Public Programs: Critical Building Blocks in Health Reform

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U.S. Health System: What’s Working, What’s Not?
Health Insurance Coverage

Numbers in millions, 2006

Uninsured
- Military: 3.4 (1%)
- Individual: 16.0 (5%)
- Medicaid: 27.9 (9%)
- Medicare: 39.1 (13%)

Employer
- 163.3 (55%)

Uninsured
- Military: 3.4 (1%)
- Individual: 16.8 (6%)
- Medicaid: 27.9 (11%)
- Medicare: 6.4 (2%)

Employer
- 160.8 (62%)

Total population = 296.7
Under-65 population = 260.7


Total National Health Expenditures, $2.11 Trillion – 16% of GDP

Out-of-pocket
- $257 billion

Other public
- $258 billion

Medicaid
- $311 billion

Medicare
- $401 billion

Private health insurance
- $723 billion

Note: Data were rounded to the nearest tenth of a percent because rounding to the nearest percent does not reflect the significant difference in spending between Medicaid and Medicare.
Employer Health Insurance: Preferred by Many Working Americans

Employer Coverage Continues to Be Major Source of Coverage for Employees of Larger Firms

Employees in Large Firms Are Most Likely to Have Two or More Health Plan Choices

Percent of adults ages 19-64 insured all year with ESI*  

<table>
<thead>
<tr>
<th>% FPL</th>
<th>Number of employees in firm^</th>
<th>Total</th>
<th>&lt;200%</th>
<th>200%+</th>
<th>&lt;20</th>
<th>20–99</th>
<th>100–499</th>
<th>500+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>54</td>
<td>45</td>
<td>56</td>
<td>25</td>
<td>38</td>
<td>48</td>
<td>71</td>
</tr>
</tbody>
</table>

*ESI = employer-sponsored insurance. Based on adults 19-64 who were who were insured all year through their own employer.  

Percent of People with ESI* Who Say That Employers Do a Good Job Selecting Quality Insurance Plans to Offer Their Workers

<table>
<thead>
<tr>
<th>% FPL</th>
<th>Number of employees in firm</th>
<th>Total</th>
<th>&lt;200%</th>
<th>200%+</th>
<th>&lt;20</th>
<th>20–99</th>
<th>100–499</th>
<th>500+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>74</td>
<td>68</td>
<td>75</td>
<td>69</td>
<td>70</td>
<td>75</td>
<td>76</td>
</tr>
</tbody>
</table>

*ESI = employer-sponsored insurance. FPL = federal poverty level. Note: Based on respondents age 19-64 who were covered all year by their own employer’s insurance.  
Employer-Provided Health Insurance, by Income Quintile, 2000–2006

Percent of population under age 65 with health benefits from employer

<table>
<thead>
<tr>
<th>Year</th>
<th>Highest Quintile</th>
<th>Fourth</th>
<th>Third</th>
<th>Second</th>
<th>Lowest quintile</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>88%</td>
<td>62%</td>
<td>29%</td>
<td>22%</td>
<td>0%</td>
</tr>
<tr>
<td>2001</td>
<td>88%</td>
<td>60%</td>
<td>26%</td>
<td>22%</td>
<td>10%</td>
</tr>
<tr>
<td>2002</td>
<td>87%</td>
<td>57%</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>2003</td>
<td>87%</td>
<td>55%</td>
<td>23%</td>
<td>23%</td>
<td>25%</td>
</tr>
<tr>
<td>2004</td>
<td>87%</td>
<td>54%</td>
<td>23%</td>
<td>22%</td>
<td>30%</td>
</tr>
<tr>
<td>2005</td>
<td>87%</td>
<td>54%</td>
<td>22%</td>
<td>22%</td>
<td>35%</td>
</tr>
<tr>
<td>2006</td>
<td>86%</td>
<td>53%</td>
<td>22%</td>
<td>22%</td>
<td>40%</td>
</tr>
</tbody>
</table>


Risk Pooling and Employer Premium Contributions Lower the Cost of Health Benefits for Adults with Employer Coverage Relative to Those with Individual Market Coverage

Percent of adults ages 19–64 insured all year with private insurance

- Annual out-of-pocket premium $6,000 or more
- Annual out-of-pocket premium $3,000–$5,999

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Employer</th>
<th>Individual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Benefits $6,000 or more</td>
<td>7</td>
<td>13</td>
<td>22</td>
</tr>
<tr>
<td>Health Benefits $3,000–$5,999</td>
<td>18</td>
<td>13</td>
<td>32</td>
</tr>
</tbody>
</table>

Deductibles Rise Sharply, Especially in Small Firms, Over 2000–2007

**Mean deductible for single coverage (PPO, in-network)**

![Graph showing mean deductibles for single coverage in PPO plans for 2000 and 2007, categorized by firm size.](image)

- Total:
  - 2000: $187
  - 2007: $461
- Small firms, 3–199 employees:
  - 2000: $210
  - 2007: $667
- Large firms, 200+ employees:
  - 2000: $157
  - 2007: $382

PPO = preferred provider organization. PPOs covered 57 percent of workers enrolled in an employer-sponsored health insurance plan in 2007.


People With Employer Insurance Have More Stable Coverage Than Those with Individual Market Insurance

**Retention of initial insurance over a two-year period, 1998–2000**

- **Employer insurance**:
  - Retained initial insurance status: 86%
  - One or more spells uninsured: 12%
  - Other transition uninsured: 2%

- **Individual insurance**:
  - Retained initial insurance status: 53%
  - One or more spells uninsured: 26%
  - Other transition uninsured: 21%

Adults With Employer Coverage Give Their Health Plans Higher Ratings Than Those in the Individual Market


Medicare: Working for Elderly and Disabled Americans
Access to Physicians for Medicare Beneficiaries and Privately Insured People, 2005

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Percent Medicare</th>
<th>Percent Privately Insured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine Care</td>
<td>74</td>
<td>67</td>
</tr>
<tr>
<td>Illness or Injury</td>
<td>83</td>
<td>75</td>
</tr>
<tr>
<td>Primary Care</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Specialist</td>
<td>86</td>
<td>89</td>
</tr>
</tbody>
</table>

 никогда не опаздывал на прием
 не имел проблем с поиском врача


Access Problems Because of Cost

Percent of adults who had any of four access problems1 in past year due to cost

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ages 19–64</td>
<td>39</td>
</tr>
<tr>
<td>Ages 65+</td>
<td>17*</td>
</tr>
<tr>
<td>Medicare, 65+</td>
<td>15</td>
</tr>
<tr>
<td>Employer, 19–64</td>
<td>34*</td>
</tr>
<tr>
<td>Individual, 19–64</td>
<td>39*</td>
</tr>
<tr>
<td>Medicaid, 19–64</td>
<td>40*</td>
</tr>
<tr>
<td>Medicare, 19–64</td>
<td>35*</td>
</tr>
<tr>
<td>Uninsured, 19–64</td>
<td>61*</td>
</tr>
</tbody>
</table>

Note: Adjusted percentages based on logistic regression models; age groups controlled for health status and income; insurance status controlled for health status, income, and prescription coverage.

* Significant difference at p<.01 or better; referent categories are “ages 19–64” and “Medicare 65+”.

**Rating of Current Insurance**

Percent of adults who rated their current insurance as “excellent” or “very good”

<table>
<thead>
<tr>
<th>Category</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ages 19–64</td>
<td>47</td>
</tr>
<tr>
<td>Ages 65+</td>
<td>64*</td>
</tr>
<tr>
<td>Medicare, 65+</td>
<td>68</td>
</tr>
<tr>
<td>Employer, 19–64</td>
<td>44*</td>
</tr>
<tr>
<td>Individual, 19–64</td>
<td>41*</td>
</tr>
<tr>
<td>Medicaid, 19–64</td>
<td>54*</td>
</tr>
<tr>
<td>Medicare, 65+</td>
<td>52*</td>
</tr>
</tbody>
</table>

Note: Adjusted percentages based on logistic regression models; age groups controlled for health status and income; insurance status controlled for health status, income, and prescription coverage.

* Significant difference at p<.01 or better; referent categories are “ages 19–64” and “Medicare 65+”.


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**Percent of Adults Ages 50–64 Who Are Very/Somewhat Interested in Receiving Medicare Before Age 65, by Insurance Status and Income**

<table>
<thead>
<tr>
<th>Insurance Status</th>
<th>Somewhat interested</th>
<th>Very interested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ages 50–64</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ages 65+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare, 65+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer, 19–64</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual, 19–64</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicaid, 19–64</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Medicaid/SCHIP: Working for Most at Risk Americans

Medicaid’s Role for Selected Populations

Percent with Medicaid Coverage:

- Poor: 40%
- Near Poor: 23%
- Families: 27%
- All Children: 20%
- Low-Income Children: 41%
- Low-Income Adults: 53%
- Births (Pregnant Women): 41%
- Aged & Disabled: 19%
- Medicare Beneficiaries: 20%
- People with Severe Disabilities: 59%
- People Living with HIV/AIDS: 69%

Note: “Poor” is defined as living below the federal poverty level, which was $17,600 for a family of 3 in 2008. Source: Kaiser Commission on Medicaid and the Uninsured. Kaiser Family Foundation, and Urban Institute estimates. Birth data: NGA, MCH Update.
Uninsured Nonelderly Adult Rate Has Increased from 17.3 Percent to 20.0 Percent in Last Six Years


Percentage of Uninsured Children Has Declined Since Implementation of SCHIP, but Gaps Remain

Medicaid Enrollees and Expenditures by Enrollment Group, 2005

<table>
<thead>
<tr>
<th>Group</th>
<th>Enrollees</th>
<th>Expenditures on Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elderly</td>
<td>10%</td>
<td>28%</td>
</tr>
<tr>
<td>Disabled</td>
<td>14%</td>
<td>42%</td>
</tr>
<tr>
<td>Adults</td>
<td>26%</td>
<td>12%</td>
</tr>
<tr>
<td>Children</td>
<td>50%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Total = 59 million
Total = $275 billion

SOURCE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on 2005 MSIS data.

Medicaid’s Spending on Health Services Is Lower Than That of Private Coverage

Expenditures ($) on health services for people without health limitations in private coverage and Medicaid

<table>
<thead>
<tr>
<th>Service</th>
<th>Private</th>
<th>Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient</td>
<td>809</td>
<td>735</td>
</tr>
<tr>
<td>Office-based doctor</td>
<td>413</td>
<td>356</td>
</tr>
<tr>
<td>Outpatient/ER</td>
<td>400</td>
<td>221</td>
</tr>
<tr>
<td>Prescription</td>
<td>279</td>
<td>198</td>
</tr>
<tr>
<td>Dental/other</td>
<td>352</td>
<td>215</td>
</tr>
</tbody>
</table>

**Thirty-five Percent of Medicaid Spending Goes to Long-Term Care**

- Community-based: 9.3%
- Nursing Home: 20.4%
- Non-LTC Medicaid: 65.2%
- ICF/MR: 5.1%

Note: ICF/MR = intermediate care facilities for the mentally retarded
Source: MEDSTAT HCBS

**Medicaid Financing of Safety-Net Providers**

- Public Hospital Net Revenues by Payer, 2004:
  - Medicare: 20%
  - Medicaid: 35%
  - Commercial: 24%
  - State/Local Subsidies: 14%
  - Self Pay/Other: 7%
  - Total = $29 billion

- Health Center Revenues by Payer, 2006:
  - Medicaid: 37%
  - Federal Grants: 22%
  - Other: 9%
  - Private: 7%
  - Total = $8.1 billion

Source: Kaiser Commission on Medicaid and the Uninsured, based on America’s Public Hospitals and Health Systems, October 2006; KCMU Analysis of 2006 UDS Data from HRSA.
Barriers to Health Care Among Nonelderly Adults, by Insurance Status, 2006

**Percent of adults (age 19 - 64) reporting in past 12 months:**

- **No Regular Source of Care**
  - 10% (Uninsured)
  - 10% (Private)

- **Postponed Seeking Care because of Cost**
  - 6% (Uninsured)
  - 11% (Medicaid/Other Public)
  - 14% (Private)

- **Needed Care but Did Not Get It**
  - 3% (Uninsured)
  - 9% (Medicaid/Other Public)
  - 23% (Private)

- **Could Not Afford Prescription Drug**
  - 4% (Uninsured)
  - 14% (Medicaid/Other Public)
  - 23% (Private)

**NOTE:** Respondents who said usual source of care was the emergency room were included among those not having a usual source of care.

**SOURCE:** Kaiser Commission on Medicaid and the Uninsured analysis of 2006 NHIS data.

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Children’s Access to Care, by Health Insurance Status, 2006

- **Employer/Other Private**
- **Medicaid/Other Public**
- **Uninsured**

**NOTE:** MD contact includes MD or any health care professional, including time spent in a hospital. Data is for all children under age 18, except for dentist visit and unmet dental need which are for children age 2-17. Respondents who said usual source of care was the emergency room were included among those not having a usual source of care. All estimates are age-adjusted.

Community Care of North Carolina: Medicaid

Asthma Initiative: Pediatric Asthma Hospitalization rates
(April 2000 – December 2002)

Inpatient admission rate per 1000 member months

- 15 networks, 3500 MDs, >750,000 patients
- Receive $3.00 PM/PM from the State
- Hire care managers/medical management staff
- PCP also get $2.50 PMPM to serve as medical home and to participate in disease management
- Care improvement: asthma, diabetes, screening/referral of young children for developmental problems, and more!
- Case management: identify and facilitate management of costly patients
- Cost (FY2003) - $8.1 Million; Savings (per Mercer analysis) $60M compared to FY2002

Source: L. Allen Dobson, MD, presentation to ERISA Industry Committee, Washington, DC, March 12, 2007

Payments to Medicare Advantage Plans as a Share of Medicare Fee-for-Service Costs, 2006

Percent of fee-for-service costs


- Proportion of Medicare beneficiaries in private plans:
  - 2007—19.1%
  - 2017—26.0%

Millions
0 2 4 6 8 10 12 14 16
1999 2001 2003 2005 2007 2009 2011 2013 2015 2017

Note: Includes local HMOs, PSOs, and PPOs, regional PPOs, PFFS plans, cost contracts, demonstrations, HCPP, and PACE contracts.

MA Enrollment by Type of Plan, April 2007

- HMOs 66%
- PFFS 18%
- Other 10%
- Regional PPOs 2%
- Local PPOs 4%

### Illustrative Array of Plan Designs

**Offered on National Basis, 2008**

<table>
<thead>
<tr>
<th>Plan</th>
<th>Deductible</th>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
<th>Specialty Tier</th>
<th>Gap Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aetna Essentials</td>
<td>$275</td>
<td>$3</td>
<td>$39</td>
<td>$80</td>
<td>25%</td>
<td>None</td>
</tr>
<tr>
<td>Aetna Premier</td>
<td>$0</td>
<td>$4</td>
<td>$40</td>
<td>$70</td>
<td>33%</td>
<td>Generics</td>
</tr>
<tr>
<td>Humana Standard</td>
<td>$275</td>
<td>25%*</td>
<td>25%*</td>
<td>25%*</td>
<td>25%*</td>
<td>None</td>
</tr>
<tr>
<td>Humana Complete</td>
<td>$0</td>
<td>$4</td>
<td>$25</td>
<td>$54</td>
<td>25%</td>
<td>Preferred Generics</td>
</tr>
<tr>
<td>Medco Choice</td>
<td>$0</td>
<td>$6</td>
<td>$35</td>
<td>75%</td>
<td>33%</td>
<td>None</td>
</tr>
<tr>
<td>Sterling Rx Plus</td>
<td>$100</td>
<td>$0</td>
<td>$25</td>
<td>25%</td>
<td>25%</td>
<td>None</td>
</tr>
<tr>
<td>United/AARP Preferred</td>
<td>$0</td>
<td>$7</td>
<td>$30</td>
<td>$74.85</td>
<td>33%</td>
<td>None</td>
</tr>
<tr>
<td>United/AARP Saver</td>
<td>$275</td>
<td>$5</td>
<td>$20</td>
<td>$49.68</td>
<td>25%</td>
<td>None</td>
</tr>
<tr>
<td>Wellcare Signature</td>
<td>$0</td>
<td>$0</td>
<td>$45</td>
<td>$107</td>
<td>33%</td>
<td>None</td>
</tr>
</tbody>
</table>

**Notes:**
- * No tiers. 25% coinsurance only.
- Some values are median amounts for plans that use different tiered cost-sharing arrangements across regions.

### What Are the Problems?

- **Uninsured Rates**
- **Costs of Care**
- **Quality of Care Chasm**
- **Administrative Complexity**
Uninsured Rates are Increasing Most for Working Middle Class Adults

Percent of working adults who are uninsured

- Lowest quintile: 52%
- Second: 44%
- Third: 25%
- Fourth: 11%
- Highest quintile: 5%

1987 1989 1991 1993 1995 1997 1999* 2001 2003

*In 1999, CPS added a follow-up verification question for health coverage.

Percent of Children and Adults With Employer-Sponsored Coverage, by Poverty

Percent with coverage through their own or other employer

- Children <100% FPL: 19%
- Children 100–199% FPL: 41%
- Children 200%+ FPL: 76%
- Adults* <100% FPL: 19%
- Adults* 100–199% FPL: 42%
- Adults* 200%+ FPL: 79%

FPL = federal poverty level.
*Adults age 19 and over; children are age 18 and under.
Health Insurance Coverage Getting Worse for Adults, Better for Children

Percent change between 1999-2000 and 2005-2006 in uninsured adults ages 18-64

Percent change between 1999-2000 and 2005-2006 in uninsured children under 18


Adults Ages 19–64 Who Are Uninsured and Underinsured, By Poverty Status, 2007

*Underinsured defined as insured all year but experienced one of the following: medical expenses equaled 10% or more of income; medical expenses equaled 5% or more of incomes if low-income (<200% of poverty); or deductibles equaled 5% or more of income.

Data: 2007 Commonwealth Fund Biennial Health Insurance Survey (Schoen et al. 2008).
Percent of Privately Insured Non-Elderly Adults with High Out-of-Pocket Burdens by Income, 2001–2004

Percent of nonelderly adults with private insurance (group and non-group) who spend >10% of disposable household income on out-of-pocket premiums and expenditures on health care services


Groups at High Risk of Having High Financial Burden for Health Care, 2003

NOTE: High Financial Burden defined as families spending more than 10% of their after-tax income on health care, including premiums and out-of-pocket health costs.

**Underinsured and Uninsured Adults at High Risk of Going Without Needed Care and Financial Stress**

- **Percent of adults (ages 19–64)**
  - **Insured, not underinsured:** 53%
  - **Underinsured:** 68%
  - **Uninsured during year:** 45%

- **Went without needed care due to costs***
  - **Insured all year:** 31%
  - **Insured now, time uninsured in past year:** 21%
  - **Uninsured now:** 51%

- **Have medical bill problem or outstanding debt**
  - **Insured all year:** 45%
  - **Insured now, time uninsured in past year:** 51%
  - **Uninsured now:** 51%

*Did not fill prescription; skipped recommended medical test, treatment, or follow-up, had a medical problem but did not visit doctor; or did not get needed specialist care because of costs. **Had problems paying medical bills; changed way of life to pay medical bills; or contacted by a collection agency for inability to pay medical bills.


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**Adults Without Insurance Are Less Likely to Be Able to Manage Chronic Conditions**

- **Percent of adults ages 19–64 with at least one chronic condition***
  - **Insured all year:** 18%
  - **Insured now, time uninsured in past year:** 16%
  - **Uninsured now:** 27%

- **Skipped doses or did not fill prescription for chronic condition because of cost***
  - **Insured all year:** 58%
  - **Insured now, time uninsured in past year:** 59%
  - **Uninsured now:** 35%

*Hypertension, high blood pressure, or stroke; heart attack or heart disease; diabetes; asthma, emphysema, or lung disease.


*Estimate is statistically different from the previous year shown at p<0.05.

^Estimate is statistically different from the previous year shown at p<0.1.

Note: Data on premium increases reflect the cost of health insurance premiums for a family of four. Historical estimates of workers’ earnings have been updated to reflect new industry classifications (NAICS).
Only Two Percent of Premiums in Medicare and Medicaid Are Spent on Non-Medical Expenditures

Percent of premiums spent on non-medical expenditures

<table>
<thead>
<tr>
<th>Type</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-group</td>
<td>25–40%</td>
</tr>
<tr>
<td>Small group</td>
<td>15–25%</td>
</tr>
<tr>
<td>Large group</td>
<td>5–15%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>2%</td>
</tr>
<tr>
<td>Medicare</td>
<td>2%</td>
</tr>
</tbody>
</table>


Cumulative Changes in Annual National Health Expenditures And Other Indicators, 2000–2007

Percent change

- Net cost of private health insurance administration: 109%
- Family private health insurance premiums: 91%
- Personal health care: 65%
- Workers earnings: 24%

Notes: Data on premium increases reflect the cost of health insurance premiums for a family of four/the average premium increase is weighted by covered workers. * 2006 and 2007 private insurance administration and personal health care spending growth rates are projections.

Lessons from International Experience
**International Comparison of Spending on Health, 1980–2005**

Average spending on health per capita (SUS PPP)

- United States
- Germany
- Canada
- France
- Australia
- United Kingdom

Total expenditures on health as percent of GDP

- United States
- Germany
- Canada
- France
- Australia
- United Kingdom


**LONG, HEALTHY & PRODUCTIVE LIVES**

**Mortality Amenable to Health Care**

Deaths per 100,000 population*

- France
- Japan
- Australia
- Spain
- Italy
- Canada
- Norway
- Sweden
- Greece
- Austria
- Germany
- Finland
- New Zealand
- Denmark
- Ireland
- Portugal
- United States

**ACCESS: UNIVERSAL PARTICIPATION**

### Access Problems Because of Costs, 2007

Percent of adults who had any of three access problems* in past year because of costs

![Bar chart showing access problems due to costs](chart)

* Did not get medical care because of cost of doctor’s visit, skipped medical test, treatment, or follow-up because of cost, or did not fill Rx or skipped doses because of cost.

AUS=Australia; CAN=Canada; GER=Germany; NETH=Netherlands; NZ=New Zealand; UK=United Kingdom; US=United States.

Data: 2007 Commonwealth Fund International Health Policy Surveys.

Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2008

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**EFFICIENCY**

### Test Results or Medical Record Not Available at Time of Appointment, Among Sicker Adults, 2007

Percent reporting test results/records not available at time of appointment in past two years

![Bar chart showing test results not available](chart)

AUS=Australia; CAN=Canada; GER=Germany; NETH=Netherlands; NZ=New Zealand; UK=United Kingdom; US=United States.

Data: 2007 Commonwealth Fund International Health Policy Surveys.

Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2008
Where is the U.S. on IT?

Only 28% of U.S. Primary Care Physicians Have Electronic Medical Records; Only 19% Have Advanced IT Capacity

- Percent reporting EMR
- Percent reporting 7 or more out of 14 functions*

*Count of 14: EMR, EMR access other doctors, outside office, patient; routine use electronic ordering; tests, prescriptions, access test results, access hospital records; computer for reminders, Rx alerts, prompt test results; easy to list diagnosis, medications, patients due for care.

Source: 2006 Commonwealth Fund International Health Policy Survey of Primary Care Physicians in Seven Nations: Australia, Canada, Germany, Netherlands, New Zealand, UK, and US.

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Percentage of National Health Expenditures Spent on Insurance Administration, 2005

Net costs of health insurance administration as percent of national health expenditures

*2004  2001
* Includes claims administration, underwriting, marketing, profits, and other administrative costs; based on premiums minus claims expenses for private insurance.


Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, forthcoming July 2008

### MedCom – The Danish Health Data Network

<table>
<thead>
<tr>
<th>Year</th>
<th>GP's with EDI</th>
<th>Specialists with EDI</th>
<th>Hospitals with EDI</th>
<th>Pharmacists with EDI</th>
<th>Doctors on Call</th>
<th>Health Insurance</th>
<th>7-day messages/min</th>
</tr>
</thead>
<tbody>
<tr>
<td>92</td>
<td>2150</td>
<td>839</td>
<td>63</td>
<td>331</td>
<td>15</td>
<td>17</td>
<td>100%</td>
</tr>
<tr>
<td>93</td>
<td>2200</td>
<td>862</td>
<td>65</td>
<td>336</td>
<td>15</td>
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<td>94</td>
<td>2250</td>
<td>889</td>
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<tr>
<td>95</td>
<td>2300</td>
<td>912</td>
<td>69</td>
<td>347</td>
<td>15</td>
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<td>353</td>
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<tr>
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<td>958</td>
<td>73</td>
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<tr>
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<td>2450</td>
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<td>75</td>
<td>365</td>
<td>15</td>
<td>17</td>
<td>100%</td>
</tr>
<tr>
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<td>2500</td>
<td>1004</td>
<td>77</td>
<td>371</td>
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<td>15</td>
<td>17</td>
<td>100%</td>
</tr>
<tr>
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<td>2600</td>
<td>1050</td>
<td>81</td>
<td>383</td>
<td>15</td>
<td>17</td>
<td>100%</td>
</tr>
<tr>
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<td>15</td>
<td>17</td>
<td>100%</td>
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<tr>
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<td>1096</td>
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<td>17</td>
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<tr>
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<td>407</td>
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<td>17</td>
<td>100%</td>
</tr>
<tr>
<td>06</td>
<td>2850</td>
<td>1165</td>
<td>91</td>
<td>413</td>
<td>15</td>
<td>17</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Prescriptions:**
- 1280023
  - 87%

**Disch. Letters:**
- 1054514
  - 88%

**Lab. reports:**
- 844528
  - 98%

**Reimbursement:**
- 21049
  - 92%

**Lab Requests:**
- 44385
  - 15%

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### Health Reform: All Private, All Public, or Mixed Private-Public?
What are the Options for Health Insurance Reform?

<table>
<thead>
<tr>
<th>Principles for Reform</th>
<th>Tax Incentives and Individual Insurance Markets</th>
<th>Mixed Private-Public Group Insurance with Shared Responsibility for Financing</th>
<th>Public Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covers Everyone</td>
<td>0</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Minimum Standard Benefit Floor</td>
<td>–</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Premium/Deductible/Out-of-Pocket Costs Affordable Relative to Income</td>
<td>–</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Easy, Seamless Enrollment</td>
<td>0</td>
<td>+</td>
<td>++</td>
</tr>
<tr>
<td>Choice</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Pool Health Care Risks Broadly</td>
<td>–</td>
<td>+</td>
<td>++</td>
</tr>
<tr>
<td>Minimize Dislocation, Ability to Keep Current Coverage</td>
<td>+</td>
<td>++</td>
<td>–</td>
</tr>
<tr>
<td>Administratively Simple</td>
<td>–</td>
<td>+</td>
<td>++</td>
</tr>
<tr>
<td>Work to Improve Health Care Quality and Efficiency</td>
<td>0</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

0 = Minimal or no change from current system; – = Worse than current system; + = Better than current system; ++ = Much better than current system


Building Blocks for Automatic and Affordable Health Insurance For All

New Coverage for 44 Million Uninsured in 2008

Employer Group Coverage TOTAL = 142 m

National Insurance Connector TOTAL = 60 m

Medicaid/SCHIP TOTAL = 42 m

Medicare TOTAL = 43 m

Improved or More Affordable Coverage for 49 Million Insured

Building Blocks with Medicare Extra: Minimal Distribution in Coverage, 2008

Current Law (millions)

Medicare Extra Option (millions)

Uninsured

Private Non-Employer

Employer

CHAMPUS

Medicaid/SCHIP

Medicare

Private/Non-Employer

Uninsured

Employer

CHAMPUS

Medicaid/SCHIP

Medicare

Individual Purchase National Connector

New National Connector

Employer Purchase National Connector

Total population = 297.8 million

Source: The Lewin Group estimates using the Health Benefits Simulation Model, October 2007

Savings Can Offset Federal Costs of Insurance For All: Federal Spending Under Two Scenarios

Federal spending under Building Blocks alone

Net federal with Building Blocks plus savings options*

Dollars in billions

2008

2012

2017

$82

$122

$205

$31

$13

$10

* Selected options include improved information, payment reform, and public health.

Data: Lewin Group estimates of combination options compared with projected federal spending under current policy.

Total National Health Expenditures, 2008–2017 Projected and Various Scenarios

Dollars in trillions

Options to Achieve Savings

- Producing and Using Better Information
- Promoting Health and Disease Prevention
- Aligning Incentives with Quality and Efficiency
- Correcting Price Signals in the Health Care Market

### Organization and Payment Methods

#### Continuum of Organization
- Small MD practice; unrelated hospitals
- Primary care MD group practice
- Multi-specialty MD group practice
- Hospital System
- Integrated Delivery System

#### Continuum of Payment Bundling
- FFS and DRGs
- Blended FFS and medical home fees
- Global primary care fees
- Global ambulatory care fees
- Global DRG fee hospital only
- Global DRG fee hospital and physician inpatient
- Integrated system capitation
- Less Feasible
- More Feasible

#### Correcting Price Signals in the Health Care Market
- Reset Benchmarks for Medicare Advantage Plans
- Competitive Bidding
- Negotiated Prescription Drug Prices
- All-Payer Provider Payment Methods and Rates
- Limit Payment Updates in High-Cost Areas

#### Continuum of P4P Design
- Simple process and structure measures; small % of total payment
- Care coordination and intermediate outcome measures; moderate % of total payment
- Outcome measures; large % of total payment

#### Source: The Commonwealth Fund, 2008
Agenda for Change

• Offer Medicare Extra as a choice to small employers and individuals, eliminate two-year waiting period for disabled, and buy-in for older adults; financial protection for beneficiaries
• Expand Medicaid/SCHIP to all individuals under 150 percent of poverty
• Spread state innovations in quality and efficiency across Medicaid programs
• Offer Medicare global fee payment options to physician group practices, hospitals, and integrated care systems
• Level the playing field between Medicare “self-insured” coverage and Medicare Advantage
• Accountability for quality and care, transparency, rewards for results
• Health information technology and information exchange networks; personal health records for beneficiaries
• Comparative effectiveness
• National leadership and public-private collaboration

Thank You!

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