US Healthcare System
Issues: Access
Access to Healthcare is not Universal

- Barriers to health services include:
  - High cost of care
  - Inadequate or no insurance coverage
  - Lack of availability of services
  - Lack of culturally competent care
Uninsured Decreasing, but Now Back on the Rise

Excludes 11.4 million illegal immigrants
Represents 33 million more people with health insurance

2017Q2* 11.7%
2016* 10.9%

*Source: Gallup
Out-of-Pocket Costs Cause Access Issues

Spent US$1,000 or more out-of-pocket

<table>
<thead>
<tr>
<th>Country</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWE</td>
<td>2</td>
</tr>
<tr>
<td>UK</td>
<td>3</td>
</tr>
<tr>
<td>FR</td>
<td>7</td>
</tr>
<tr>
<td>NETH</td>
<td>7</td>
</tr>
<tr>
<td>NZ</td>
<td>9</td>
</tr>
<tr>
<td>GER</td>
<td>11</td>
</tr>
<tr>
<td>CAN</td>
<td>14</td>
</tr>
<tr>
<td>NOR</td>
<td>17</td>
</tr>
<tr>
<td>SWIZ</td>
<td>24</td>
</tr>
<tr>
<td>AUS</td>
<td>25</td>
</tr>
<tr>
<td>US</td>
<td>41</td>
</tr>
</tbody>
</table>

* Did not fill/skipped prescription, did not visit doctor with medical problem, and/or did not get recommended care.

Source: 2013 Commonwealth Fund International Health Policy Survey in Eleven Countries.
Impact is not spread equally across the country

Source: Bump, P. Washington Post 9/14/17
US Healthcare System
Issues: Cost
Quiz: As a percent of GDP, Healthcare exceeds
(a.) National Defense
(b.) Motor Vehicle and Parts
(c.) Gasoline, Fuel Oil and other Energy Goods
(d.) All of the above

Answer: All of the above

....COMBINED!
Current Health Care Issues: High Cost

- 2016 national expenditures = $3.8 Trillion
  - 17.9% GDP (7.2% in 1970)
  - $12,000/person
  - 2010-2013 increase averaging 4%/year (before that 9%+)
- American employers pay more for health care than their trading partners
  - US pays $2.38/hr in health benefits (e.g. GM: $1500/car in medical expenses > cost of steel)
  - Major trading partners pay $0.96/hr
- 25 cents of every health care dollar goes to cover bureaucracy created by fragmented payment system

*Sources: Congressional Budget Office, National Coalition on Health Care, Institute of Medicine, Kaiser Family Foundation*
US spends two-and-a-half times the OECD average

Total health expenditure per capita, public and private, 2010 (or nearest year)

USD PPP

1. In the Netherlands, it is not possible to clearly distinguish the public and private share related to investments.
2. Total expenditure excluding investments.
Information on data for Israel: http://dx.doi.org/10.1787/888932315602.

Source: OECD Health Data 2012.
U.S. Healthcare Spending Problems

34% Waste

66% Value-Add

$2.7 Trillion (18% of GDP)

Source: Berwick & Hackbarth, JAMA, April 11, 2012—Vol 307, No. 14
Costs Vary by Location

From Castlight

Cost of a lower back MRI

Cost of a lipid panel
Medical Cost Sharing

% Increases in Health Insurance Premiums

- Premiums
- Workers Contribution
- Workers Earnings
- Inflation

The University of Texas at Austin
McCombs School of Business
Increase in National Health Expenditures Slowed

Figure 44: Projected National Health Expenditures, 2010-2019

National health expenditures as a percent of GDP

Source: National Health Expenditures Accounts and Projections; CEA calculations.
Note: Pre-ACA projections have been adjusted to reflect a permanent repeal of the SGR following the methodology used by McMorrow and Holahan (2016). For consistency, actuals reflect the current estimates as of the most recent projections release.
US Healthcare System Issues: Quality/Outcomes
Higher Costs Not Buying More Quality

- American’s receive the recommended care for their condition only half of the time (Rand Cooperation)
- Approximately 300,000 patients/year die in hospitals due to medical errors, more than the annual mortality due to MVAs, breast cancer or AIDS (James 2013; Makary 2014)
- Inefficient use of patient wait time: Loss estimate = $50 billion/year (Money Magazine)
Avoidable Deaths (Hospitals)
What does this mean to me?

- You’ll have at least 1 friend/family member die over your lifetime from a preventable adverse event.
Quality Varies by State
Causes for Quality Issues

- Lack of training in systems improvement (physicians, nurses, lab techs, etc)
  - Focus on patient in front of you
  - Don’t recognize commonalities
- Multiple hand-offs, limited fool-proofing
- Lack of reflection time
- Disincentives to surface problems
- Patients aren’t widgets
- Healthcare is complicated… and professionalized
- Providers are not integrated with supply chain
Health Care Delivery System Issues: Summary

- Inverse care
- Impoverishing care
- Fragmented care
- Unsafe care
- Misdirected care

  - Half of health care spending used to treat 5% of population

Adapt for value

1. Under a new administration, fate of ACA remains unclear
2. Pharma’s new strategic partner? Patients
3. Easing training wheels off value-based payment
4. Insert your card here for healthcare

Innovate for value

5. Paging Dr. Drone: It’s time to prepare for emerging technologies
6. The battle against infectious diseases sparks invention
7. Rx cauliflower: Nutrition moves to population health
Top 10 Trends 2017
Source: PwC Health Research Institute

Build for value

8. Putting the brakes - gently - on drug prices

9. A year of new partnerships and collaborations

10. Preparing medical students for work in a value-based world