Achieving a High Performing Health Care System: Applying Lessons from Other Countries to U.S. Health Care

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Introduction

- Dr. Ralston described the methodology behind ACP’s study and key characteristics of our system.
- Mr. Ginsburg described how U.S. health care compares to those of 12 high-performing systems in other countries.
- I will explain how ACP has applied the “lessons learned” from other countries to recommend reforms in U.S. health care.

Note: references to support ACP’s analysis are detailed in “Achieving a High Performance Health Care System with Universal Access to Care: What the USA Can Learn from Other Countries”, Annals of Internal Medicine, Online Release, December 4, 2007.
Any solution for the United States will be unique to our political and social culture, demographics, and form of government

- Larger and more diverse population
- Tradition of individualism and distrust of the government
- Constitution that requires that authority be shared between federal and state governments, and protects commercial and individual free speech
- Deeply rooted system of employer-based coverage, tied to a powerful industry invested in maintaining private insurance and employer-based coverage
So why study other countries’ experiences?

- Goal should *not* be to replicate other countries’ experiences
- But to identify approaches that the evidence shows are more likely to be effective
- So that they can inform the political debate in the United States
- And be adapted to the unique circumstances in the U.S.
Lesson: All high performing systems have universal coverage

- **Universal:** every person is guaranteed, by law, access to affordable coverage through a public or private plan and is required to obtain coverage

- Some have a system funded solely by the national or provincial governments (single payer)

- Others use a mix of public and private funding (pluralistic); coverage is compulsory and guaranteed

Canada
UK
Japan
Taiwan

Australia
Belgium
Denmark
France
Germany
Netherlands
New Zealand
Switzerland
Lesson: Global budgets and price controls can restrain costs but can have negative consequences

- Global budgets can restrain costs. Global budgets can restrain costs. but do not improve efficiency unless the budget is reasonable and the target region is small enough to motivate individual providers

- Price controls can restrain costs, but may lead to
  - delays for elective procedures, cost-shifting and
  - creation of parallel private sector markets

Canada
Germany
New Zealand
Taiwan
United Kingdom

Belgium
Canada
Japan
UK

Japan
New Zealand
UK
Recommendation: U.S. must provide universal coverage

- Guarantee by law that all people within the United States have equitable access to appropriate health care without unreasonable financial barriers
  - Health insurance coverage and benefits should be continuous and not dependent on place of residence or employment status

- U.S. should consider adopting either a single payer or pluralistic model with guaranteed coverage
Single payer or pluralistic systems are both capable of achieving universal coverage

- Single-payer systems can achieve universal access to health care without barriers based on ability to pay.

- Pluralistic systems can assure universal access, but must provide (1) a legal guarantee that all individuals have access to coverage and (2) sufficient government subsidies and funded coverage for those who cannot afford to purchase coverage through the private sector.
Either has tradeoffs that the public will need to weigh in making a choice

- Single-payer: more equitable, lower administrative costs, lower per capita health care expenditures, high levels of consumer/patient satisfaction and high performance on measures of quality and access
  - May create shortages of services, delays in obtaining elective procedures and limit individuals’ choices

- Pluralistic with guaranteed coverage: allows individuals the freedom to purchase supplemental coverage and services
  - More likely to result in inequities in coverage and higher administrative costs
Lesson: Primary care is the foundation of high performing delivery systems

- Societal investment in medical education can help achieve a well-trained workforce with the right proportion of primary care physicians and specialists and is large enough to assure access.

- Investment in primary and preventive care can result in better health outcomes, reduce costs, and help assure an adequate supply of primary care physicians.

- These efforts can be enhanced by assuring that all residents have equitable access to a personal physician through a patient-centered medical home model.
Recommendation: U.S. policy should be designed to support primary care as the foundation of a more effective system

- Federal government should intervene to avert the impending catastrophic shortage of primary care physicians
- U.S. should set specific targets for producing generalists and specialists
- Workforce and payment policies should support care that builds upon the relationship between patients and their primary care physicians through a Patient-Centered Medical Home
Lesson: High performing systems encourage patients to be prudent purchasers and engage in healthy behaviors

- Cost-sharing with co-payment schedules based on income can help restrain costs while assuring that poorer individuals have access.

- Incentives to encourage personal responsibility can be effective in influencing healthy behaviors, improved health outcomes and responsible utilization, without punishing people who fail to adopt recommended behaviors or lifestyles.
Recommendation: The U.S. should use financial incentives for individuals to be prudent purchasers

- Patients should have ready access to health information necessary for informed decision-making

- Cost-sharing provisions should be designed to encourage patient cost-consciousness without deterring patients from receiving needed services or participating in their care
Lesson: High performing systems measure their own performance

- Performance measures, financial incentives linked to quality, and active monitoring of performance are key elements of high performing systems

Australia
New Zealand
United Kingdom
Lesson: The best payment systems recognize the value of care coordinated by primary care physicians

Effective payment systems:

- Provide adequate payment for primary care services
- Create incentives for quality improvement and reporting
- Recognize geographic or local payment differences
- Provide incentives for care coordination
**Recommendation:** U.S. should align payments to physicians with quality and care coordination

- Provide incentives for physicians to achieve evidence-based performance standards

- Revise existing volume-based payment systems used by Medicare and most private insurers to
  - create care coordination payments for primary care physicians working with health care teams to manage care (Patient-Centered Medical Home)
  - maintain a fee-for-service component for visits (modeled on a bundled and hybrid payment model used in Denmark and the Netherlands)
Lesson: High performing systems invest in HIT, have uniform billing, and lower administrative costs

- Adoption of a uniform billing and electronic processing of claims improves efficiency and reduces administrative expenses

- An inter-operable health information infrastructure can enable physicians to obtain instantaneous information at the point of medical decision-making and enhance electronic communications among treating health professionals
Recommendation: The U.S. should reduce the costs of health care administration and invest in HIT

- Create uniform billing and credentialing systems across all payers
- Support with federal funds an interoperable HIT infrastructure to assist physicians in delivering evidence-based, patient-centered care
Lesson: High performing systems invest in research and comparative effectiveness

- Insufficient investments in research and medical technology result in reliance on outdated technologies and medical equipment, and delay patients’ access to advances in medical science.

- Some countries with national health insurance programs have achieved better results (benefit and cost) through evidence-based evaluations of new drugs and technology.
Recommendation: The U.S. should invest in research to foster continued innovation and improvements in health care

- Funding should come from both public and private sources
- Increase investment in basic health research to advance medical knowledge
- Increase funding for health services and comparative effectiveness research
Summary

- The U.S. can learn by studying what works well in other countries and by applying “best practices” to the U.S.’s distinctive political system, values and culture.

- No single system studied is perfect—each has trade-offs. In general:
  - Single payer systems have lower administrative costs, high quality, and satisfaction but cost controls may create shortages and delays.
  - Pluralistic systems can be designed to achieve universal coverage with individual freedom to purchase additional services, but are less equitable and have higher administrative costs.

- The evidence shows that both options merit consideration by the U.S.
Conclusion:
A high performing U.S. health care system would be one that:

- Achieves universal coverage, through a single payer model or pluralistic system with guaranteed coverage
- Is built on a foundation of primary care, supported by workforce and payment policies
- Provides patients with access to a patient-centered medical home
- Pays physicians for care coordination and quality instead of volume
Conclusion:
A high performing U.S. health care system would be one that:

- Creates positive and non-punitive incentives for individuals to be “prudent purchasers” and engage in healthy behavior
- Measures and reports on its own performance
- Has uniform billing and lower administrative costs
- Has high levels of public and private investment in research (basic, health services, and comparative)
The 47 million (uninsured) question:

What can we do together to assure that the 2008 elections creates a debate on how to achieve a high performing health care system. . . . . . .

. . . So that the next President and Congress have a political mandate to learn from other health systems and adapt best practices to the United States?