](http://www.commonwealthfund.org)
- Kaiser Family Foundation [www.kff.org](http://www.kff.org)
- [www.healthcareforallcolorado.org](http://www.healthcareforallcolorado.org)
- Physicians for a National Healthcare Program  
[www.pnhp.org](http://www.pnhp.org)
- [www.don@mccanne.org](mailto:www.don@mccanne.org)