

# **Overview of U.S. Healthcare**

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## **AGENDA**

- **Definitions**
- **Payment Methodologies**
- **National Costs**
- **Health Cost Comparisons**
- **Health Reform Impact**
- **What you can do**

## **DEFINITIONS - MEDICARE**

**Medicare – a national social insurance program that provides access to health insurance to those 65 and older and younger people with disabilities and ESRD.**

## **DEFINITIONS - MEDICAID**

**Medicaid – a health program for people and families with low income jointly funded by state and federal governments and managed by the states.**

## **DEFINITIONS – MANAGED CARE**

**Managed Care – initially the term was used to differentiate between traditional fee-for-services and plans that incorporated techniques to reduce unnecessary healthcare costs. Currently used interchangeably with fee-for-service.**

## **PAYMENT METHODOLOGIES**

**Charges: The provider's usual and customary fee for a given service.**

**% of Charges: A discount off of charges.**

## **PAYMENT METHODOLOGIES**

**Fee Schedule:** A payor established schedule of their payments to providers typically based on a CPT or ICD-9 code.

## **PAYMENT METHODOLOGIES**

**Per Diem:** A daily rate paid by the payor to the provider for all services provided to the patient. Typically used for hospital payments.

## **PAYMENT METHODOLOGIES**

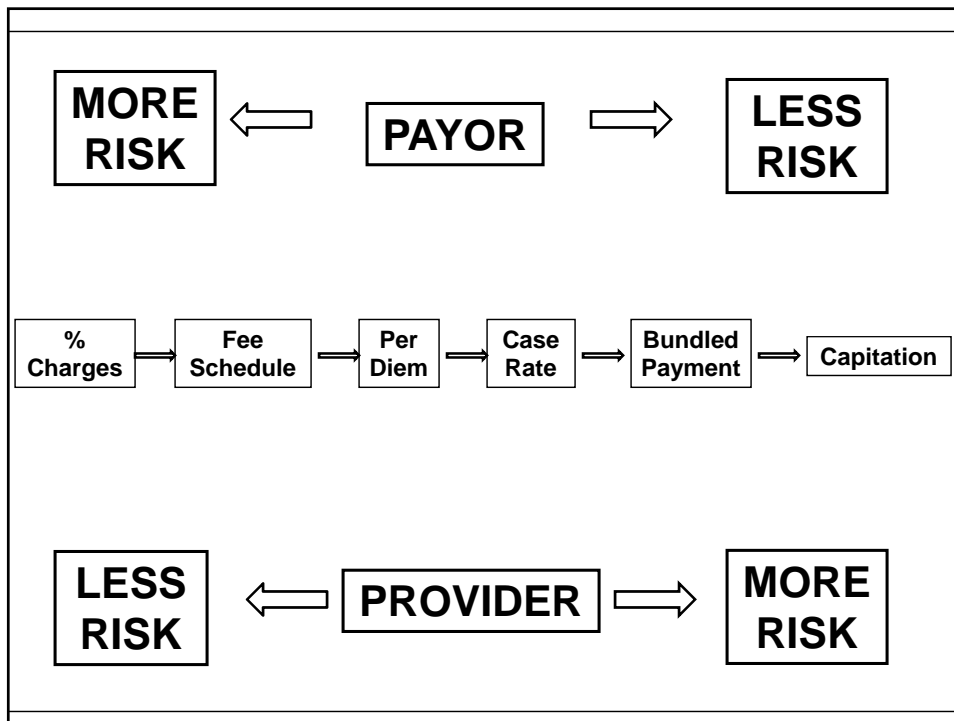
**Case Rate:** A flat payment amount that covers all care provided to a patient for a given episode of care. Typically used for physician payments for surgical procedures or deliveries and for hospital payments. A DRG (Diagnosis Related Group) payment is a Case Rate.

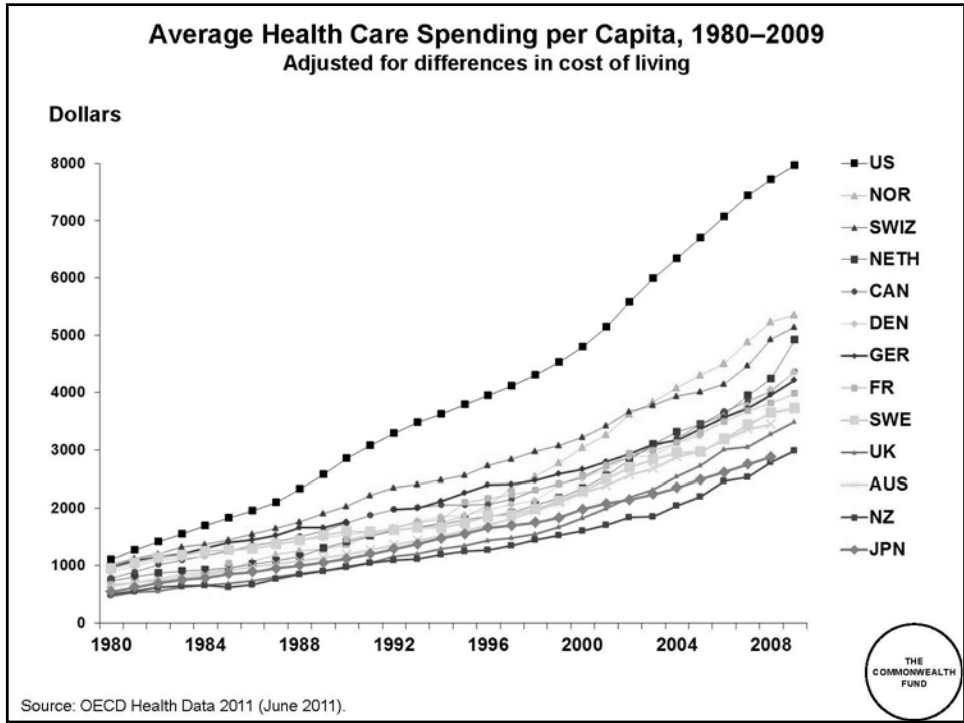
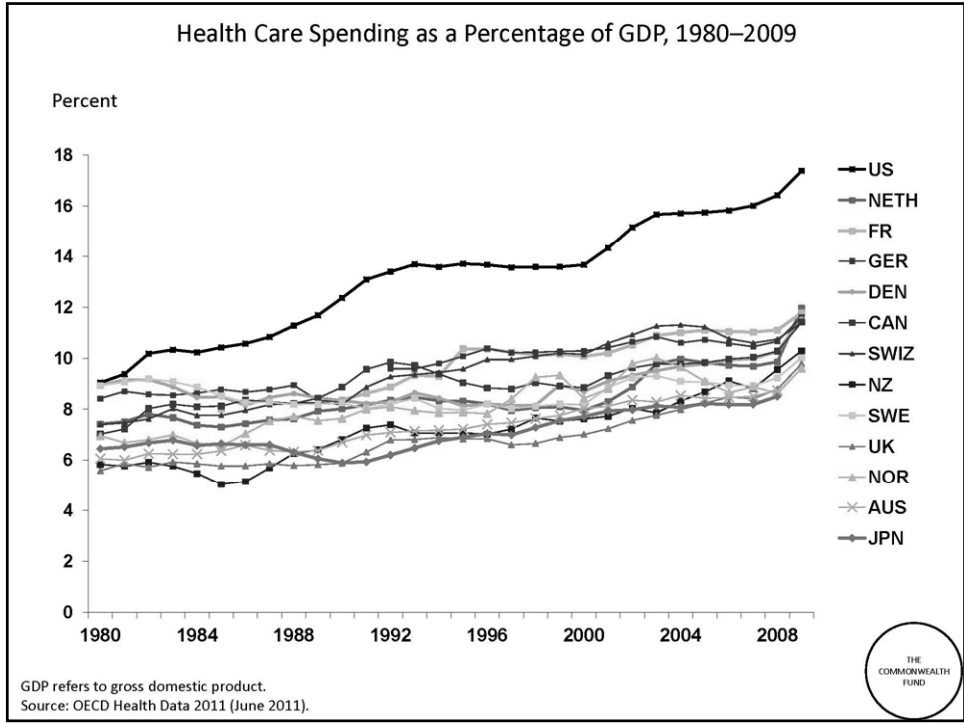
## **PAYMENT METHODOLOGIES**

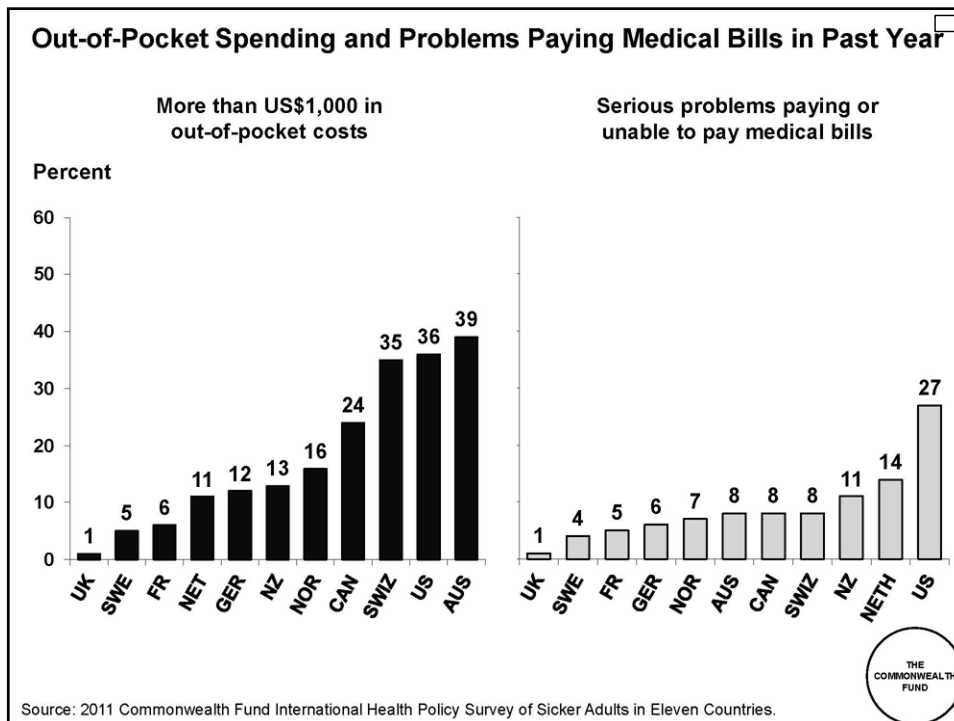
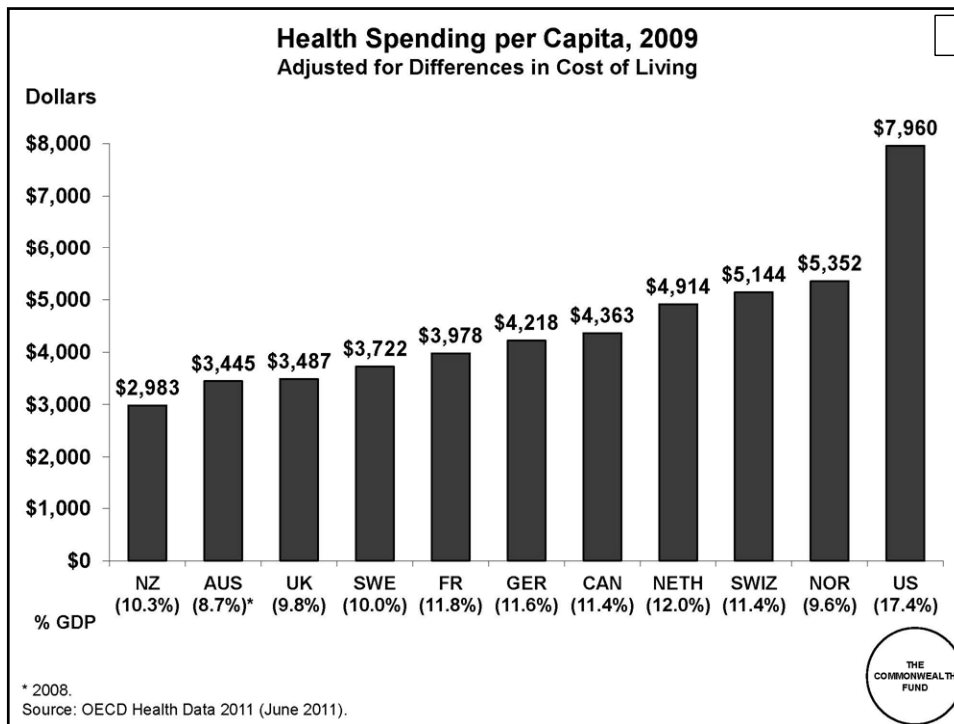
**Bundled Payment:** The combining of physician and hospital payments for a given procedure or diagnosis into one overall payment. Typically offered to the hospital to administer the distribution of payments between physicians involved in the patient's care and the hospital itself.

# PAYMENT METHODOLOGIES

**Capitation: The payment of an overall fee to the provider for the provisions of all (or a subset of) healthcare services to a given person for a given period of time.**




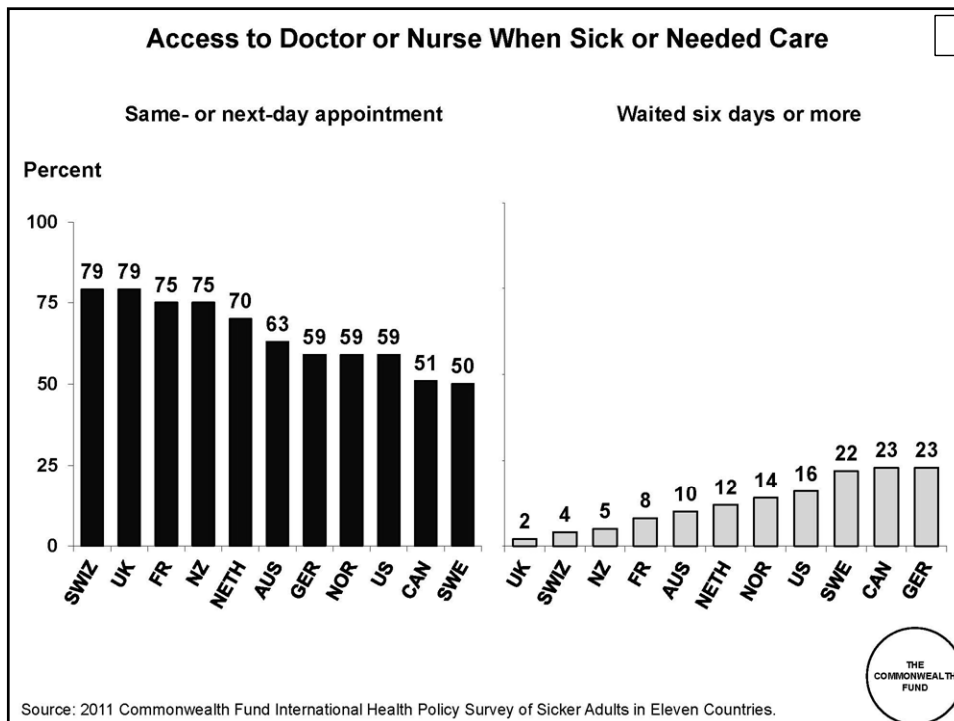







| Cost-Related Access Problems in the Past Year  |     |     |    |     |      |    |     |     |      |    |    |
|--|-----|-----|----|-----|------|----|-----|-----|------|----|----|
| Percent  | AUS | CAN | FR | GER | NETH | NZ | NOR | SWE | SWIZ | UK | US |
| Did not fill prescription or skipped doses     | 16  | 15  | 11 | 14  | 8    | 12 | 7   | 7   | 9    | 4  | 30 |
| Had a medical problem but did not visit doctor | 17  | 7   | 10 | 12  | 7    | 18 | 8   | 6   | 11   | 7  | 29 |
| Skipped test, treatment, or follow-up          | 19  | 7   | 9  | 13  | 8    | 15 | 7   | 4   | 11   | 4  | 31 |
| Yes to at least one of the above               | 30  | 20  | 19 | 22  | 15   | 26 | 14  | 11  | 18   | 11 | 42 |

Source: 2011 Commonwealth Fund International Health Policy Survey of Sicker Adults in Eleven Countries.


| Coordination Problems in the Past Two Years   |     |     |    |     |      |    |     |     |      |    |    |
|---|-----|-----|----|-----|------|----|-----|-----|------|----|----|
| Percent   | AUS | CAN | FR | GER | NETH | NZ | NOR | SWE | SWIZ | UK | US |
| Test results/<br>records not<br>available at<br>appointment<br><u>and/or</u> duplicate<br>tests ordered                                     | 19  | 25  | 20 | 16  | 18   | 15 | 22  | 16  | 11   | 13 | 27 |
| Providers failed to<br>share important<br>information with<br>each other  | 12  | 14  | 13 | 23  | 15   | 12 | 19  | 18  | 10   | 7  | 17 |
| Specialist did not<br>have information<br>about medical<br>history <u>and/or</u><br>regular doctor not<br>informed about<br>specialist care | 19  | 18  | 37 | 35  | 17   | 12 | 25  | 20  | 9    | 6  | 18 |

Source: 2011 Commonwealth Fund International Health Policy Survey of Sicker Adults in Eleven Countries.




| Medical, Medication, or Lab Test Errors in Past Two Years |     |     |    |     |      |    |     |     |      |    |    |
|---|-----|-----|----|-----|------|----|-----|-----|------|----|----|
| Percent reported:   | AUS | CAN | FR | GER | NETH | NZ | NOR | SWE | SWIZ | UK | US |
| Wrong medication<br>or dose                               | 4   | 5   | 6  | 8   | 6    | 7  | 8   | 5   | 2    | 2  | 8  |
| Medical mistake in<br>treatment                           | 10  | 11  | 6  | 8   | 11   | 13 | 17  | 11  | 4    | 4  | 11 |
| Incorrect<br>diagnostic/<br>lab test results*             | 4   | 5   | 3  | 2   | 6    | 5  | 4   | 3   | 3    | 2  | 5  |
| Delays in<br>abnormal<br>test results*                    | 7   | 11  | 3  | 5   | 5    | 8  | 10  | 9   | 5    | 4  | 10 |
| <i>Any medical,<br/>medication, or<br/>lab errors</i>     | 19  | 21  | 13 | 16  | 20   | 22 | 25  | 20  | 9    | 8  | 22 |

\* Base: Had blood test, x-rays, or other tests in past two years.  
Source: 2011 Commonwealth Fund International Health Policy Survey of Sicker Adults in Eleven Countries.



| <b>Doctor–Patient Relationship and Communication</b>                                    |     |     |    |     |      |    |     |     |      |    |    |
|---|-----|-----|----|-----|------|----|-----|-----|------|----|----|
| Percent reported regular doctor always/often:   | AUS | CAN | FR | GER | NETH | NZ | NOR | SWE | SWIZ | UK | US |
| Spends enough time with you   | 85  | 77  | 82 | 86  | 87   | 87 | 71  | 70  | 88   | 87 | 81 |
| Encourages you to ask questions and explains things in a way that is easy to understand | 69  | 59  | 53 | 64  | 54   | 67 | 31  | 41  | 77   | 77 | 71 |
| <i>Always/often to both</i>   | 66  | 54  | 50 | 61  | 52   | 65 | 27  | 37  | 73   | 72 | 65 |

Base: Has a regular doctor/place of care.  
Source: 2011 Commonwealth Fund International Health Policy Survey of Sicker Adults in Eleven Countries.



## HEALTH REFORM

**Three key areas:**

- Increased Access**
- Cost Reduction**
- Quality Improvement**

## **HEALTH REFORM**

### **Increased Access:**

- ✓ **Coverage of Preventative Services Mandated – 2010**
- ✓ **Increased Medicaid Payments to PCP – 2013**
- ✓ **Individual Mandate/Employee Fines – 2014**
- ✓ **Medicaid Expansion to 133% Poverty Level – 2014**
- ✓ **State Insurance Exchanges - 2014**

## **HEALTH REFORM**

### **Increased Access:**

**CBG predicts on January 1, 2014:**

- ✓ **10 Million New Medicaid Enrollees**
- ✓ **8 Million Newly Insured Through Insurance Exchanges**

## **HEALTH REFORM**

### **Cost Reductions:**

✓ **Hospital Payment Cuts (.25) - 2010**

✓ **RAC Audits - 2011**

✓ **Bundled Payments/Capitation Pilot Projects – 2011**

## **HEALTH REFORM**

### **Quality Improvements:**

✓ **Hospitals Fined for High Readmission Rates - 2013**

✓ **Hospital Payments Linked to Quality Data - 2013**

## **WHAT CAN I DO?**

### **Physicians Will:**

- **Feel Overwhelmed**
- **Many Will Join or Form Large Physician Groups or Seek Employment From Hospitals**

## **WHAT CAN I DO?**

### **However:**

- **Demand for Physicians, Especially PCPs, Will Be Unprecedented**

**This will create the opportunity for physicians to play a larger role in coordinating their patient's care.**

- **Explore physician extender options**
- **Learn as much as you can on health reform – not the politics – the reality!**