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## Volume 2 - Issue 2, Winter 2008 - Country Focus: Cardiology in the United States

### Overview of the Healthcare System in the United States: Disparity in Access Continues to Provoke

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The United States is the only wealthy industrialised nation without a universal healthcare system, according to the Institute of Medicine of the National Academy of Sciences. It has a mixed system of public and private insurance. Most working age Americans have private health insurance through their employers. Private health insurance covers about 57% of the population, while only 27% is insured through government-funded means (US Census Bureau, 2007).

Over 15.5% of Americans do not have health insurance and about half of bankruptcies in the US involve a medical reason or large medical debt. Private and government programmes for healthcare exist and are explained below (US Census Bureau 2007).

#### Private Programmes

1. Health Maintenance Organisations (HMOs): An HMO is a prepaid "managed" health plan delivering comprehensive care to members through designated providers, having a fixed periodic payment for health services.
2. Preferred Provider Organisations (PPO): A PPO has arrangements with doctors, hospitals and other providers who have agreed to accept the plan's allowable charges for covered medical services that are similar to a fee for- service plan. This gives patients a choice of using doctors and hospitals in a network with a co-payment and outside network with an annual deductible and a percent of the bill.\*\*Approximately 50% of the US population is enrolled in one of these two programmes, with about 29.3% enrolled in an HMO and 19.8% in a PPO (MCO, 2008).

#### Government Programmes

1. Medicare: A federal programme provides health insurance to all Americans over 65 years of age, persons with disabilities and end-stage renal disease.
2. Medicaid: This health insurance programme provides for certain low income families with children; aged, blind, or disabled people on supplemental security income, certain low income pregnant women and children, and people who have very high medical bills. Medicaid is funded and administered through a state-federal partnership. Although there are broad federal requirements for Medicaid, states have a wide degree of flexibility to design their programme. However all states must cover basic services: inpatient and outpatient hospital services, skilled nursing and home health services, family planning, and periodic health check up. Medicaid reaches about 40% of Americans at the 100% poverty level (defined as an annual income of 9,570 dollars for a family size of one person; Dept of Health and Human Services 2005; US Census Bureau 2006).
3. State Children's Health Insurance Programme (SCHIP): This provides health benefits coverage to children living in families whose income exceeds the eligibility limits for Medicaid with incomes at or below 200% of the federal poverty level (annual income of 32,180 dollars for a family size of 3).
4. There is also a military plan for active and retired servicemen and women.

#### Healthcare Statistics and Costs

In 2008 the life expectancy in the US is 78 years of age, according to the CIA Fact book. Deaths from heart disease, cancer and stroke continue to drop (National Centre for Health Statistics 2005). Heart diseases are the number one cause of death followed by malignant neoplasm and cerebro vascular diseases (ibid). Infant mortality has dropped to 6.9 deaths per 1,000 live births.

Healthcare spending reached 16% of GDP in 2007, making the total estimated National Health expenditure 2.3 trillion dollars (NCHC, 2007). National healthcare expenditures are projected to reach 3.6 trillion dollars (18.7% of GDP) in 2014, growing at an average annual rate of 7.1% per year from 2003 to 2014 (Centres for Medicare and Medicaid Services 2004 & 2005). Intensive care units spend 10 - 30% of a hospital budget which accounts for to 0.5 - 1% of the GDP (Polderman and Metnitz 2005).

The US has the highest per capita health expenditure of any nation (Anderson et al. 2003). It is estimated that 7,500 dollars were spent in 2007, per US resident (Kaiser Family Foundation, 2007).

Prescription drugs have been the fastest growing expenditure, increasing at a rate of 11% over the last three years. The US had fewer physicians and hospital admissions per 1,000 population, physician visits per capita, acute care beds and acute care days per capita than the median of industrialised countries (Anderson et al. 2003).

#### US Healthcare System: An Analysis

A rapidly emerging trend in every American metropolitan area is the formation of health networks made up of hospitals, physicians and insurance underwriters. Managed care, an organised way to manage the cost, use and quality of the healthcare system has had a profound impact on the delivery of medical services, transforming traditional insurance arrangements (Oberlander 2002).

Most studies have found little difference in quality of care between traditional insurers and managed care plans, though there is evidence of worse outcomes for chronically ill seniors in HMOs (Miller and Luft 1997). The functional status of the elderly has improved recently and there is a decreased death rate. Recent advances are cost effective at generally accepted values of an added year of life (Cutler and McClellan 2001).

#### Rising Costs Hit Employers

While rising costs may not create major problems for the economy as a whole, they negatively affect employers, employees, government and

patients. The aging population is not an adequate explanation for the increased cost since it is too gradual a process to rank as a major cost driver in healthcare (Reinhardt 2003). The lack of well developed competitive markets in healthcare may be partially responsible for the higher expenditure.

The US has the highest cost per unit of care, physician fees, payment per hospital day and pharmaceutical prices. Even though physician visits and hospital days per capita have been lower in the US than many other developed nations, use of expensive technologies, market power of hospitals and physicians, who are able to garner high prices for services, more rapid diffusion of innovative technologies, and a higher cost for administering the healthcare system has driven the overall healthcare costs to be high (Bodenheimer 2005).

One proposed driver of healthcare spending growth is the medical malpractice system, which encourages physicians to practice "defensive medicine" by ordering unnecessary diagnostic tests or treatments to avoid malpractice litigation (Anderson 1999). Defensive medicine may account for 5 - 9% of health expenditure (Hessler and McClellan 1996).

Approximately 63% of growth in health-care spending is the result of an increased prevalence of obesity, stress, ozone, changing treatment threshold for hypertension, diabetes, hyperlipidaemia and osteoporosis and new innovations like statins, antidepressants, and other medications (Thorpe et al. 2005). Treatment of low-birth weight babies and heart attacks has also accounted for 37% of growth in healthcare spending (ibid).

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