Consumer-Driven Health Care

Presentation to
National Consumer-Driven Health Care Summit

by

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September 13, 2006

National Center for Policy Analysis
Making Ideas Change the World
Understanding Health Care

Red Queen

Seven Dwarfs

Little Red Riding Hood
### Government Health Care Spending as a Percent of Gross Domestic Product in 2050

<table>
<thead>
<tr>
<th>Country</th>
<th>Percent of GDP in 2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWE</td>
<td>12.9%</td>
</tr>
<tr>
<td>AUT</td>
<td>13.0%</td>
</tr>
<tr>
<td>CAN</td>
<td>13.5%</td>
</tr>
<tr>
<td>U.K.</td>
<td>16.0%</td>
</tr>
<tr>
<td>JPN</td>
<td>18.2%</td>
</tr>
<tr>
<td>AUS</td>
<td>21.1%</td>
</tr>
<tr>
<td>SPN</td>
<td>21.4%</td>
</tr>
<tr>
<td>NOR</td>
<td>25.0%</td>
</tr>
<tr>
<td>GER</td>
<td>25.6%</td>
</tr>
<tr>
<td>U.S.</td>
<td>32.7%</td>
</tr>
</tbody>
</table>
How The Medical Marketplace Works
Why No Phone?
Why No Email?
Why No Computers?
Why Not Better Drug Advice?
Why No Patient Education?
What is the Source of Every Major Problem?
The Way We Pay Doctors
Compare to Other Professionals

- Lawyers
- Accountants
- Engineers
- Architects
- Economists
How Are Doctors Paid?

- Third-Parties Set the Fees
How Are Doctors Paid?

- Third-Parties Set the Fees
- Third-Parties Pay the Fees
Payment for Doctor Services

- 90% Third-Party Payers
- 10% Out-of-Pocket

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Rationing by Price

vs.

Rationing by Waiting
How Much Waiting?
U.S. Estimate:

$60 Billion a Year
Thought Experiment

OTC Purchasers
Principle:

Health Care Can Be Free or Easily Accessible. But Not Both
How Are Doctors Paid?

- Third-Parties Set the Fees
- Third-Parties Pay the Fees
- Third-Parties Pay by Task
U.S. Medicare Tasks:

7,500
What Difference Does This Make?
Result No. 1:

When Doctors Don’t Compete for Patients on the Basis of Price, They Don’t Compete at All
Result No. 2:

Gainers: Patients With Trivial Problems
Losers: The Chronically Ill
Unmet Needs: Potential Drug Use vs. Current System

- Hypertension: 200%
- Asthma: 1000%
- Obesity: 1200%
- High Cholesterol: 1500%
Ideal Treatment of the Chronically Ill

- Telephone
- Email
- Medical Records
- Patients & Doctors Profit from Good Behavior
Exceptions

- Minute Clinics
- TelaDoc
- Concierge Doctors
Can Health Savings Accounts Solve the Problem?
Problem:

HSAs Are Grafted onto the Current Payment System
Medical Inflation

- Medical Services
- All Goods
- Cosmetic Surgery


Percentage: 0%, 10%, 20%, 30%, 40%, 50%
Stages of Consumer-Driven Health Care

- Choosing Health Plans
Stages of Consumer-Driven Health Care

- Choosing Health Plans
- Managing Health Care Dollars
Stages of Consumer-Driven Health Care

- Choosing Health Plans
- Managing Health Care Dollars
- Managing Health Care
Patients Managing Their Own Care

- Online Research
Patients Managing Their Own Care

- Online Research
- Online Consultations
Patients Managing Their Own Care

- Online Research
- Online Consultations
- Online Second Opinions
Patients Managing Their Own Care

- Online Research
- Online Consultations
- Online Second Opinions
- Online Purchases
Patients Managing Their Own Care

- Online Research
- Online Consultations
- Online Second Opinions
- Online Purchases
- Self-Monitoring Devices
Solution:

Change the Way We Pay for Health Care