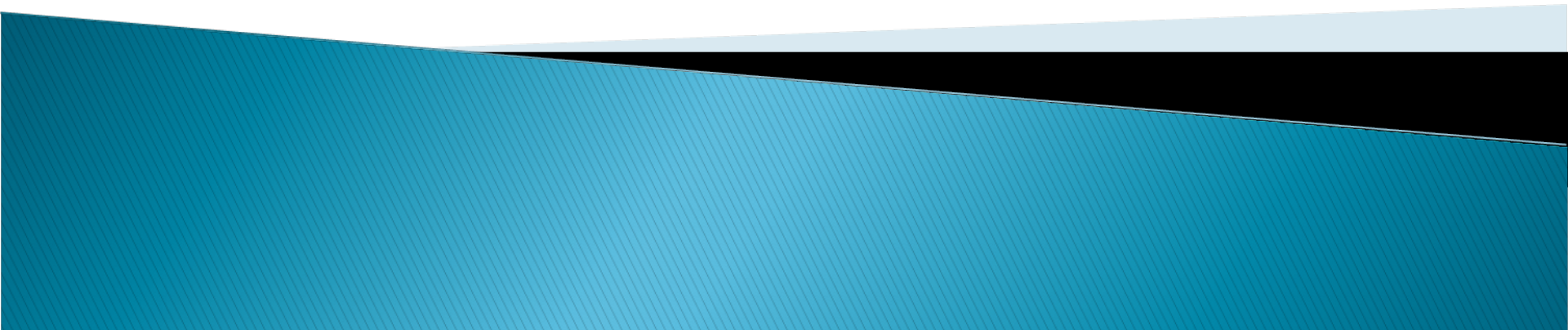


# Single-Payer National Health Plan

Thomas Hubbell, M.D.

Physicians for a National Health Program



# Objectives

Understand:

- ▶ how the cost of US health care compares to other industrialized nations.
- ▶ how the quality of care in the US compares to other industrialized nations.
- ▶ the difference between financial models– capitalistic medicine, socialized medicine, and a national health insurance plan.

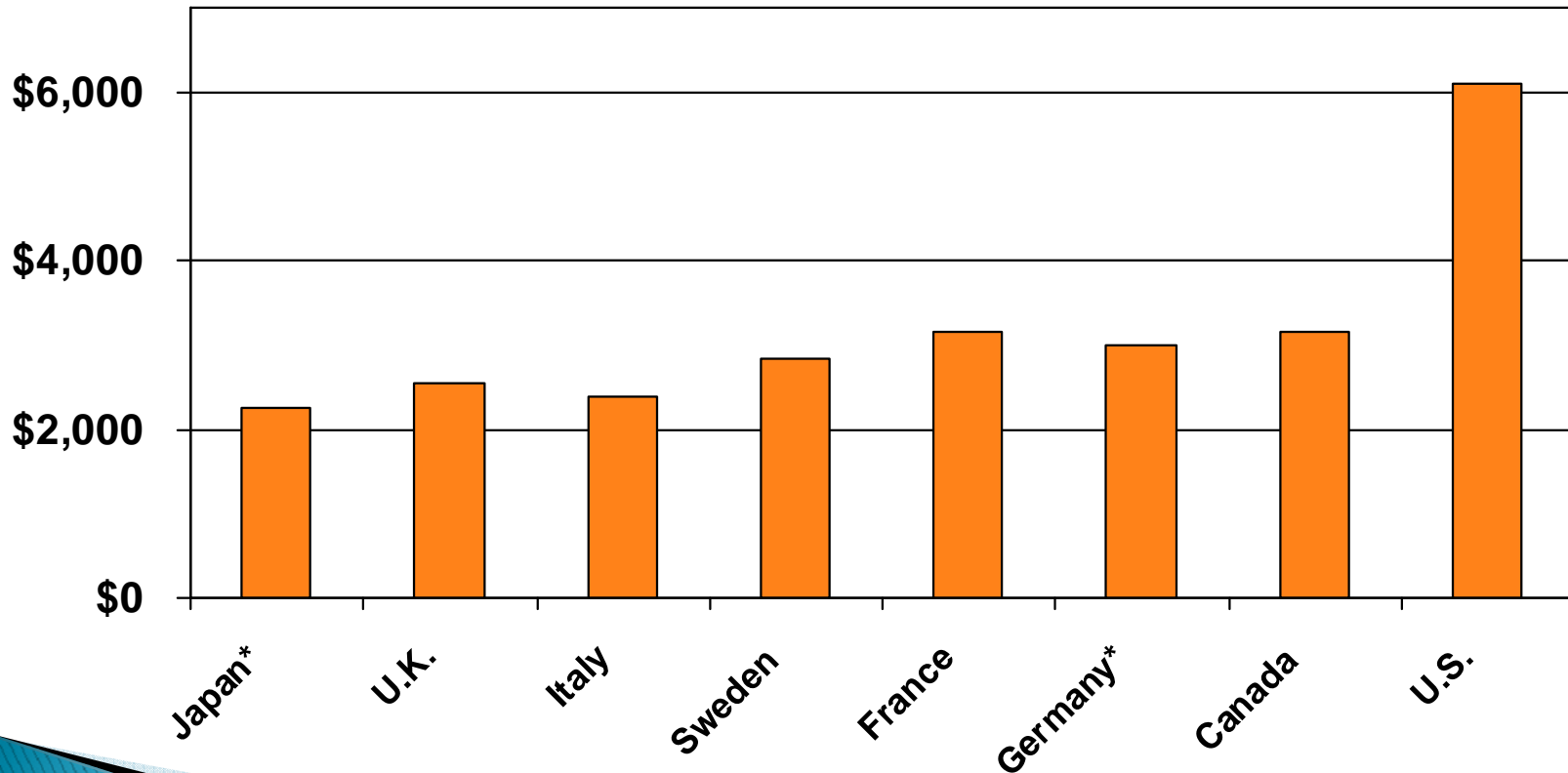
# COST

- Understand how the cost of US health care compares to other industrialized nations:
  - We spend twice as much per capita.
  - We spend most of the money on care for a few people.
  - The corporate model is more expensive than the non-profit model.

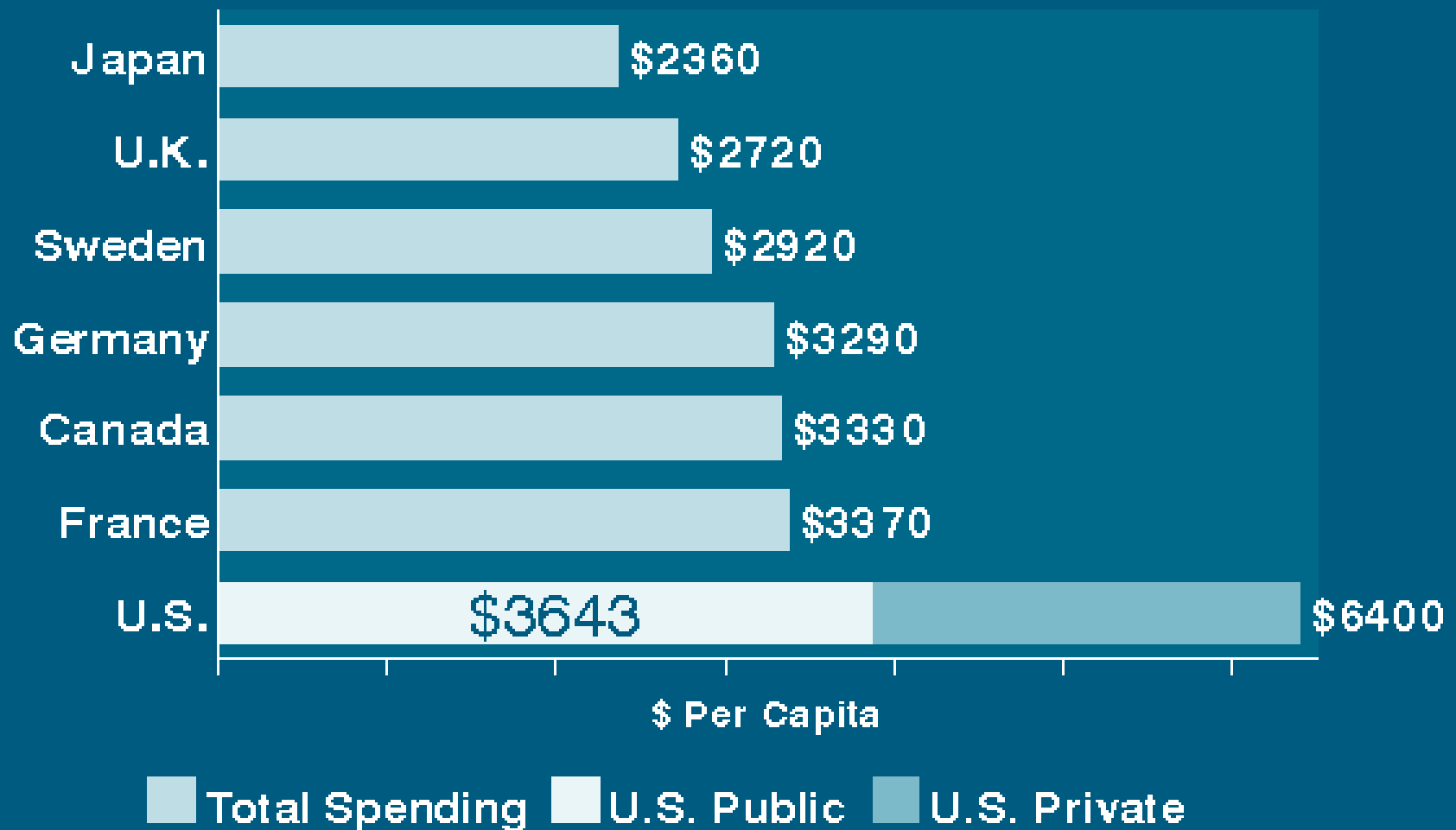
# International Health Spending

**U.S. Public Spending is Greater than Other Nations'  
Public/Private Spending Combined**

**Per Capita Health Spending, 2004**



# U.S. PUBLIC Spending Per Capita for Health is Greater than TOTAL Spending in Other Nations

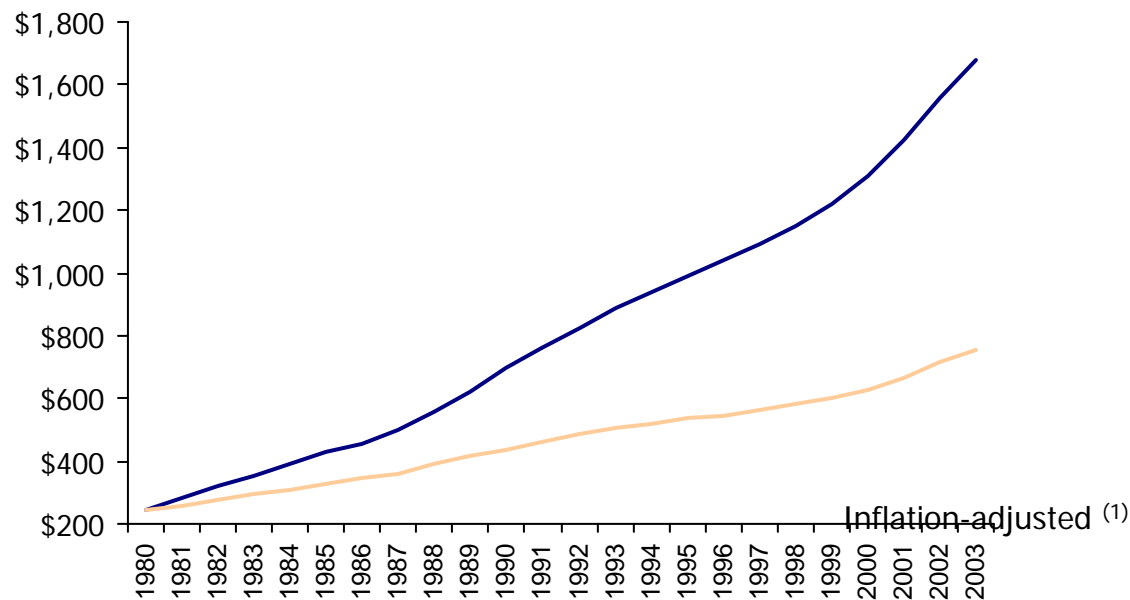


Note: Public includes benefit costs for govt. employees & tax subsidy for private insurance

Source: OECD 2007; Health Aff 2002; 21(4):88 - Data are for 2005

# Costs are rising rapidly...

## National Health Expenditures (in millions) 1980-2003

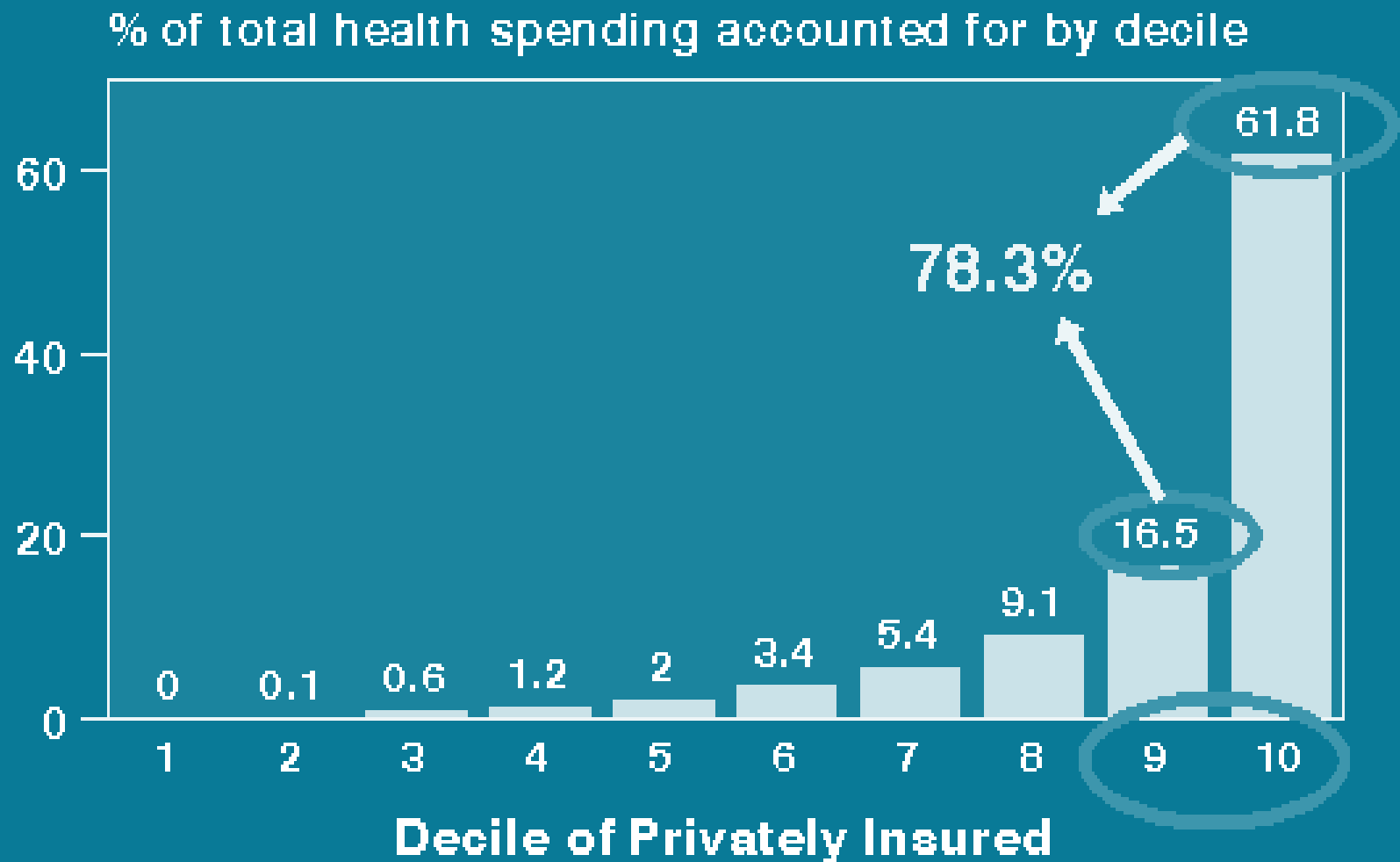


Source: Centers for Medicare & Medicaid Services, Office of the Actuary

(1) Expressed in 1980 dollars; adjusted using the overall Consumer Price Index for Urban Consumers

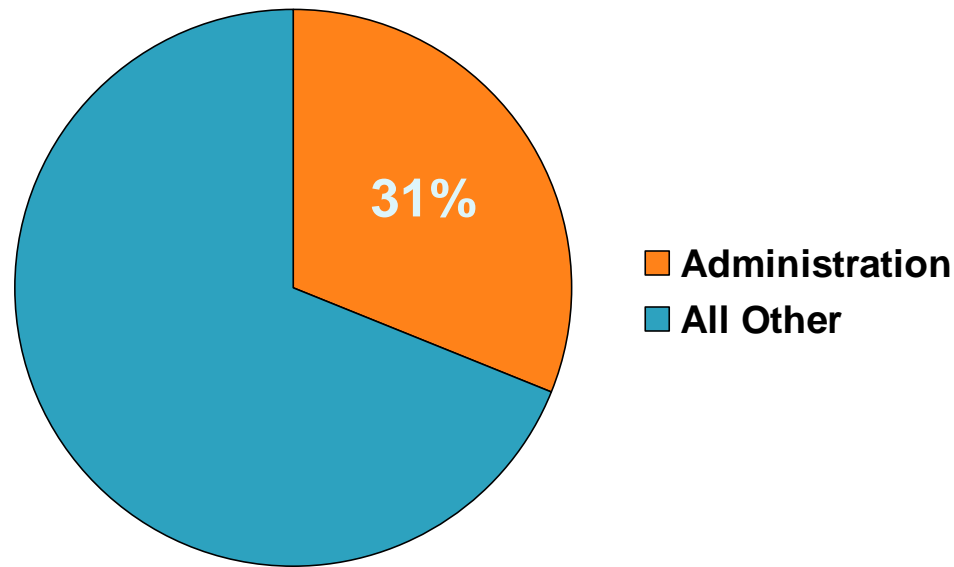
# A Few Sick People Account for Most Health \$s

Percent of total spending for each decile among privately insured Americans, 2001





# One-Third of Health Spending is Consumed by Administration



**Potential Savings: \$350 billion per year**

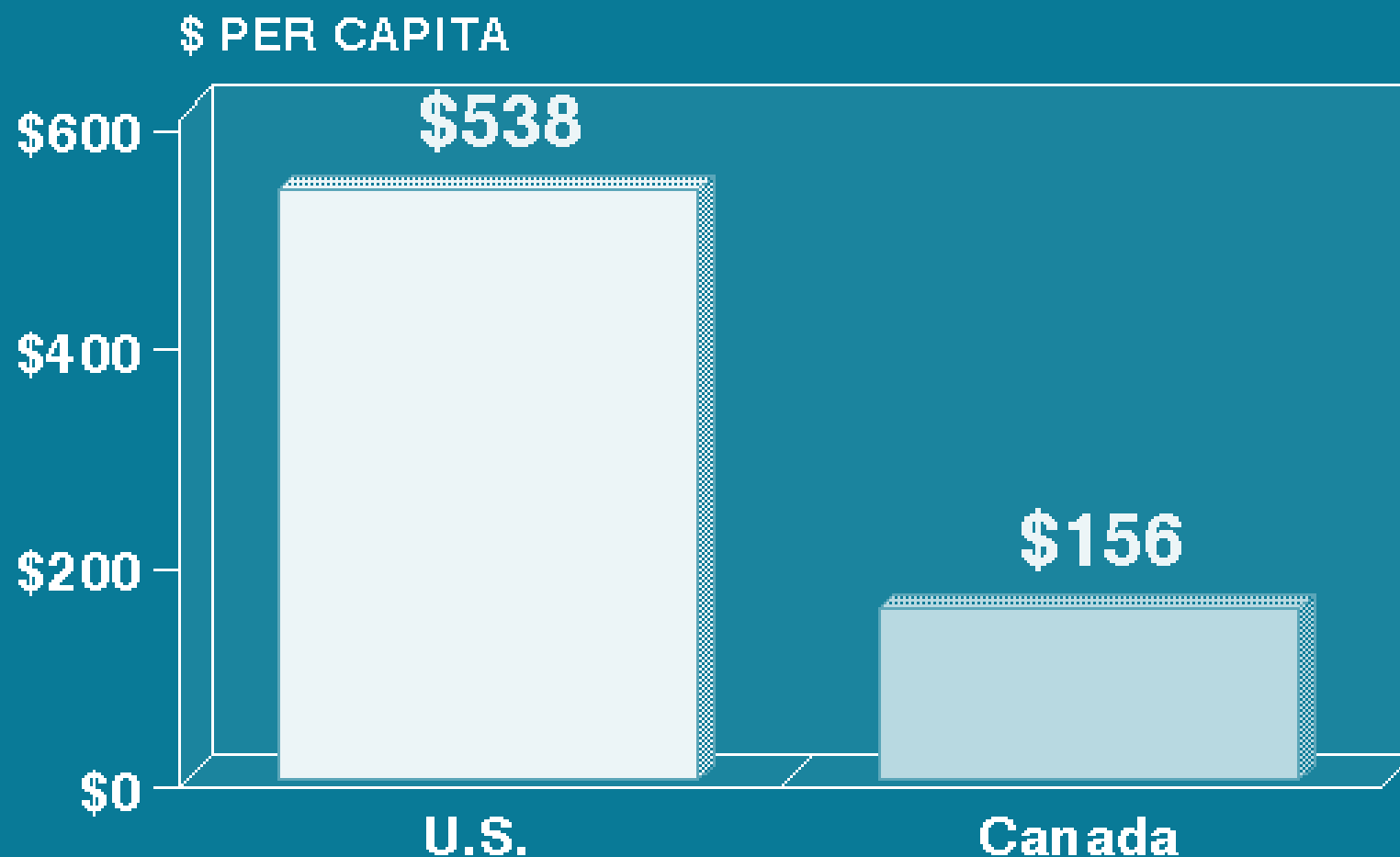
**Enough to Provide Comprehensive Coverage to Everyone**



# Physicians' Billing & Office Expenses

## United States & Canada, 2007

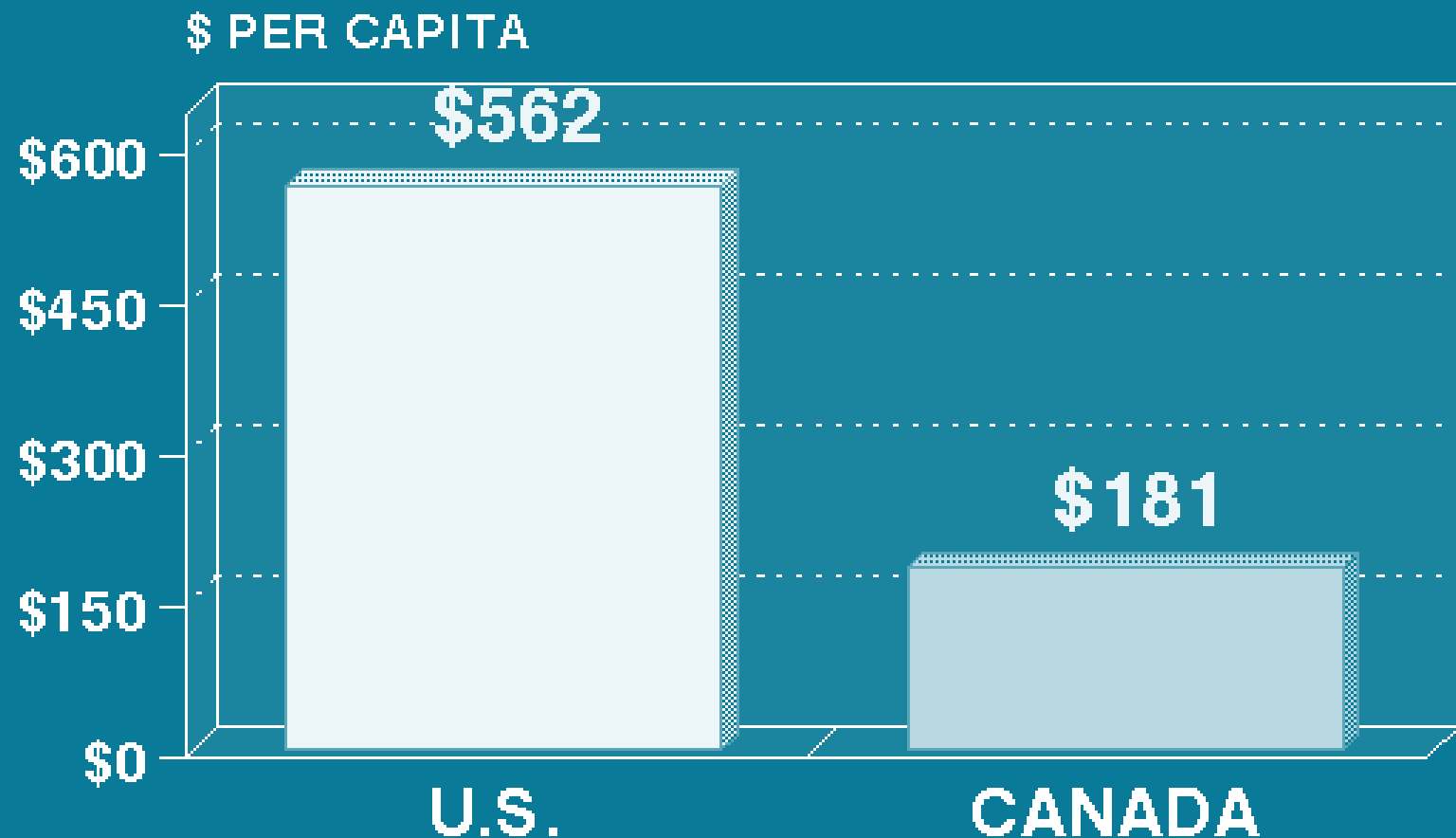
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Source: Woolhandler/Himmelstein/Campbell NEJM 2003;349:768 (updated)

# Hospital Billing & Administration United States & Canada, 2007

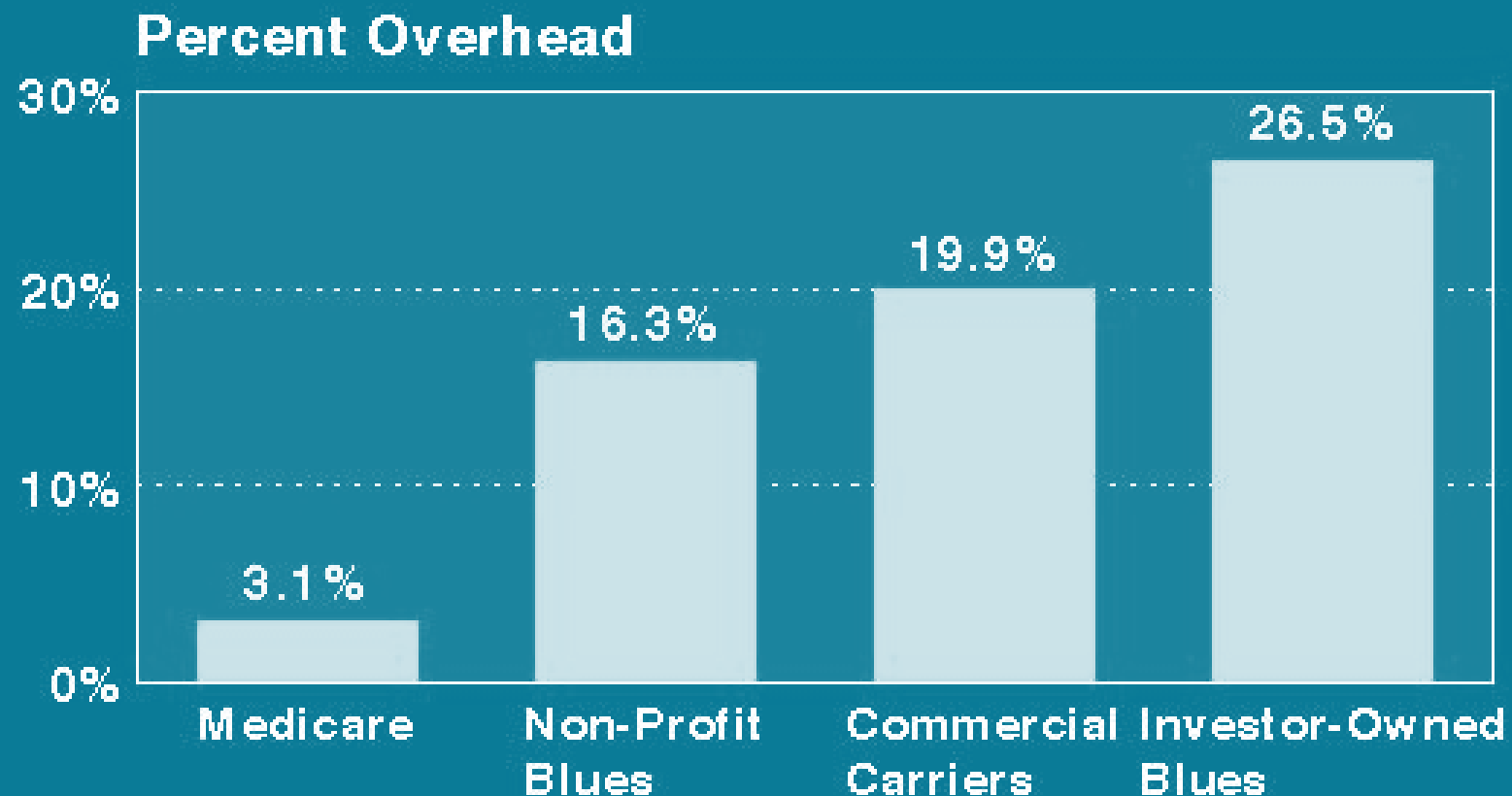
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Source: Woolhandler/Himmelstein/Campbell NEJM 2003; 349:768 (updated)

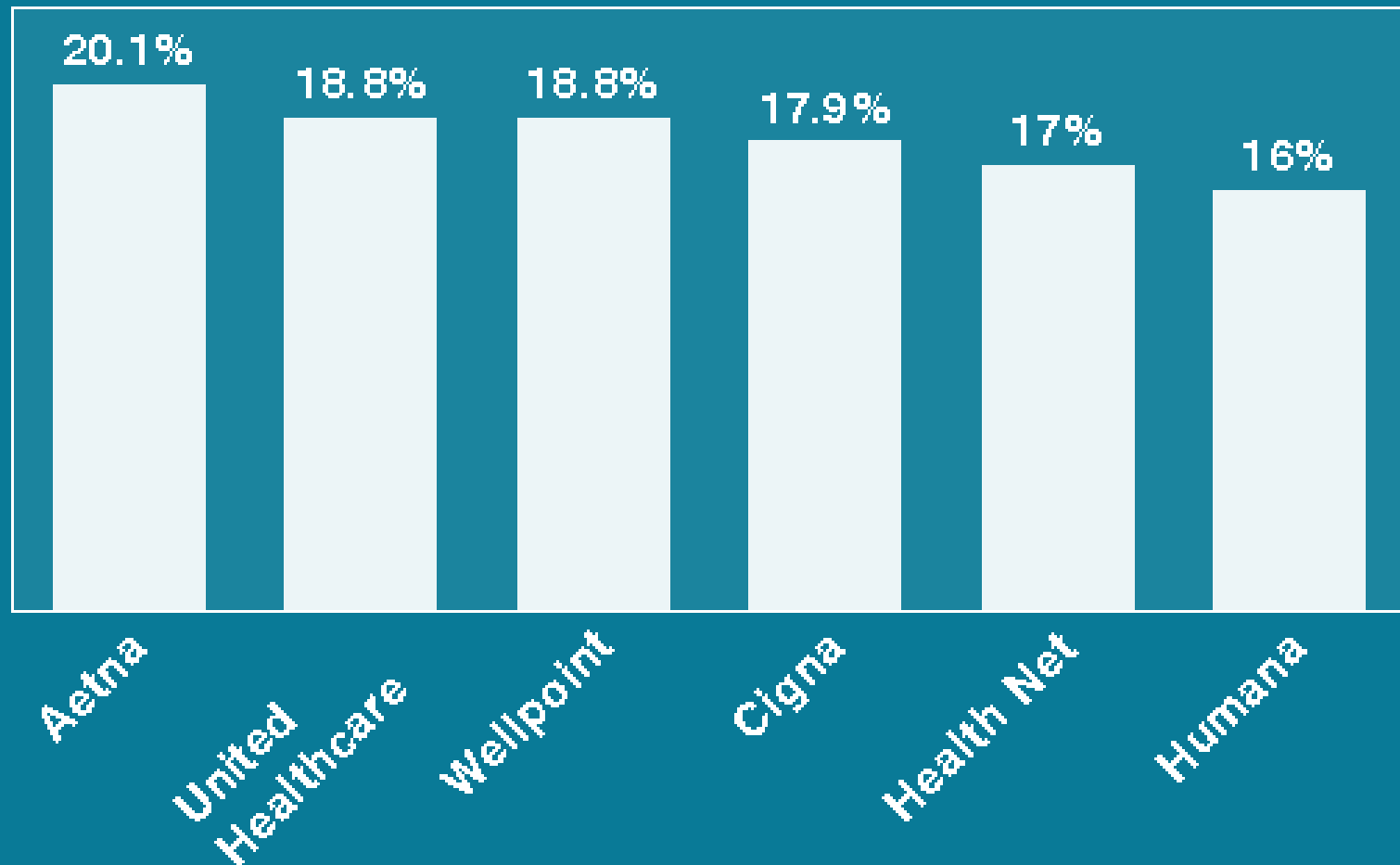
# Private Insurers' High Overhead

## Investor-Owned Plans are Worst



Source: Schramm, Blue Cross Conversion, Abell Foundation, and CMS

# HMO Overhead, 2006



Source: Corporate SEC Filings & AMA  
Calculated as 100-Medical Loss Ratio

# HMO CEO's Pay and Stock Holdings, 2005

(Millions of \$)

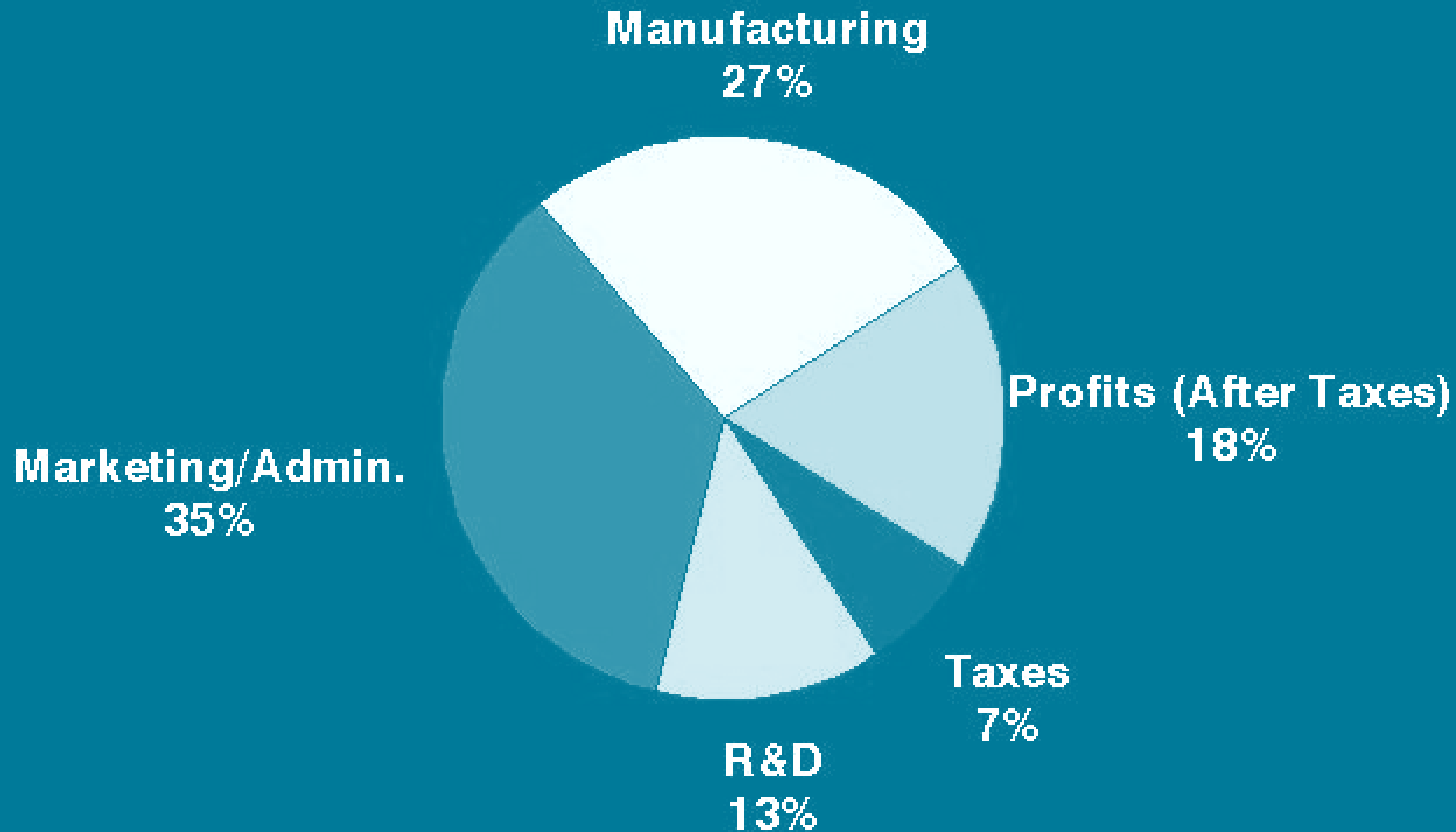
Executive	Firm	Pay	Stock/ Options
William McGuire	United	\$37.7	\$1,776.5
Dale Wolf	Coventry	\$22.8	\$69.5
John Rowe	Aetna	\$19.7	\$446.6
Anthony Marlon	Sierra	\$19.3	\$8.5
Edward Hanaway	Cigna	\$17.7	\$95.6
Larry Glasscock	Wellpoint	\$16.3	\$55.9
Michael McCallister	Humana	\$3.2	\$80.2

Note: William McGuire is guaranteed \$5 million annually AFTER retirement

Source: New York Time April 9, 2006 & AFL/CIO

# Drug Companies' Cost Structure

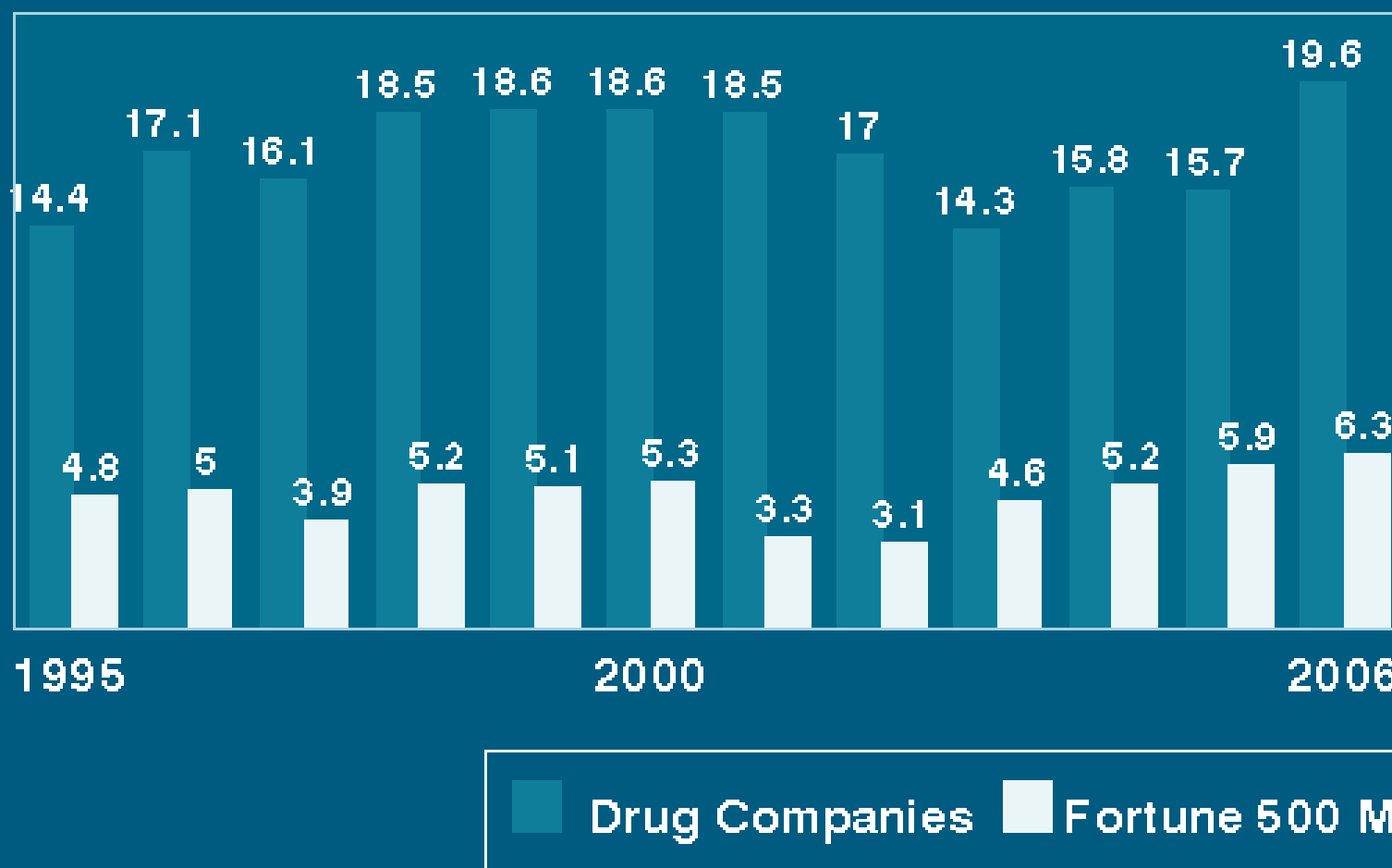
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Source: Health Affairs 2001; 20(5):136

# Drug Company Profits, 1995-2006

## Return on Revenues (%)



Source: Fortune 500 rankings for 1995-2006

Total drug company profits, 2006 = \$49.0 billion

# For-Profit Hospitals Cost 19% More

Source: CMAJ 2004;170:1817

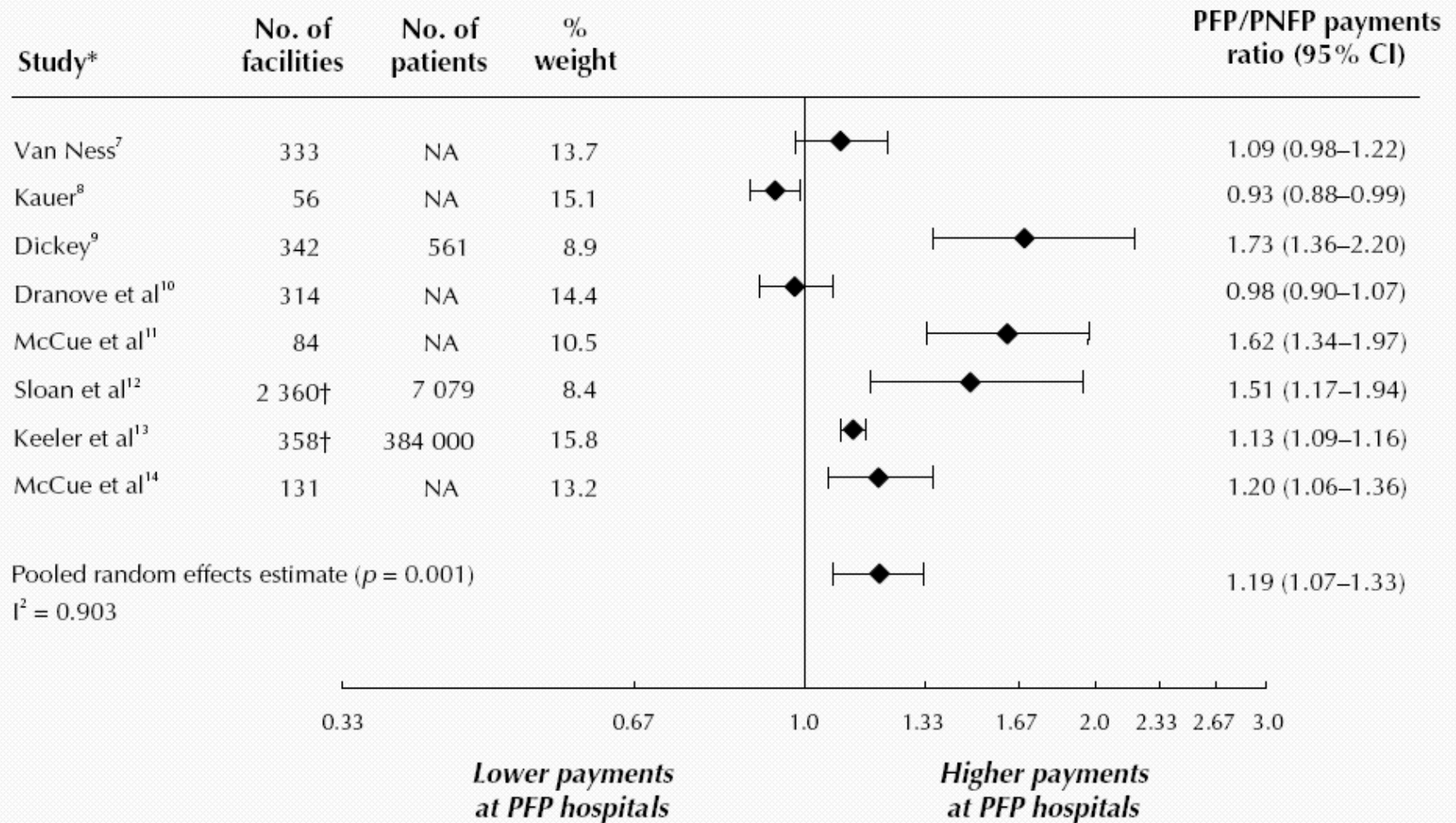
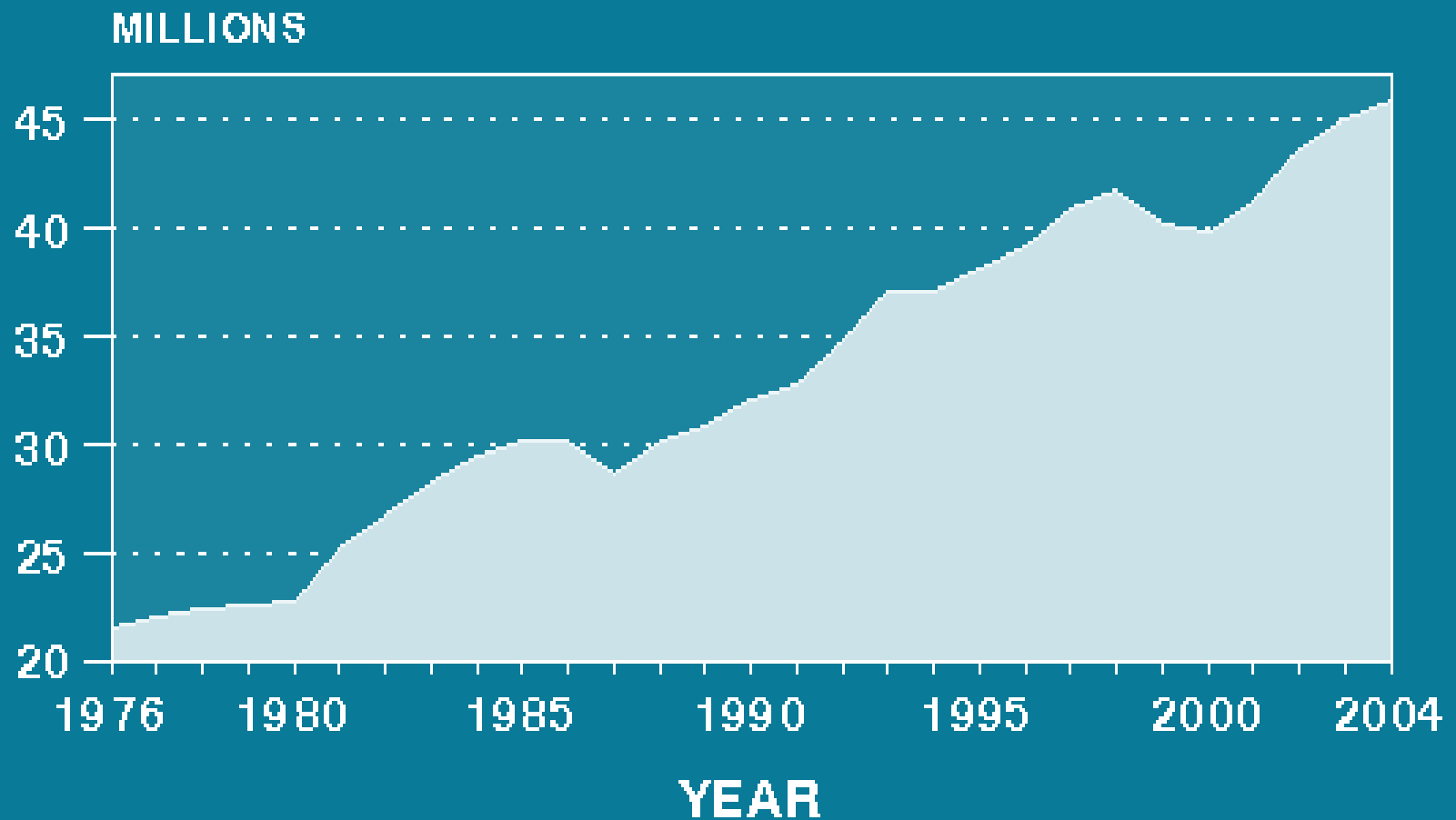


Fig. 2: Relative payments for care at private for-profit (PFP) and private not-for-profit (PNFP) hospitals. Note: CI = confidence interval.

\*The studies are in chronological order by midpoint of the data collection period. †Approximation from investigator.



# Number of Uninsured Americans 1976-2004



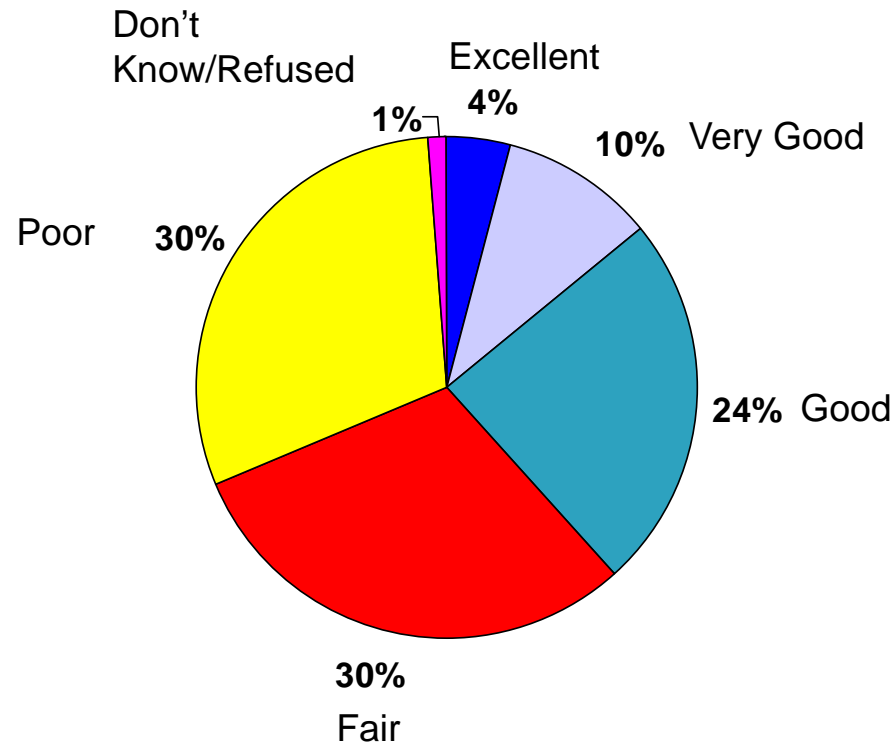
# Quality

- ▶ Understand how the quality of care in the US compares to other industrialized nations.
  - For all that spending, we should have the highest quality, but we don't.
  - Chronic disease management lowers morbidity & mortality.
  - People avoid getting care that is not covered.
  - Do universal access systems routinely outperform us? Yes.
  - Is access a big factor in quality? Yes.

- ▶ The Commonwealth Fund  
*National Scorecard on U.S. Health System Performance*
- ▶ Of 100 points/benchmarks, the U.S. received a score of 66,  
or one-third below benchmark levels of performance.
- ▶ U.S. scored particularly poorly on indicators of efficiency, with wide variation in cost and quality across the country and with much higher spending levels than other countries.
- ▶ U.S. ranks 15th out of 19 countries on mortality from conditions "amenable to health care"—that is, deaths that could have been prevented with timely and effective care.
- ▶ The U.S. ranks last on infant mortality.

# More than half of Americans surveyed rate the health care system as fair to poor.

Rating of Health Care System in America Today  
2004

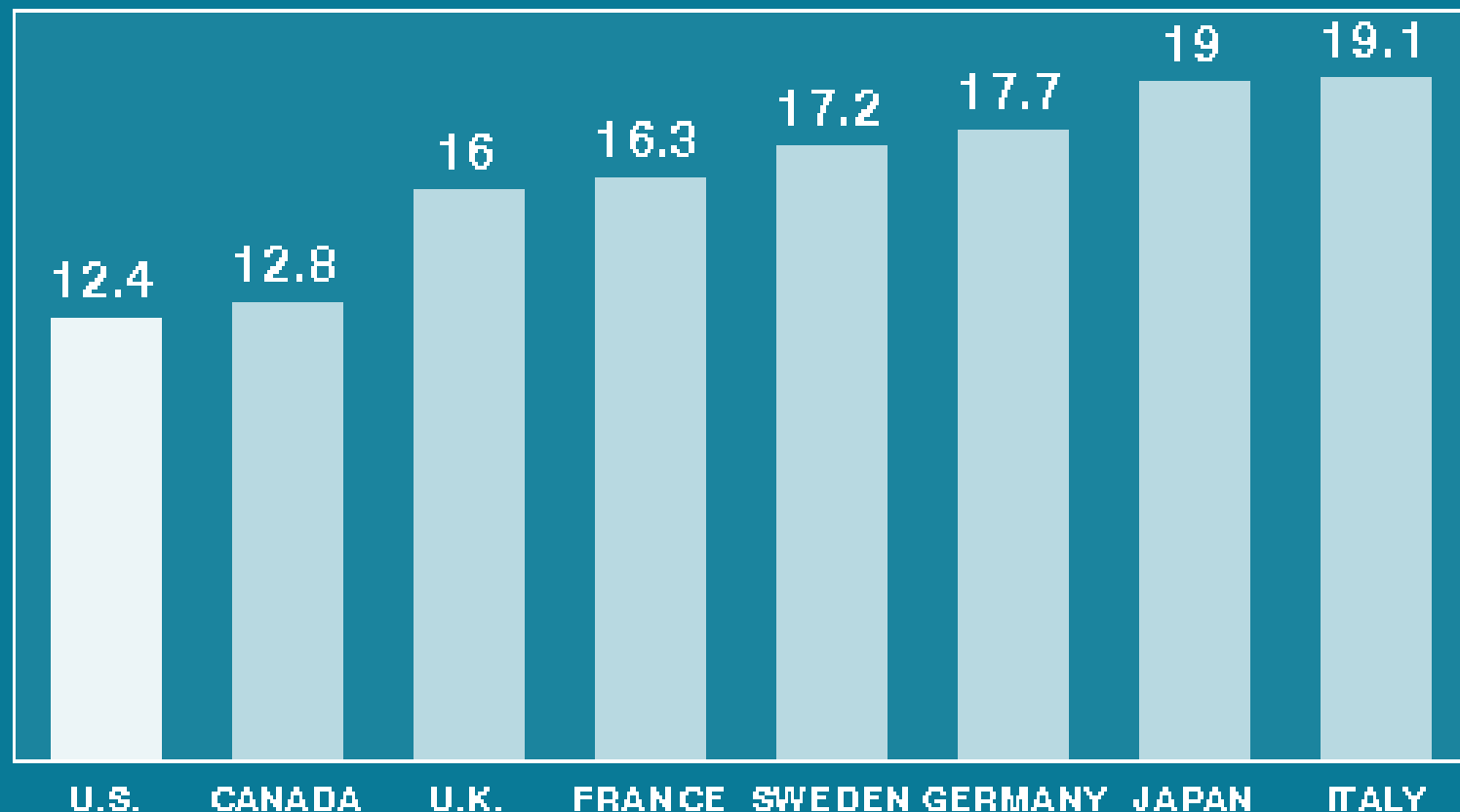


Source: Employee Benefit Research Institute and Matthew Greenwald & Associates, Inc., 2004 Health Confidence Survey

American Hospital Association

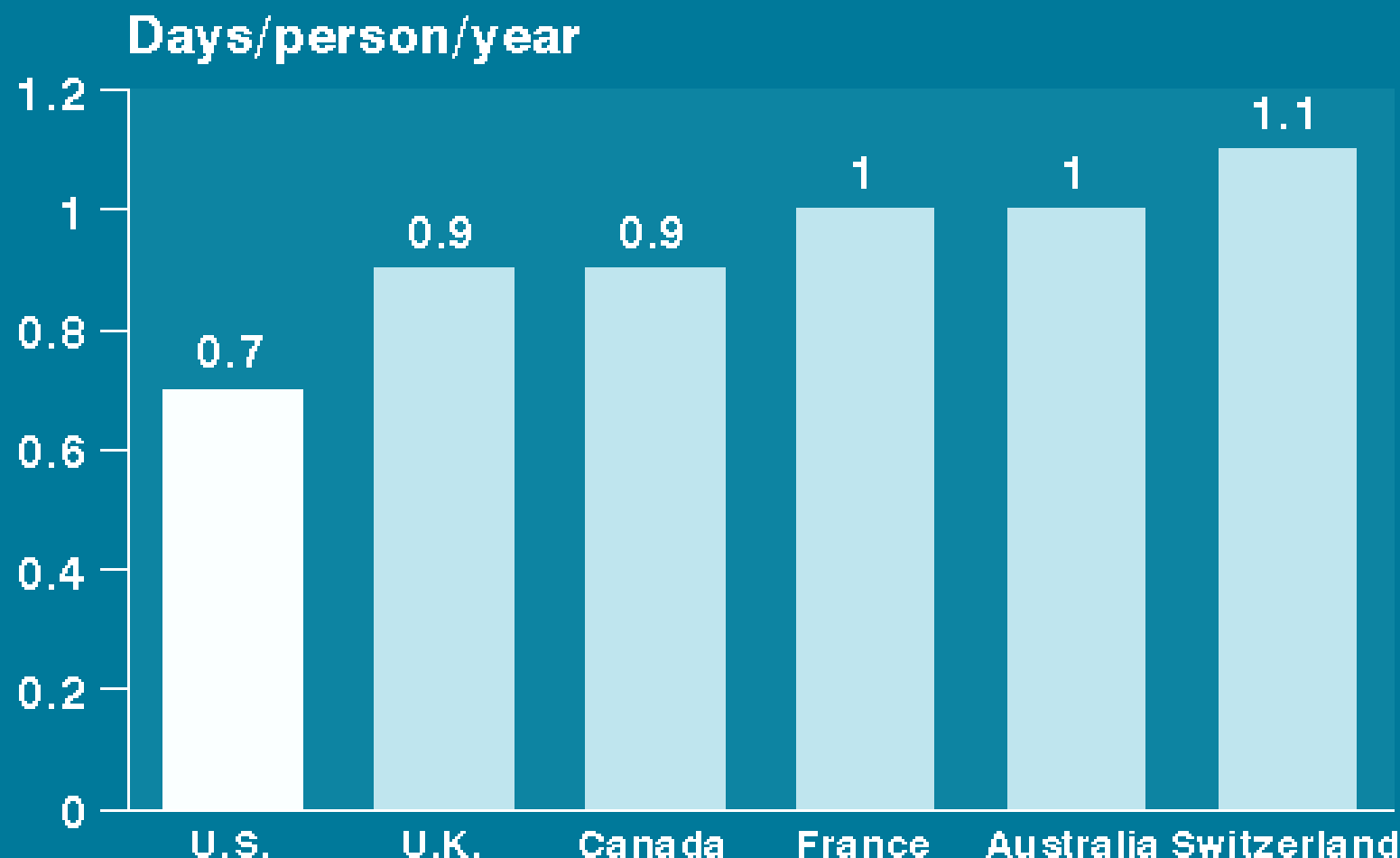
# Percent Elderly, 2003

% of Population > 64



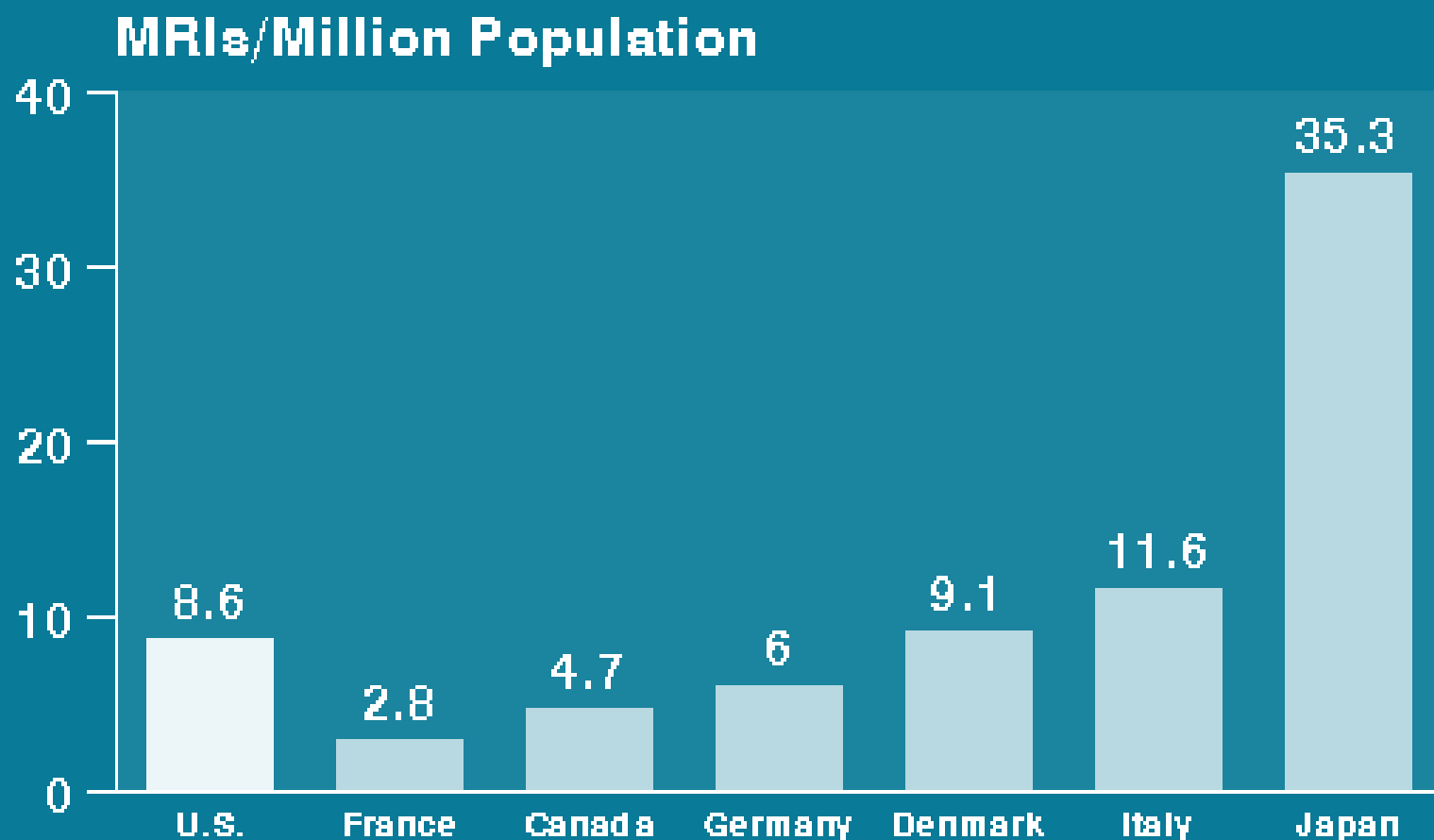
SOURCE: OECD, 2005

# Hospital Inpatient Days Per Capita



Source: OECD, 2007 - Note: Figures are for 2005 or most recent available

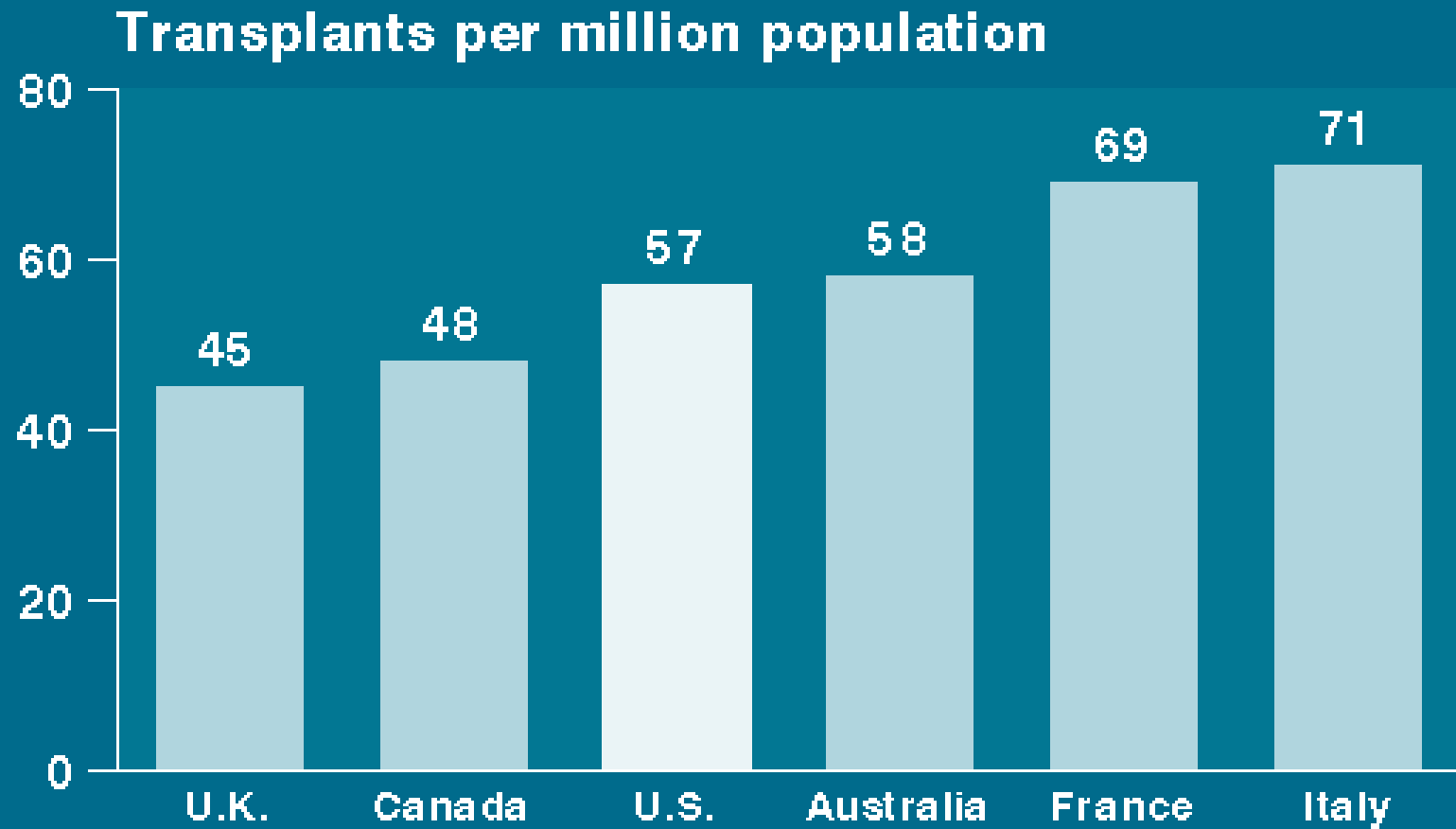
# MRI Units/Million Population, 2004



Source: OECD, 2005

Note: Data are for 2004, or most recent year available

# Bone Marrow Transplants

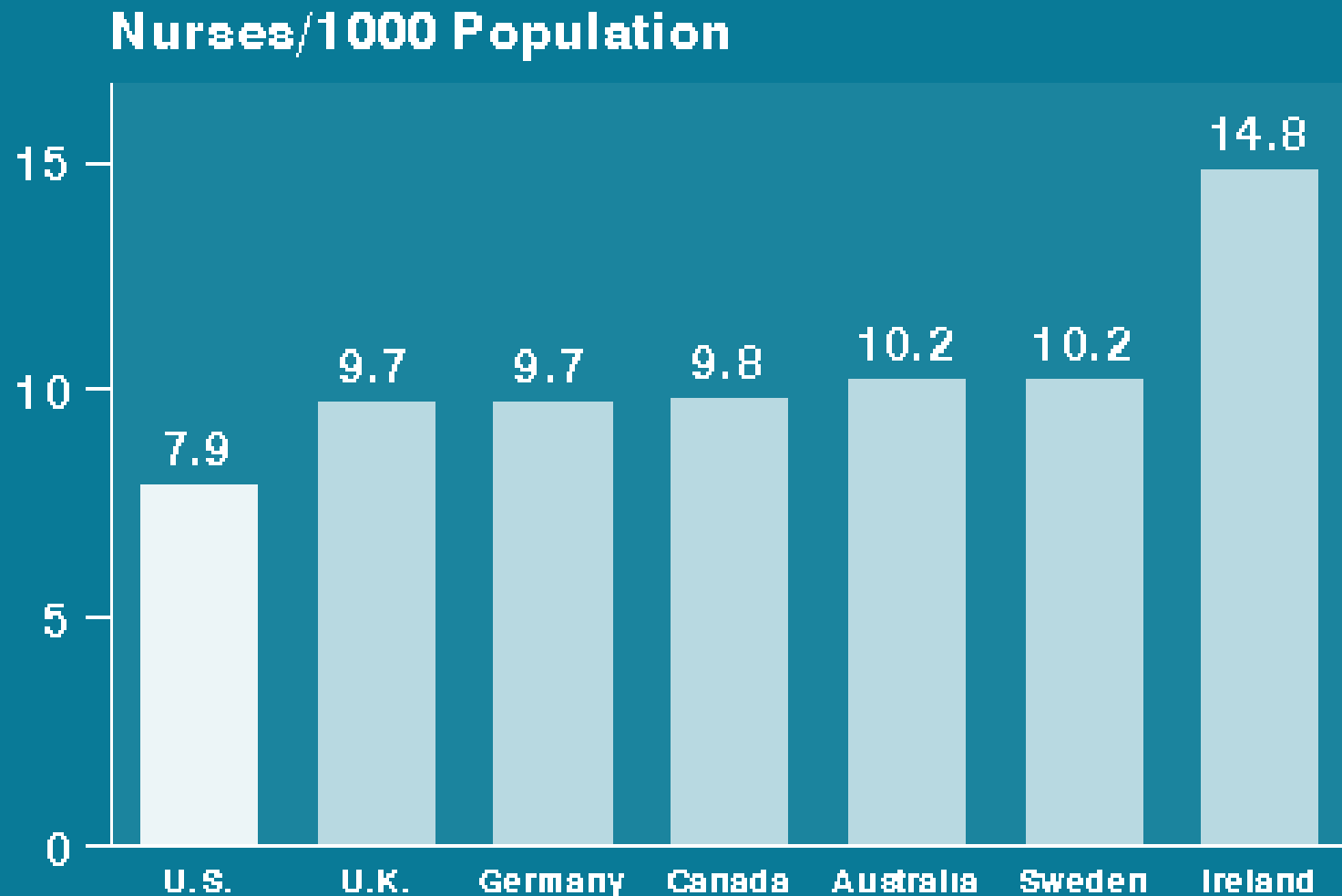


Source: OECD, 2007

Note: Data are for 2005 or most recent year available



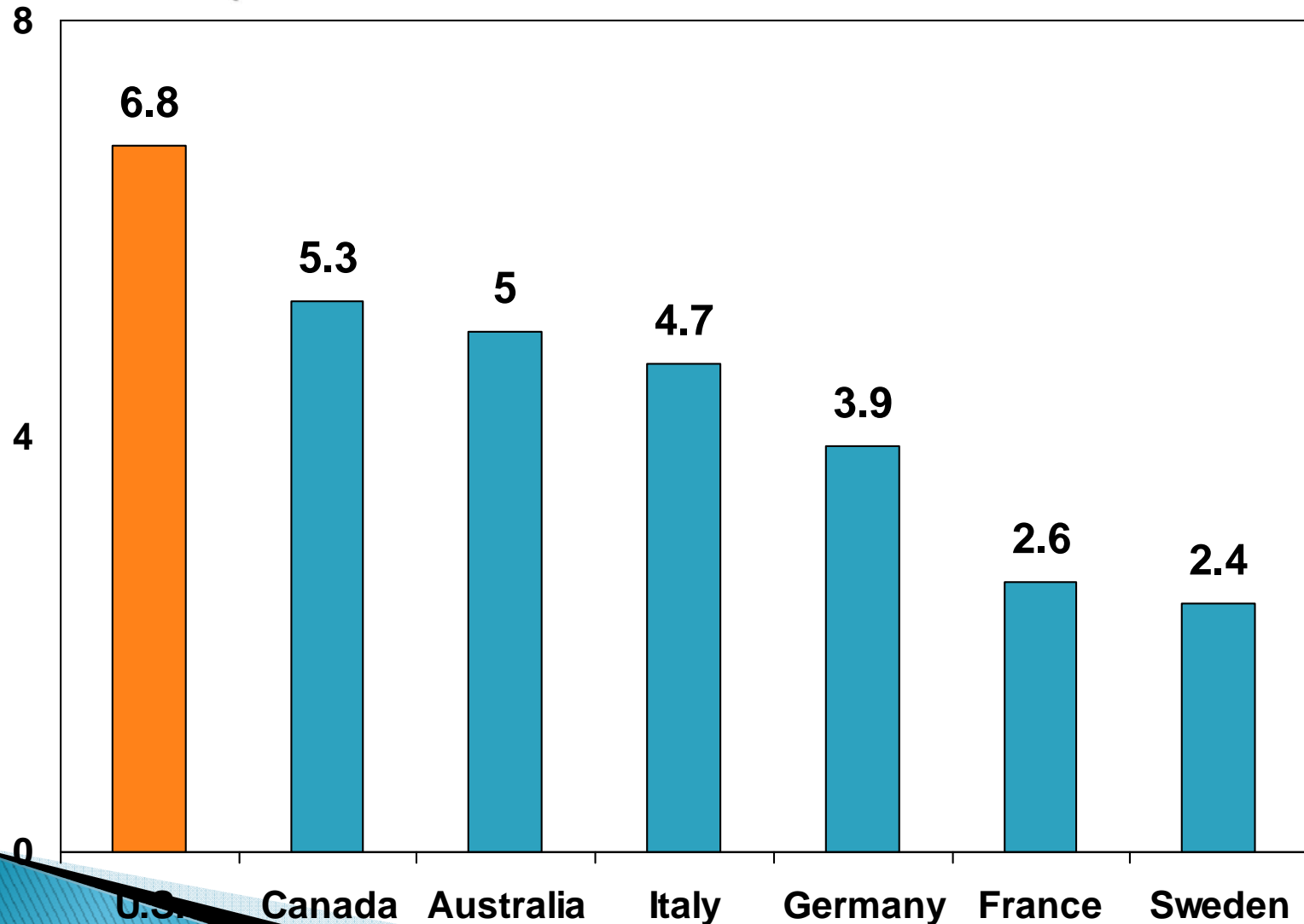
## Number of Nurses Per 1000 Population, 2002/2003





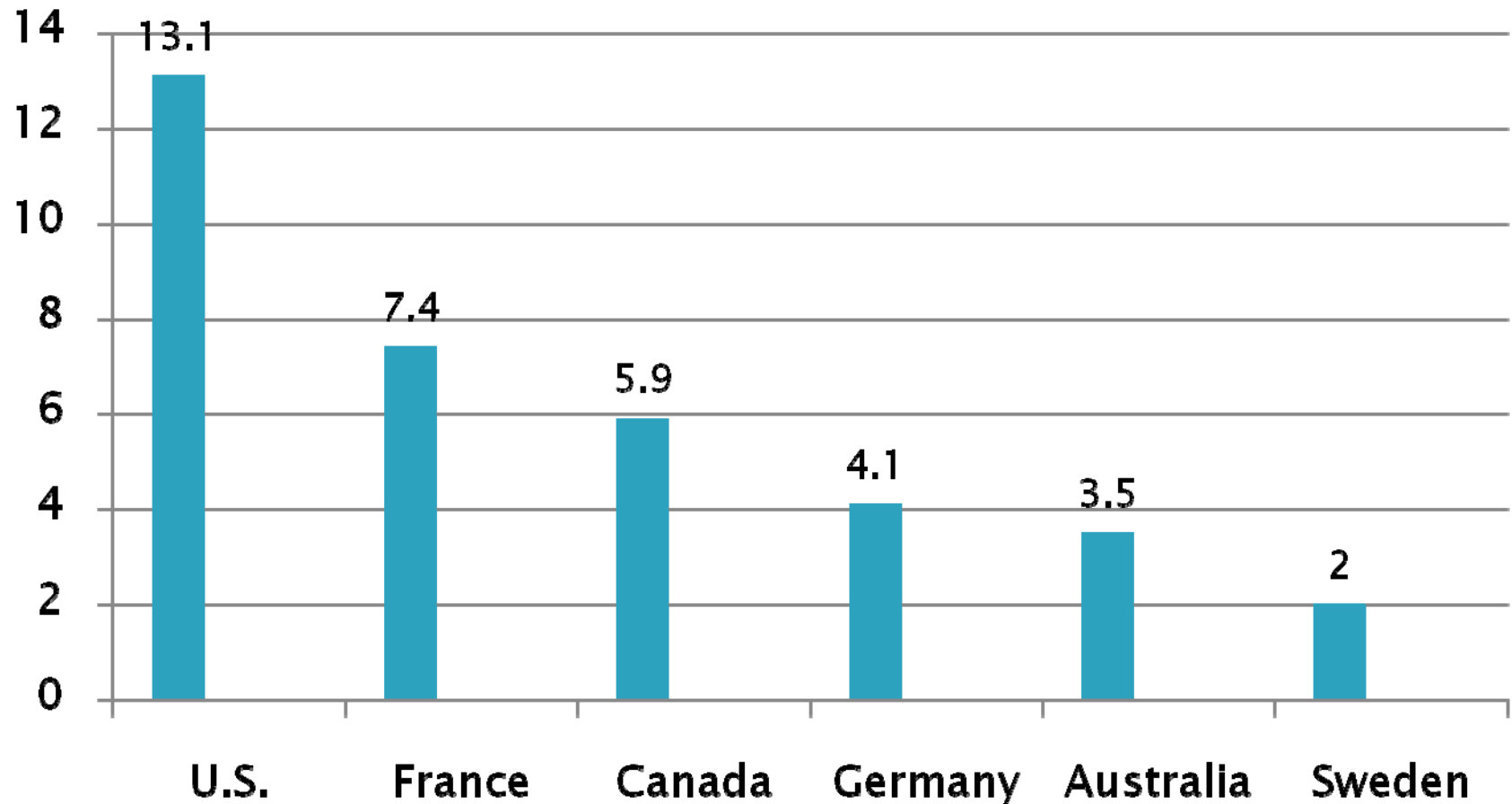
# Infant Mortality, 2005

(Deaths in first year of life per 1000 live births)



# Maternal Mortality

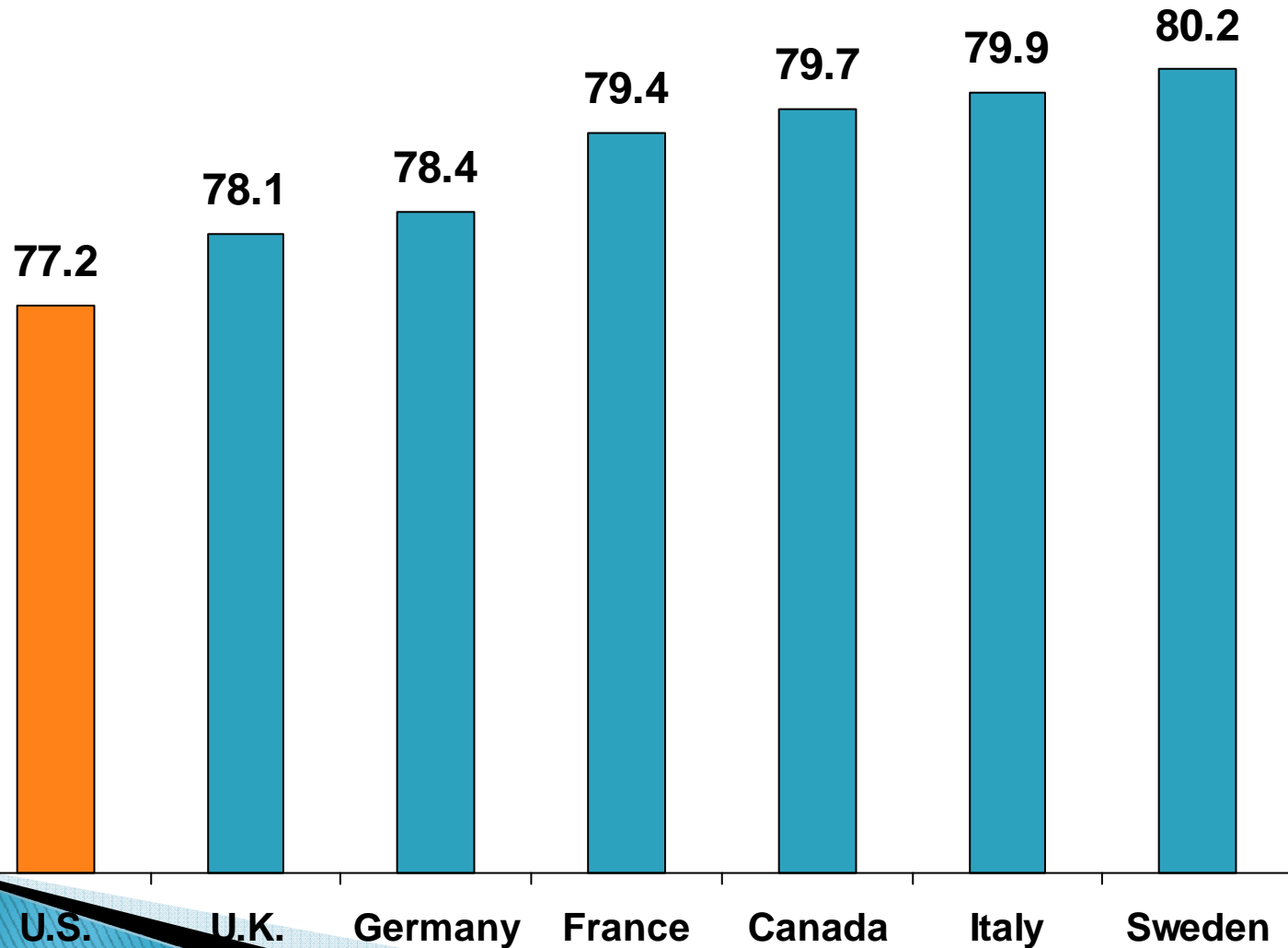
## Deaths/100,000 Births



Source: OECD 2007,  
Data 2005 or most recent available

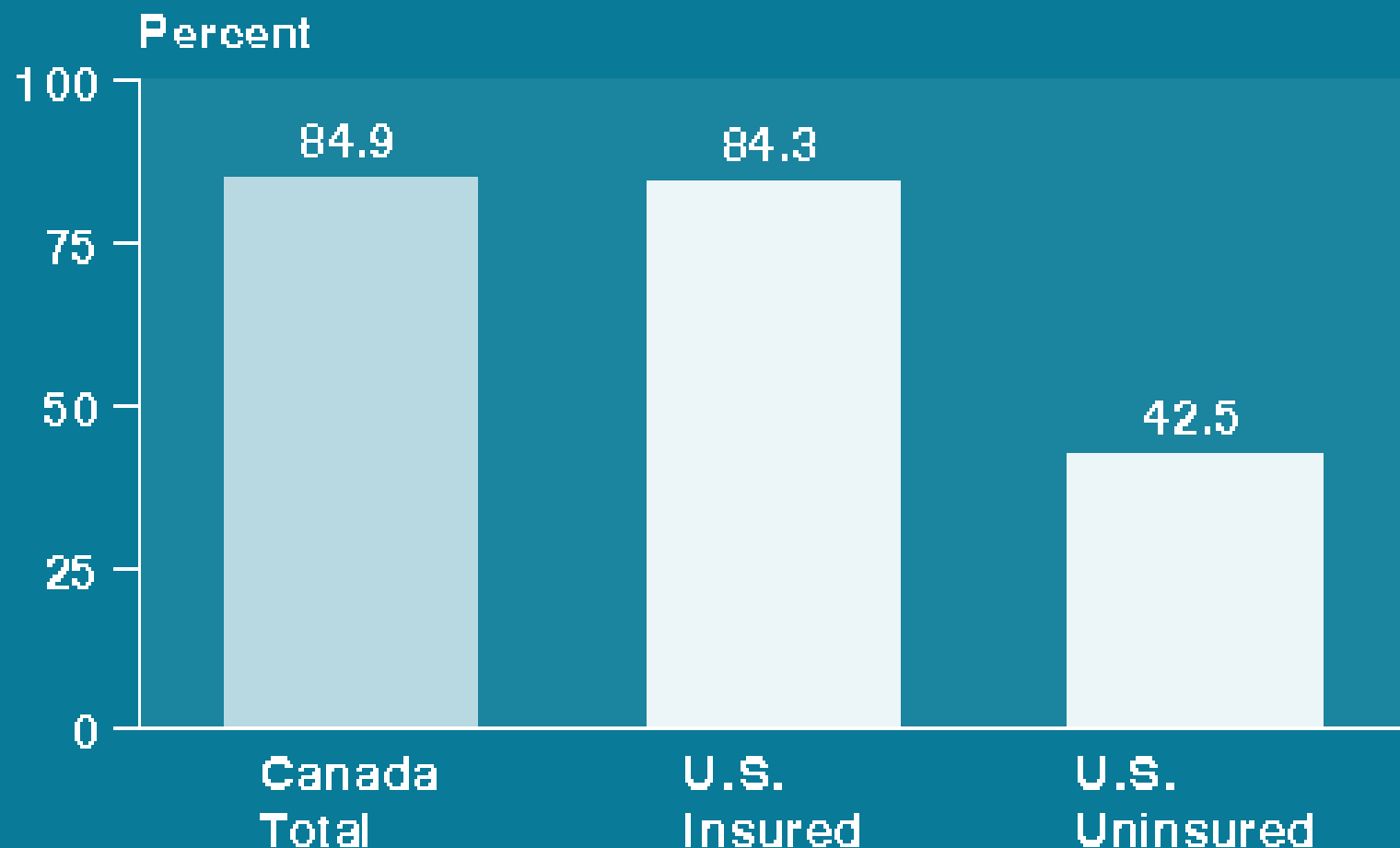
# Life Expectancy, 2003

(Data in Years)

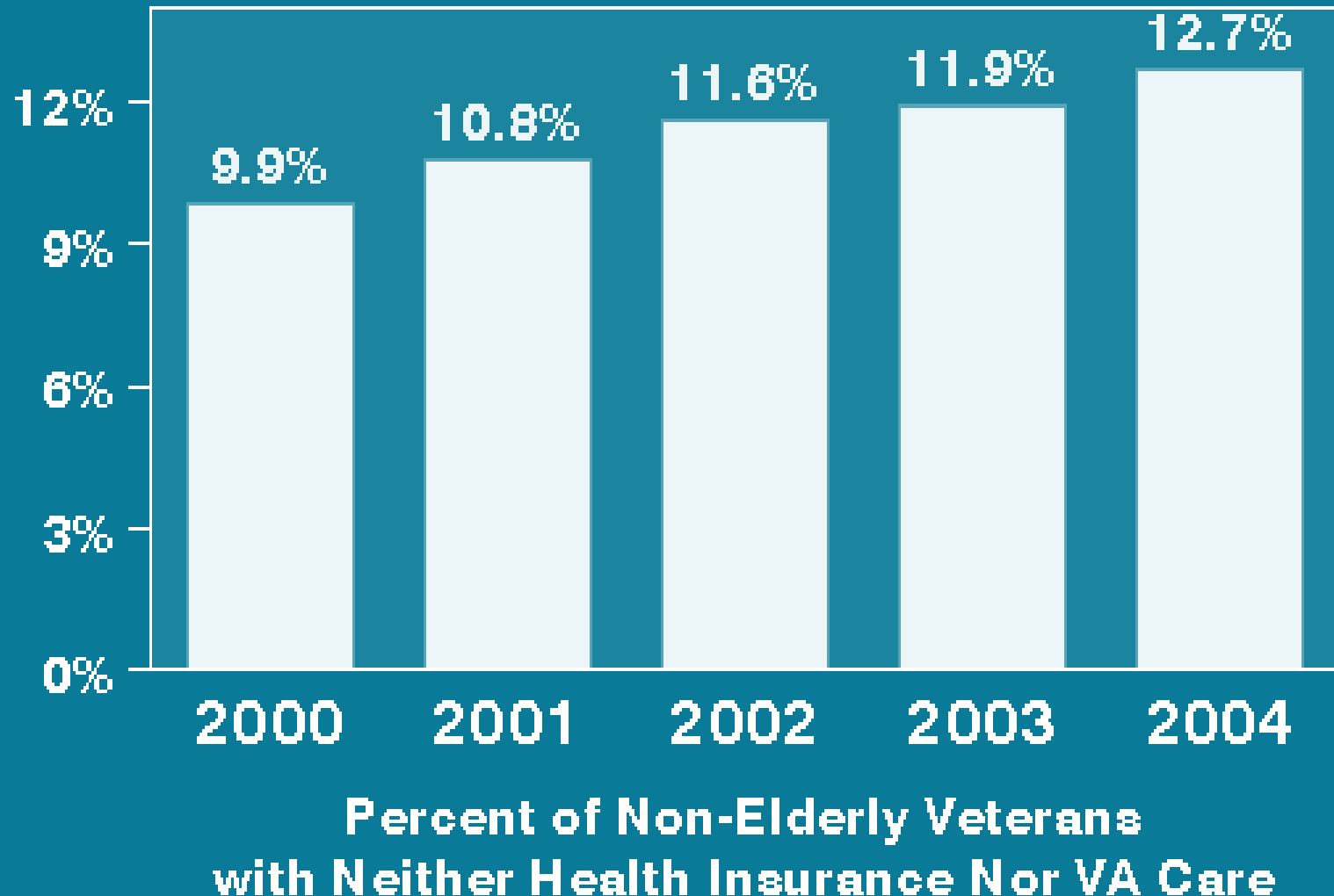


# Proportion of People with a Regular Doctor

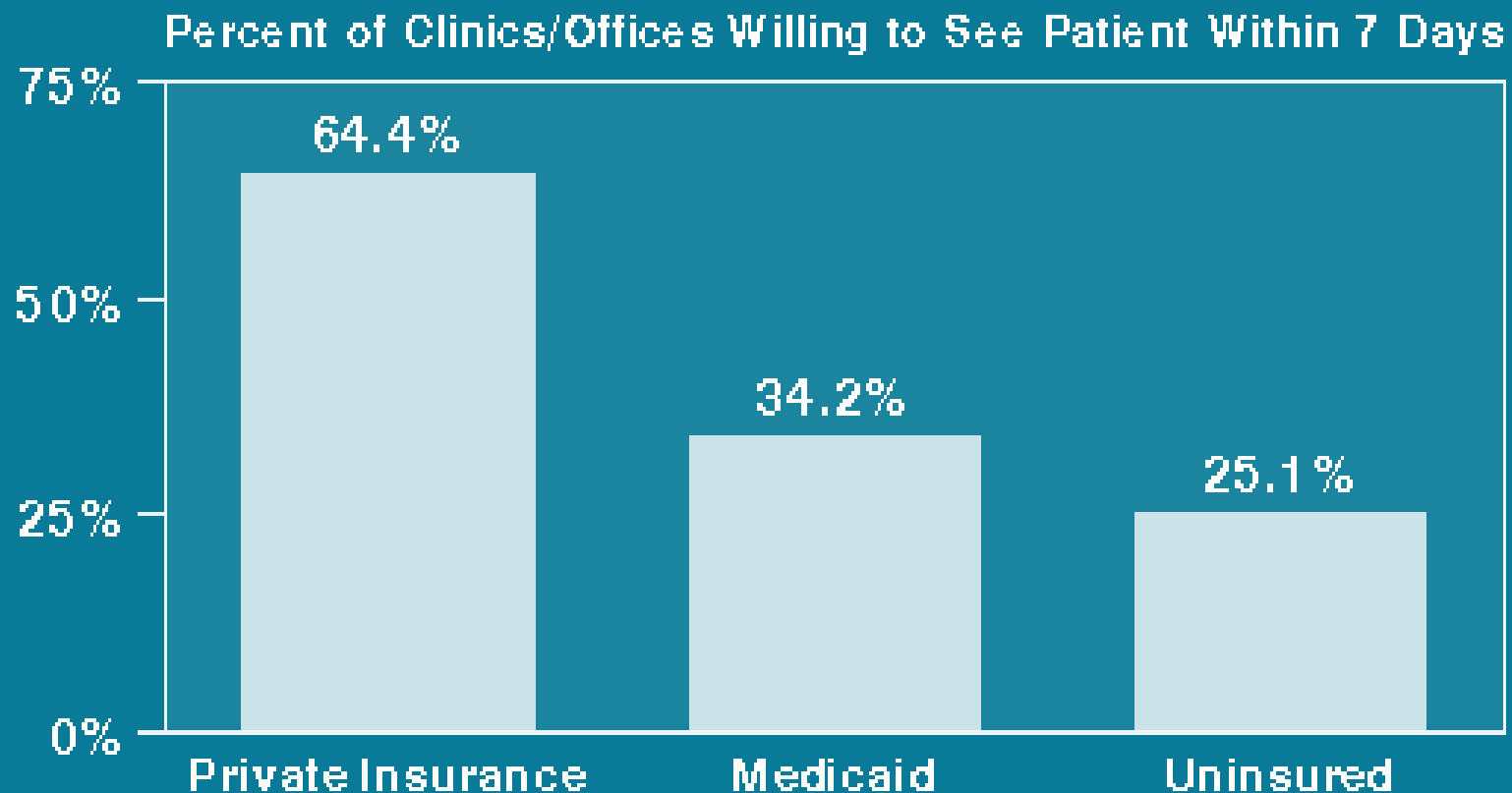
## Canadians and U.S. Insured are Similar



# More Veterans are Uninsured



# The Uninsured Can't Get Care After ER Visits



Source: JAMA 2005;294:1248

Researchers called seeking urgent appt. for f/u for pneumonia, ? ectopic, severe htn. - Uninsured group said they could pay \$20 now, more later

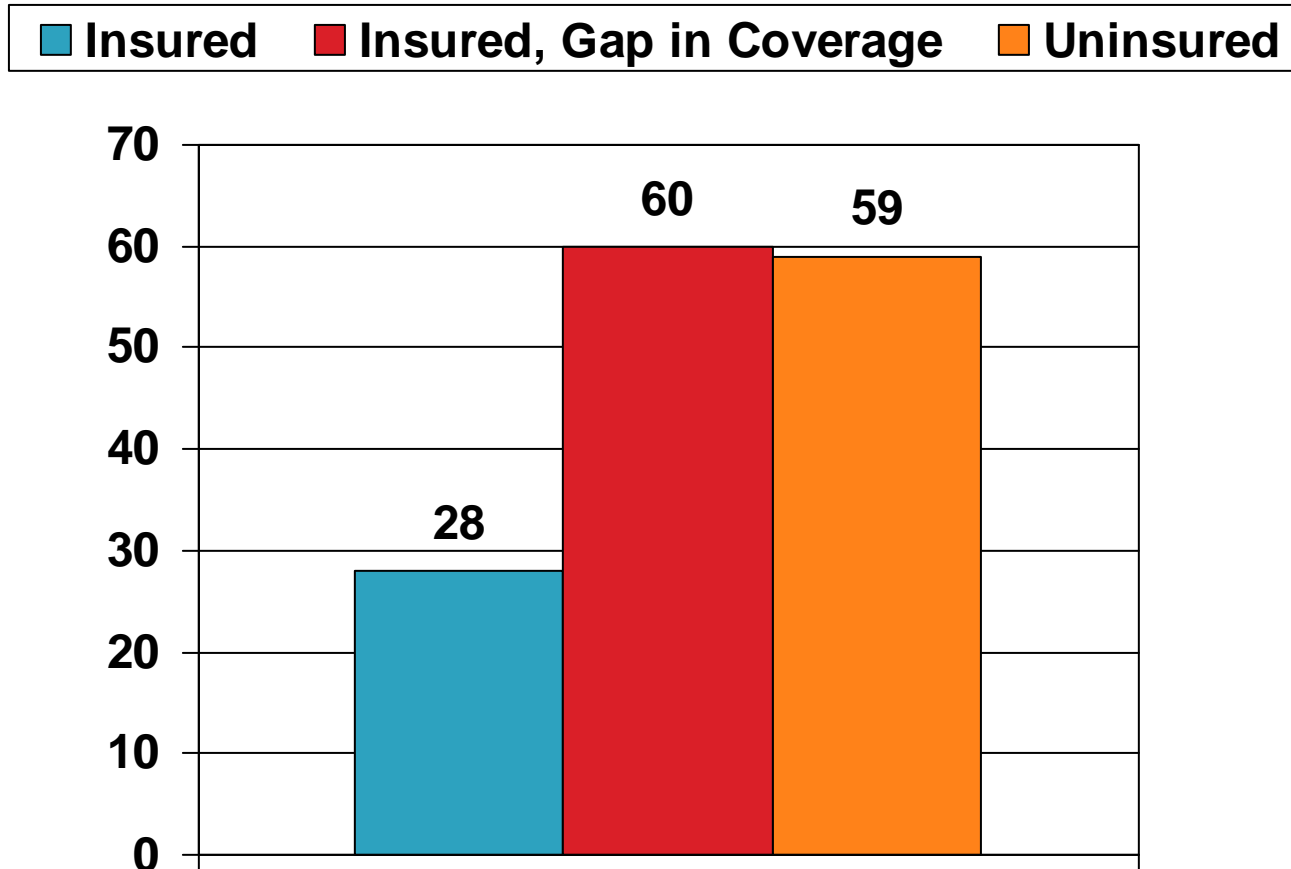
Even those with “coverage” often lack access to certain services.

- ▶ Many with private insurance lack coverage for basic services like mental health, substance abuse, and dental care
- ▶ Medicare fails to cover long-term care
- ▶ Coverage doesn't guarantee access:
  - 30 percent of physicians aren't accepting new Medicaid patients
  - Managed care practices restrict choice and access
  - Increasing cost sharing requirements can provide barriers to care even for the insured



# America's Underinsured

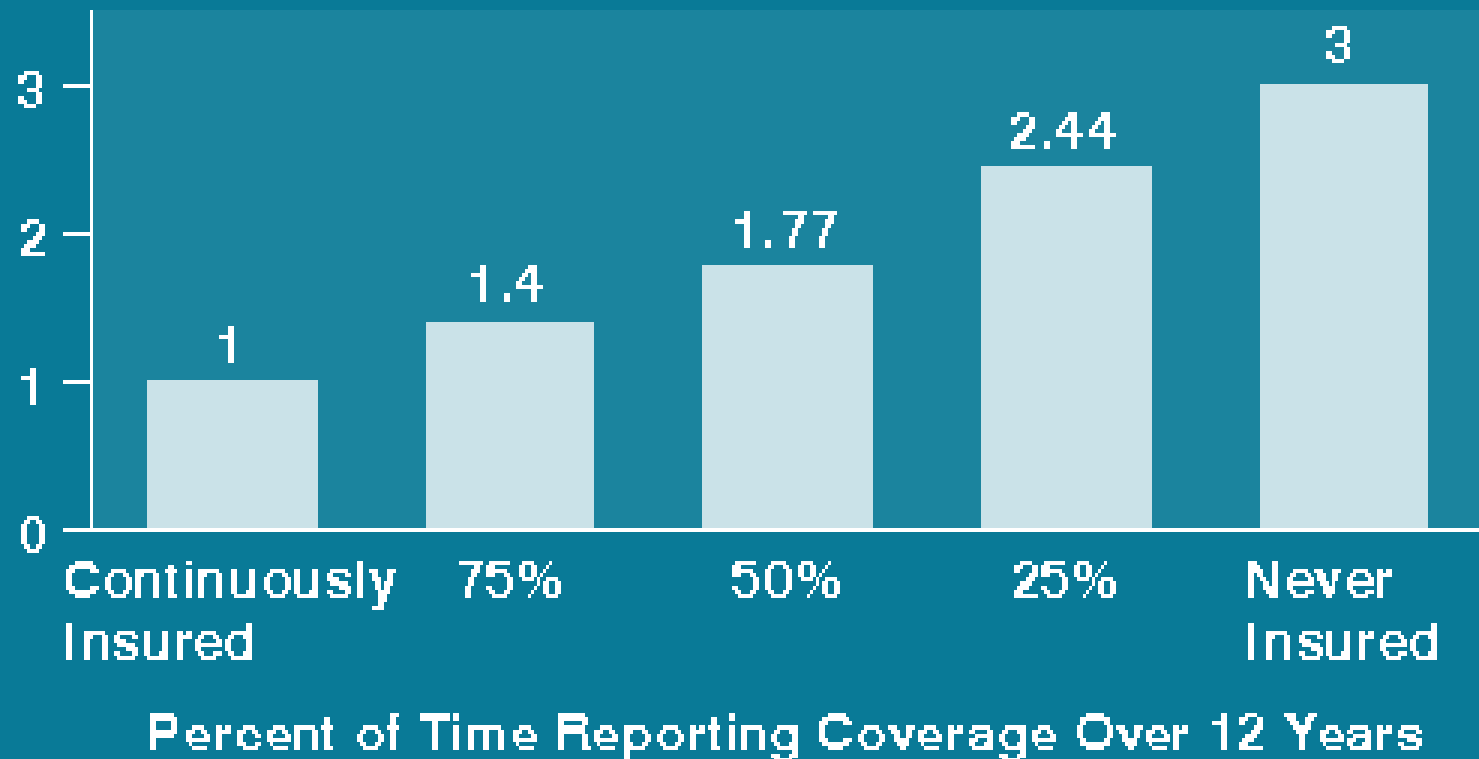
Proportion of Americans Going Without Care due to Costs, 2005  
(skipping doctor visit, specialist appointment, treatment or prescription when needed)



# Uninsured Suffered Strokes and Death

A Prospective Study of 11,003 Adults

Odds of suffering a stroke over 12 years  
(continuously insured = 1)



Note: Death rates for uninsured 1.6 times those for the insured

"We do not base our guidelines on any randomized clinical trials or other controlled studies, nor do we study outcomes before sharing the evidence of most efficient practices with colleagues"

Milliman & Robertson  
Wall Street Journal 7/1/98

# Financial Models

- ▶ Understand the difference between financial models–
  - Capitalistic medicine or market-based medicine
  - Socialized medicine
  - Single-payer national health insurance plan.

# Capitalism – Market Based

- ▶ Health care is a commodity, you pay or you don't get it, unless injured or destitute – then restricted access
- ▶ Presumes that as individuals we accept and that society condones a pluralistic approach
- ▶ Private hospitals, doctors, insurers, and Pharma are free to follow the goal of revenue with little or no service mandate

# The Commonwealth Fund

## National Scorecard on U.S. Health System Performance

- ▶ Universal participation is essential for dramatic improvement in health care outcomes as well as overall performance of the U.S. health system.
- ▶ Not having stable, adequate coverage limits access to care.
- ▶ Out of five industrialized countries studied, the U.S. had the highest share of adults reporting that they had cost-related problems accessing needed health care.

# The Commonwealth Fund

## National Scorecard on U.S. Health System Performance

- ▶ Across states, better access to care and higher rates of insurance are closely associated with better quality.
- ▶ States with the lowest rates of uninsured residents tend to score highest on measures of preventive and chronic disease care.
- ▶ States with higher medical costs tend to have higher rates of potentially preventable hospital use, including high rates of Medicare readmissions within 30 days of discharge and high rates of admission for complications of diabetes, asthma, and other chronic conditions.

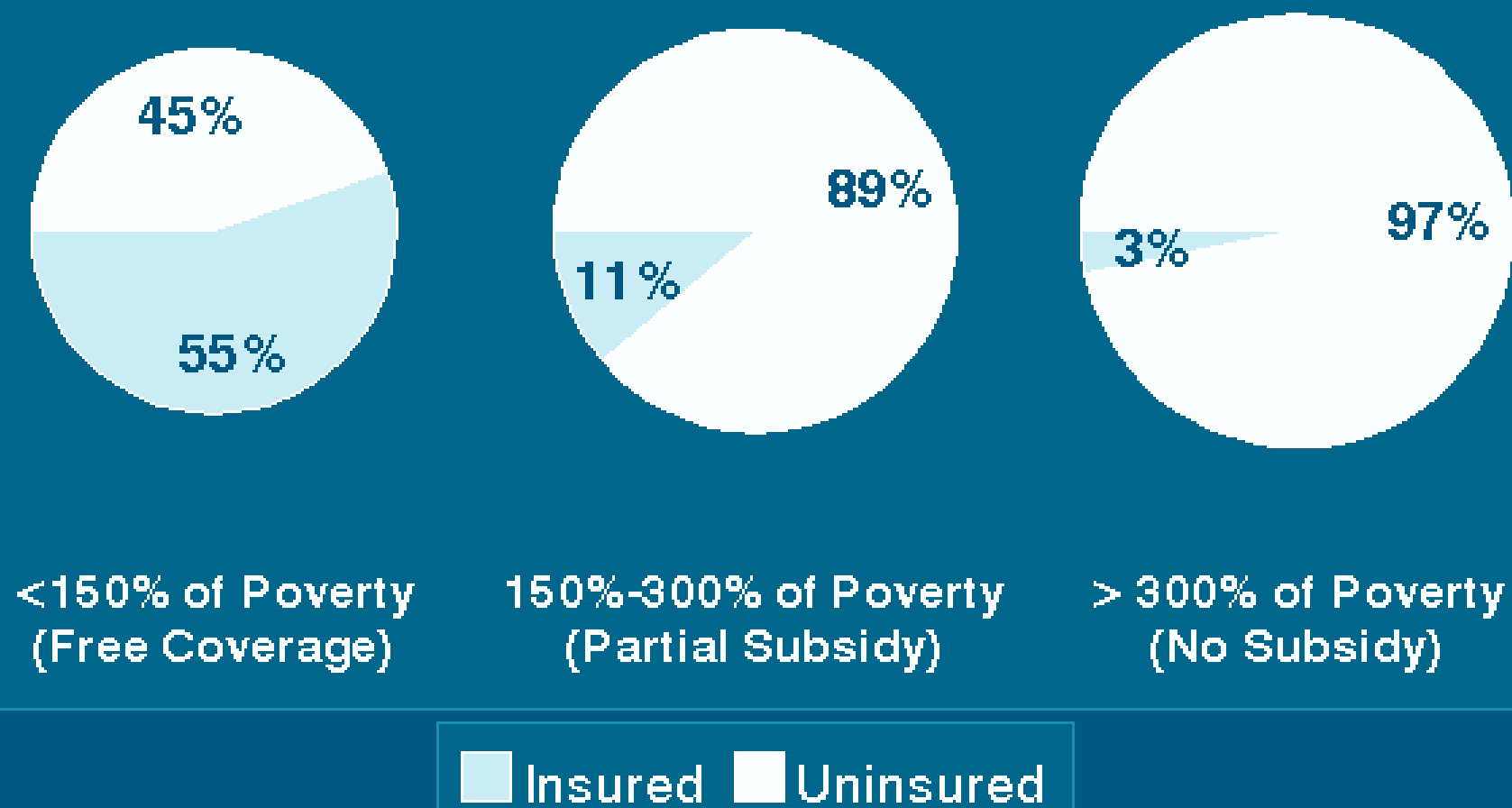
# Whats the Matter With Consumer-Directed Health Plans and MSAs?

- Decrease necessary care as much as unnecessary - worsens the health of poor and sick
- Discourages preventive care/early intervention
- Little cost savings - A few very sick people account for most health spending
- Very high administrative costs
- Saddle many with ruinous medical bills - only "covered" services count toward deductible
- Takes from sick/poor/older, gives to healthy/wealthy/younger + investment firms



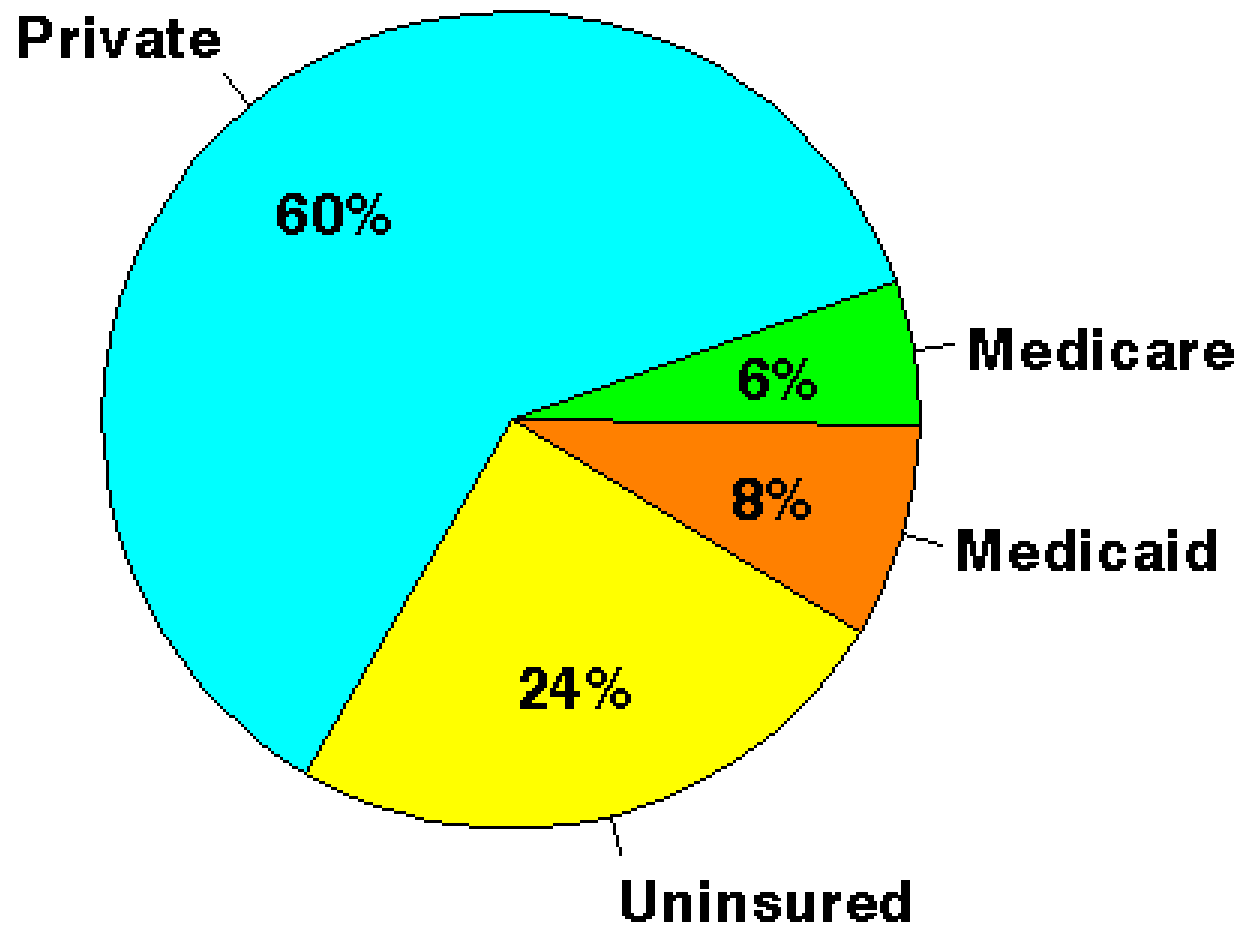
# Who Has Gained Coverage in Massachusetts?

Percent of Previously Uninsured Newly Covered as of 10/1/2007



Note: Number previously uninsured calculated from CPS, newly covered from MA Connector  
Note: Size of pies is proportional to number previously uninsured in income group

# Most of the Medically Bankrupt Had Coverage



Insurance at Illness Onset

# Socialized Medicine

- ▶ Doctors, nurses, etc work for govt. and govt. owns all the facilities, hospitals
- ▶ Socialized – not all bad
  - Highway department, state & national parks
  - Police, fire,
  - National Guard, Army, Navy, Air Force, Marines, Coast Guard
  - Post office, air traffic controllers
  - Public schools through grade 12
  - Public colleges & universities

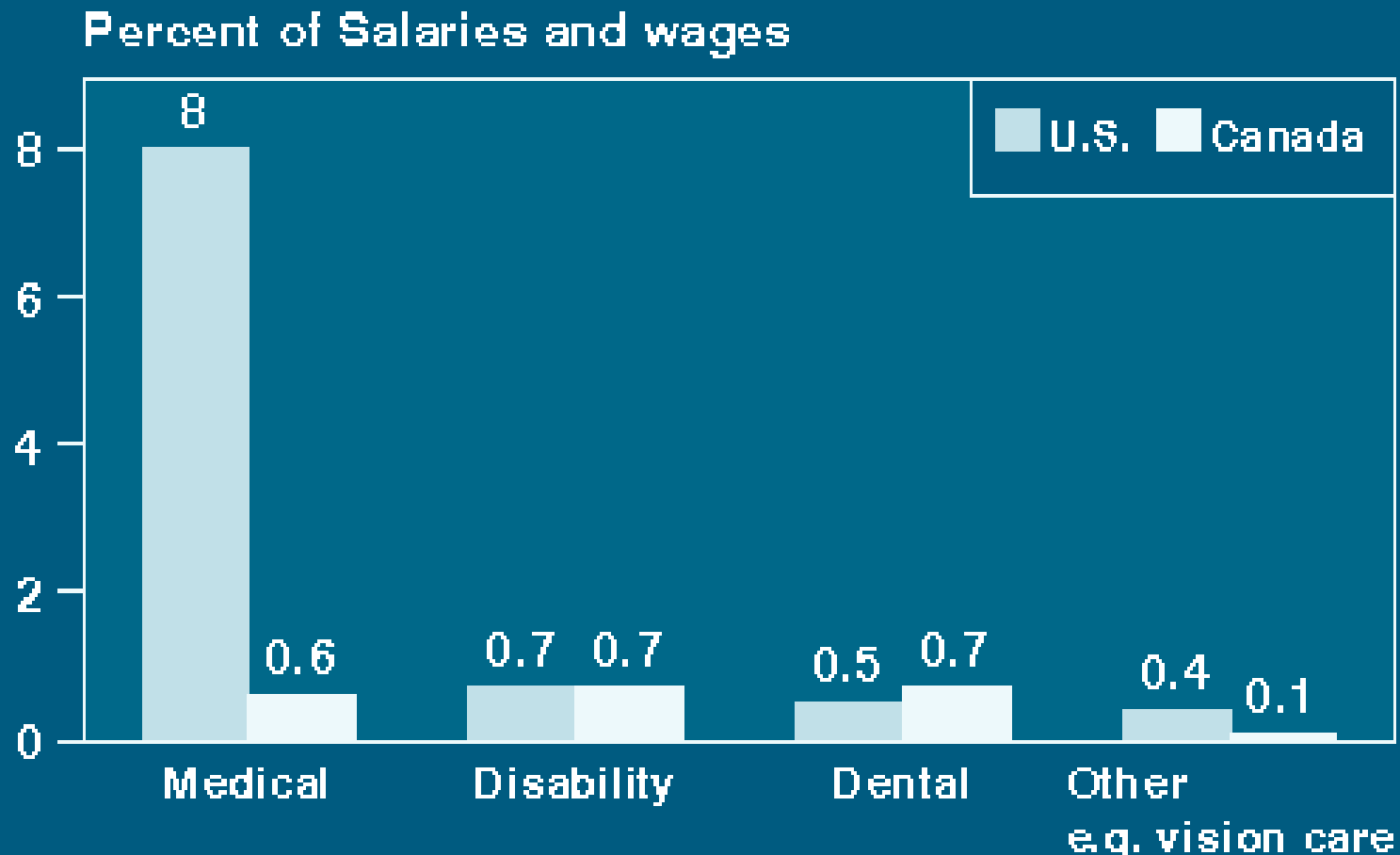
# Single-Payer National Plan

- ▶ Doctors are paid fee-for-service or employed – as they choose.
- ▶ Like Canada, or ‘Medicare for all.’ Everyone is covered equally.
- ▶ Free choice of providers.
- ▶ A single insurance plan in each region, administered by a public agency.
- ▶ Ban on for-profit health care providers.
- ▶ No co-pays

# Hospital Payment under a NHP

- ▶ Hospitals remain privately owned and run but non-profit.
- ▶ Negotiated global budget for operating costs.
- ▶ Operating funds cannot be diverted to capital
- ▶ Capital purchases & expansion budgeted separately based on regional health planning goals.

# Employers' Health Benefits Costs U.S. Vs. Canada

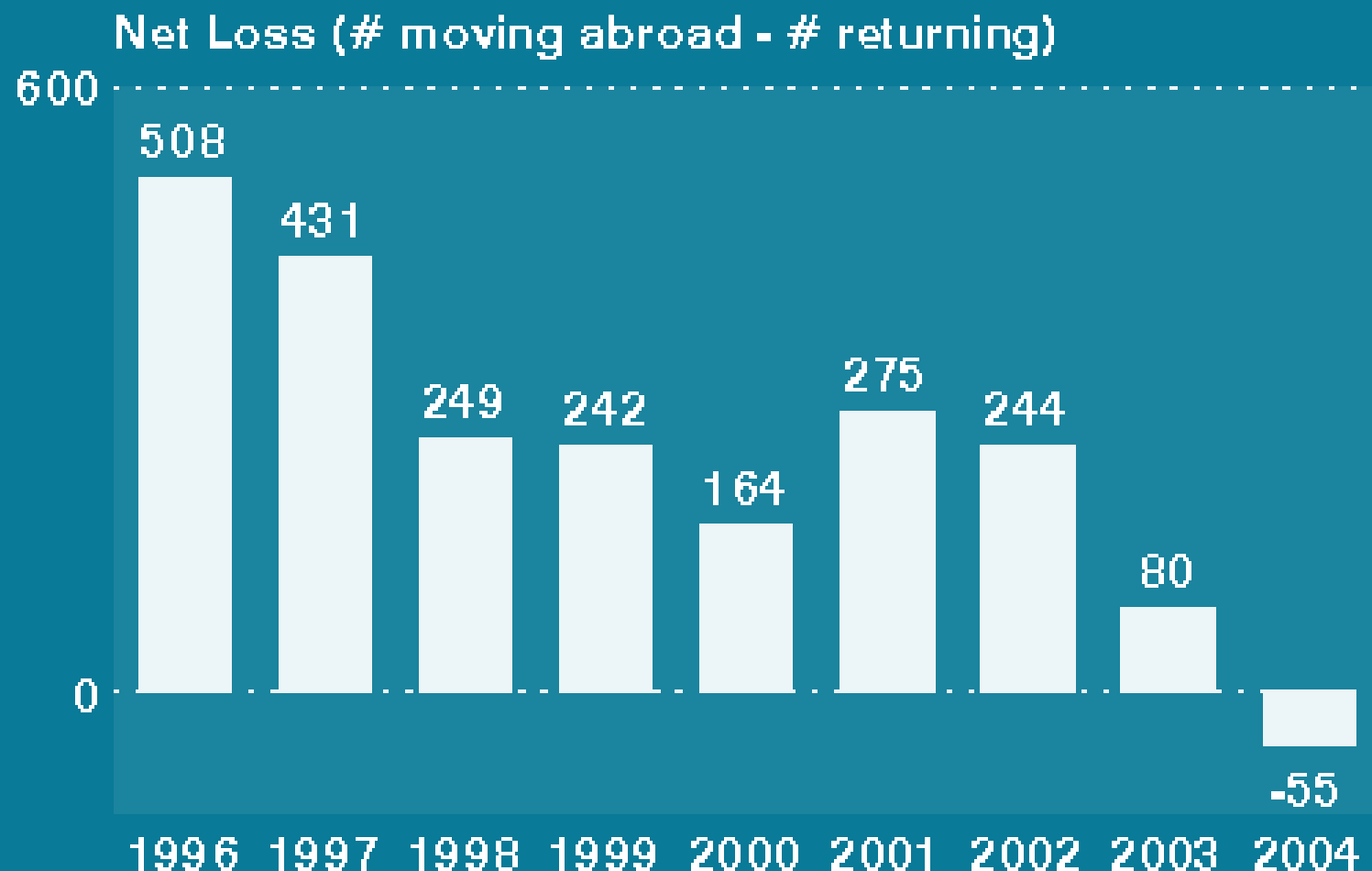


# Few Canadian Seek Care in the U.S.

Surveys of U.S. Ambulatory Providers Near the Border,  
Hospital Discharges, and Canadian Citizens

- **40% of U.S. ambulatory facilities near border treated no Canadians last year; another 40% <1/month.**
- **Michigan + New York + Washington hospitals treated a total of 909 Canadians/year (only 17% of them elective).**
- **Of "America's Best Hospitals" only one reported treating more than 60 Canadians/year.**
- **In a survey of 18,000 Canadians, 90 had received any medical care in the U.S. last year - only 20 had gone to the U.S. seeking care.**

# Few Canadian Physicians Emigrate



Source: Canadian Institute for Health Information

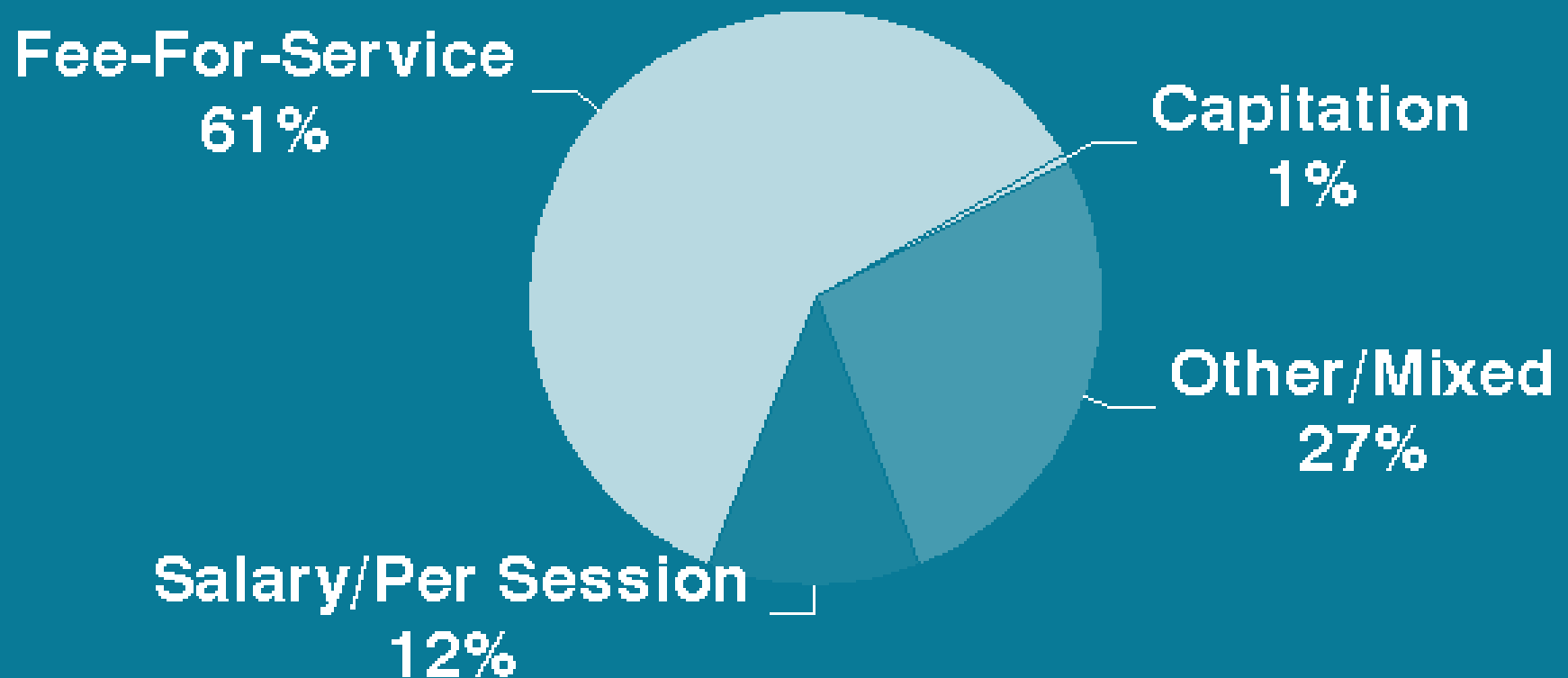
Note - A negative number indicates that more physicians returned from abroad than moved abroad

Note: in 2004, there were 80,612 physicians practicing in Canada



# Most Canadian Physicians are Paid Fee-For-Service

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# Malpractice Insurance Costs in Canada, 2005

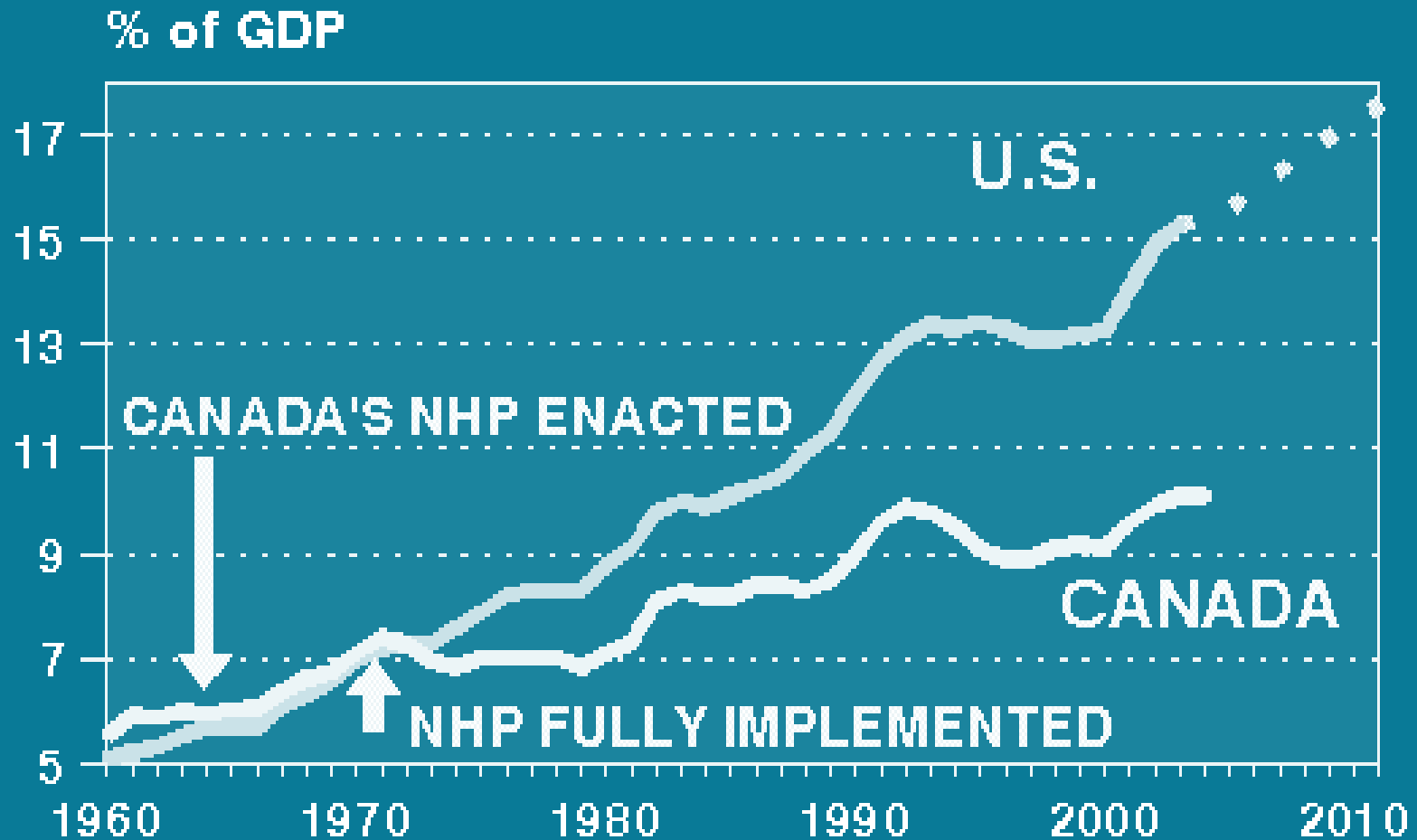
All Figures in Canadian \$s

Specialty	Ontario*	Quebec	Other Provinces
FP/GP	\$3,096	\$1,478	\$1,680
Cardiology	\$5,280	\$2,106	\$2,352
Psychiatry	\$4,692	\$1,870	\$2,076
Anesthesia	\$10,788	\$3,571	\$3,999
Neurosurgery	\$49,512	\$16,128	\$19,920
Obstetrics	\$86,244	\$23,047	\$27,348

Source: Canadian Medical Protective Association - [www.cmpa-acpm.ca](http://www.cmpa-acpm.ca)

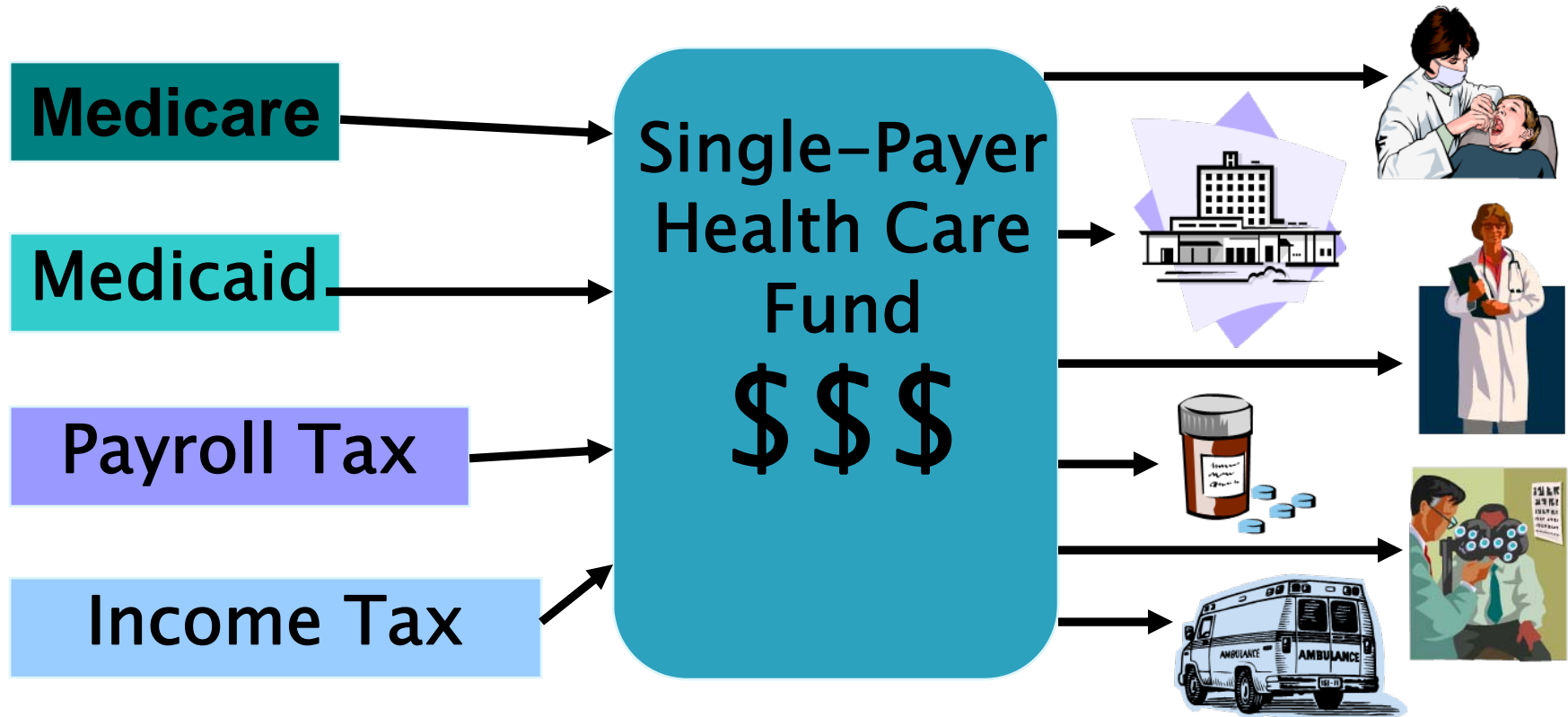
\* Government reimburses MDs for premiums above 1986 level - Obstetrician actually pays \$4,900 out-of-pocket

# HEALTH COSTS AS % OF GDP: U.S. & CANADA, 1960-2010





# Financing Single-Payer



Negotiated formulary with physicians, global budget for hospitals, increased primary and preventive care, reduction in unnecessary high-tech interventions, bulk purchasing of drugs and medical supplies = long term cost control.

# “It’s too hard.” “We can’t change.”

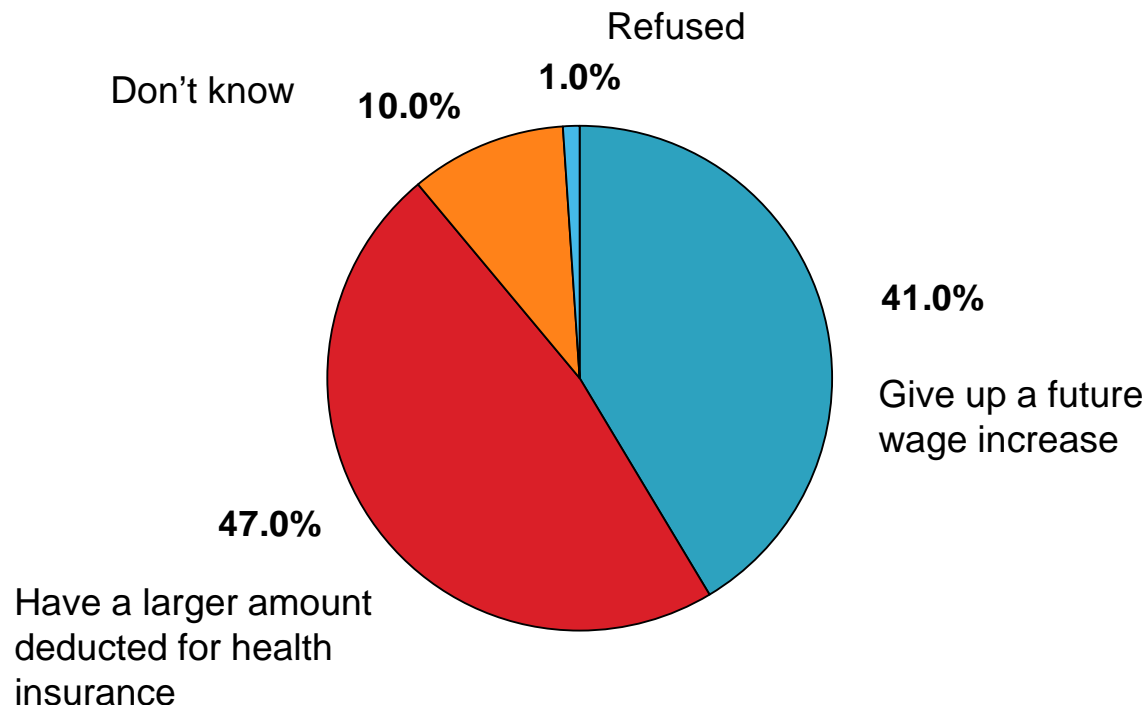
- ▶ Made the change after WWII, 1948
- ▶ Major cities heavily damaged
- ▶ Nation economically devastated
- ▶ Labour Party govt.
- ▶ We’re going to take care of everyone.’
- ▶ Had system like ours
- ▶ Medicare 1966
- ▶ Liberal party govt.
- ▶ 50% province money + 50% federal
- ▶ Phased in over 5 yrs.

England

Canada

# A majority of Americans are ready for change.

To improve our health care system Americans\* would...



Source: Kaiser Family Foundation, Health Insurance Survey, October 2004

\*Based on those who have health insurance through their or their spouse's employer.

American Hosp. Assoc.



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