

International Price Variations: What the Data Shows

National Summit on Health Care Price, Cost and Quality Transparency

December 4, 2013

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Kaiser Permanente

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**Our prices are the highest in
the world for almost all
pieces of care.**

Six Perverse Consequences of Buying Care by the Piece

- **1) Piecework
payment incents
volume – not quality.**

Six Perverse Consequences of Buying Care by the Piece

- **2) Piecework
payment cripples and
penalizes process
improvement.**

Six Perverse Consequences of Buying Care by the Piece

- **3) Piecework
payment encourages
and enables fraud.**

Six Perverse Consequences of Buying Care by the Piece

- **4) Piecework
payment rewards
bad care outcomes.**

Six Perverse Consequences of Buying Care by the Piece

- **5) Piecework
payment rewards
care screw-ups.**

Six Perverse Consequences of Buying Care by the Piece

-- and obviously --

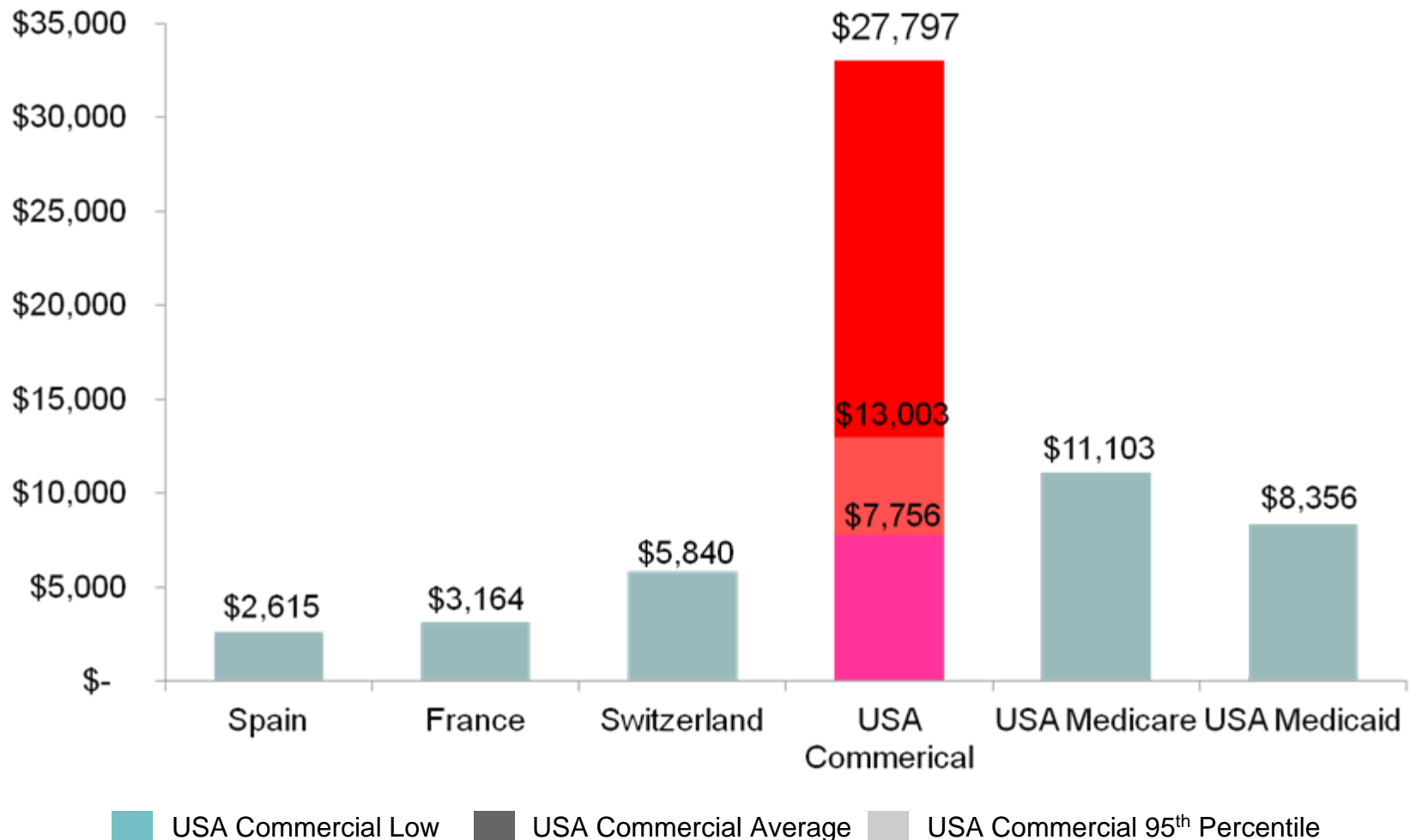
- **6) Piecework
payment enables price
inflation.**



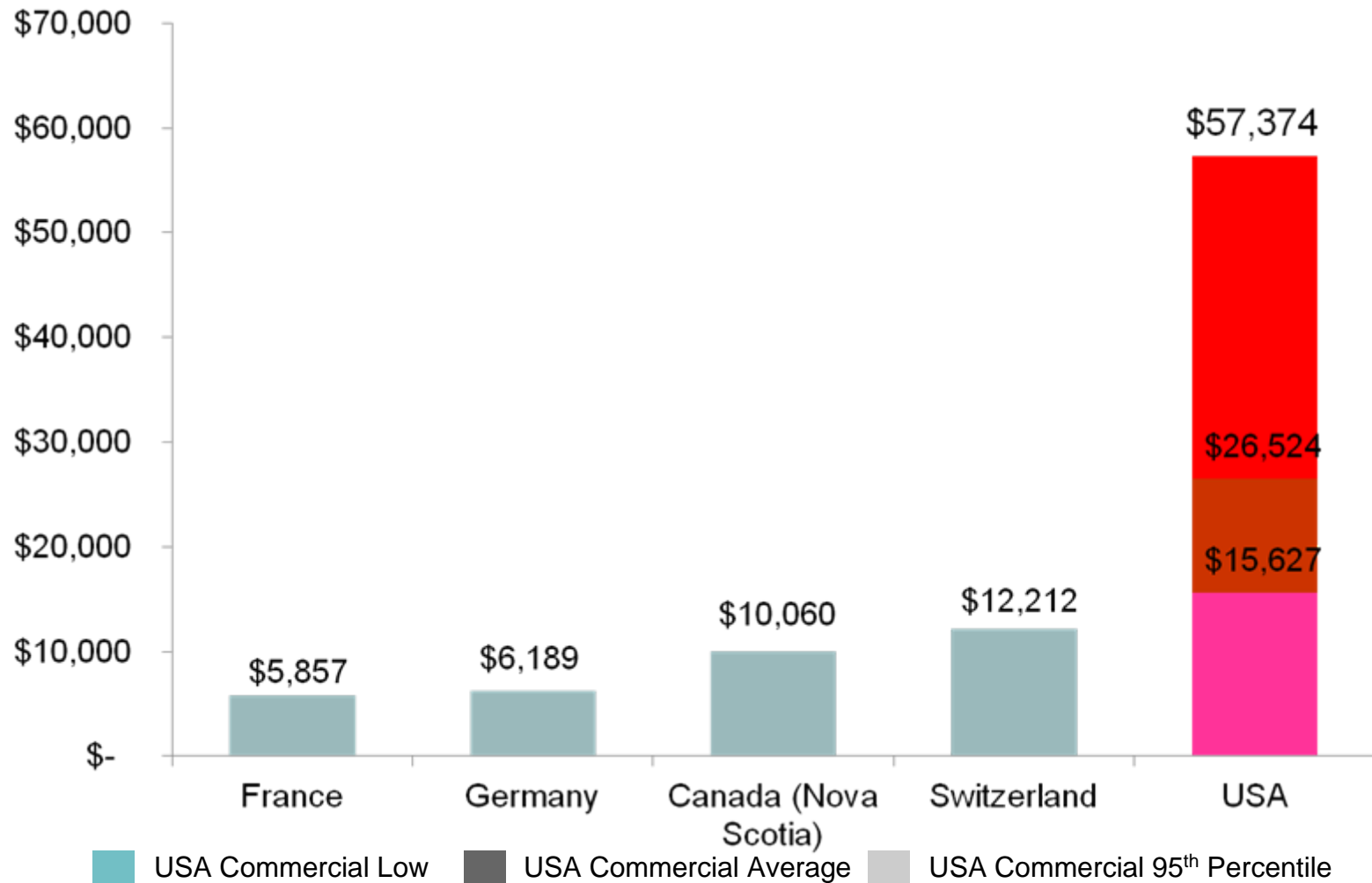
Cost Book Chapter Titles

- Ch. 1: The Mess We Are In**
- Ch. 2: The Optimal Care System Should Be the Goal of the Business Model We Use To Buy Care**
- Ch. 3: Prices Are Higher Here**
- Ch. 4: Care Delivery Is a Business**
- Ch. 5: Someone Needs To Be Accountable for Implementing the New Business Model for Care or It Will Not Happen**
- Ch. 6: Using Private Health Plans To Cover Everyone Will Not Work If We Can't Make Coverage Affordable**
- Ch. 7: We Can't Allow Government-Funded Health Care To Cripple Our Economy**
- Ch. 8: We Need To Make Medicaid Better, Smarter, and More Affordable As Well**
- Ch. 9: Let's Cut Costs By Improving Health**

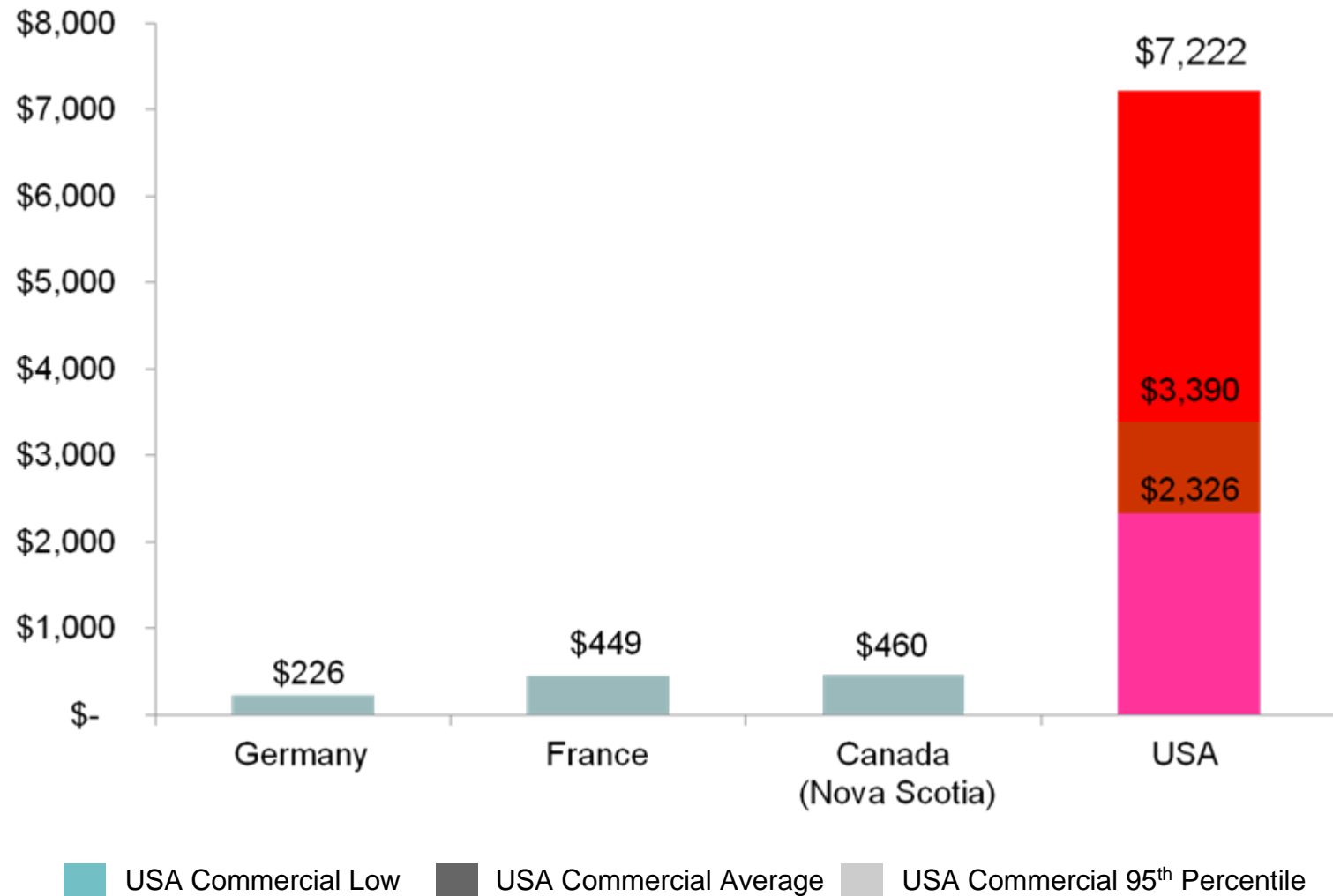
Total Facility and Physician Costs Appendectomy (\$US)



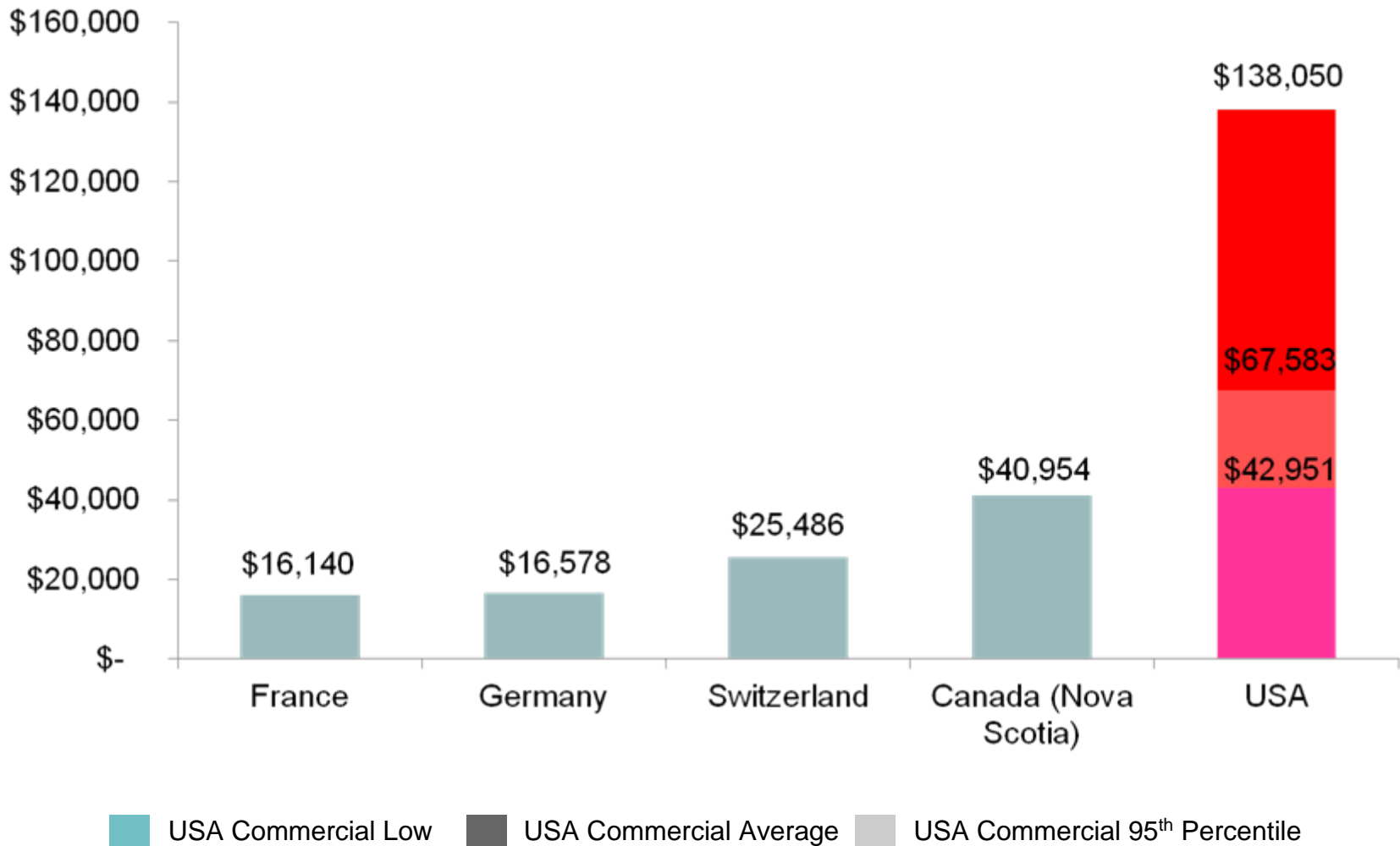
Total Facility and Physician Costs Angioplasty (\$US)



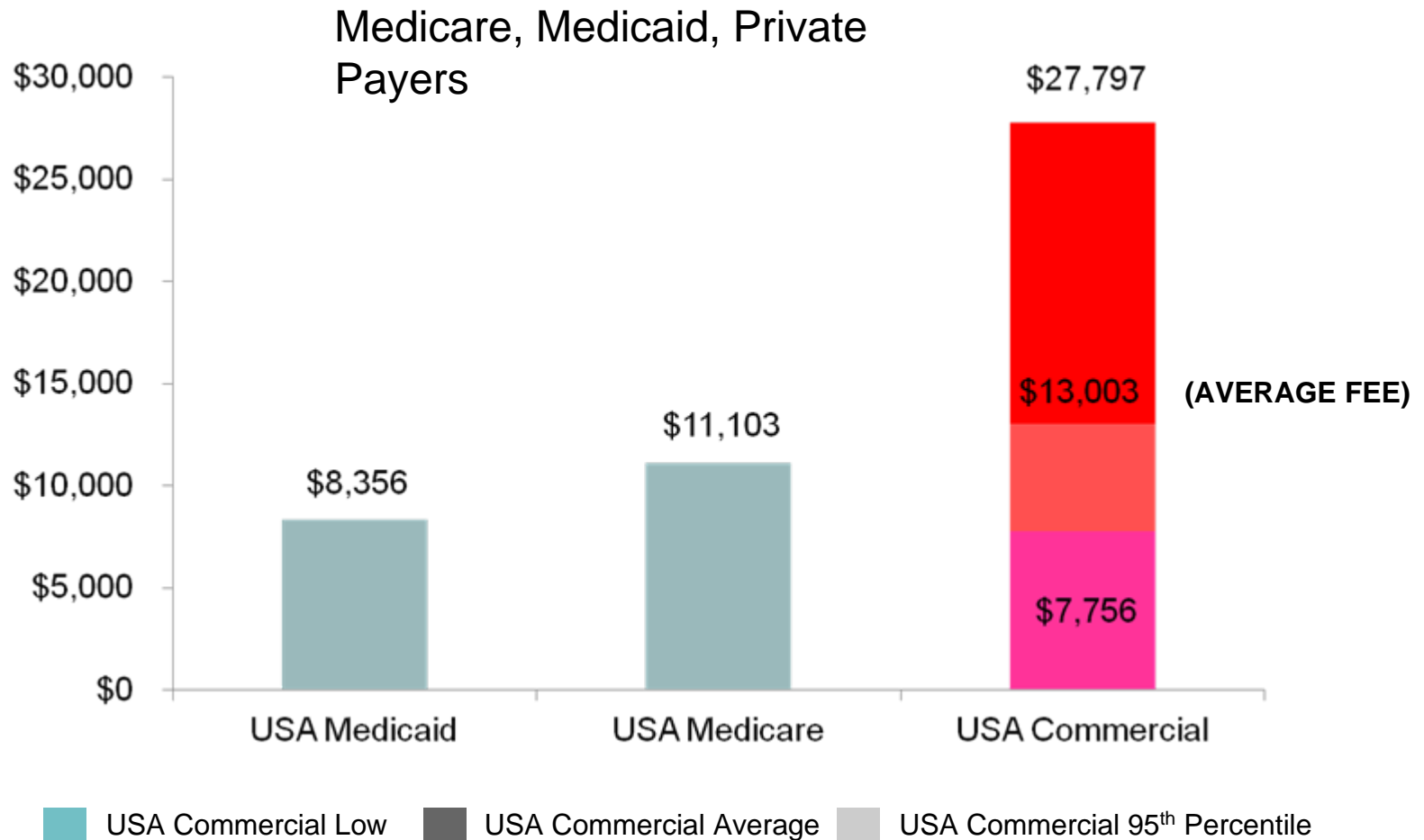
Physician Fees Normal Delivery (\$US)



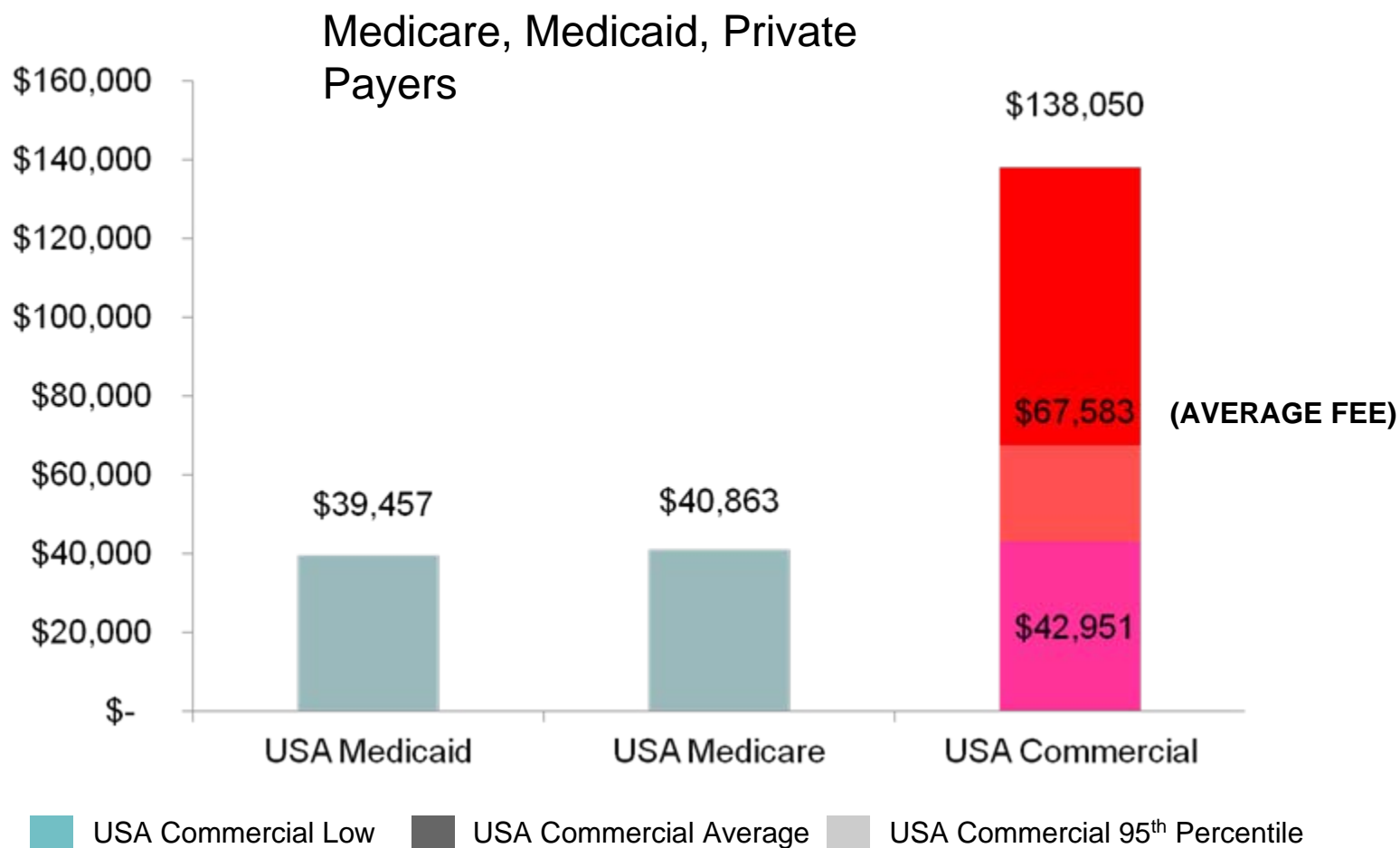
Total Hospital and Physician Costs Coronary Artery Bypass (\$US)



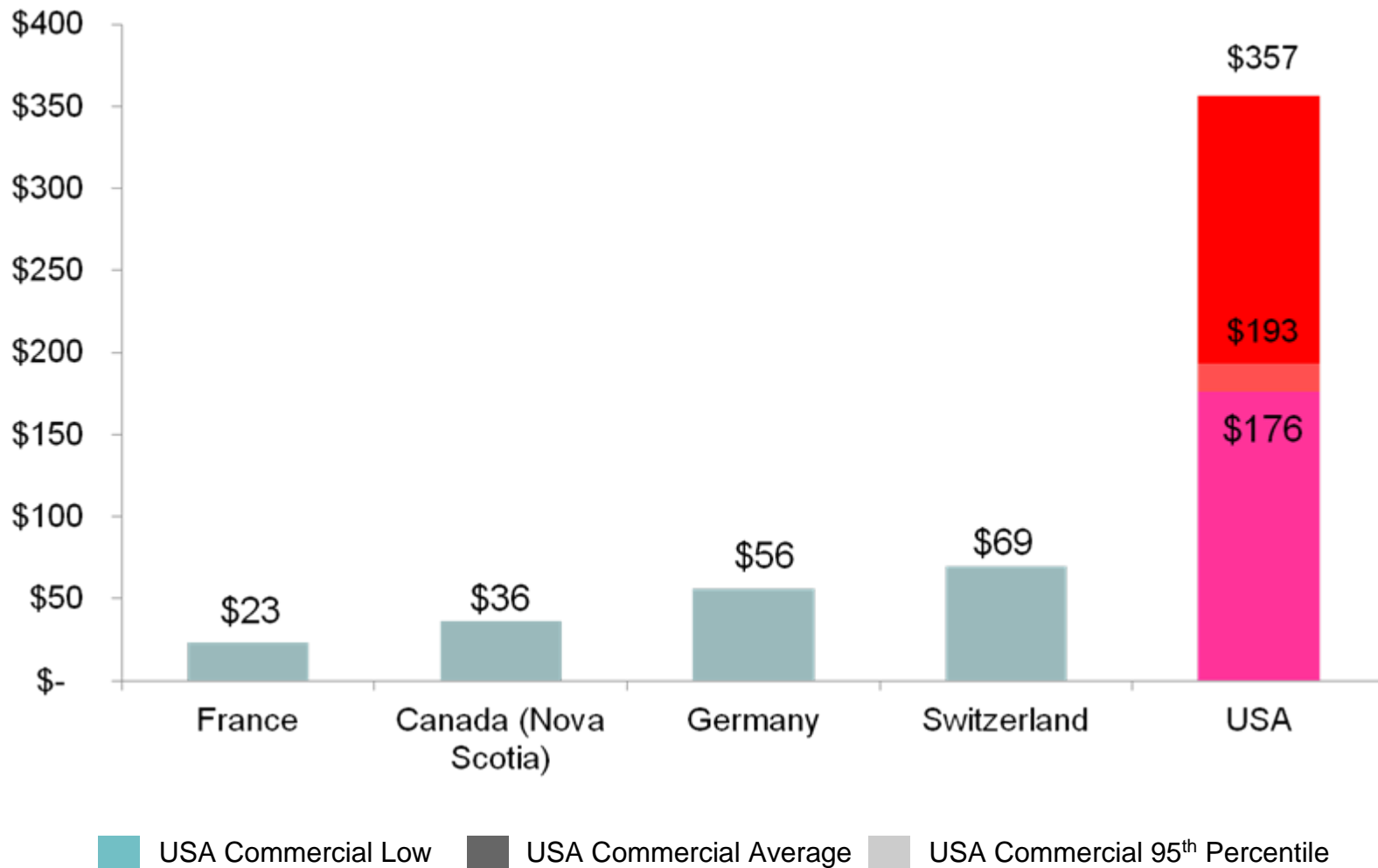
Total Facility and Physician Costs Appendectomy (\$US)



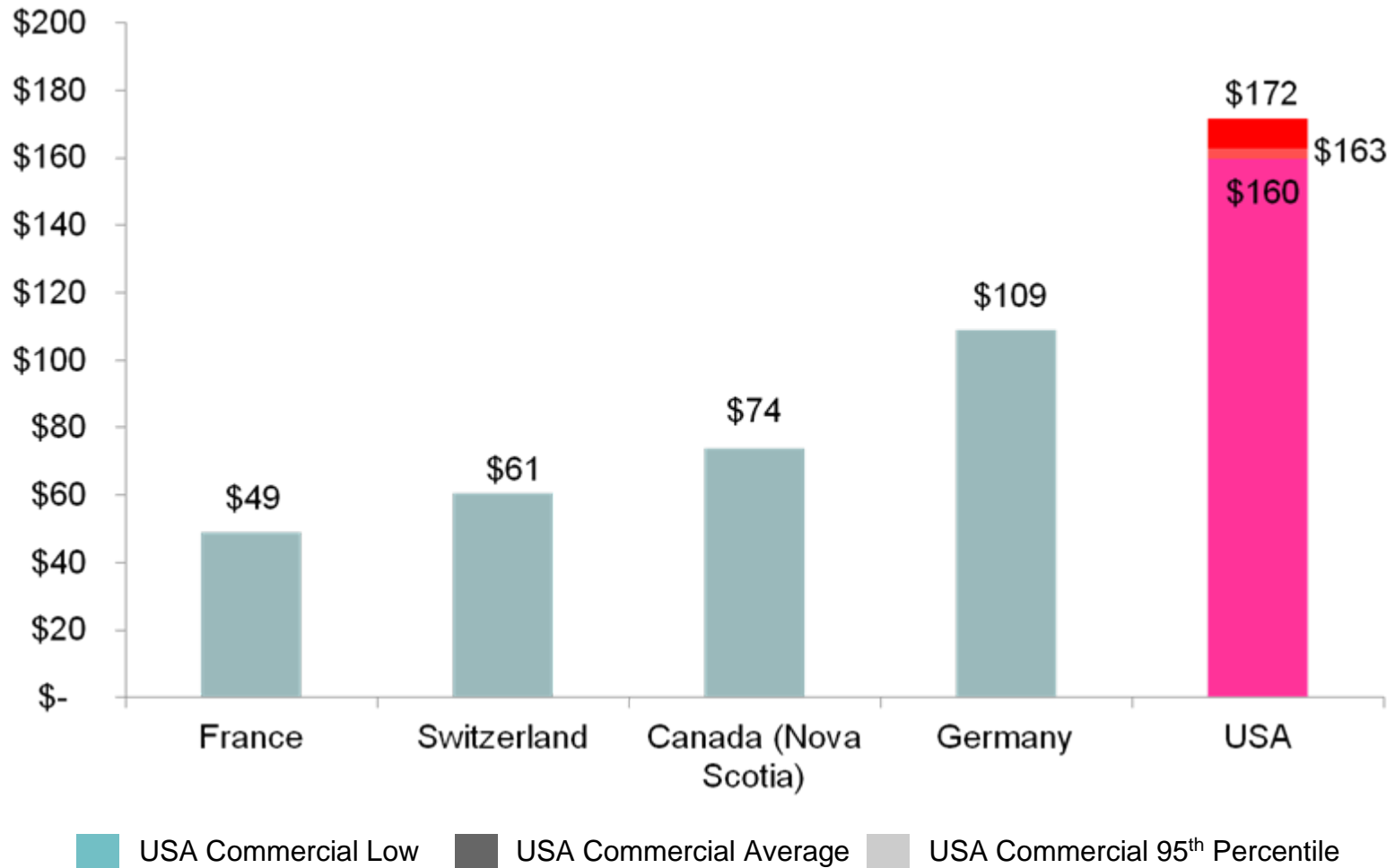
Total Hospital and Physician Costs Coronary Artery Bypass (\$US)



Drug Prices Nexium (\$US)

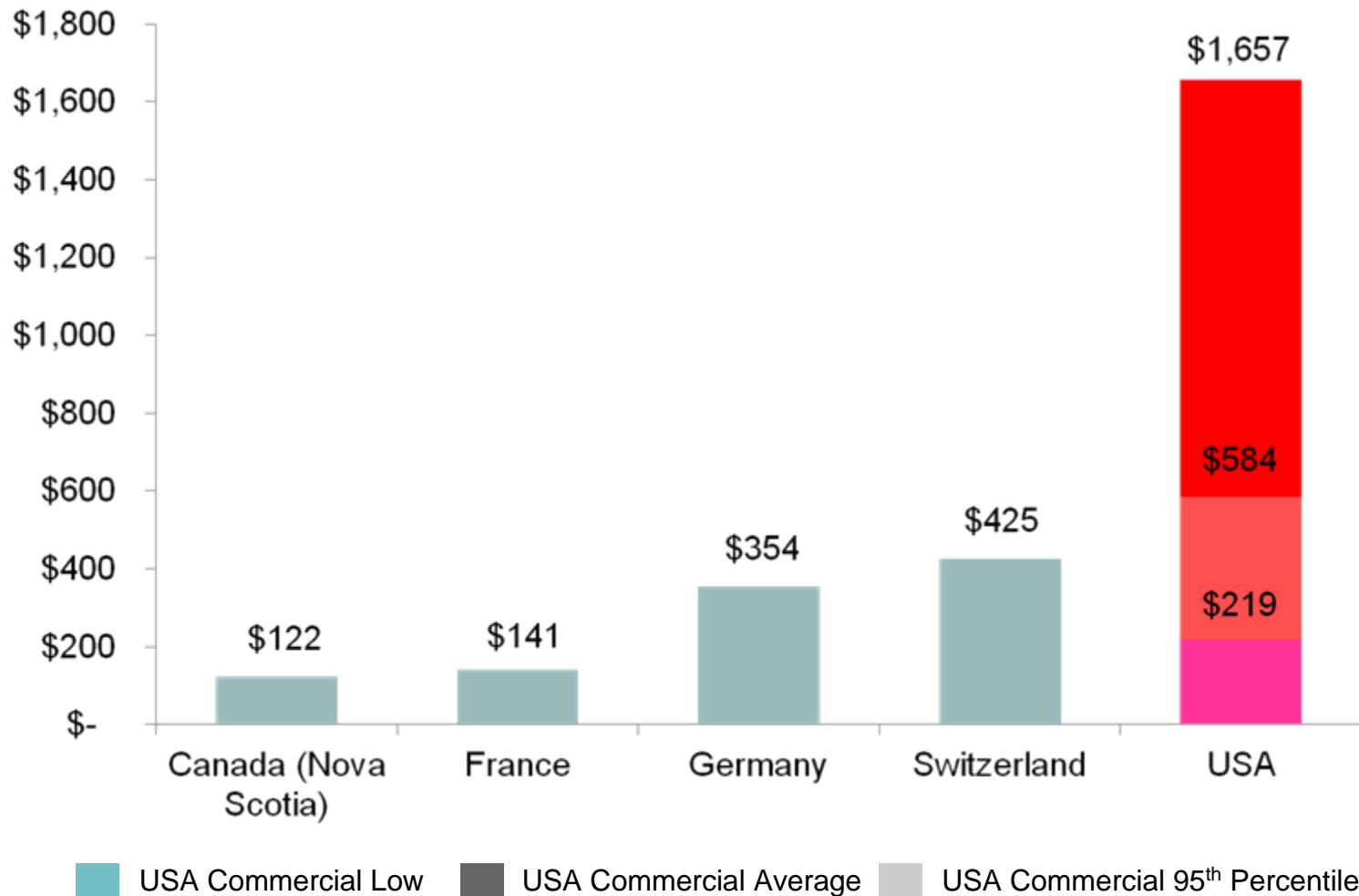


Drug Prices Plavix (\$US)

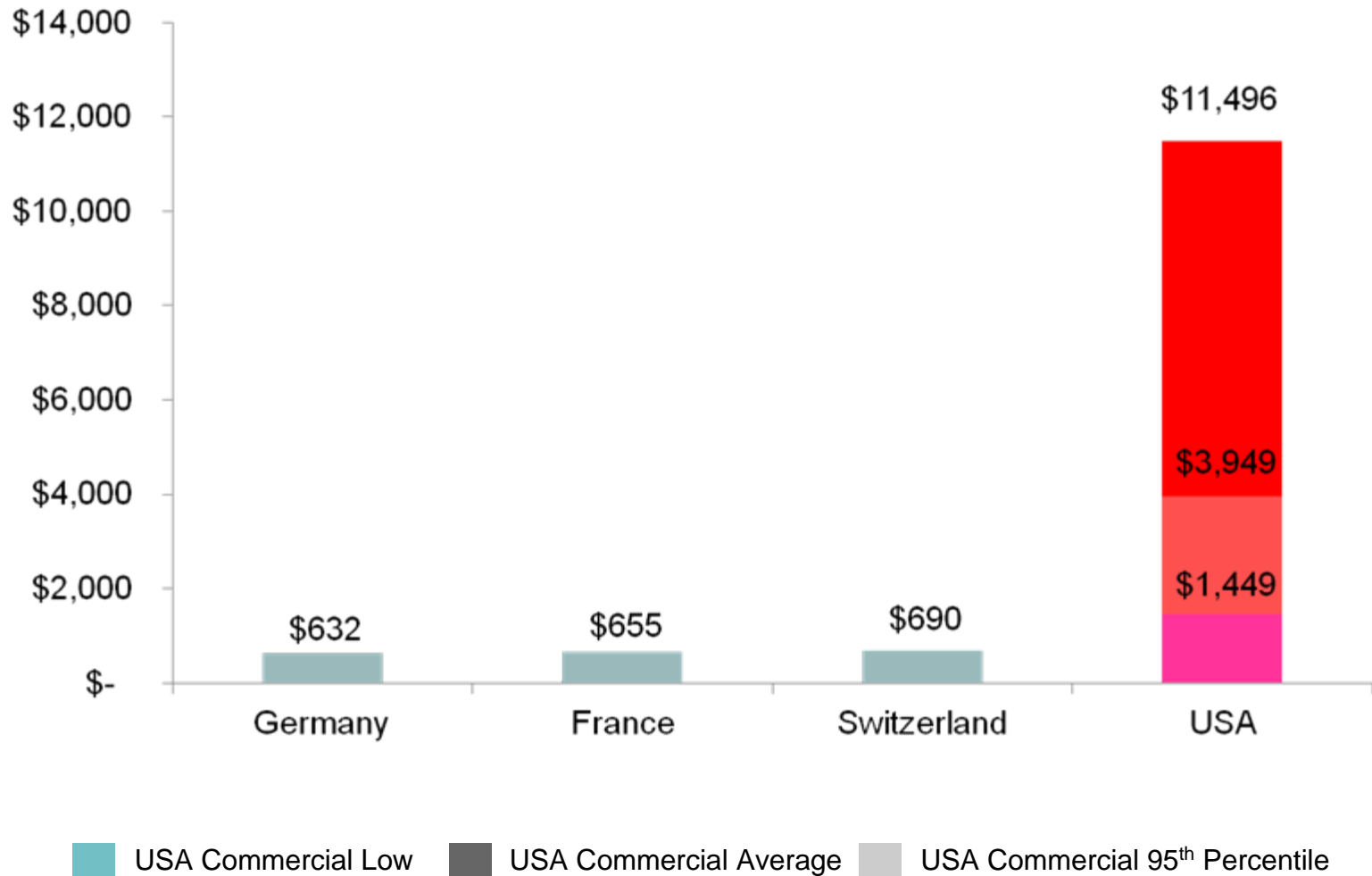


Scanning and Imaging Fees

CT Scan: Abdomen (\$US)

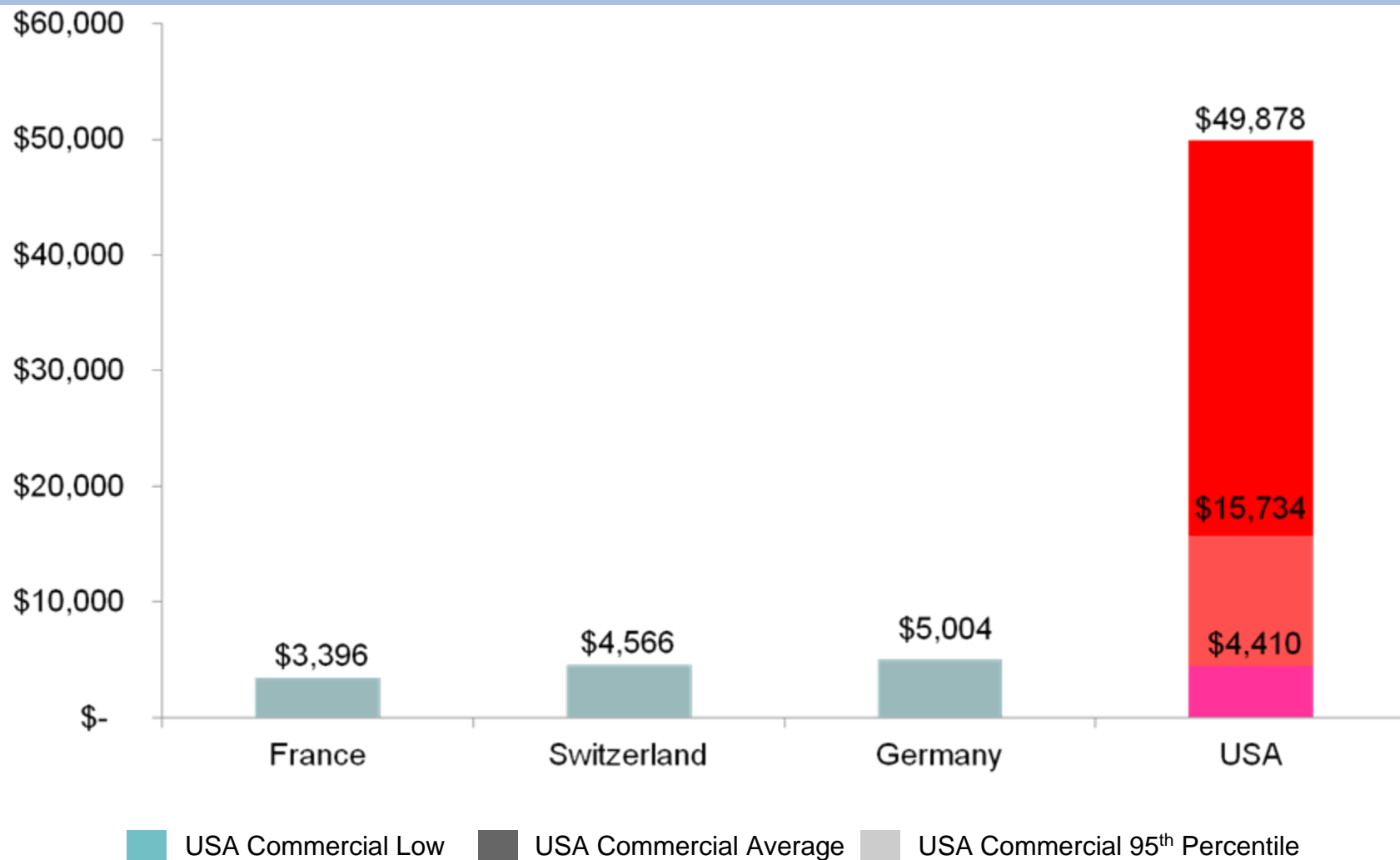


Total Hospital Charges Cost Per Hospital Day (\$US)

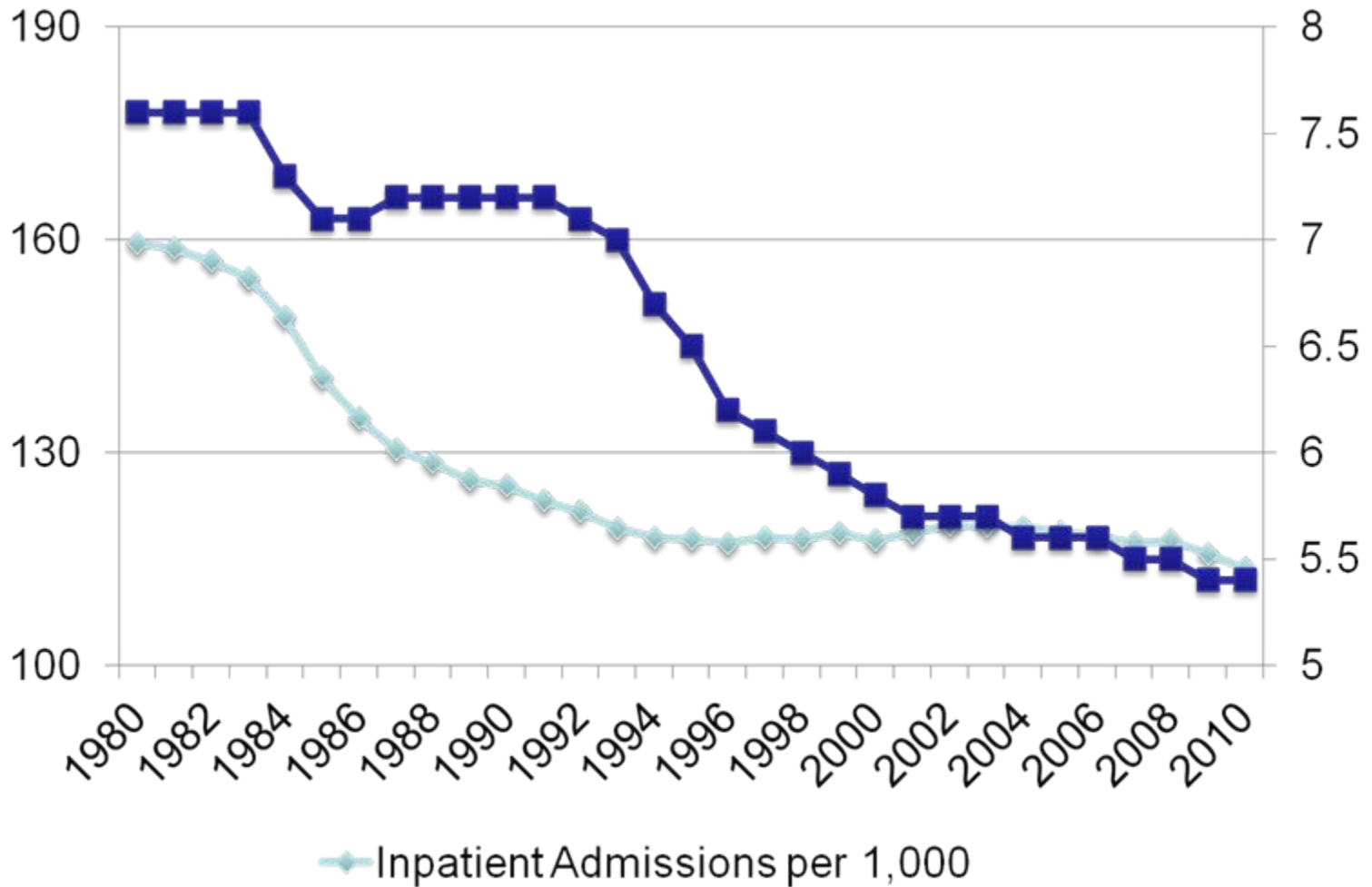


Hospital Charges

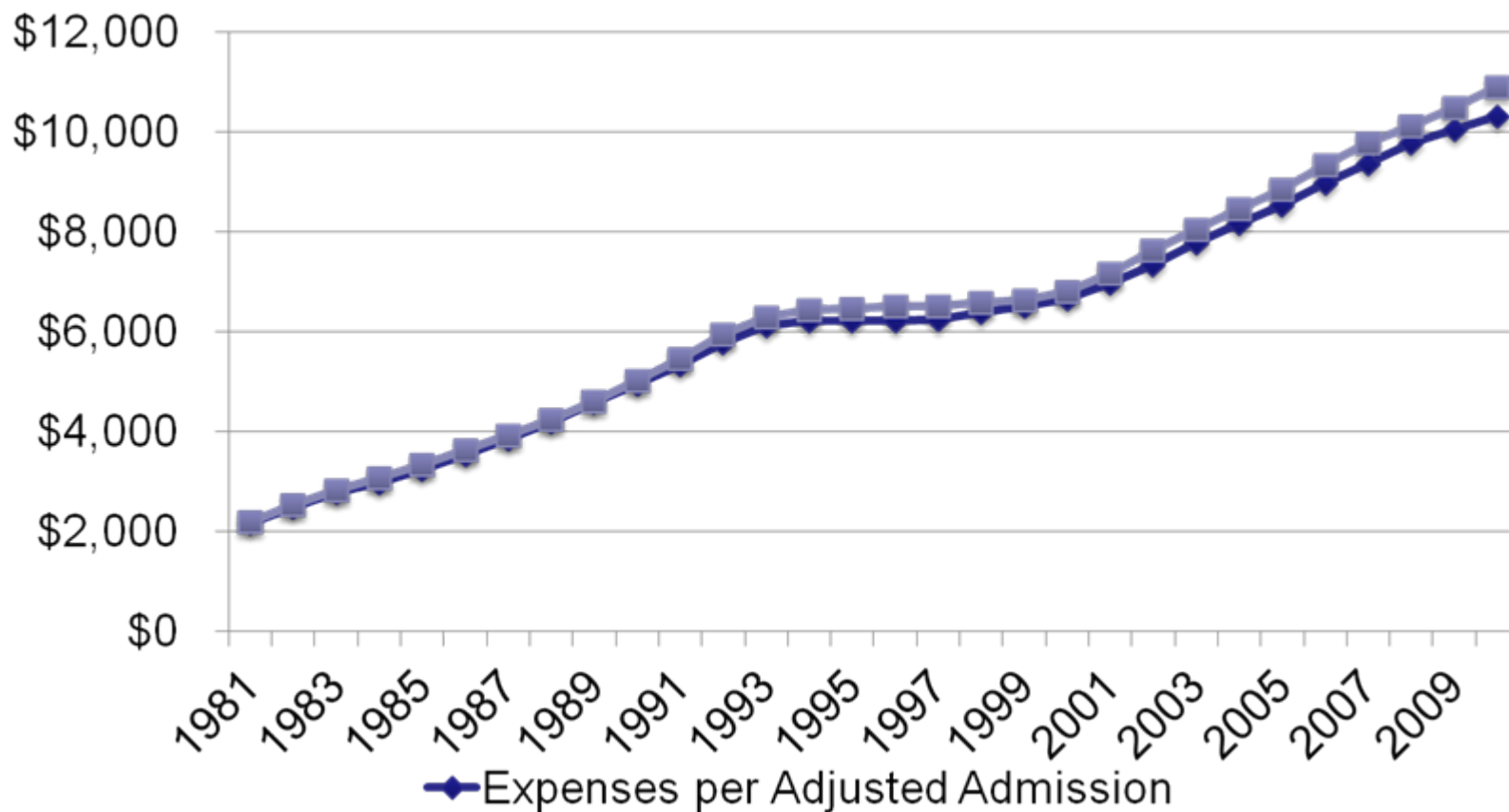
Cost Per Hospital Stay (\$US)



Inpatient Utilization (American Hospitals)

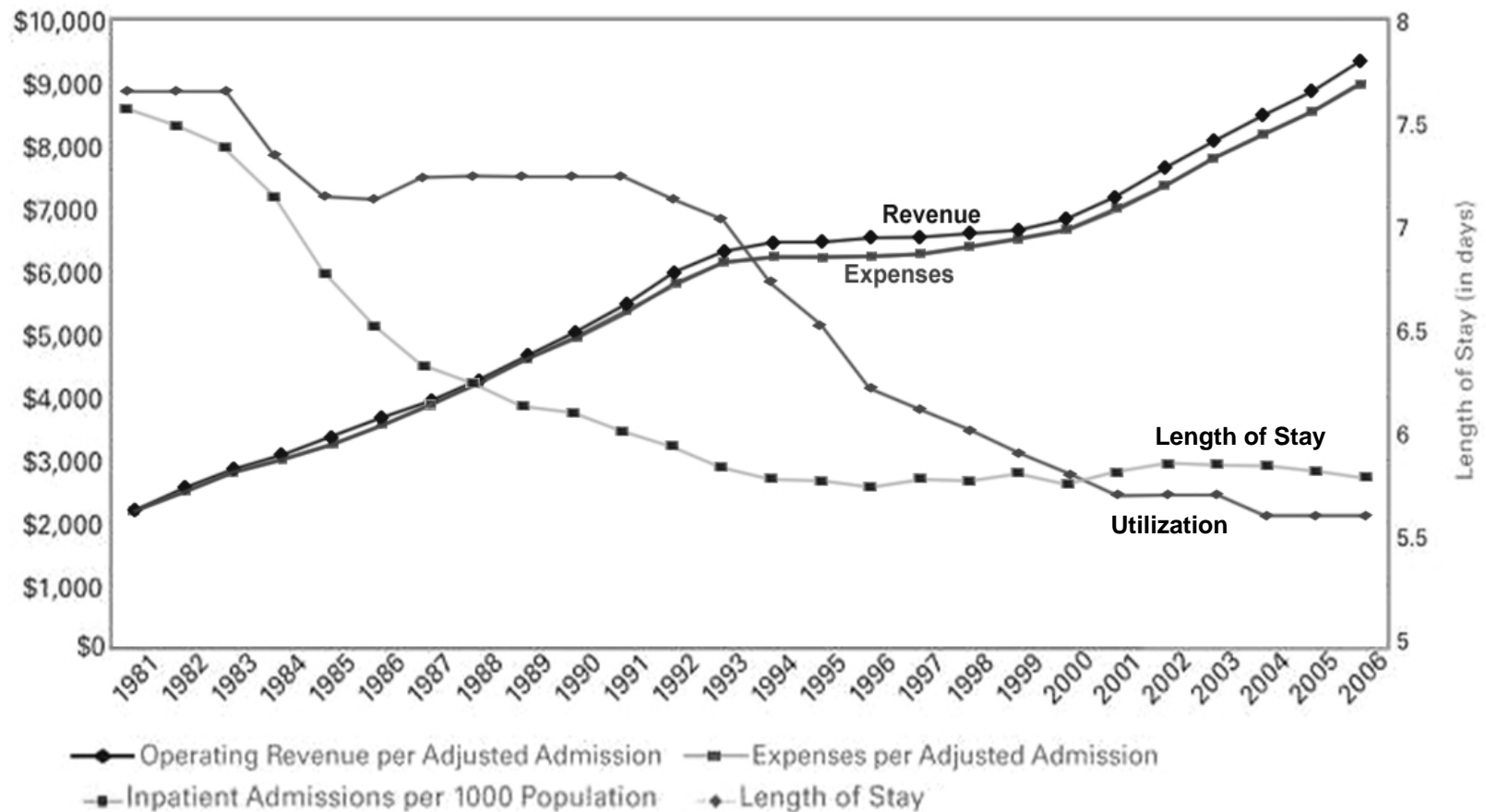


Hospital Revenue and Expenses per Admission (American Hospitals)



Sources: American Hospital Association, "AHA Trendwatch Chartbook 2011," 2011.

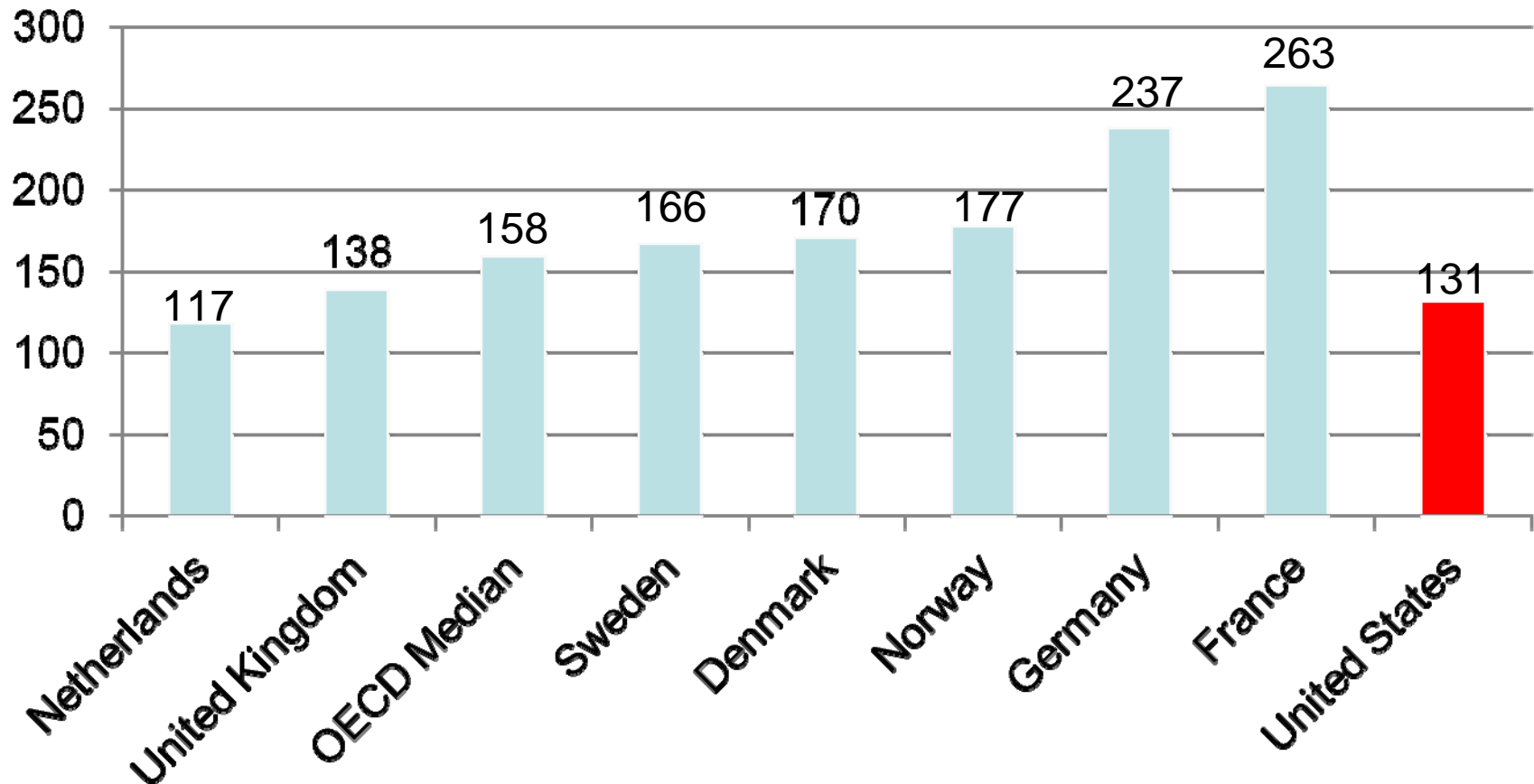
United States Utilization Drops and Price Increases



Sources: American Hospital Association, "AHA Trendwatch Chartbook 2011," 2011.

Utilization of Hospitals OECD Countries

Hospital Discharges All Causes, Per 1000 Population, 2009



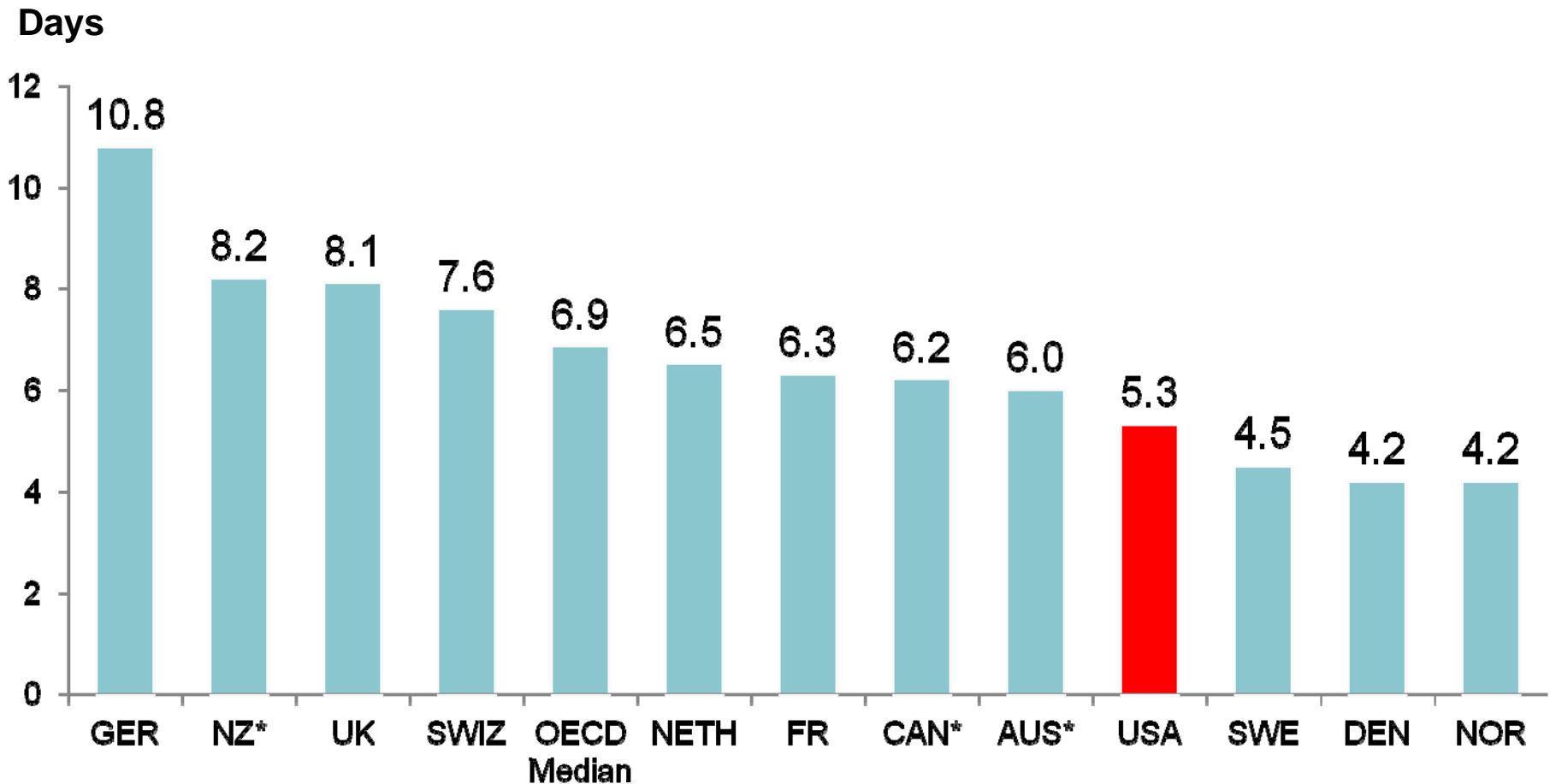
N: OECD 2008 numbers for Canada, United States, New Zealand, Australia.

1.Excludes discharges of healthy babies born in hospital (between 3-6% of all discharges).

2.Includes same-day separations.

Source: OECD Health Data 2011; WHO-Europe for Russian Federation and national sources for other non-OECD countries.

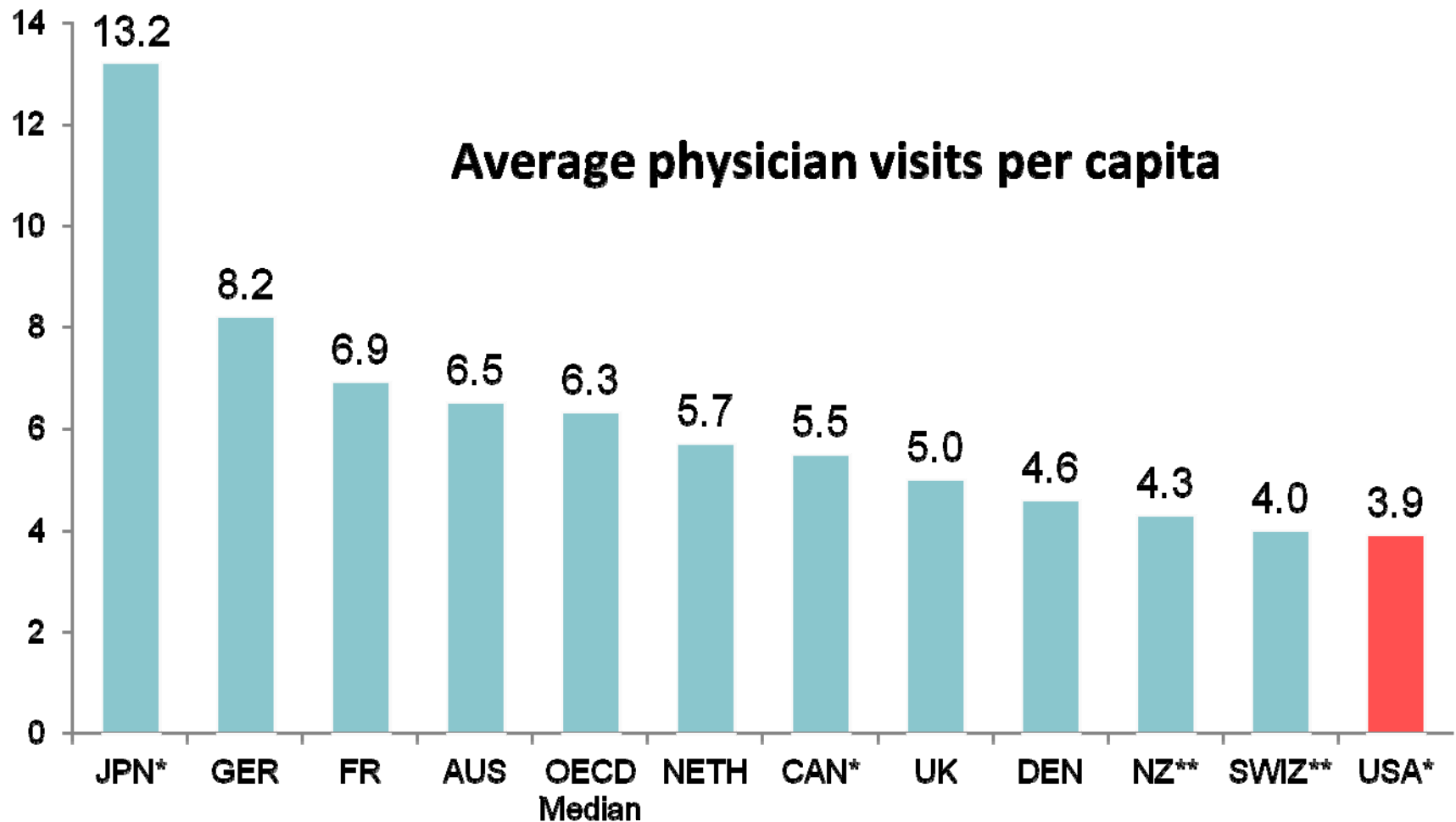
Average Length of Hospital Stay for Acute Myocardial Infarction, 2009



* 2008.

Source: OECD Health Data 2011 (June 2011).

Average Annual Number of Physician Visits per Capita, 2009

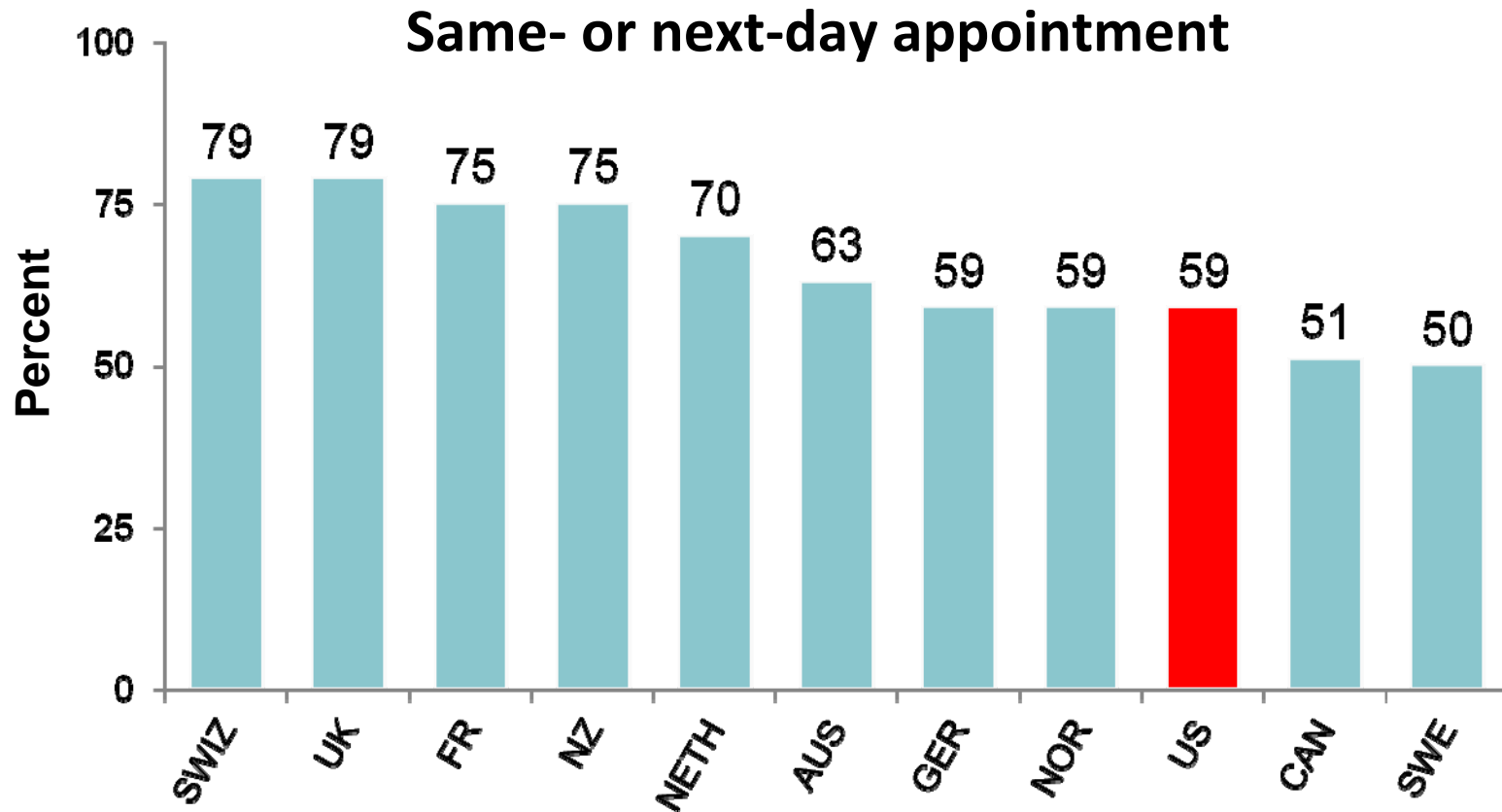


* 2008.

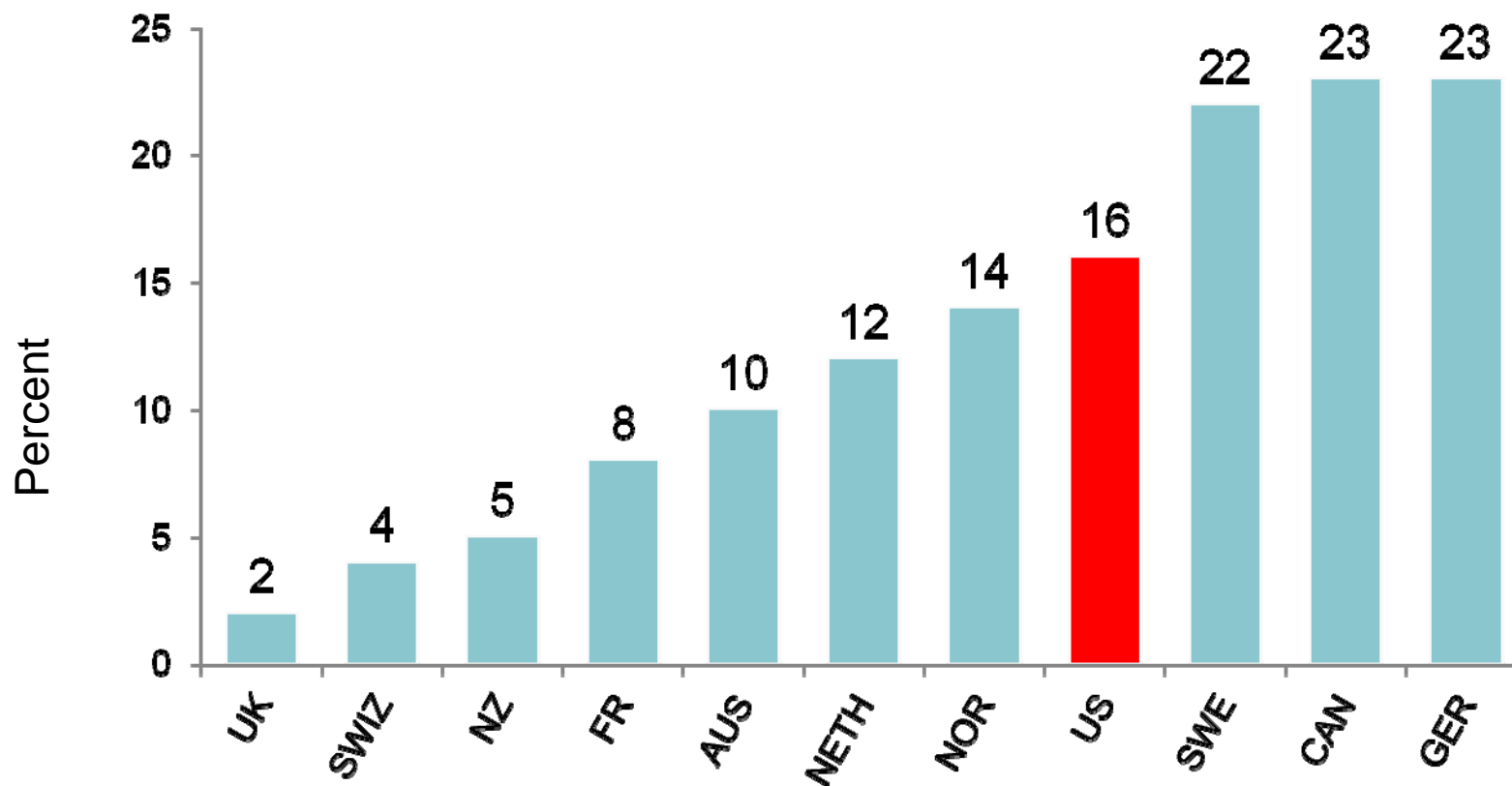
** 2007.

Source: OECD Health Data 2011 (June 2011).

Access to Doctor or Nurse Last Time Sick or Needed Care

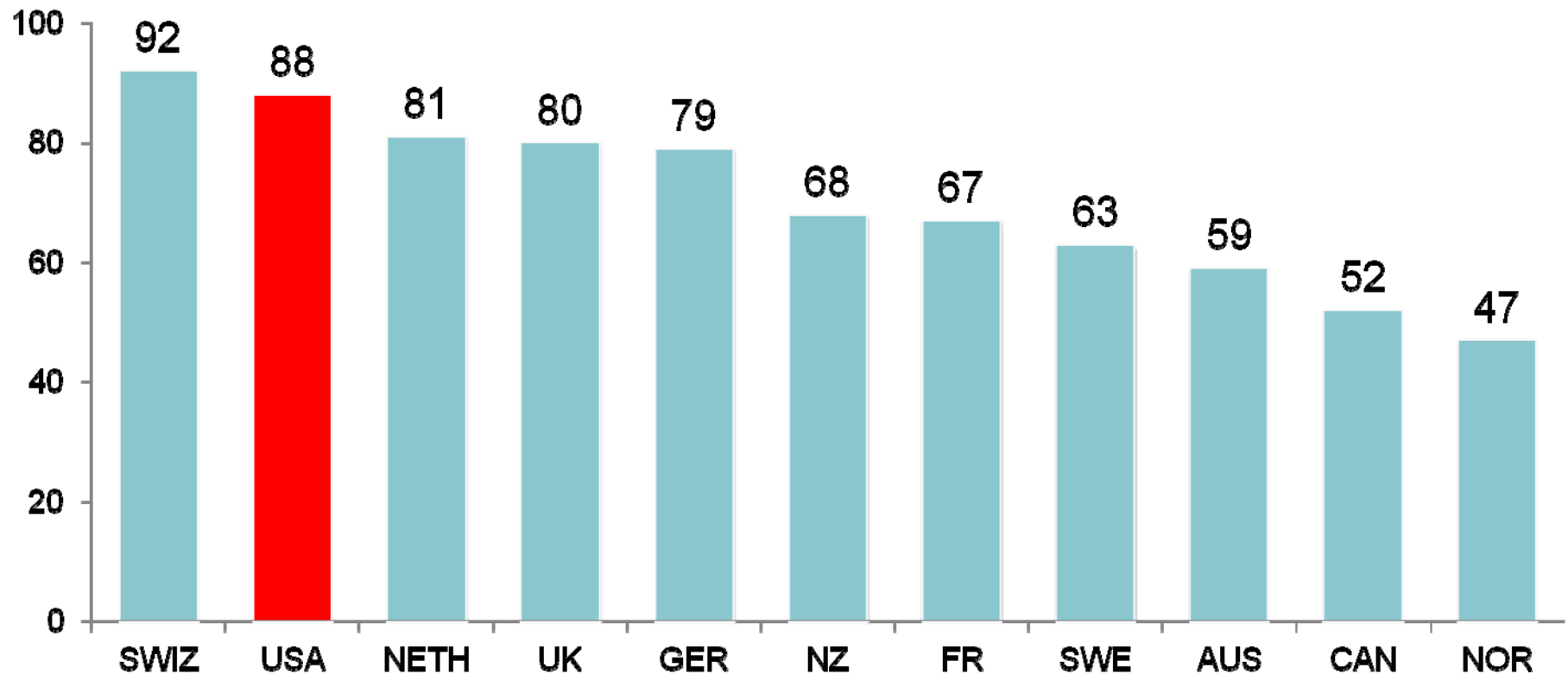


Waited six days or more for a doctor visit



Waited Less Than a Month to See Specialist

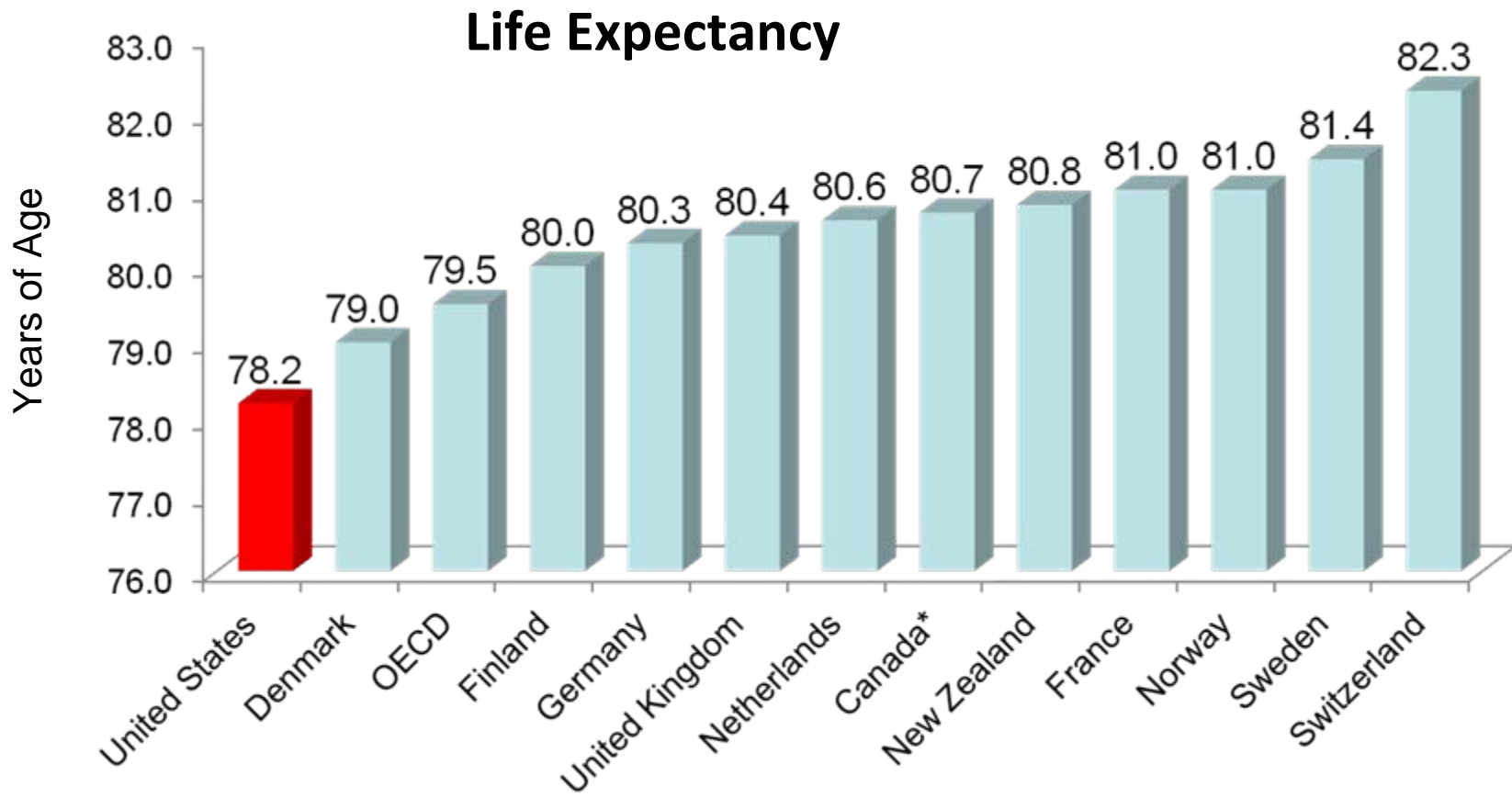
Percent



Base: Saw or needed to see a specialist in the past two years.

Source: 2011 Commonwealth Fund International Health Policy Survey of Sicker Adults in Eleven Countries.

Life Expectancy at Birth, 2009



* 2007 data
Source: OECD Health Data 2011.



**We pay more than
any country for
each piece of
health care.**

If we paid Canadian prices for each piece of care, and if we delivered every piece of care we deliver today – every surgery, prescription, test , and hospital admission – and if we paid Canadian prices for each piece of care, we would cut insurance premiums by nearly 40 percent, and we would spend roughly 12 percent of our GDP on care instead of 18 percent.

**Prices are the
primary difference
between us
and them.**

**We pay more than any
country for each piece
of health care.**

Be well.



International Federation
of Health Plans

The leading global network of the health insurance industry

Tom Sackville

International Federation of Health Plans

The International Federation of Health Plans was founded in 1968 by a small group of health plan industry leaders. It is now the leading global network in the industry, with more than one hundred member companies from twenty-five countries.

Federation member plans meet regularly to share information about health care financing and health care delivery in their home countries.



List of Federation Member Plans

Argentina

Omint Sa De Servicios

Australia

Australian Health Service Alliance
Australian Health Insurance Association Limited
Australian Unity Health Limited
BUPA Australia Limited
GMHBA Limited
HBF Health Funds Inc
Hospitals Contribution Fund of Australia, Limited
Health-Partners
Medibank Private
Navy Health Limited
NIB Health Funds Limited
Police Health
RT Health Fund
Teachers' Federation Health Limited
Teachers' Union Health

Belgium

Medicover
Nationaal Verbond van Socialistische Mutualiteiten
Union Nationale des Mutualities Libres (MLOZ)

Canada

Alberta Blue Cross Plan
Canassurance Hospital Service Association
Group Medical Services
Manitoba Blue Cross
Medavie Blue Cross
Pacific Blue Cross
Saskatchewan Blue Cross

Chile

Banmedica

China

BUPA China Representative Office

Denmark

Danmark Sygeforsikring
Danica Pension Forretningsudvikling
Forenede Gruppeliv A/S

Dominican Republic

Ars Humano

France

Malakoff Mederic

Germany

AXA Krankenversicherung AG
Munich Health

Greece

Interamerican Life Insurance Company

Hong Kong

AXA General Insurance Hong Kong Limited
BUPA (Asia) Limited

India

MAX BUPA Health Insurance Limited

Ireland

VHI Healthcare Limited

Italy

Unisalute

Mexico

AXA Seguros SA de CV

Netherlands

Achmea Health

New Zealand

Health Funds Association of New Zealand
Southern Cross Healthcare
Union Medical Benefits Society, Limited

Nigeria

Total Health Trust Limited

Poland

Signal Iduna Polska Tusa

Saudi Arabia

BUPA Middle East

South Africa

Board of Healthcare Funders of Southern Africa
Bonitas Medical Fund
Chartered Accountants (SA) Medical Aid Fund
Discovery Health Medical Scheme
La-Health Medical Scheme
Medihelp
Medscheme Holdings
Metropolitan Health Group
Polmed
Transmed

Spain

Compañía de Seguros Adeslas SA
Sanitas SA

Switzerland

Helsana Versicherungen AG
Sanitas Krankenversicherung

Thailand

BUPA Health Insurance (Thailand) Limited

United Kingdom

Aria Assistance Group
AXA PPP Healthcare
BUPA
InterGlobal Insurance Company
Simplyhealth Group
Western Provident Association Limited
Westfield Contributory Health Scheme

USA

Aetna Inc
America's Health Insurance Plans
Blue Cross & Blue Shield Association
Emblem Foundation Health Plan
Kaiser Foundation Health Plan Inc
RW2 Enterprise
The Trizetto Group
Tufts Health Plan
UnitedHealth Group

Zimbabwe

Association of the Healthcare Funders of Zimbabwe
Cimas Medical Aid Society
The Medical Aid Society of Central Africa
Premier Service Medical Aid Society

Payment Delays by Public Hospitals to the Medical Technology Sector *(as of October 2013)*

	GREECE <i>(as of 30/09/2013)</i>	ITALY <i>(as of 31/08/2013)</i>	PORTUGAL <i>(as of 30/09/2013)</i>	SPAIN <i>(as of 31/08/2013)</i>
Total Public Health Debt *	1.8-2.1 bn €	36 bn €	2,3 bn € (est.)	Not available
Amount of public debts to Medical Technology Suppliers (incl. VAT)				
<i>Debts until end of 2011 in €</i>	120 mio €	5.4 bn €	390 mio €	15 mio €
<i>Debts in 2013 in €</i> <i>(including debts in 2012)</i>	800 mio €	4.5 bn €	841 mio €	2.48 bn €
Payment delays of public hospitals to Medical Technology Suppliers (in DSO **)				
<i>Average payment delay</i>	410	256	456	323
<i>Region with shortest delay</i>	Not applicable	Valle D'Aosta: 73	Entre Douro e Vouga: 54	Navarra: 67
<i>Region with longest delay</i>	Not applicable	Calabria: 970	Madeira: 1740	Valencia: 604

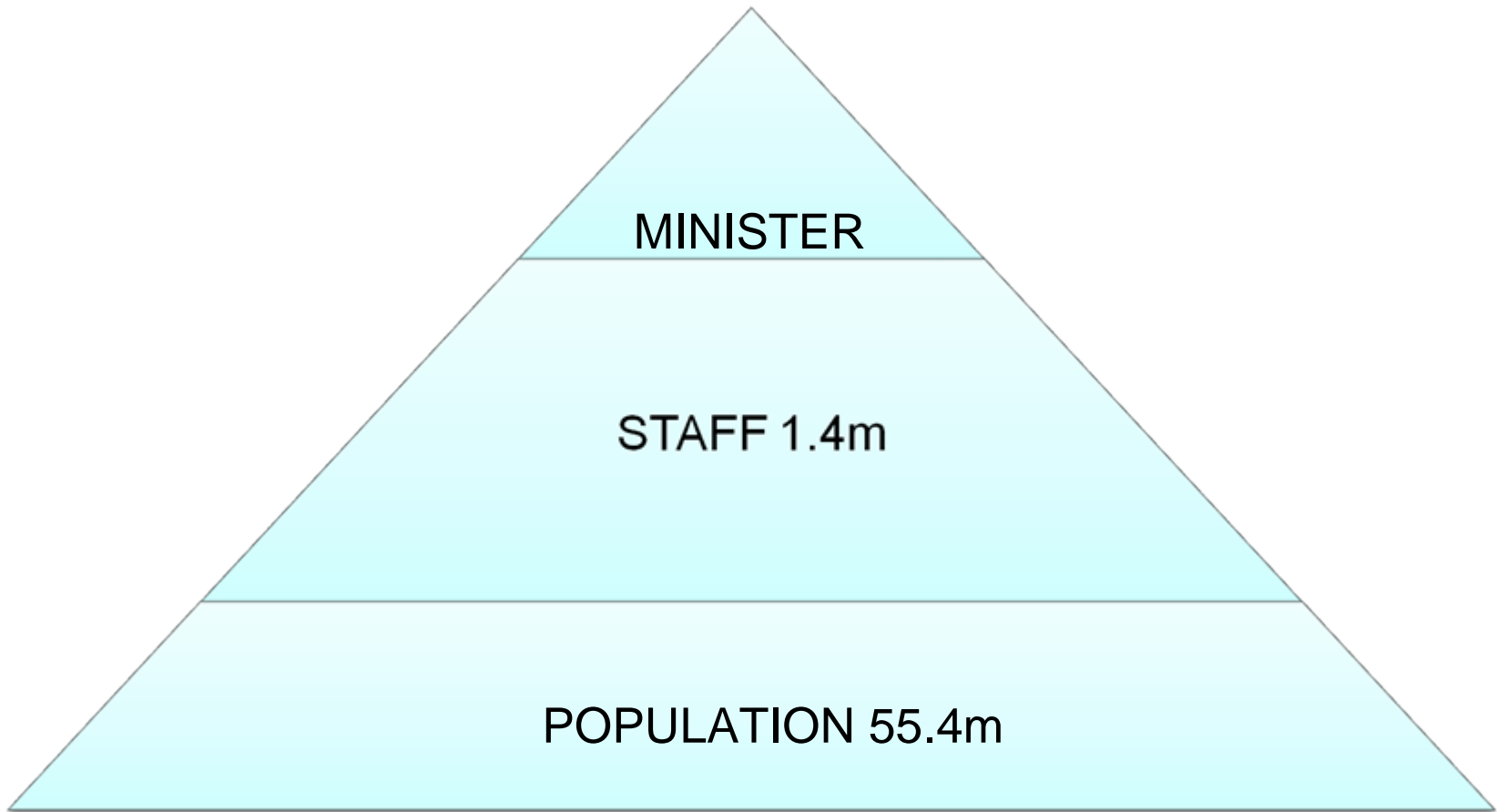
* incl. debts for e.g. MedTech, pharmaceuticals, food, energy supplies

** DSO – Days of sales outstanding

Source: Data Collection from national MedTech associations: Apormed (PT), Assobiomedica (IT), Fenin (ES), Hellasmes (EL)

	Overall rank ^[4]	Country	Overall life expectancy	Male life expectancy	Female life expectancy
1		Japan	83	79	86
1		Switzerland	83	80	85
1		San Marino	83	82	83
4		Italy	82	80	85
4		Singapore	82	80	85
4		Iceland	82	81	84
4		Andorra	82	79	85
4		Australia	82	80	84
4		Spain	82	79	85
4		Qatar	82	83	81
4		Israel	82	80	84
4		Monaco	82	79	85
4		France	82	78	85
4		Sweden	82	80	84
4		Canada	82	80	84
4		Luxembourg	82	79	84
17		Cyprus	81	79	84
17		Norway	81	79	83
17		New Zealand	81	79	83
17		Netherlands	81	79	83
17		Austria	81	78	84
17		Greece	81	78	84
17		Ireland	81	79	83
17		South Korea	81	77	84
17		Finland	81	78	84
17		Germany	81	78	83
27		United Kingdom	80	79	82
27		Belgium	80	78	83
27		Malta	80	79	82
27		Slovenia	80	77	83
27		Portugal	80	77	83
27		Kuwait	80	80	80
33		Denmark	79	77	82
33		Chile	79	76	82
33		Costa Rica	79	77	81
33		Bahrain	79	78	80
33		United States	79	76	81
38		Cuba	78	76	80
38		Czech Republic	78	75	81

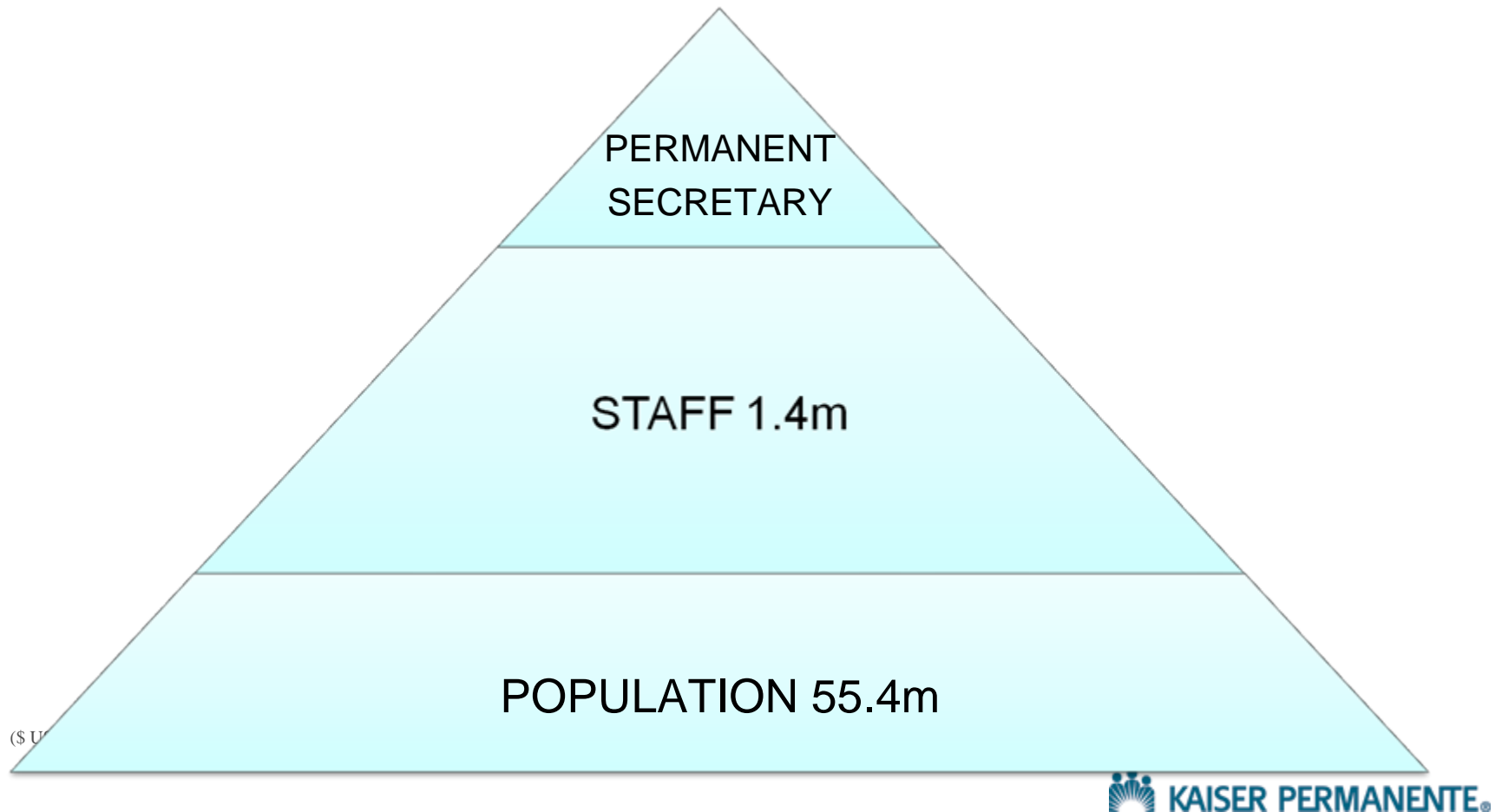
NHS (England)







NHS (England)

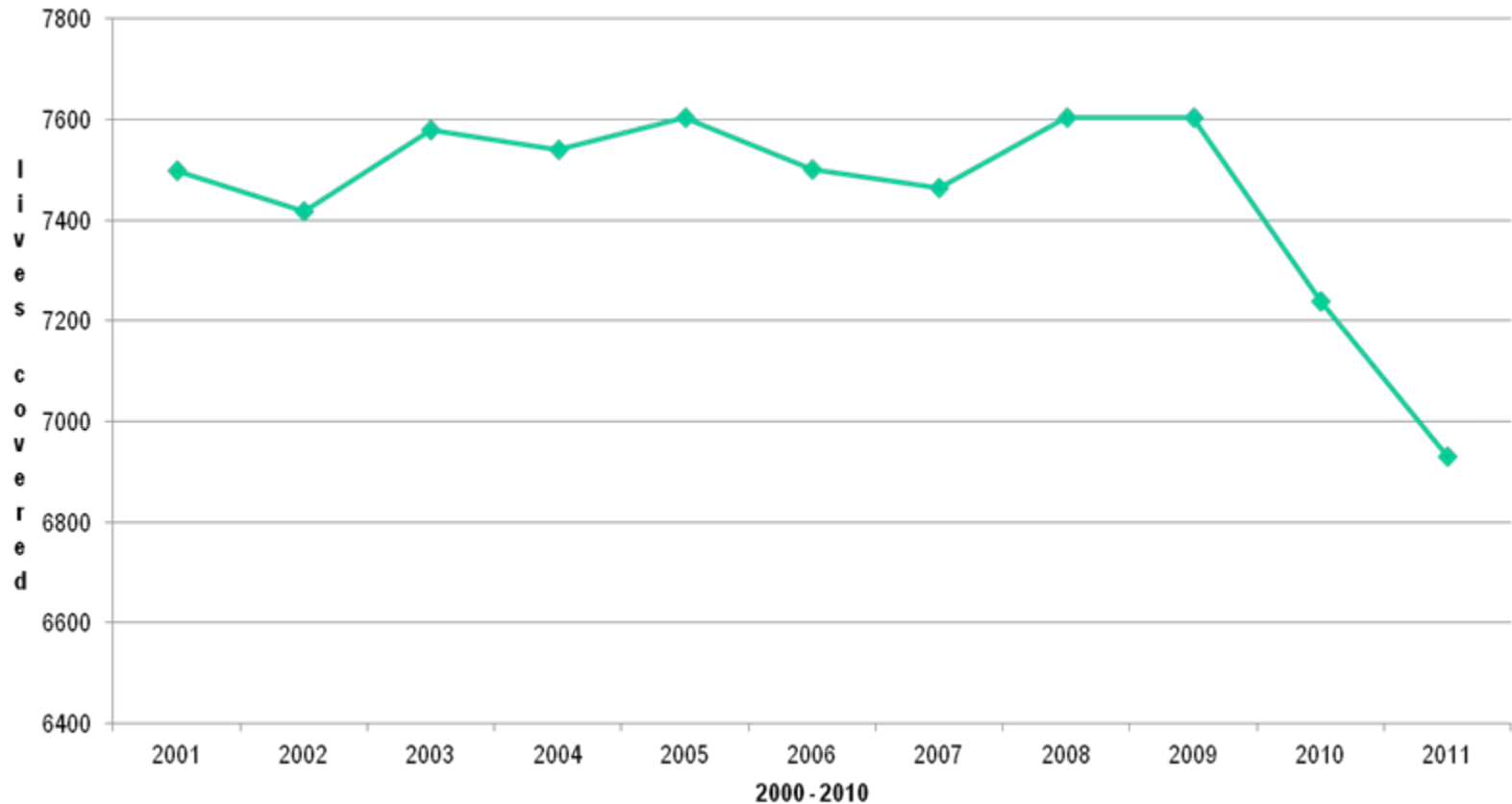


NHS doctors and nurses spend up to 10 hours a week on bureaucracy – a third of which is unnecessary, a Government review has found.

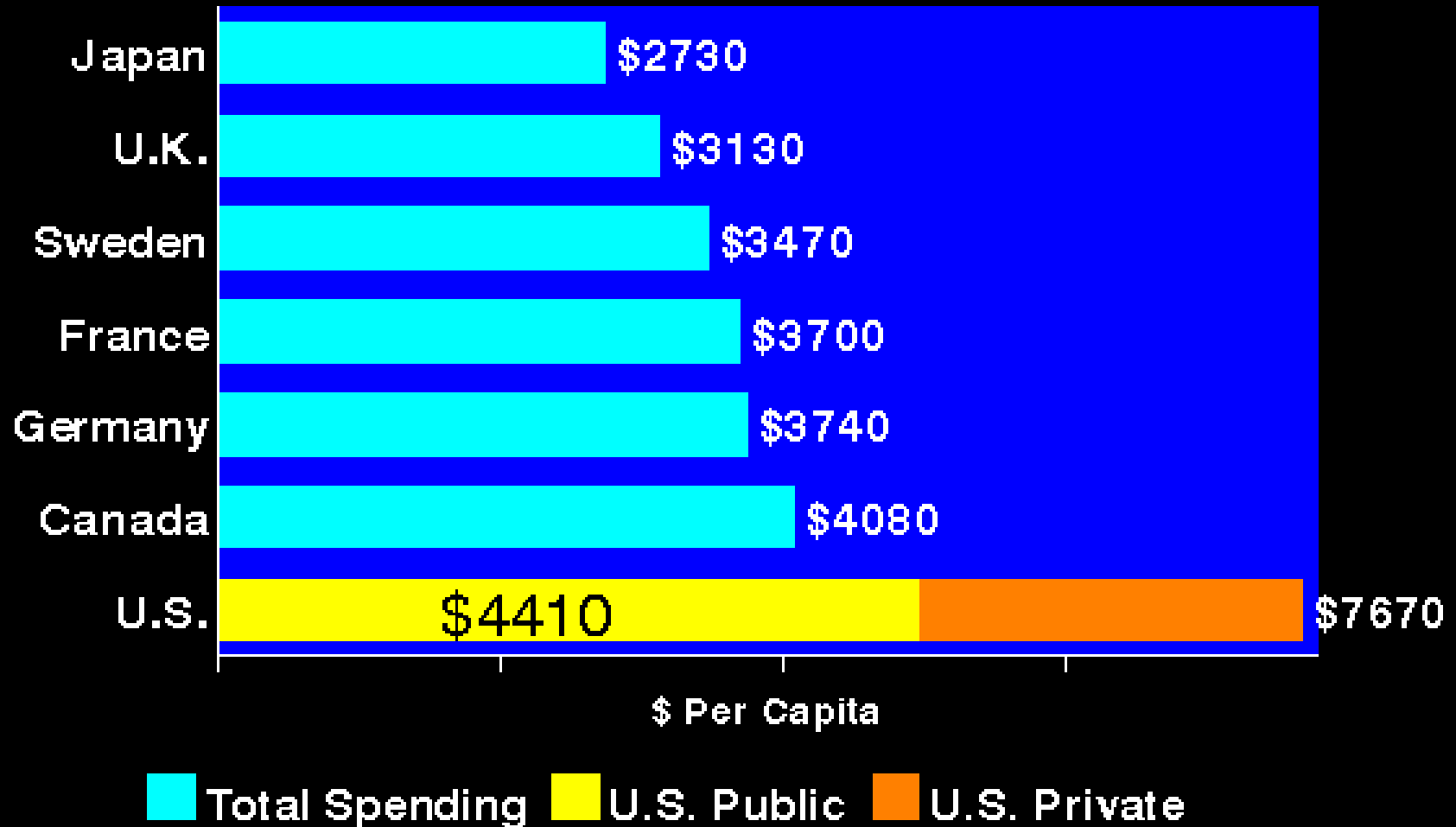


Photo: ALAMY

UK PMI Market 2000 -2010



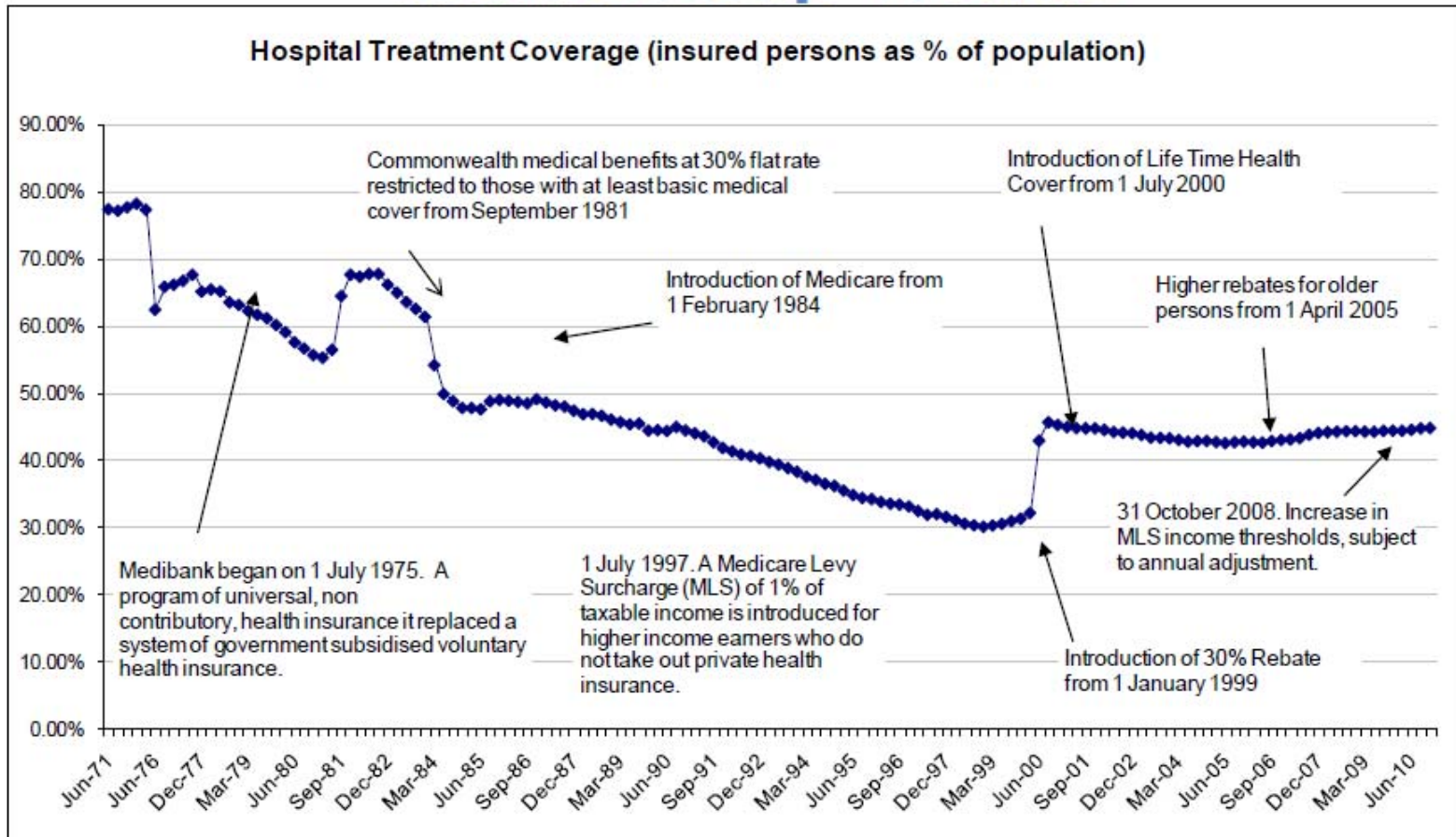
U.S. PUBLIC Spending Per Capita for Health is Greater than TOTAL Spending in Other Nations



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 2008

Membership Trends





International Federation
of Health Plans

**The leading global network of the health
insurance industry**