

health care payment "system"

- do we have a system?
- charitable name?

health care in crisis?

- many aspects of how healthcare is delivered: inefficiencies, errors, etc.
- crisis refers to costs assoc w/ healthcare
- current year: 14.5% gdp
- 1980: spending 1/10 what we're spending now
- 1990: spending 1/5 of what we're spending now
- growth is what's notable

growth in health care cost components

- hospital care proportion has come down
- physician care has gone up
- pharmaceuticals GROWTH; why is this proportion rising so greatly?
 - prices increasing
 - volume: only in past 20 years or so have drugs been any good

health insurance coverage

- half of population gets insurance through their employer
- 13.6% of population (40-45 million people) without insurance

medicare

- program for the elderly: retirement age are eligible
- part a: hospital insurance: financed through trust fund
- part b: supp medical insurance: not automatic, covers physicians' services, rates insufficient
 - "taking assignment"
- part d: enroll in a prescription drug plan; hmo that offers drug coverage to medicare beneficiaries; carries a premium

medicaid

- authorized by fed leg, partly funded by fed, administered by states
- intended to cover all households that fall below fed poverty line
- state can establish own criteria
- nature/generosity varies greatly across states
- for most states, 2nd largest expenditure
- 47 million people, covers 1 in 4 children in u.s., 1 in 2 below poverty level

private insurance

- "managed care"
- responsible for financing care that individual patients get

managed care options

- hmo: pcp serves as a gatekeeper; pay a lot
- indemnity plan: high premium, unlimited choice

uninsured

- not wealthy, but not sufficiently indigent
- young, healthy
- jobs that don't offer insurance
- 80% come from working families
- 80% u.s. citizens
- 60% in low income
- young adults tend to be uninsured more often

payment for hospital/physician services evolved separately

- hospital: 1980's: prospective payment: formulas ahead of time for cost structures
- physician:

u.s. vs the rest of the world

- south korea is only comparable country

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prescription drugs

- fastest growing component of healthcare
- brand name drugs growing at multiple of general inflation rate

major price increases in top selling drugs btw 2000 and 2003

after generic on the market, prices decrease

drug prices cheaper in canada than the u.s.

slowdown -- many drugs will go generic

costs of drug development