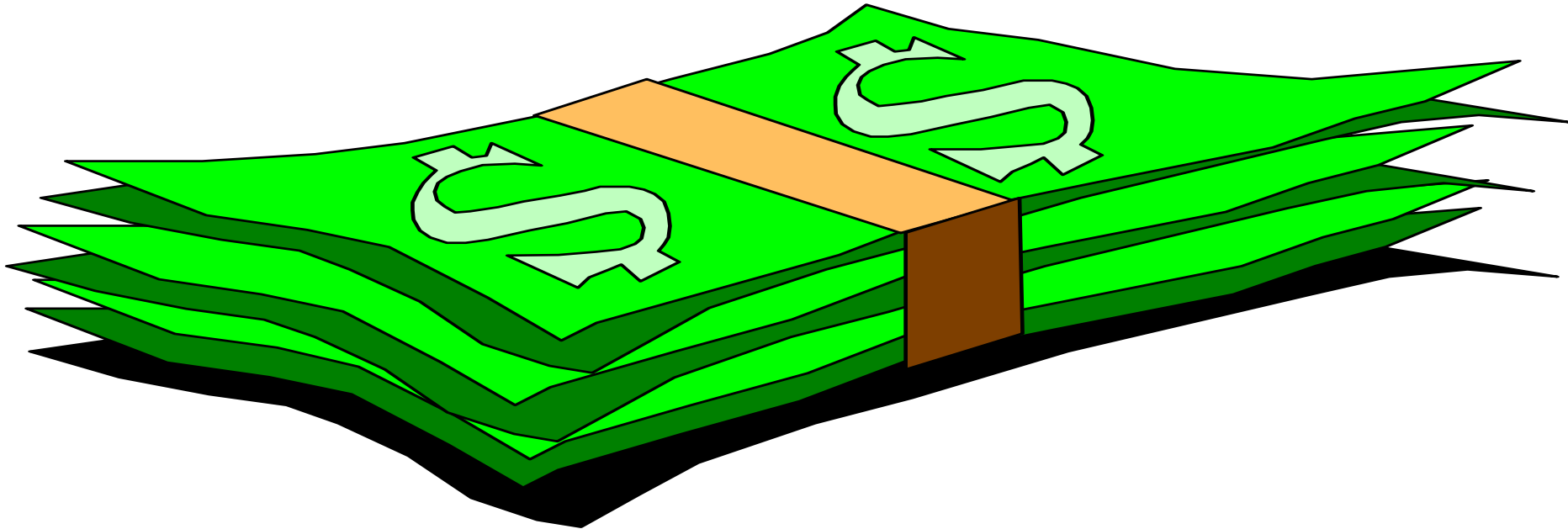

The Development of the U.S. Health Care System and It's Problems

**William Cunningham, MD MPH
Professor**

**UCLA Schools of Medicine/Public Health
wcunningham@mednet.ucla.edu**

Rising Health Care Costs



45 Million in U.S. Uninsured



What is a System?

system n. [LL. *systema* < Gr. *systemá* to place together] 1. A set or arrangement of things so related or connected as to form a unity or organic whole [e.g. a solar system]

Major Health System Limitations

- High, variable costs
- Service fragmentation
- Variable access and quality
- Poor health, high costs for disadvantaged
- Social and political conflict

Major Trends in the Development of Health Care in the U.S., 1850 to Present

Trends	1850-1900	1900 to World War II	World War II to Present	Future
Predominant health problems	Acute epidemic infections	Acute trauma infections: individuals	Chronic diseases: cancer, stroke	Chronic diseases: emotional, behaviorally related
Technology available	Virtually none	Beginning rapid growth of medical sciences, technology	Explosive growth of medical science, technology	Continued growth and expansion of technology, with attempts to repersonalize the technology
Social organization; Policy	None; individuals resources or charity	Beginning societal and governmental care for disadvantaged	Health care as a right; government responsibility to organize and finance care delivery	Greater centralization in federal government; organized systems of health and financing

Epi./Disease

History/Political

Social

1850

- Mass epidemics
 - measles
 - cholera

1930

- Individual infections
 - TB
 - VD

1945

- Chronic disease
 - heart, lung, cancer

1968

- Trauma/injury

1980/
2000

- AIDS, substance abuse, TB

- Slavery
- Civil war
- Federalism

- Depression/new deal
- W.W.II
- Economic growth
- Centralization

- Vietnam war
- War on poverty
- Medicare & Medicaid

- Nixon/Reaganism
- “New federalism”
- Failed reform

- Rugged individualism
- Industrialization
- Technology

- Poverty - urban/rural
- Charity institutions
- Baby boom
- Corporate growth
- Working women
- Civil rights movement
- Multiculturalism
- Un-affirmative action

	<u>Epi./Disease</u>	<u>Public Health/ Policy</u>	<u>Providers</u>	<u>Medical Technology</u>
1850	<ul style="list-style-type: none"> • Mass epidemics <ul style="list-style-type: none"> - measles - cholera 	<ul style="list-style-type: none"> • Sanitation <ul style="list-style-type: none"> –water, food, housing 	<ul style="list-style-type: none"> • Poorly trained • First hospitals 	<ul style="list-style-type: none"> • Blood transfusions
1930	<ul style="list-style-type: none"> • Individual infections <ul style="list-style-type: none"> - TB - VD 	<ul style="list-style-type: none"> • Flexner report on medical schools • Public health departments • Welfare departments • Public hospitals 	<ul style="list-style-type: none"> • First HMO's • Scientifically trained Drs. • Entrepreneurs 	<ul style="list-style-type: none"> • Surgery/ anesthesia • Antibiotics • Devices
1945	<ul style="list-style-type: none"> • Chronic disease <ul style="list-style-type: none"> - heart, lung, cancer 	<ul style="list-style-type: none"> • VA & CHAMPUS • Private insurance • Medicare/MediCaid 	<ul style="list-style-type: none"> • Generalists <ul style="list-style-type: none"> - individual 	<ul style="list-style-type: none"> • Pharmaceutical, supply, hospital growth
1968	<ul style="list-style-type: none"> • Trauma/injury 	<ul style="list-style-type: none"> • Planning Act-NHPRD 	<ul style="list-style-type: none"> • Specialists <ul style="list-style-type: none"> - individual “under-supply” 	<ul style="list-style-type: none"> • Bypass
1980/ 2000	<ul style="list-style-type: none"> • AIDS, substance abuse, TB 	<ul style="list-style-type: none"> • TEFRA • PPS • Managed care 	<ul style="list-style-type: none"> • Group practice <ul style="list-style-type: none"> “over-supply” 	<ul style="list-style-type: none"> • Imaging • Transplants • Gene therapy

“The” U.S. Health Care “System”

- Middle or higher income
- Employed
- Private insurance
- Private practice (office)
- Solo, FFS
- Entrepreneurial
- Self-/un-structured

Local Government Health Care “System”

- Low income
- Un- or under-insured
- City or county hospital clinics & ER's
- Local health department clinics, salaried physicians
- University practice?
- Self-/un-structured

Socialized U.S. Health Care Systems

* VA System

- Male, low income
- Acute and chronic hospital
- VA benefits
- University practice?
- Salaried professionals

Socialized U.S. Health Care Systems (cont.)

* Military System

- Active duty
- Proactive, coordinated
- Ambulatory & acute hospital
- Paraprofessional providers
- Salaried professional providers
- CHAMPUS

Approaches to U.S. Health Care Systems

- Free market
- Centralized (government run)
- National planning
- Cost containment
- Public utility

Key Problems With US Health Care System

- Access to care
 - ~ 44 million without health insurance
- Cost of care
 - 2000 expenditures ~ \$1.3 Trillion
- Quality of care
 - not all care delivered is beneficial
 - not all needs are met

Goals of Care System

- Provide equitable, cost effective care
 - maximize access to needed care
 - minimize costs
 - maximize quality (effectiveness)

Health Services and Policy: Improving Health Systems

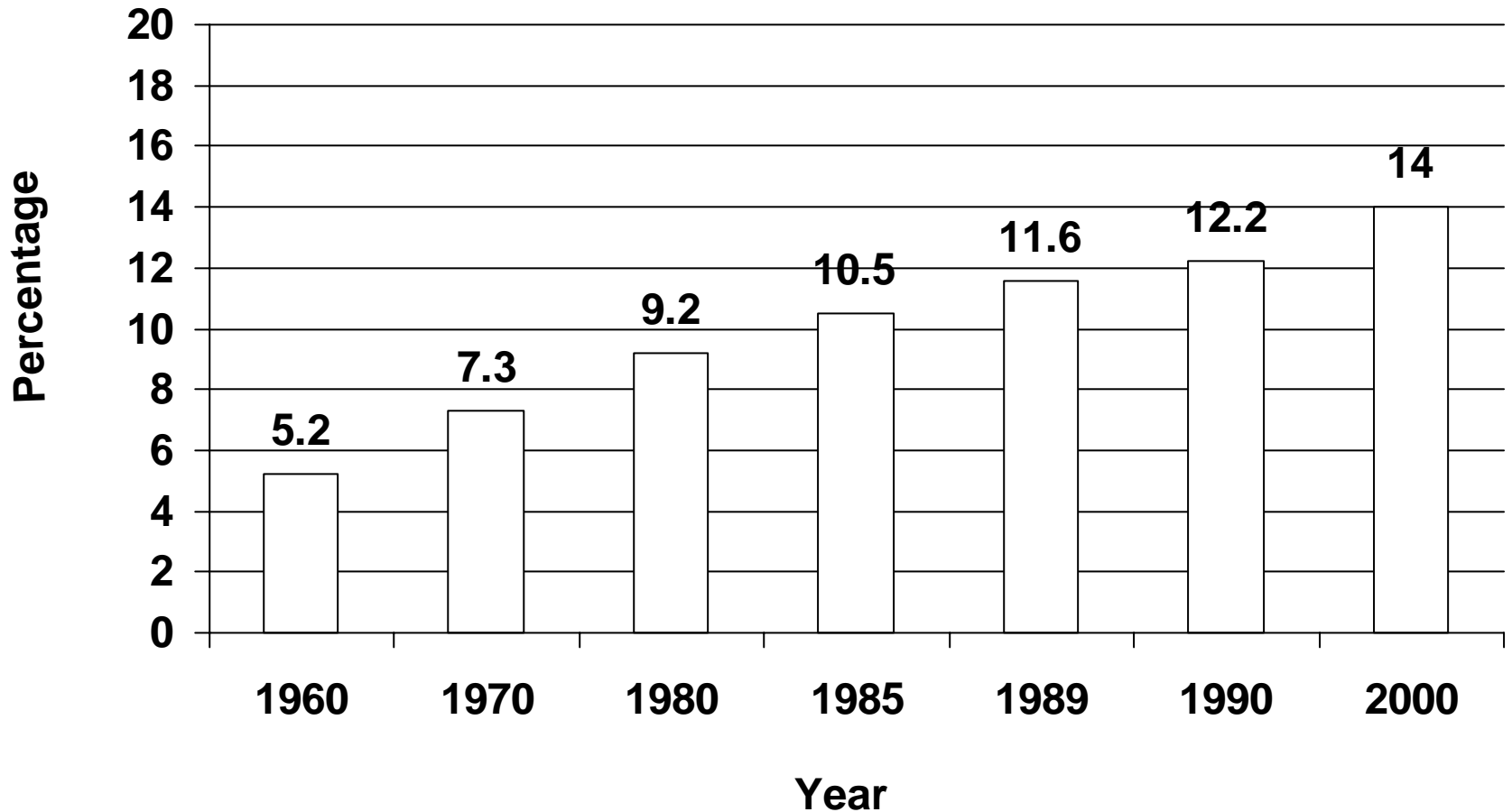
Criteria:

- Equity - needed care provided
- Efficiency - costs are minimized
- Effectiveness - quality care improves health outcomes

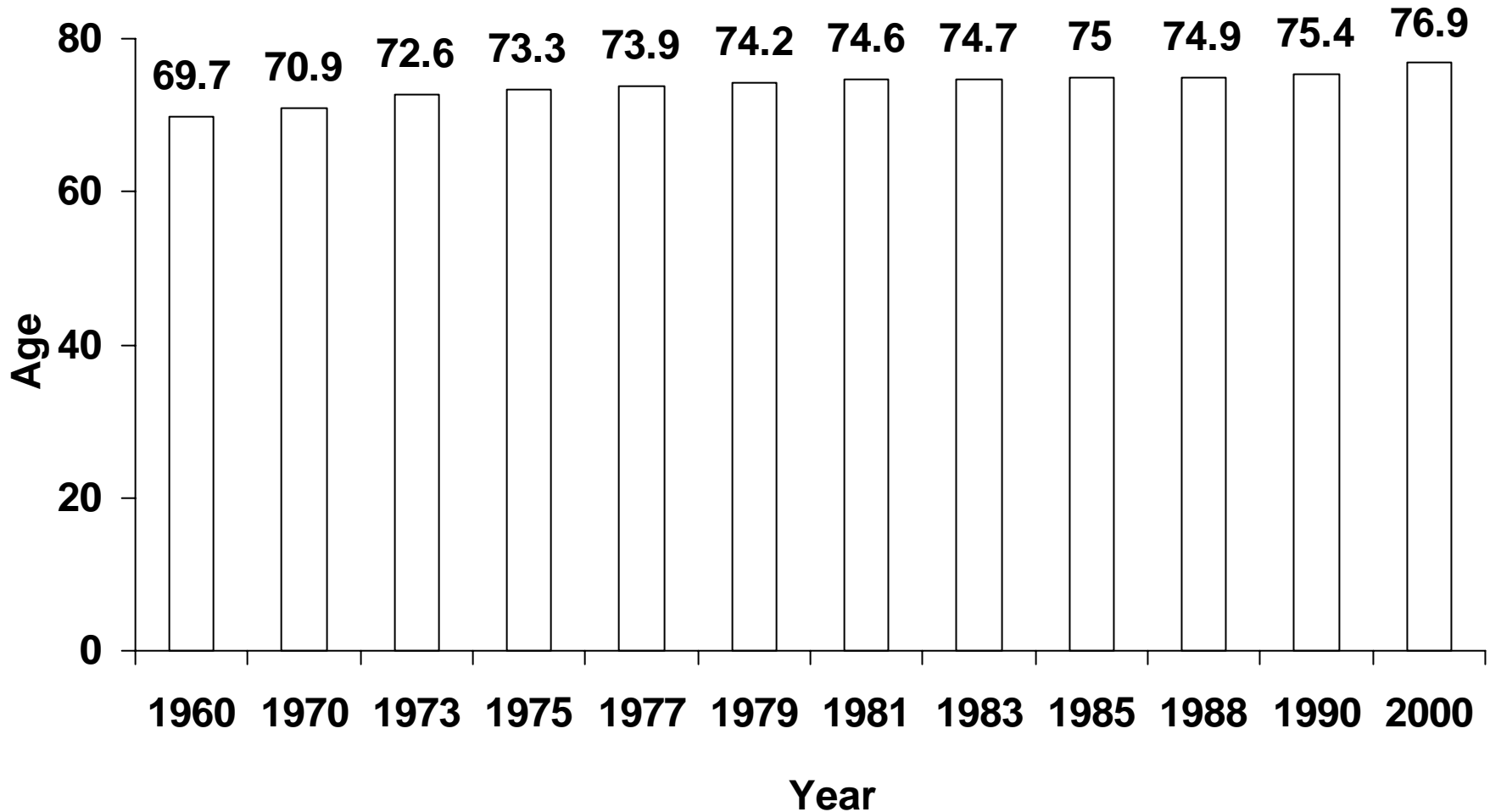
Application

- Evaluate policy, interventions, secular trends

Health Expenditures as a Percentage of the U.S. Gross National Product, 1960-2000



Life Expectancy at Birth, all Races, United States 1960-90.



Spending by U.S. Businesses for Health Care

(% of Business Expense or Profit)

	Percent of Labor Compensation		Percent of Corporate Profits	
	Wages and Salaries	Fringe Benefits	Before Tax	After Tax
1965	2	22	8	14
1970	4	29	20	36
1975	5	29	21	34
1980	6	32	27	47
1985	7	39	51	90
1986	8	41	58	110
1987	7	41	49	90
1988	8	43	48	85
1989	8	45	55	98
1990	9	46	61	108

Ref: Iglehart JK. The American Health Care System: Private Insurance. NEJM 1992;326(25):1715.