

# The Economics and Politics of Health Reform

2009 and Beyond

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The Fathauer Lecture  
The University of Arizona

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## Health Care and the Election

What two issues would you most like to hear the 2008 presidential candidates talk about? (Asked in December, 2007)

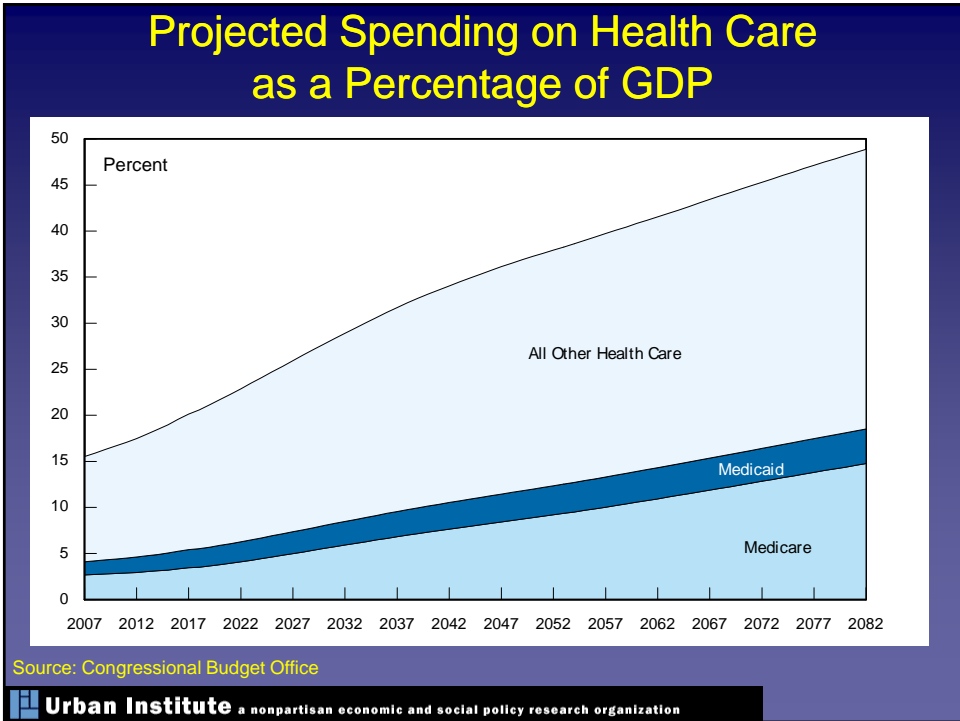
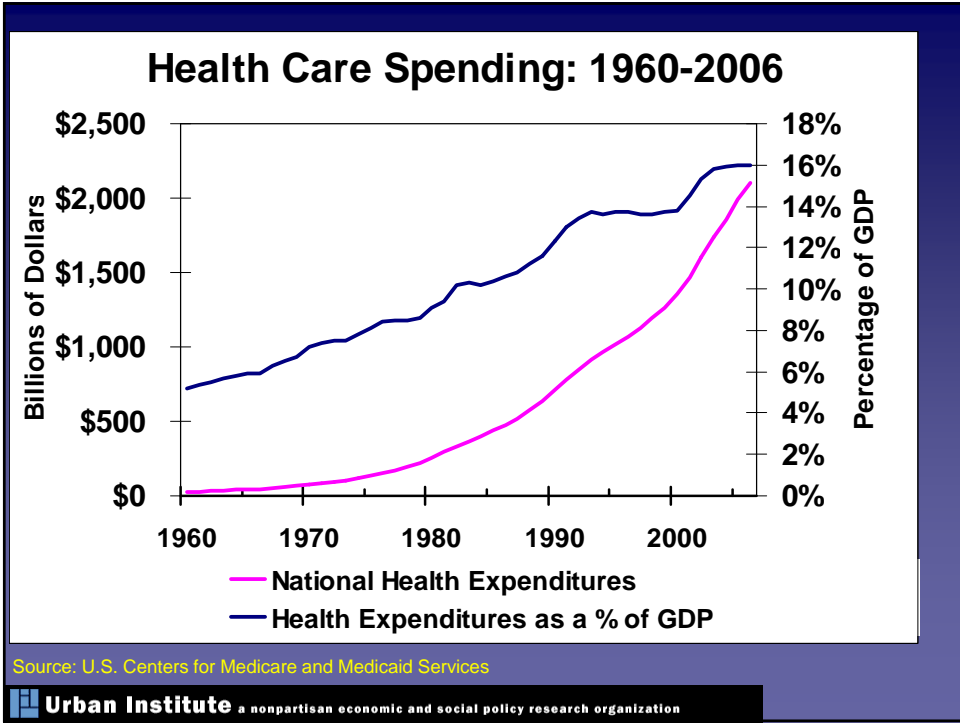
Iraq	Health Care	Immigration	Economy	Gas Prices	Taxes
35%	<u>30%</u>	17%	21%	7%	10%

What health issue would you most like to hear the 2008 presidential candidates talk about? ...

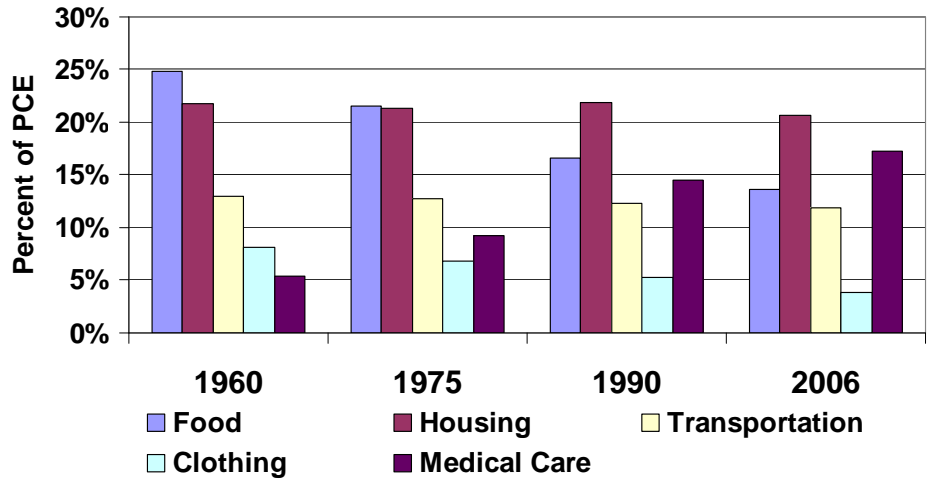
Coverage of the uninsured	31%
Health care costs	41%
Quality of Care	14%
Reducing government spending on health	8%

Source: The Kaiser Health Tracking Poll: Election 2008

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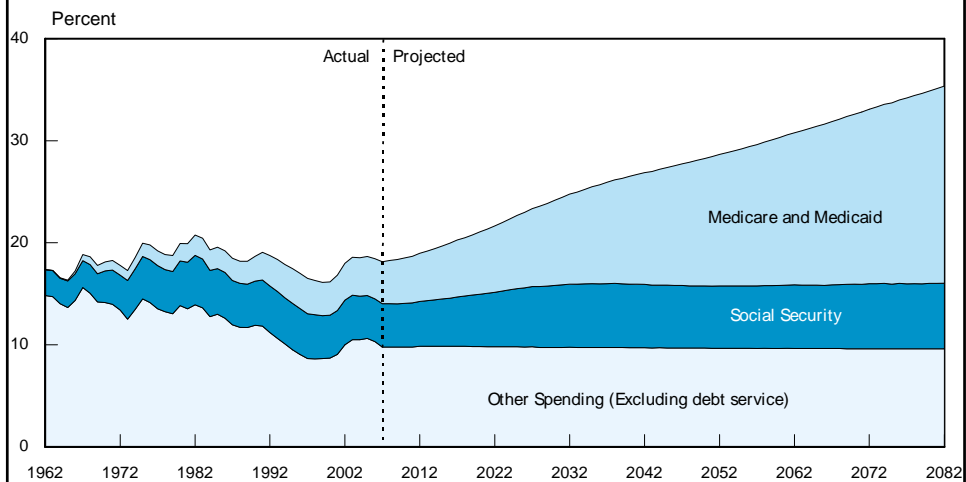
### Personal Consumption Expenditures: 1960-2006



Source: U.S. Bureau of Economic Analysis

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### Federal Spending Under CBO's Alternative Fiscal Scenario: Percentage of GDP



Source: Congressional Budget Office

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## Obstacles to Health Reform

- ◆ Multi Dimensional
- ◆ Economic Interests
- ◆ Geographic Variation
- ◆ Information Gaps
- ◆ Competing Priorities

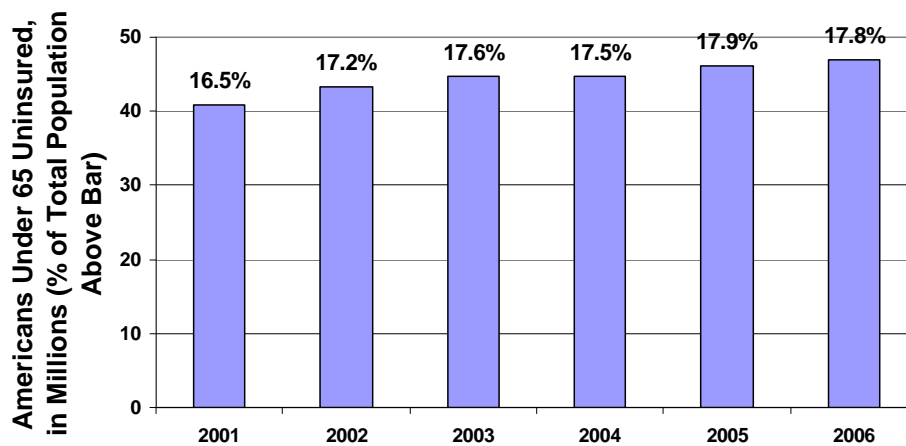
## The Three Objectives of Fundamental Health Reform

- ◆ Access: expanding coverage for the uninsured and underinsured
- ◆ Cost: moderating the growth in health care costs
- ◆ Quality: ensuring clinically effective, patient-centered care efficiently delivered.



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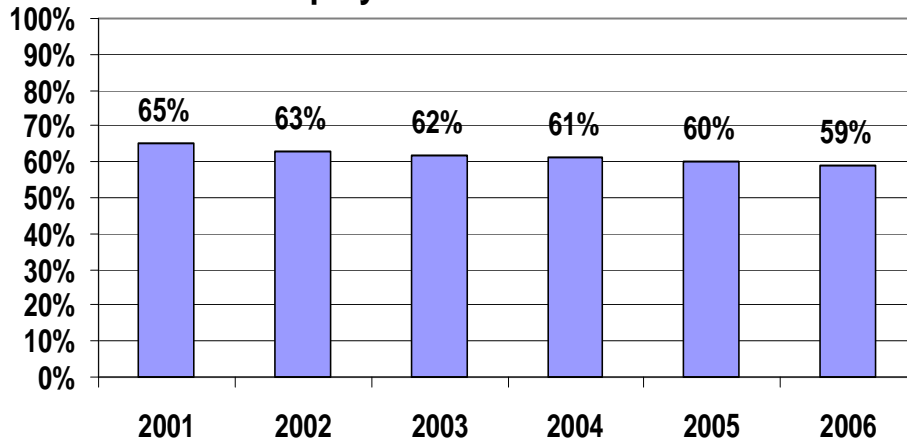
**The Number and Share of Americans Under 65 who are Uninsured**



Source: Census Bureau, March CPS

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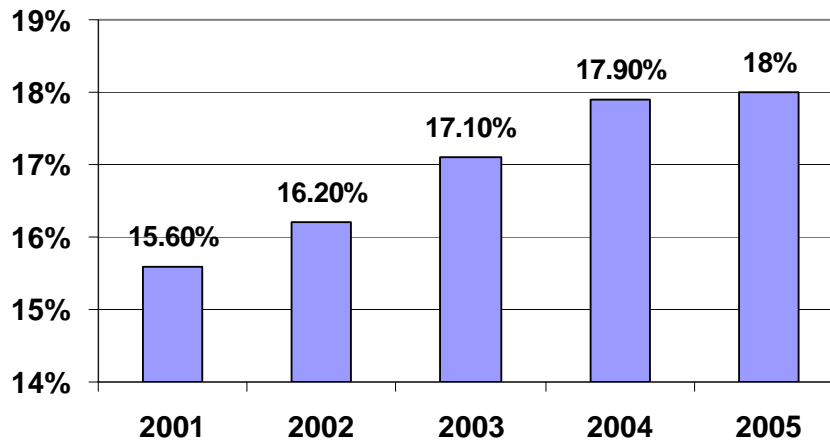
### Percentage of all Workers Covered by Employer Health Benefits



Source: Employer Health Benefits 2006 Annual Survey

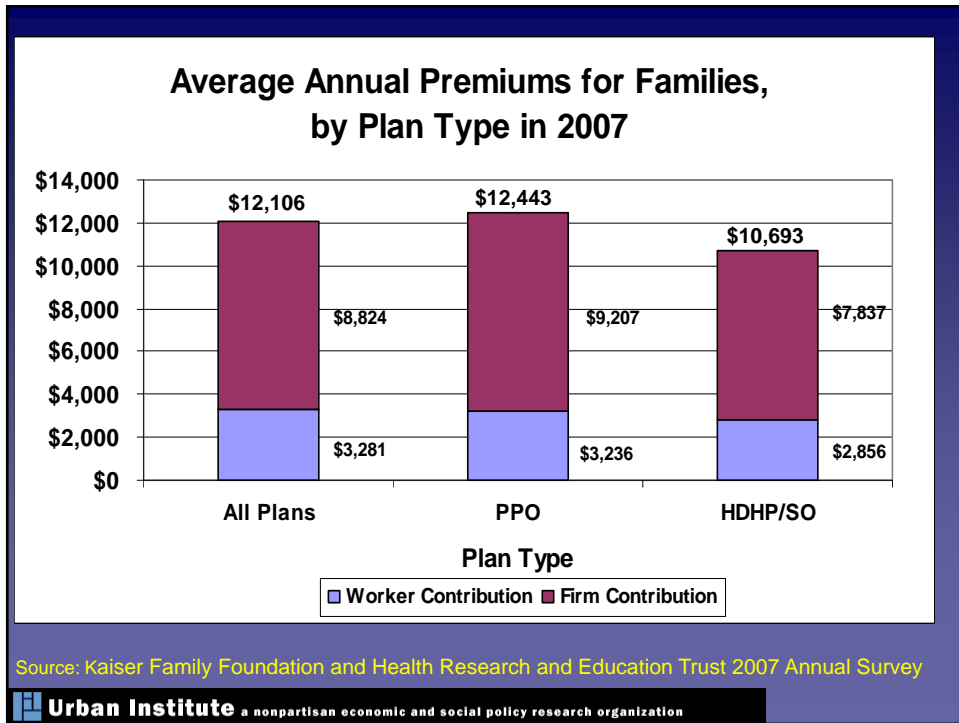
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### Share of Americans Under 65 with Government Coverage

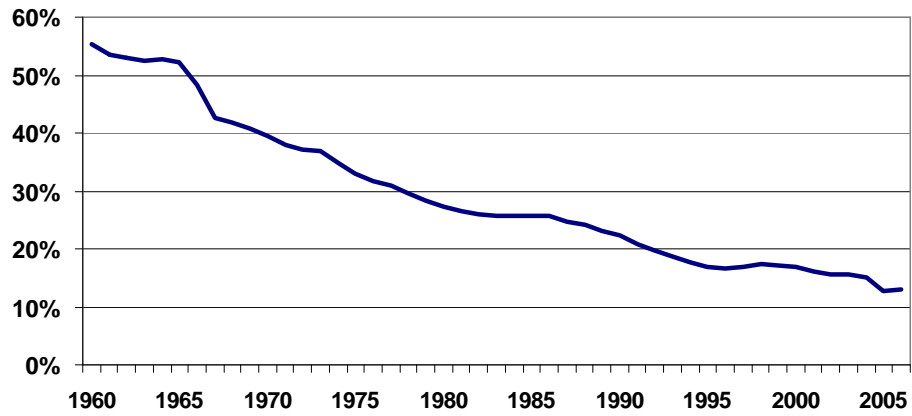


Source: Employer Health Benefits 2006 Annual Survey

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## Out of Pocket Spending as a Share of Personal Health Care Spending



Source: *Health Affairs*

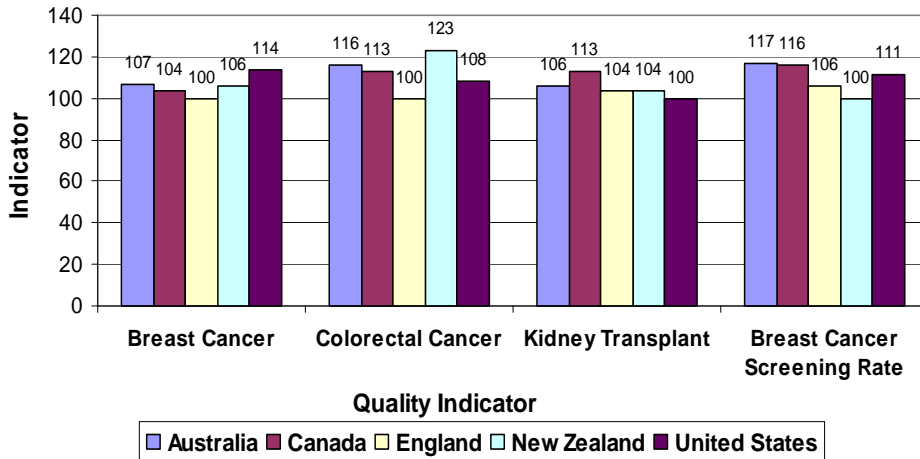
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## Quality???



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### Standardized Performance on Quality Indicators in Five Countries

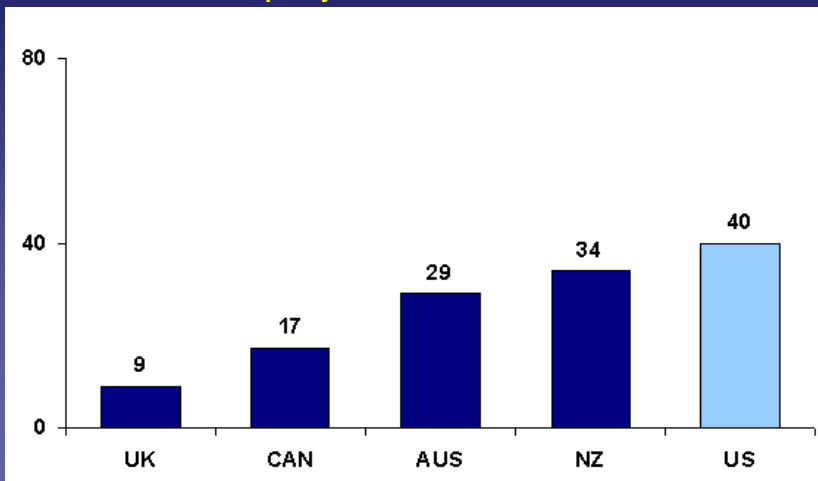


Source: Hussey, et al. (2004). "How Does the Quality of Care Compare in Five Countries". *Health Affairs*. 23(3)

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### Access Problems Because of Costs in Five Countries, Total and by Income, 2004

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



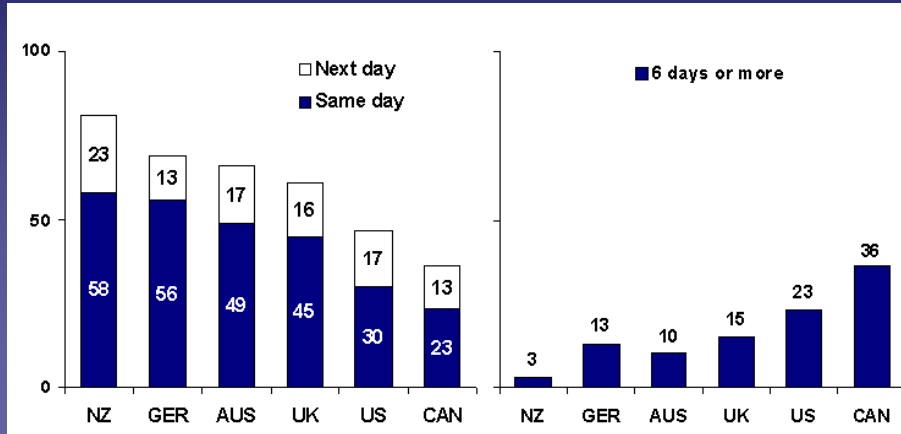
Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2006.

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## Waiting Time to See Doctor When Sick or Need Medical Attention, Sicker Adults in Six Countries, 2005

Last time you were sick or needed medical attention, how quickly could you get an appointment to see a doctor?

Percent of adults

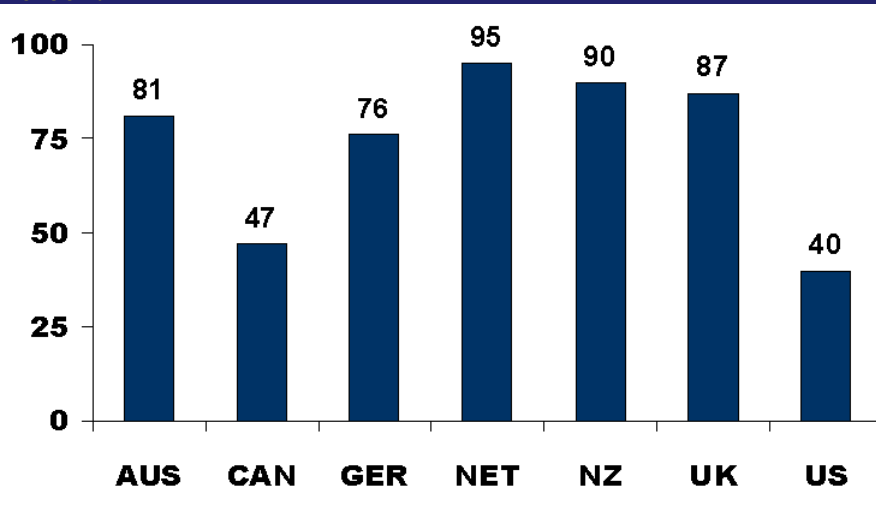


Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2006.

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## Practice Has Arrangement for After-Hours Care to See Nurse/Doctor

Percent

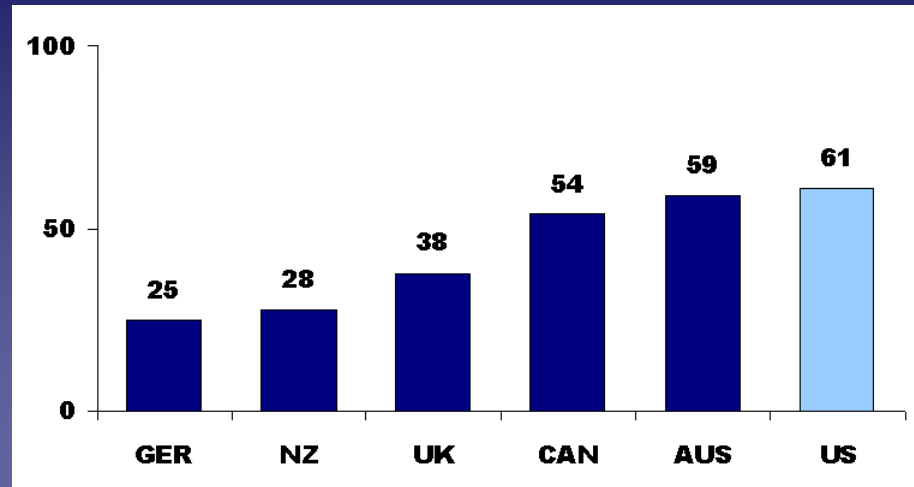


Source: 2006 Commonwealth Fund International Health Policy Survey of Primary Care Physicians

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## Difficulty Getting Care on Nights, Weekends, Holidays Without Going to the ER, Among Sicker Adults in Six Countries, 2005

Percent of adults who sought care reporting "very" or "somewhat" difficult

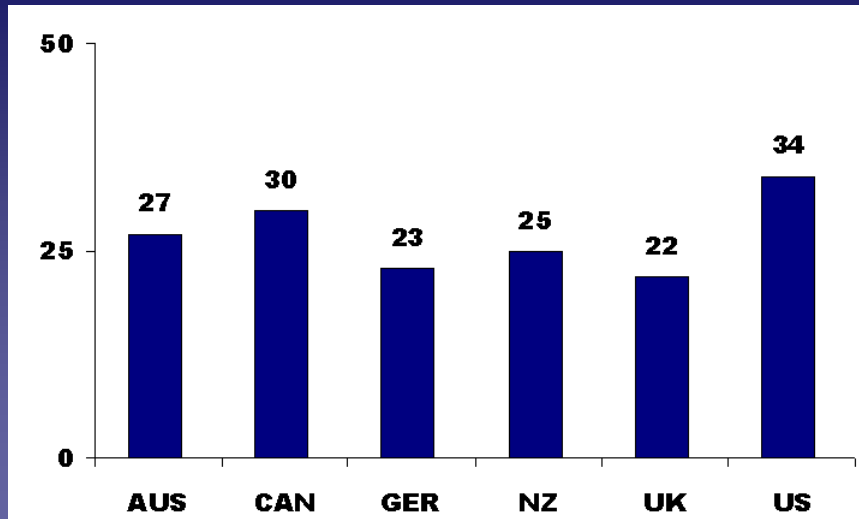


Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2006.

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## Any Error: Medical Mistake, Medication Error or Test Error in Past 2 Years

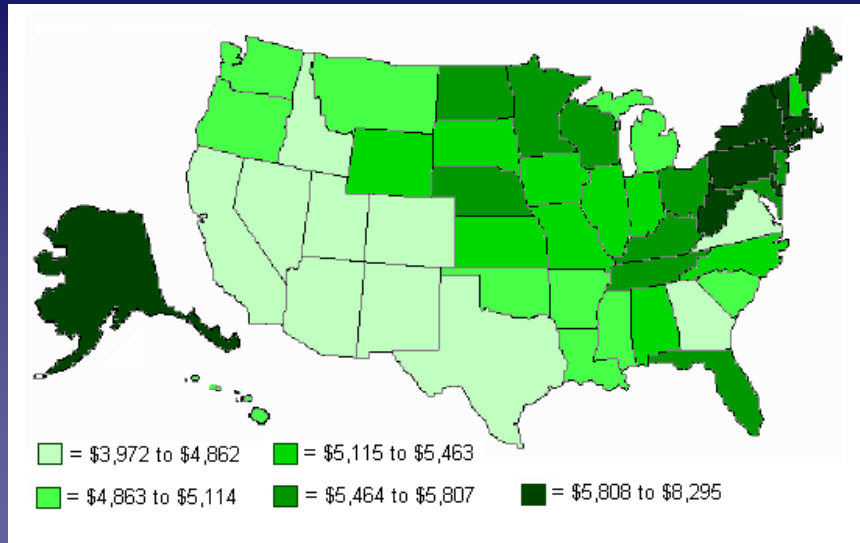
Percent



Source: 2005 Commonwealth Fund International Health Policy Survey of Sicker Adults

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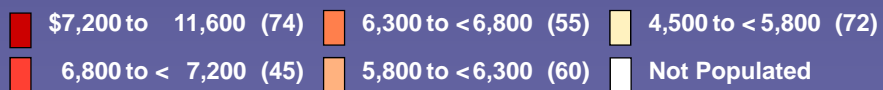
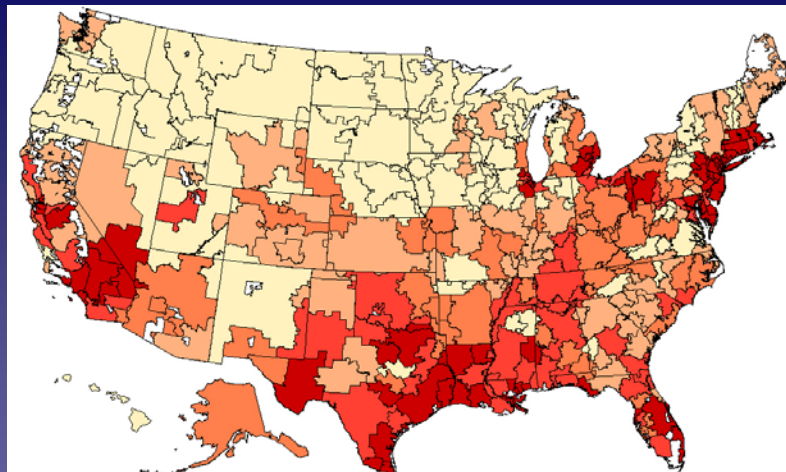
## Per Capita Health Expenditures, by State, in 2004



Source: Martin, Whittle, Heffler, Barron, Sisko, and Washington. "Health Spending by State of Residence, 1991-2004", in *Health Affairs*: September, 2007

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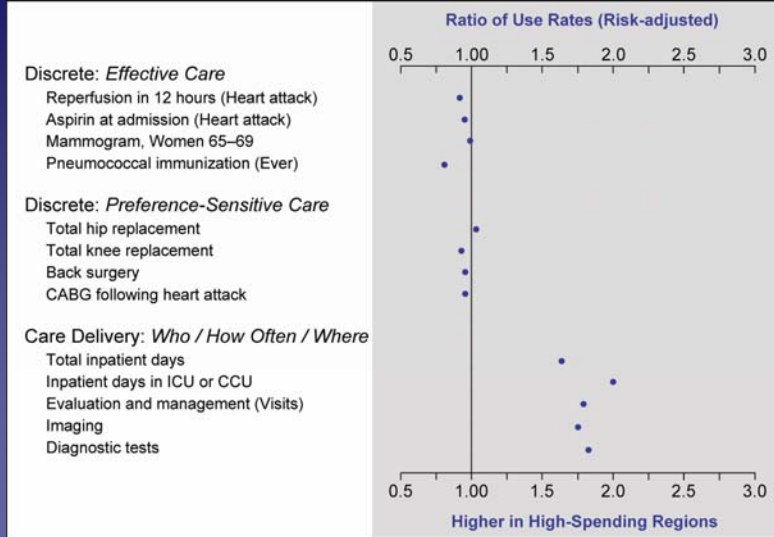
## Medicare Spending Per Beneficiary in 2003



Source: Originally from Dartmouth Atlas of Health Care. Obtained from Congressional Budget Office slide.

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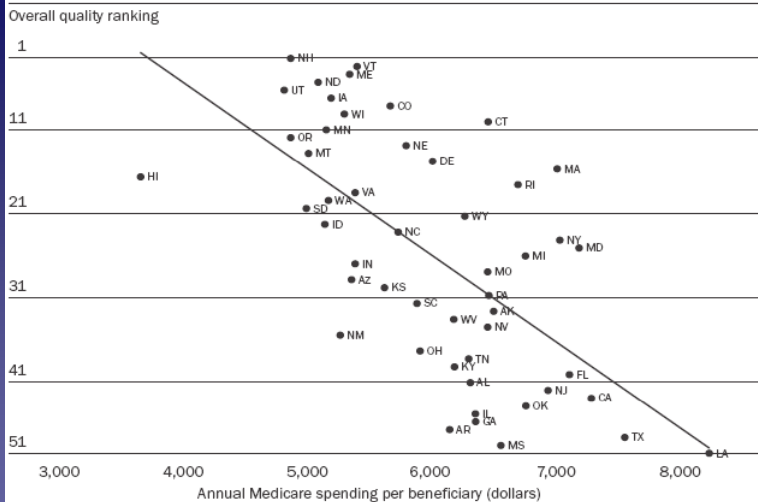
# What Additional Services Are Provided in High-Spending Regions?



Source: Congressional Budget Office

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**EXHIBIT 1**  
 Relationship Between Quality And Medicare Spending, As Expressed By Overall Quality Ranking, 2000-2001

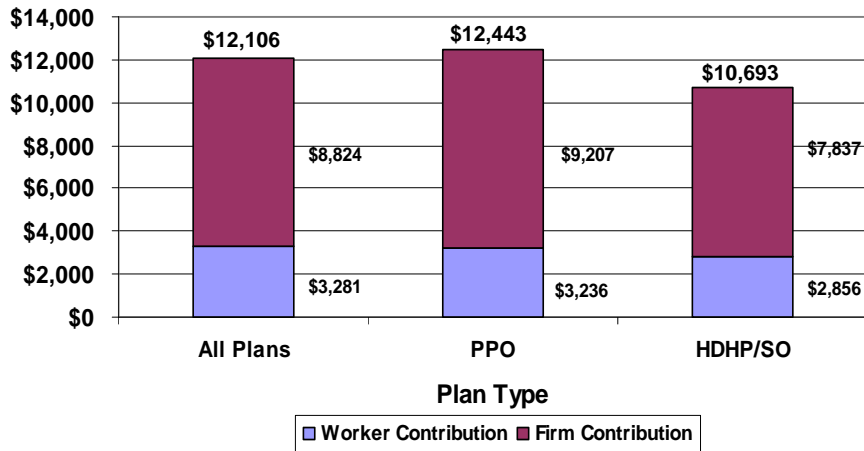


SOURCES: Medicare claims data; and S.F. Jencks et al., "Change in the Quality of Care Delivered to Medicare Beneficiaries, 1998-1999 to 2000-2001," *Journal of the American Medical Association* 289, no. 3 (2003): 305-312.  
 NOTE: For quality ranking, smaller values equal higher quality.

Source: Kate Baker, *Health Affairs*

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### Average Annual Premiums for Families, by Plan Type in 2007



Source: Kaiser Family Foundation and Health Research and Education Trust 2007 Annual Survey

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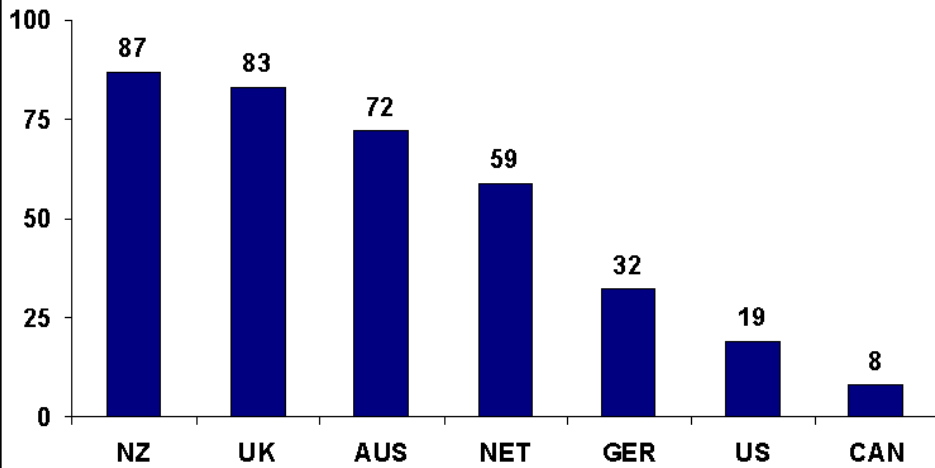
**“As much as 30 percent of the care given today is ineffective, redundant or inappropriate...”**

**Scott Serota  
President, Blue Cross and  
Blue Shield Association**

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## Primary Care Practices with Advanced Information Capacity

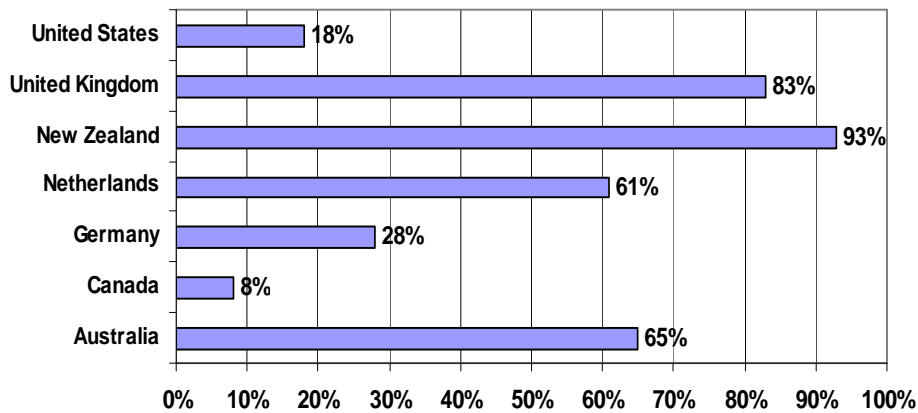
Percent reporting 7 or more out of 14 functions



Source: 2006 Commonwealth Fund International Health Policy Survey of Primary Care Physicians

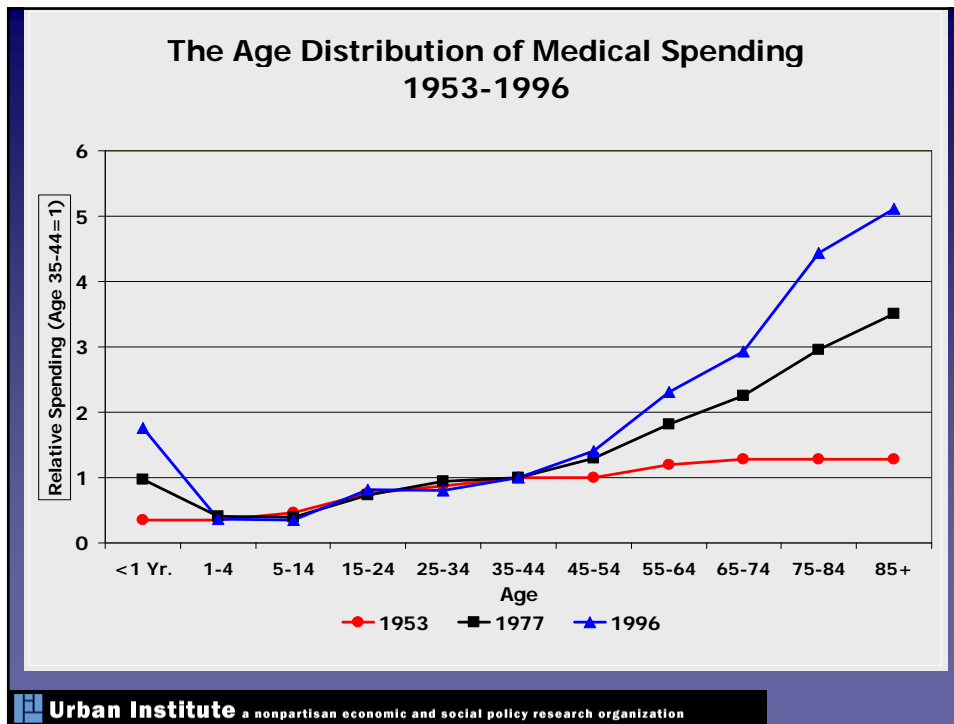
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## Patients Routinely Sent Reminder Notices for Preventative or Follow-Up Care



Source: 2006 Commonwealth Fund International Health Policy Survey of Primary Care Physicians

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- ## A Stealth Federal Health Reform Agenda
- ◆ IT
  - ◆ New Tax Treatment/Incentives
  - ◆ Care Coordination/Chronic Care Management/Disease Management
  - ◆ P4P
  - ◆ Payment Reform (Bundling/Episode Based)
  - ◆ Comparative Effectiveness
  - ◆ S-CHIP/State-based Access Incentives
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