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

Vince Markovchick, MD, FAAEM
Professor Emeritus
Department of Emergency Medicine
University of Colorado School of Medicine
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

Source: Statistics Canada, Canadian Inst. for Health Info., & NCHS/Commerce Dept
U.S. Public Spending Per Capita for Health is Greater than Total Spending in Other Nations

- Japan: $2880
- U.K.: $3490
- Sweden: $3720
- France: $3980
- Germany: $4220
- Canada: $4360
- U.S.: $4816
  - Total Spending: $7960

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??

The Commonwealth Fund 6/23/10

<table>
<thead>
<tr>
<th>Country Rankings</th>
<th>1.00-2.33</th>
<th>2.34-4.66</th>
<th>4.67-7.00</th>
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<tbody>
<tr>
<td>AUS</td>
<td>3</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>CAN</td>
<td>6</td>
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<tr>
<td>US</td>
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### OVERALL RANKING (2010)

<table>
<thead>
<tr>
<th>Quality Care</th>
<th>AUS</th>
<th>CAN</th>
<th>GER</th>
<th>NETH</th>
<th>NZ</th>
<th>UK</th>
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<tr>
<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>
</tr>
<tr>
<td>Cost-Related Problem</td>
<td>6</td>
<td>3.5</td>
<td>3.5</td>
<td>2</td>
<td>5</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Timeliness of Care</td>
<td>6</td>
<td>7</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Efficiency</td>
<td>2</td>
<td>6</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>7</td>
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<tr>
<td>Equity</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>6</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Long, Healthy, Productive Lives</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
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</table>

<table>
<thead>
<tr>
<th>Health Expenditures/Capita, 2007</th>
<th>AUS</th>
<th>CAN</th>
<th>GER</th>
<th>NETH</th>
<th>NZ</th>
<th>UK</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,357</td>
<td>$3,895</td>
<td>$3,588</td>
<td>$3,837*</td>
<td>$2,454</td>
<td>$2,992</td>
<td>$7,290</td>
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</tbody>
</table>
## WHO PAYS FOR HEALTH CARE?\(^1\)

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

*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

1 Woolhandler S, Himmelstein, DU. Paying for National Health Insurance—and Not Getting It. Health Affairs.
Insurance Premiums • Workers’ Earnings • Inflation
1999-2008

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

Insurance at onset of illness

- Private: 60%
- Uninsured: 22%
- Medicare: 10%
- Medicaid: 5%
- VA/Military: 2%

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

American Journal Public Health, Wilper et al, Dec 2009
Most People Get Their Coverage from the Private Sector

- Medicare: 43.4 million
- Medicaid: 47.7 million
- Military: 12.4 million
- Uninsured: 50.7 million
- Individual Private Insurance: 27.2 million
- Employer-based Private Insurance: 169.7 million

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 deductibles, 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

20% use 86% of the care

Source: Agency for Healthcare Research and Quality MEPS, 1999
If you were in an insurance company CEO, who would you want to insure?

80% uses less than $1000 of care per year

Source: Agency for Healthcare Research and Quality
MEPS, 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 Nedorff – 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?

- Medicaid: 44%
- Medicare: 14%
- Out of Pocket: 31%
- Other: 5%
- Private Ins.: 7%

Source: Health Affairs 2000; 19(3):44
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

Colorado Medical Society - 2007
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
- Government: 40%
- Private Enterprise: 12%
- Don't Know: 48%

2009
- Government: 59%
- Private Enterprise: 32%
- Don't Know: 9%

Who Should Provide Coverage?
- Yellow: Government
- Pink: Private Enterprise
- Blue: Don't Know

CBS News/New York Times Poll, February 1, 2009
Growing Physician Support for NHI
Surveys of Random Samples of U.S. Physicians, 2002 & 2007

Support NHI, 2002:
- No: 40%
- Strongly: 31%
- Neutral: 18%

Support NHI, 2007:
- No: 32%
- Strongly: 28%
- Generally: 9%
- Neutral: 31%

Source: Carroll & Ackerman, Ann Int Med 2008;148:566
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
What is the major impediment to reform?

- SPECIAL INTERESTS $$$$$$$$
  “buying off” uninformed, ideologically driven politicians
“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
- Kaiser Family Foundation  www.kff.org
- www.healthcareforallcolorado.org
- Physicians for a National Healthcare Program  www.pnhp.org
- www.don@mccanne.org