

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

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## **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.**

## **AGENDA**

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

## **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**

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

## **PAYMENT METHODOLOGIES**

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

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

## **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

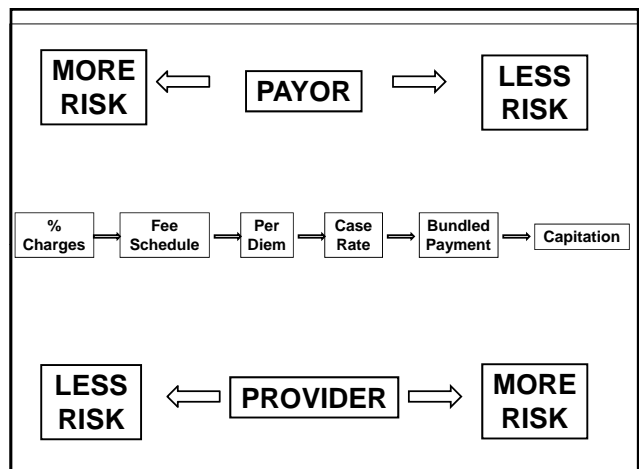
**Case Rate:** A flat payment amount that covers all care provided to a patient for a given episode of care. Typically used for physician payments for surgical procedures or deliveries and for hospital payments. A DRG (Diagnosis Related Group) payment is a Case Rate.

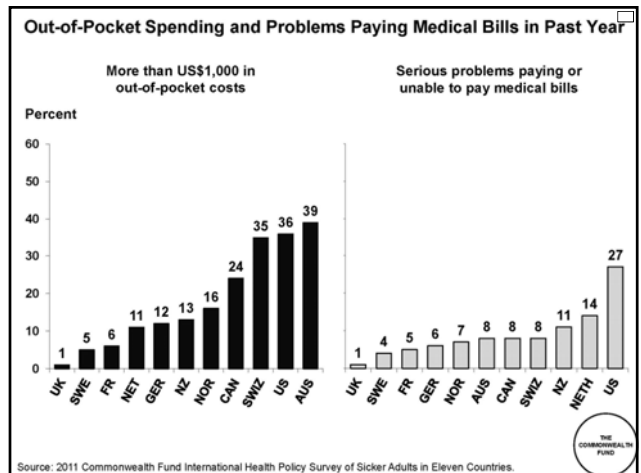
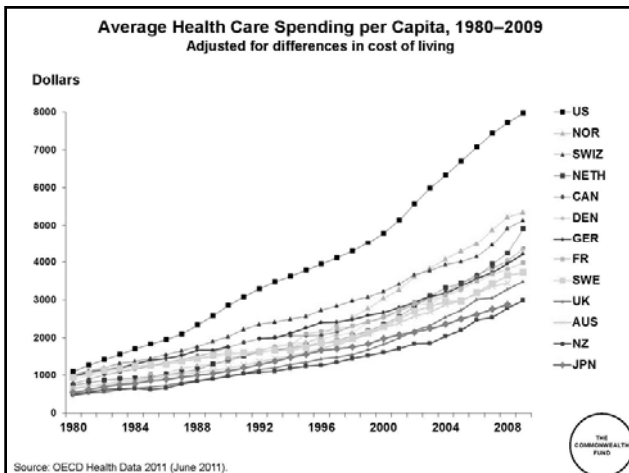
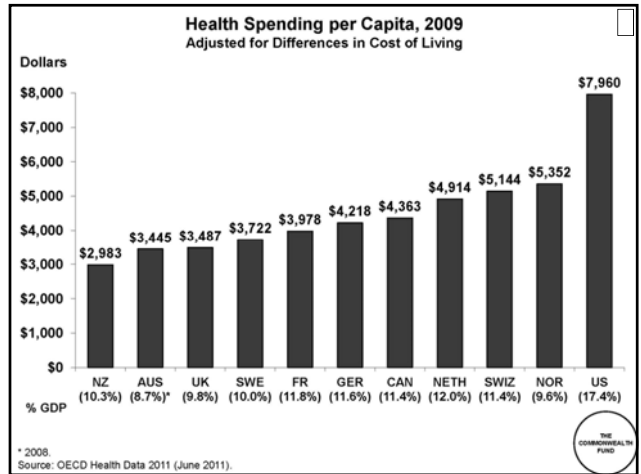
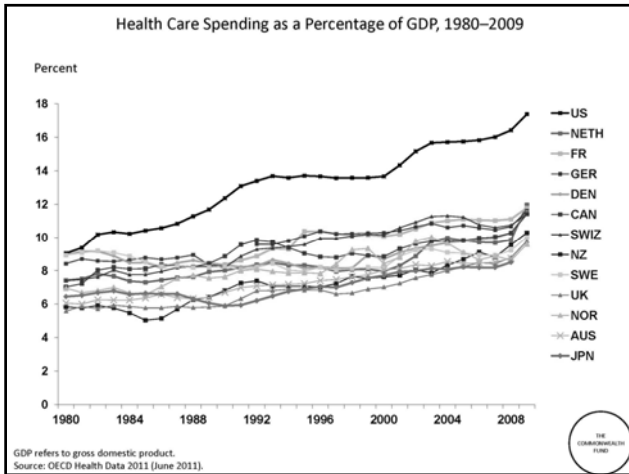
## PAYMENT METHODOLOGIES

**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.

## 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.





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

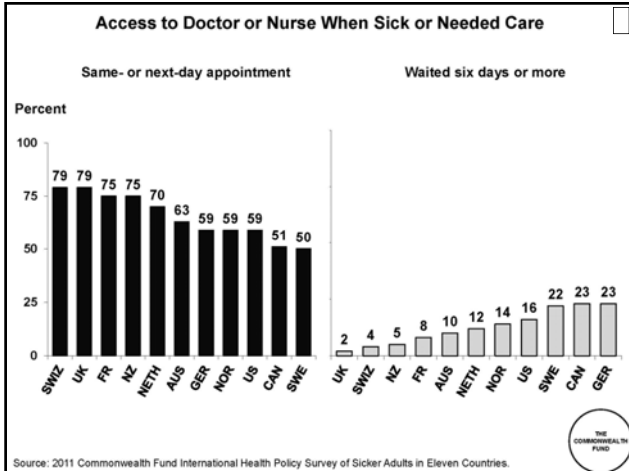
THE COMMONWEALTH FUND

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/ records not available at appointment and/or duplicate tests ordered	19	25	20	16	18	15	22	16	11	13	27
Providers failed to share important information with each other	12	14	13	23	15	12	19	18	10	7	17
Specialist did not have information about medical history and/or regular doctor not informed about specialist care	19	18	37	35	17	12	25	20	9	6	18

THE COMMONWEALTH FUND

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 or dose	4	5	6	8	6	7	8	5	2	2	8
Medical mistake in treatment	10	11	6	8	11	13	17	11	4	4	11
Incorrect diagnostic/ lab test results*	4	5	3	2	6	5	4	3	3	2	5
Delays in abnormal test results*	7	11	3	5	5	8	10	9	5	4	10
Any medical, medication, or lab errors	19	21	13	16	20	22	25	20	9	8	22


\* Base: Had blood test, x-rays, or other tests in past two years.

THE COMMONWEALTH FUND

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

Doctor–Patient Relationship and Communication											
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
Always/often to both	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
- 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
- Three key areas:
- Increased Access
  - Cost Reduction
  - Quality Improvement

- ## 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

## WHAT CAN I DO?

### Physicians Will:

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

## HEALTH REFORM

### Quality Improvements:

- ✓ Hospitals Fined for High Readmission Rates - 2013
- ✓ Hospital Payments Linked to Quality Data - 2013

## 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!