

# **Solving America's Health Care Crisis**

**Presentation to**

**The National Congress on Health Reform**

**John C. Goodman**

**September 22, 2008**



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# Problems

- **Cost**
- **Quality**
- **Access**



# Thinking About Health Care

Queen of Hearts

Seven Dwarfs

Little Red Riding Hood



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# Problems

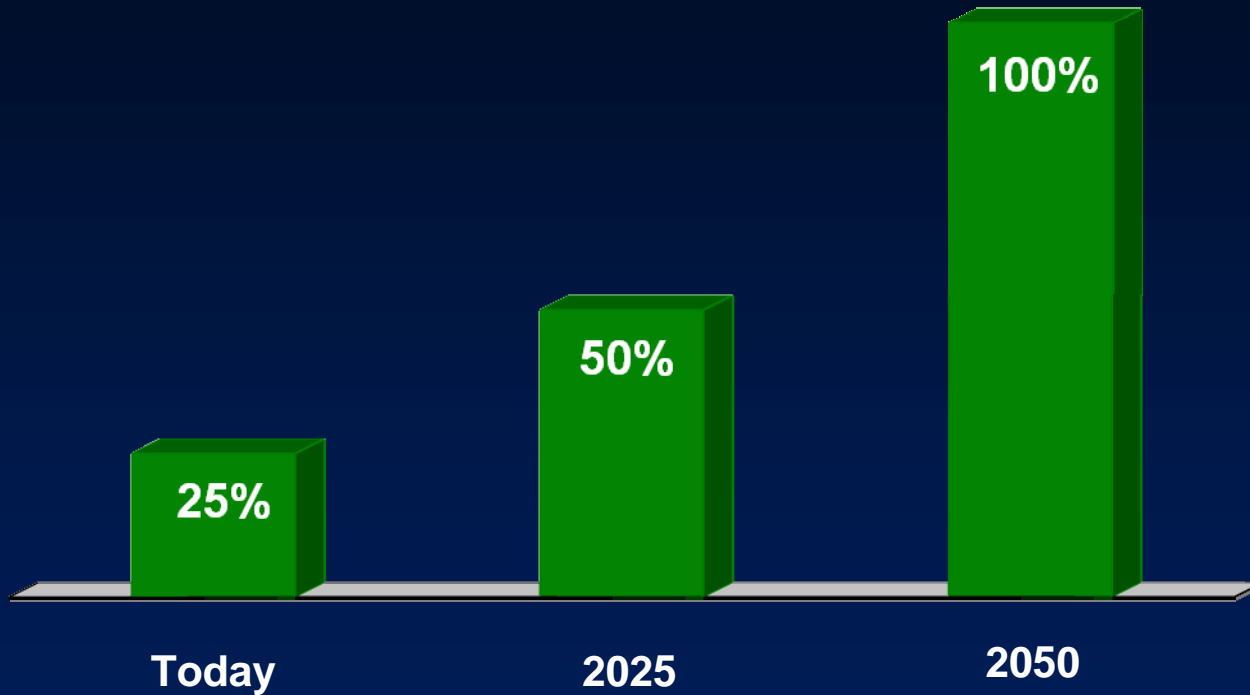
- **Cost**





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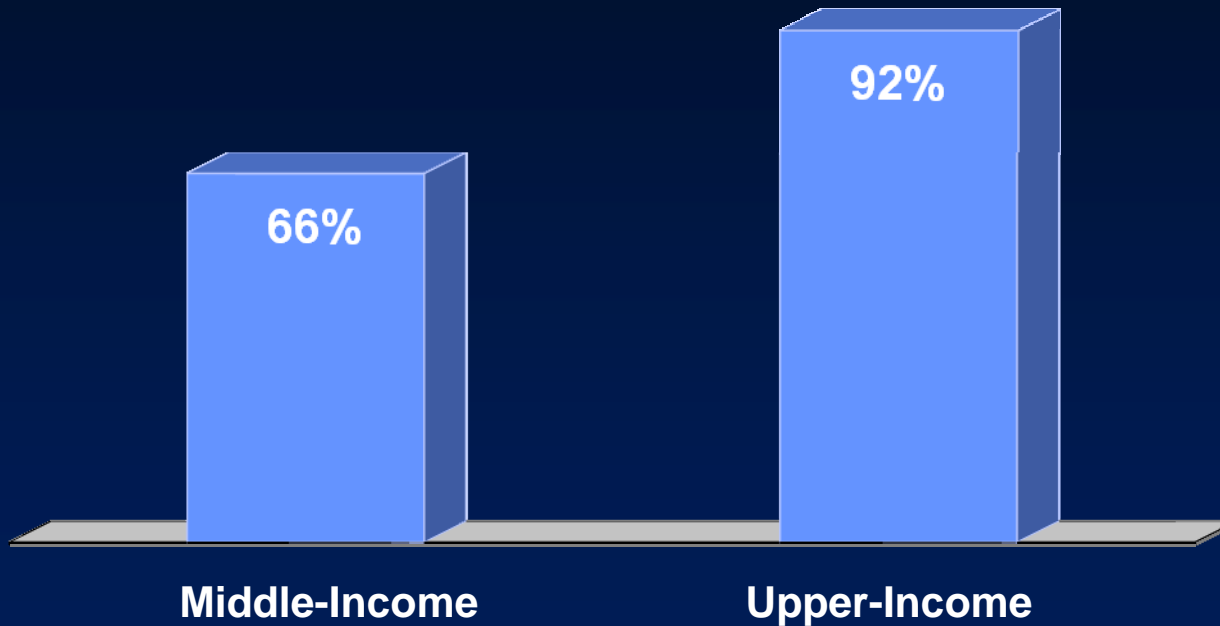
# Medicare and Medicaid as a Percent of Federal Budget



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Source: Congressional Budget Office.

# Marginal Federal Income Tax Rates Needed to Fund Current Federal Programs in 2050



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Source: Congressional Budget Office.

# *Illusory Solution*

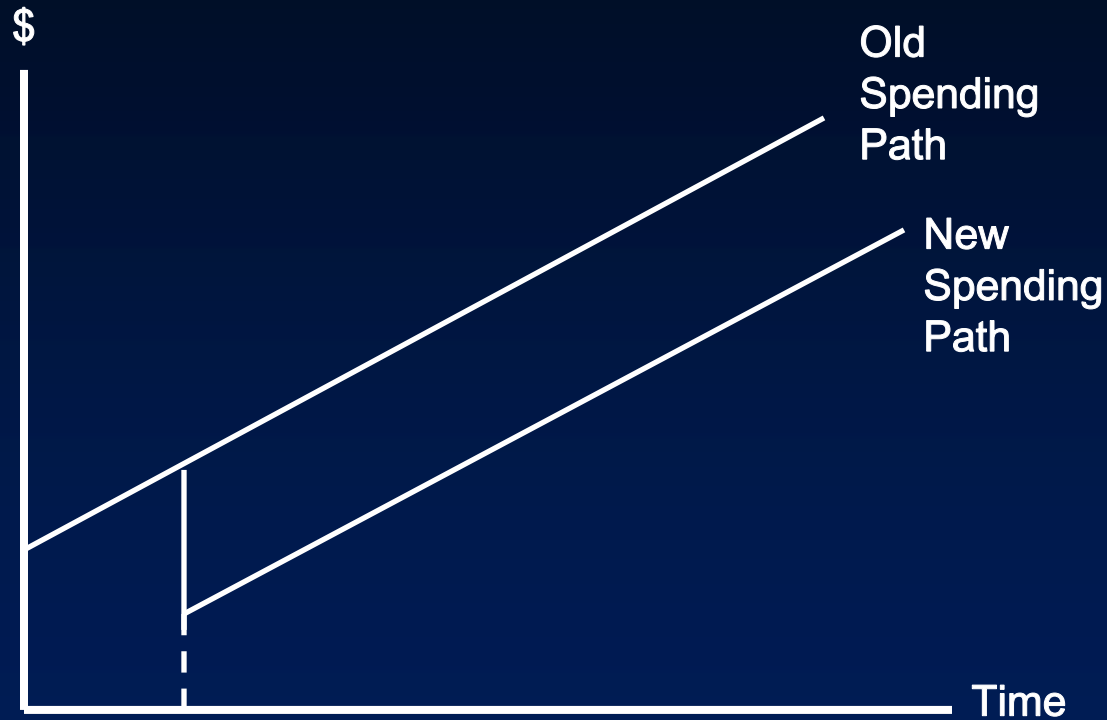
## **One-Time Cost Reduction**



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# Health Care Spending



One Time  
Policy Change

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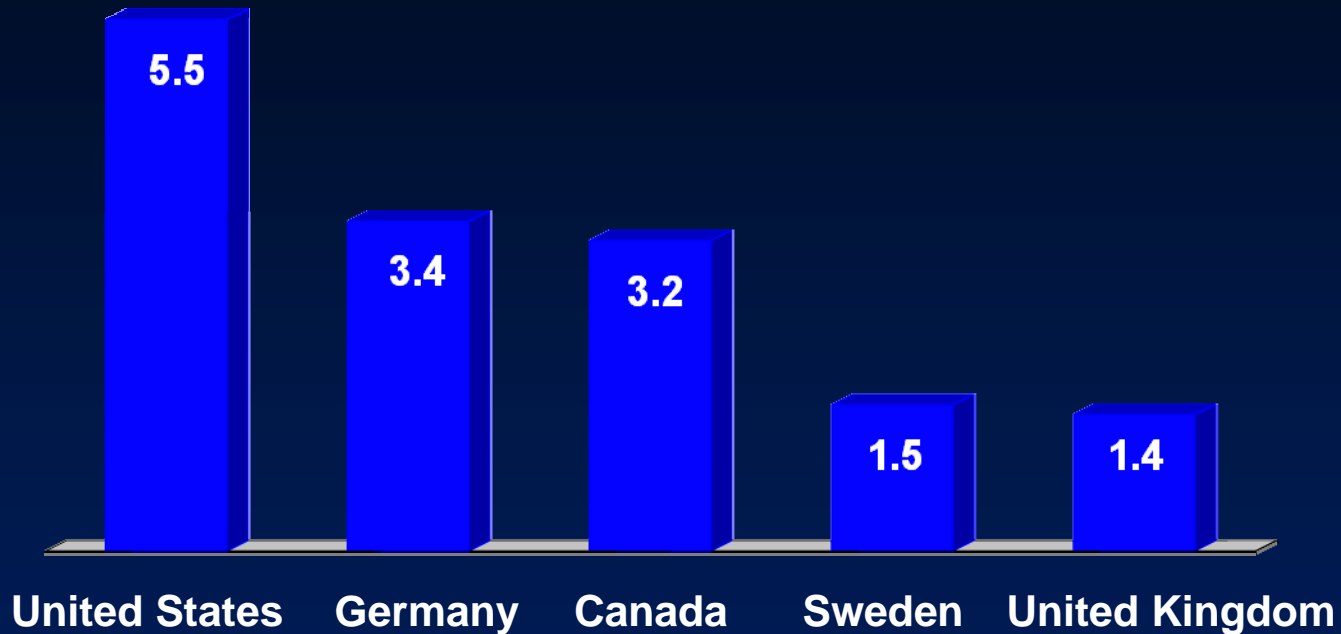
# *Illusory Solution*

## **Shifting Costs**



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# Ratio of Physician Income to Average Worker Income



Source: Uwe E. Reinhardt, Peter S. Hussey and Gerard F. Anderson, "Cross-National Comparisons Of Health Systems Using OECD Data, 1999," *Health Affairs*, Vol. 21, No. 3, May/June 2002.



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# *Real Solutions*

## **Choosing between Health Care and Other Goods and Services**



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# Health Reforms That Don't Work

From

Hillary Care 1.0

to

Hillary Care 2.0



# Problems

- **Cost**
- **Quality**



# Quality

- **RAND study on Inadequate Care**
- **IOM Study on Medical Errors**
- **No Electronic Medical Records**





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# Why No Phone?



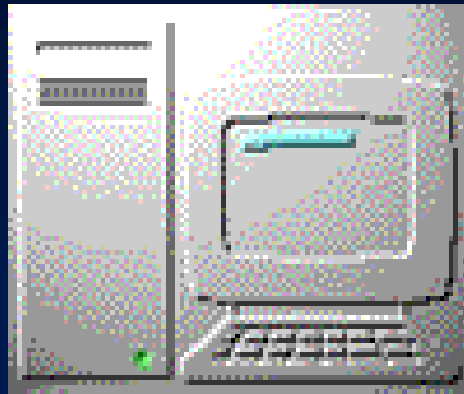
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# Why No Email?



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# Why No Computers?



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# Why Not Better Drug Advice?



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# Why No Patient Education?



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# What is the Source of Every Major Problem?



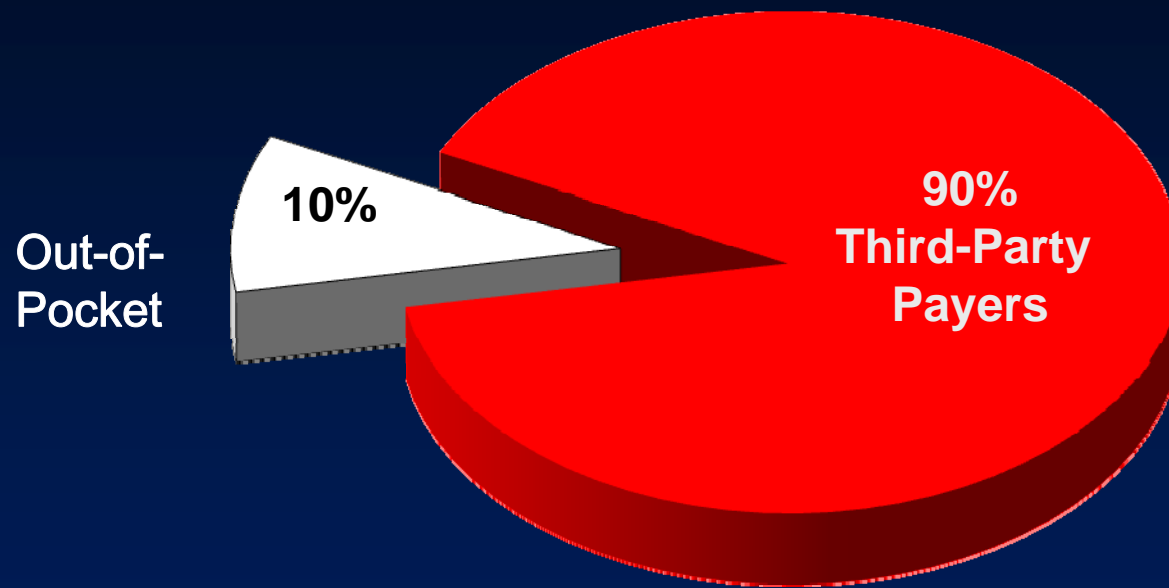
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# The Way We Pay Doctors



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# Payment for Physicians' Services





**No Price Competition**



**No Quality Competition**



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# Exceptions to the Rule

- **Cosmetic Surgery**



# Exceptions to the Rule

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- **Lasik Surgery**



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- **Walk-in Clinics**



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- **Telephone Consultation – for pay**



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- **Concierge Doctors**
- **Medical Tourism**





# *Illusory Solution*

## **Paying for Performance**



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# *Illusory Solution*

## **Paying for Performance**

### **Buyers Setting the Quality Standards**



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# *Real Solution*

## **Providers Compete for Patients Based on Price and Quality**



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# Health Reforms That Don't Work

From

Hillary Care 1.0

to

Hillary Care 2.0



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# Problems

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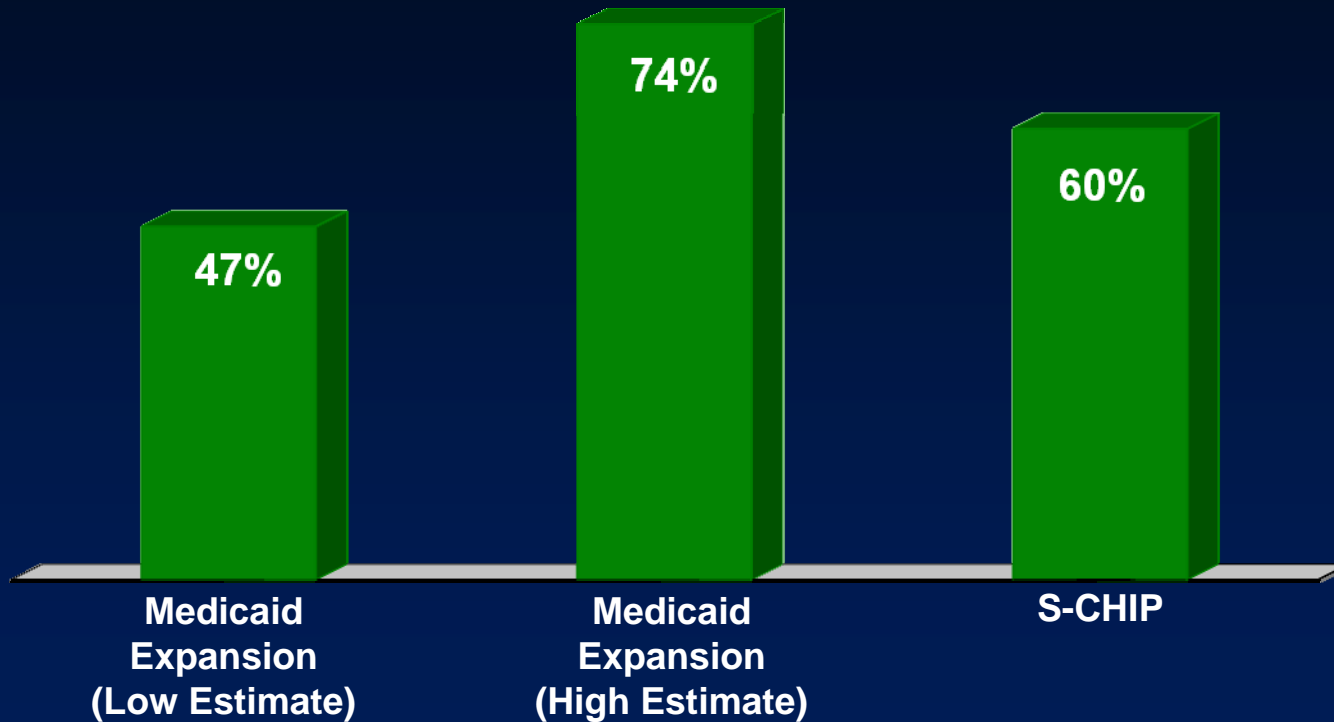
# *Illusory Solution*

## **Expanding Government Insurance Programs**



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# Crowd Out: Percent of New Coverage Offset by a Decline in Private Coverage



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Source: Jonathan Gruber.



# *Real Solution*

## **Creating Access to the Private Marketplace**



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# Health Reforms That Don't Work

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Hillary Care 2.0



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# Handbook on State Health Care Reform

by

John C. Goodman

with

Michael Bond

Devon M. Herrick

Gerald L. Musgrave

Pamela Villarreal

Joe Barnett

Foreword by Jeb Bush



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# LIVES AT RISK

How the U.S. Health Care System is Failing the Poor  
and What to Do About It



John C. Goodman,  
David L. Flammgren,  
and David M. Marshall  
Foreword by Alan Krashinsky

Published in cooperation with the  
National Center for Policy Analysis



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# **Health Alert**

**from John Goodman**

Insights on health news from the "Father of Health Savings Accounts."



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# The John Goodman Health Blog

[click here »](#)



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# Remembering the Message

Queen of Hearts

Seven Dwarfs

Little Red Riding Hood



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