The US Healthcare System: How Did We Get Here and What Will It Take To Get Out

Richard C. Wender
Robert G. Dunlop Professor II and Chair
Department of Family Medicine and Community Health
Perelman School of Medicine
University of Pennsylvania

Which Best Describes Your Assessment of the US Healthcare System?

- 1. It's functioning well enough but it's shaky.
- 2. It's not functioning well but can be salvaged without total disruption.
- 3. It's in crisis and requires disruptive change.

Which Best Describes Your Assessment of US Healthcare Insurance Coverage?

- 1. It works well for most people.
- 2. It's working fairly well for most people.
- 3. It's not performing well for most people.



Which Best Describes Your Feelings About Your Own Health Care Insurance?

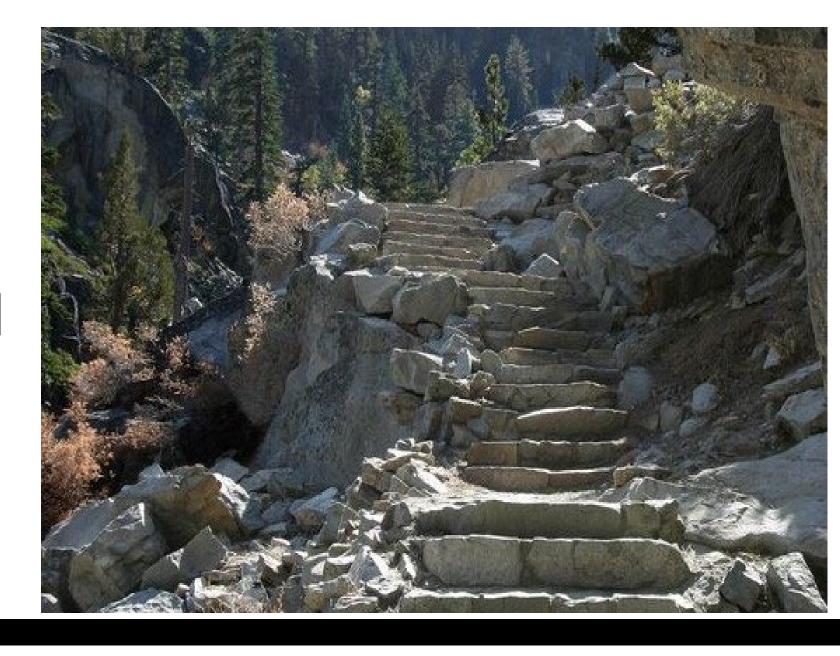
- 1. I am satisfied with my own coverage.
- 2. I am ok, but not completely satisfied.
- 3. I am not at all satisfied with my own health care insurance coverage.

I Hope To Convince You That:

- The US Healthcare system is in crisis and has been for a long time.
- The majority of Americans are somewhat dissatisfied but are numb to the deep shortcomings of healthcare and our health status in the US.
- Soon, we are overwhelmingly likely to realize that a crisis exists as if it came on suddenly – and we will realize this later than we should.



Many aspects of the path forward are clear - but will be remarkably difficult to follow.



Healthcare workers, particularly clinicians, must come together to advocate for change.



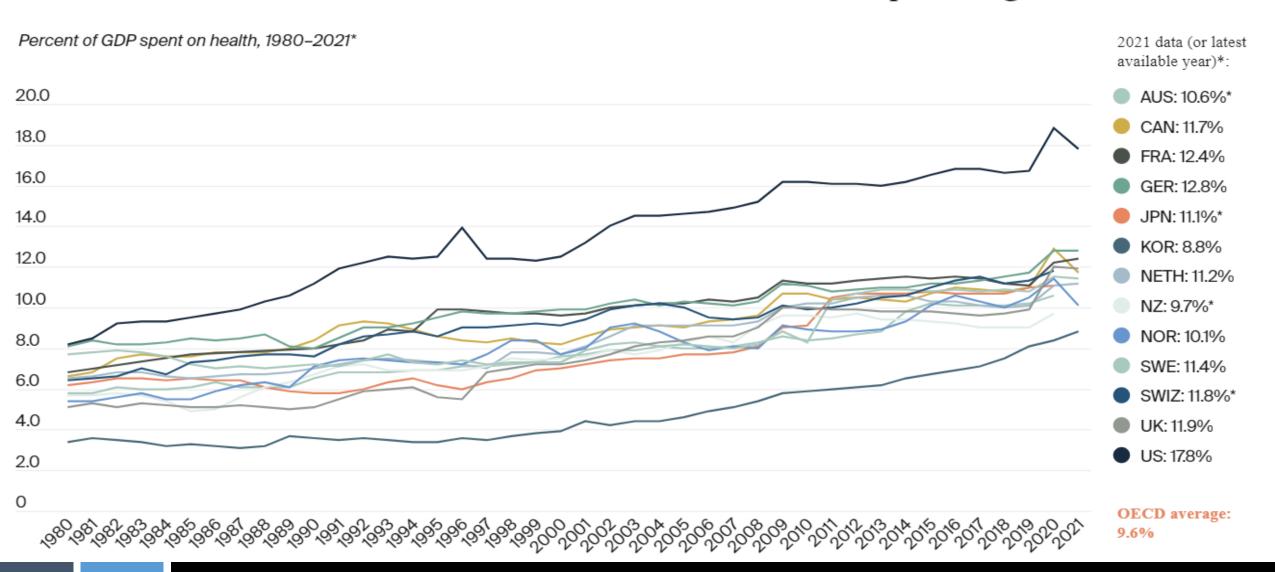
Our Healthcare System Is In Crisis



1. We Spend A Lot But Don't Cover Everyone



The U.S. is a world outlier when it comes to health care spending.

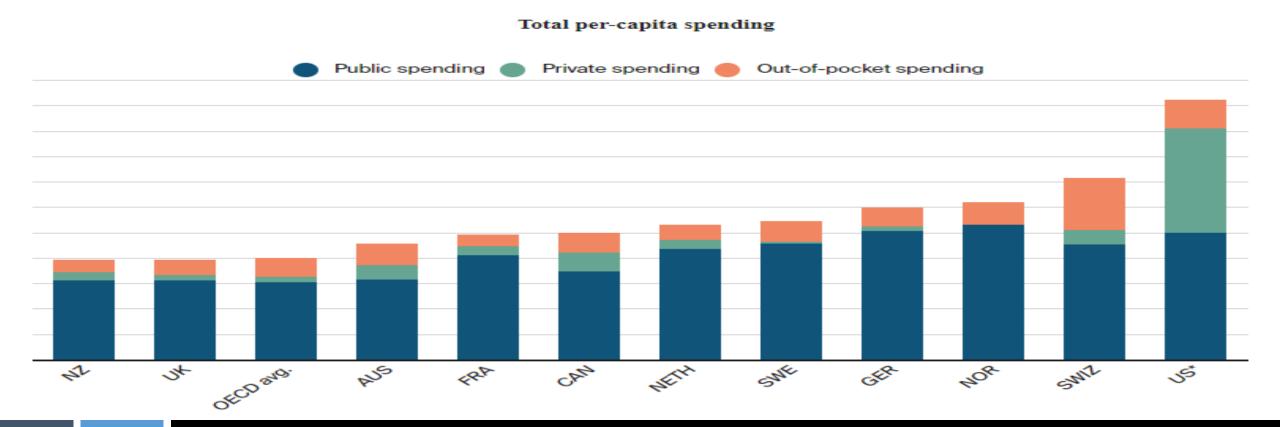




SPENDING

U.S. Public Spending Is Similar to Other Countries; Out-of-Pocket and Private Spending Are Higher Than Most

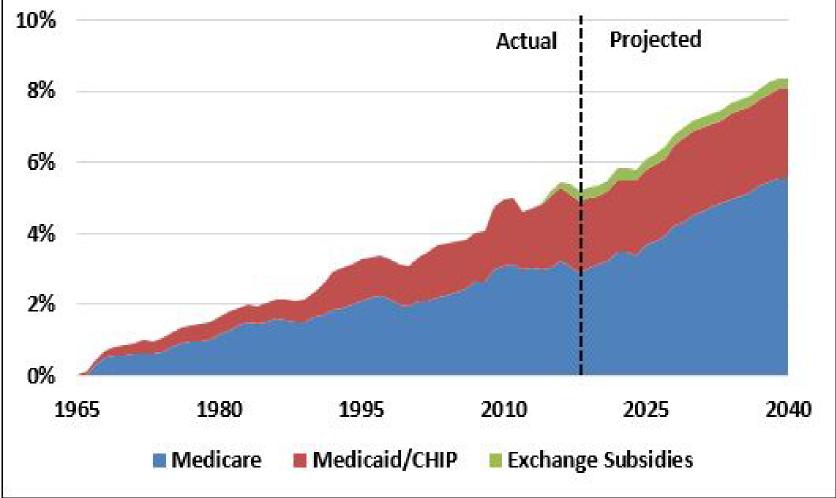
Dollars (US\$), adjusted for differences in cost of living





The percent of GDP going to health care spending continues to rise.

Fig. 2: Historical and Projected Federal Health Care Spending (Percent of GDP)

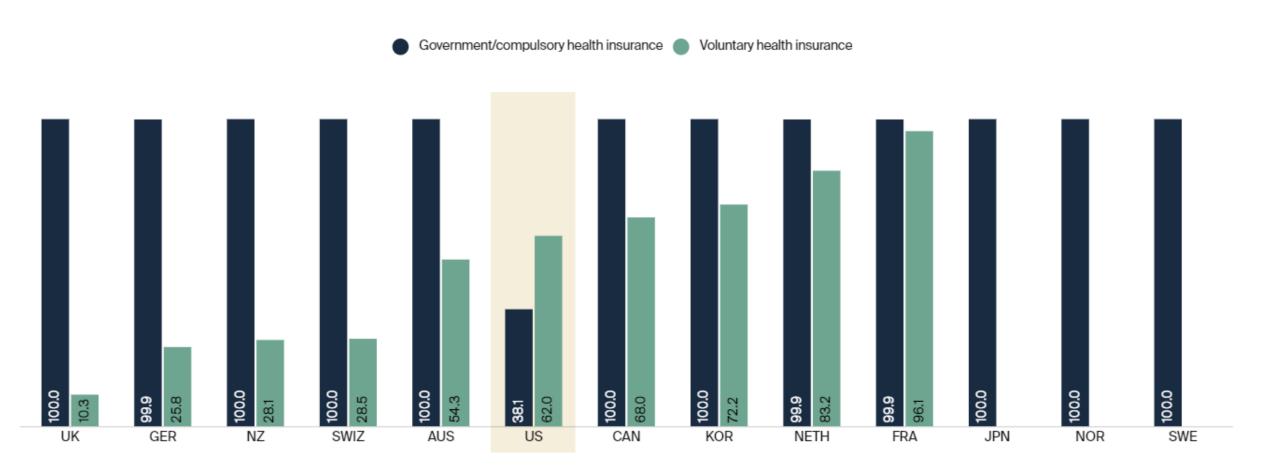


Source: Office of Management and Budget, Congressional Budget Office, CRFB calculations.



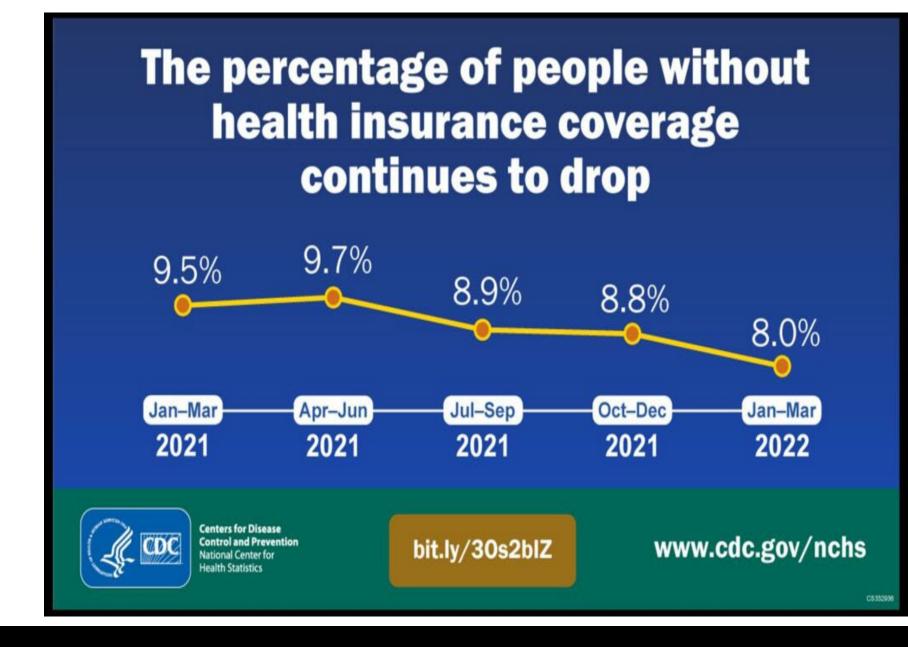
The U.S. is the only high-income country that does not guarantee health coverage.

Percent of total population with health insurance coverage



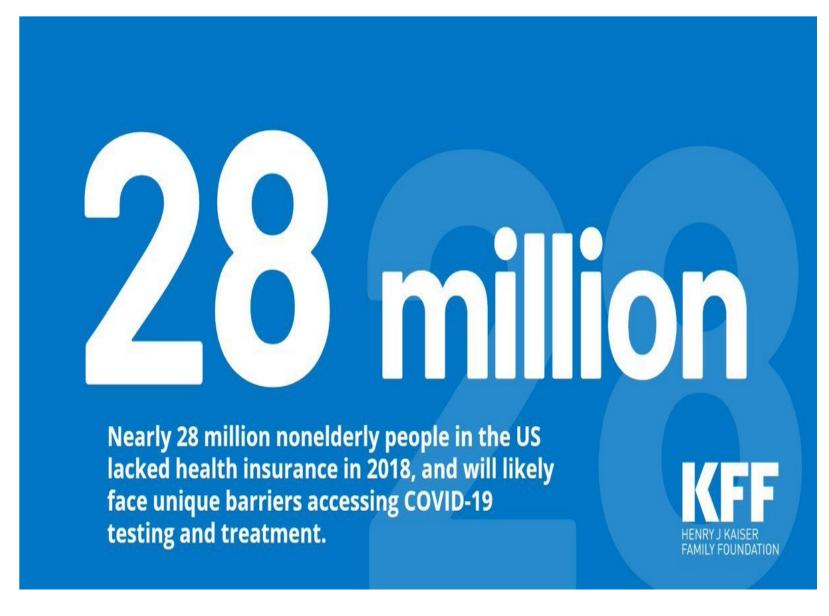


Thanks to the ACA and Medicaid Expansion, a higher percent of people have health insurance.





But over 28 million people don't have health insurance in 2024 - one estimate places it at 31 million.

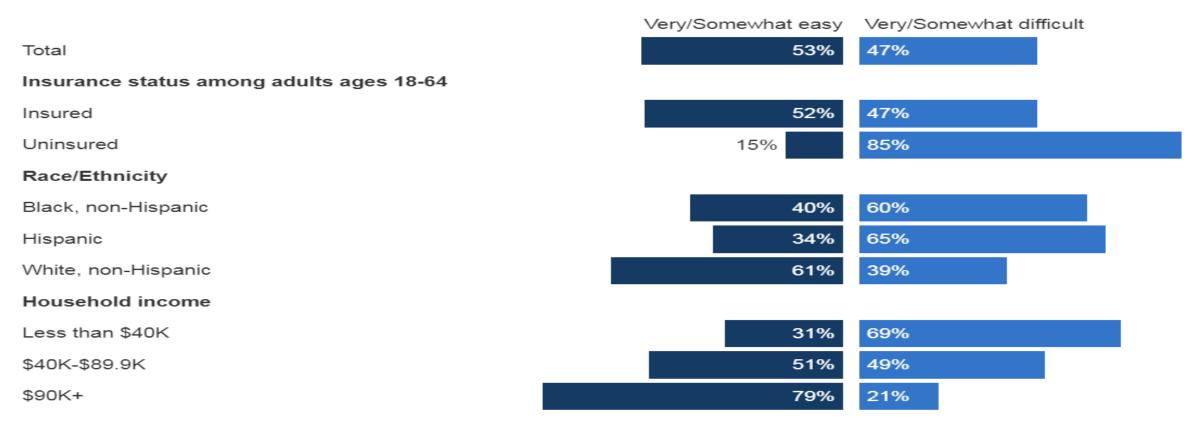




2. Affordability of and Access to Care are Extremely Variable

Half Of Adults Say It Is Difficult To Afford Health Care Costs, Including Large Shares Of The Uninsured, Black And Hispanic Adults, And Those With Lower Incomes

In general, how easy or difficult is it for you to afford your health care costs?



NOTE: See topline for full question wording.

SOURCE: KFF Health Care Debt Survey (Feb. 25-Mar. 20, 2022) • PNG





Household income

Less than \$40K

\$40K-\$89.9K

\$90K+

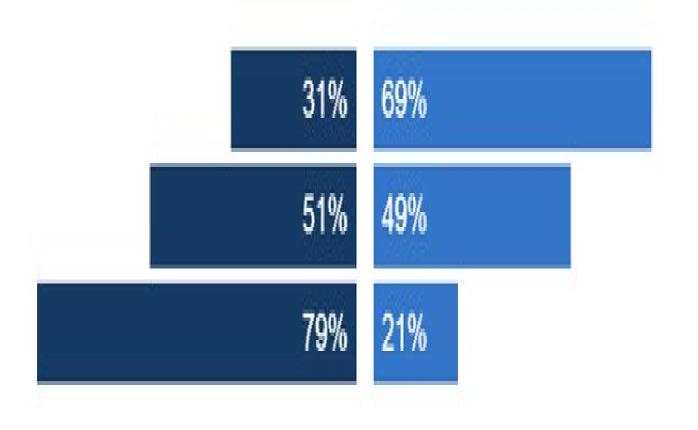




Figure 3

Six In Ten Uninsured Adults Say They Have Skipped Or Postponed Getting Health Care They Needed In The Past 12 Months Due to Cost

Total Hispanic Black Asian White

Percent who say, in the past 12 months, they have skipped or postponed getting health care they needed because of the cost:

25% Total Age 18-29 36% 30 - 4932% 50-64 22% 65+ 7% Gender 28% Women 21% Men Household income Less than \$40.000 29% \$40.000-\$89.999 27% 18% \$90.000 + Insurance Status 21% Insured Uninsured 61%

NOTE: Black and Asian groups include multiracial and single-race adults of Hispanic and non-Hispanic ethnicity. Hispanic group includes those who identify as Hispanic regardless of race. White includes single-race non-Hispanic adults only. See topline for full question wording. SOURCE: KFF Survey on Racism, Discrimination, and Health (June 6- August 14, 2023) • PNG





Age

18-29

30-49

50-64

65+



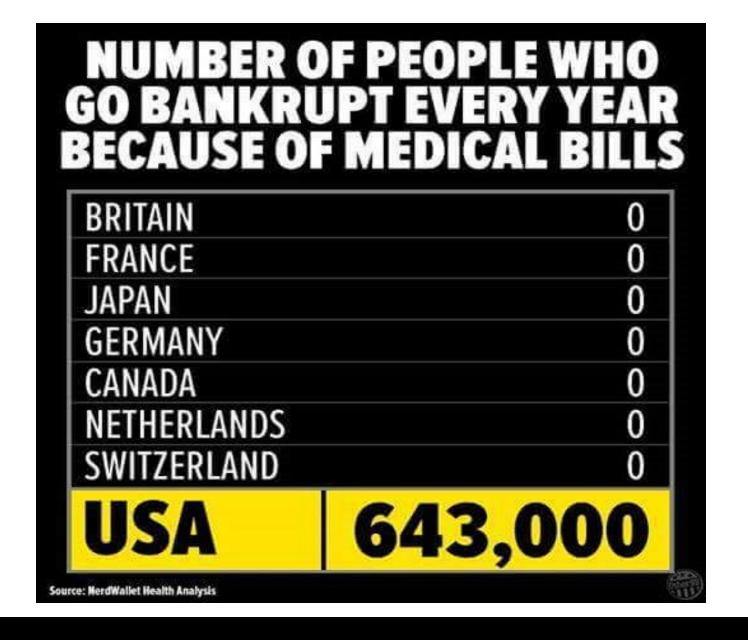
32%

22%

7%



And medical bankruptcies are a uniquely **American** phenomenon.



At least we have plenty of physicians . . .



At least we have plenty of physicians . . .

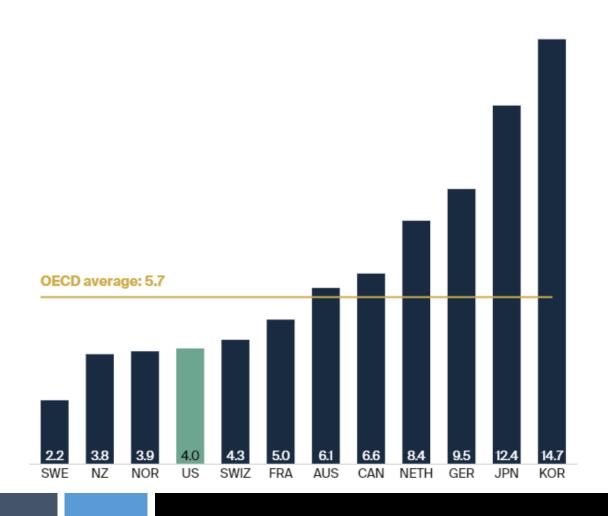
Except we don't.

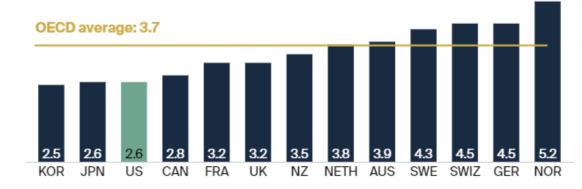


The U.S. has among the lowest rates of physician visits and practicing physicians.

Physician consultations in all settings per capita

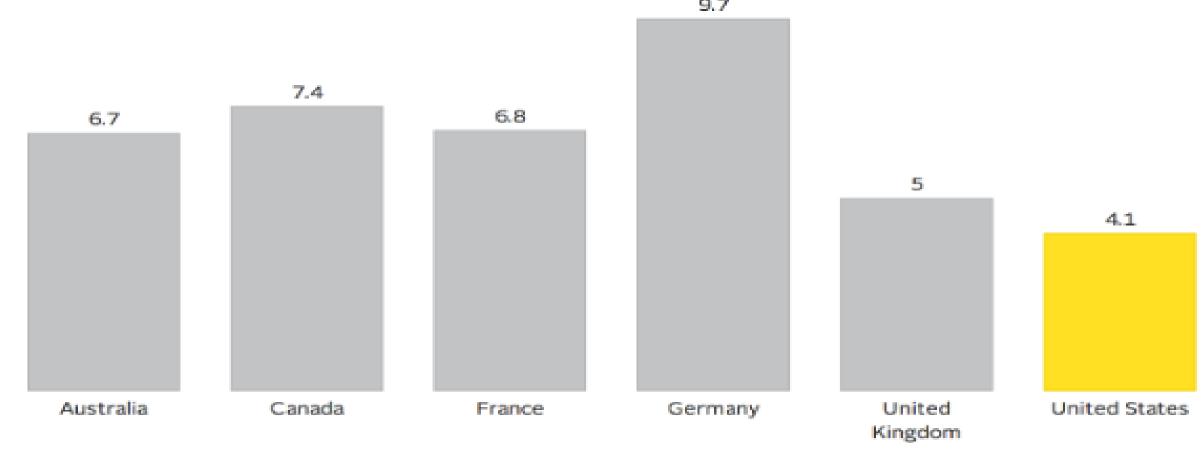
Practicing physicians per 1,000 population







Average doctor visits per person



Source: Commonwealth Fund





"Well, I know we have enough hospitals and long hospital stays."



Hospital stays are shortest in the Netherlands and the U.S. The U.S. has among the lowest number of hospital beds.

Average length of stay for inpatient care (days) Number of total hospital beds per 1,000 population OECD average: 7.3 OECD average: 4.3 SWIZ NETH NOR KOR



Over 100 rural hospitals have closed in the last decade. 700 more are at risk right now.

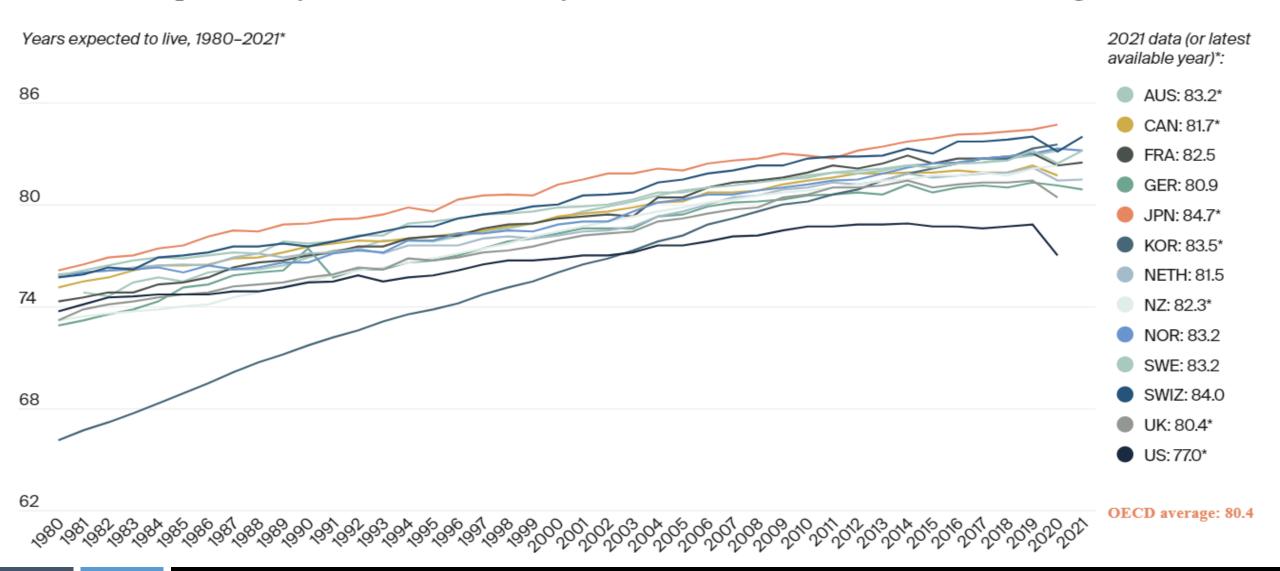
<u>Digital Collections - National Library</u> <u>of Medicine (nih.gov)</u>



3. Our Healthcare Outcomes Are Inexcusably Poor

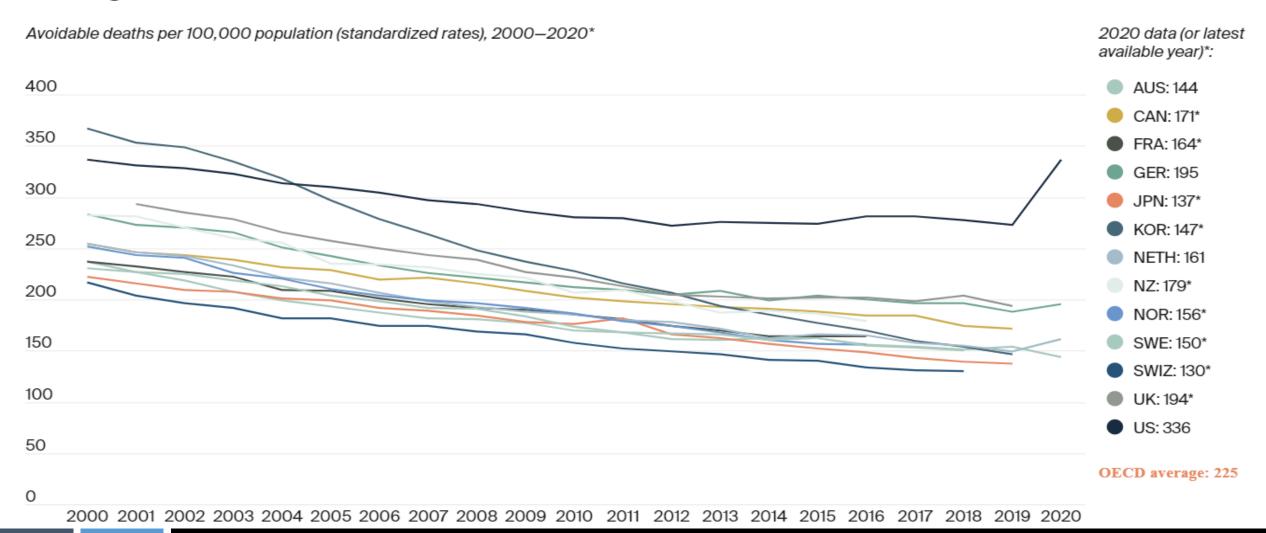


U.S. life expectancy at birth is three years lower than the OECD average.



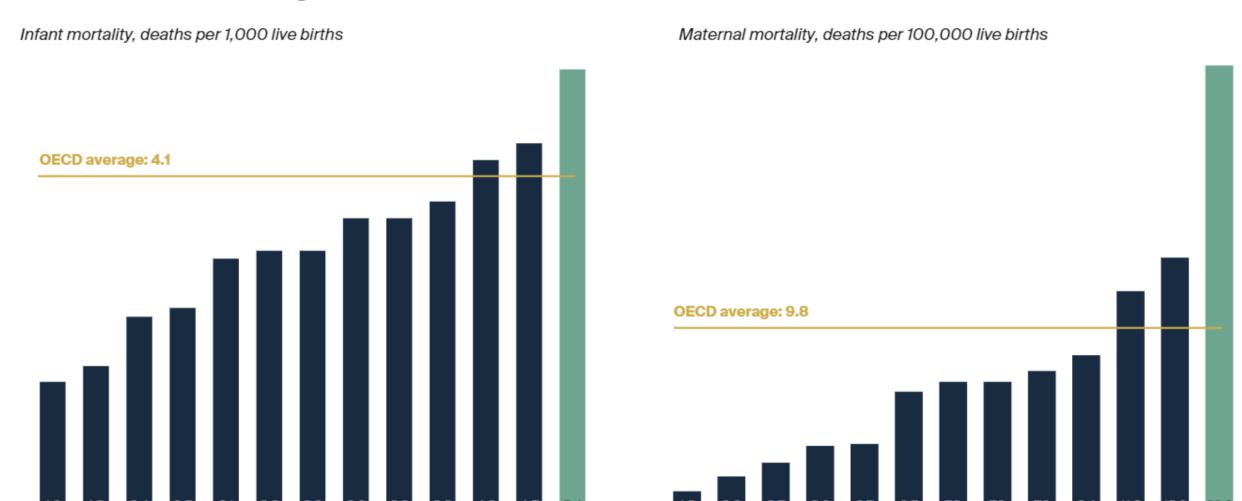


Avoidable deaths per 100,000 population in the U.S. are higher than the OECD average.





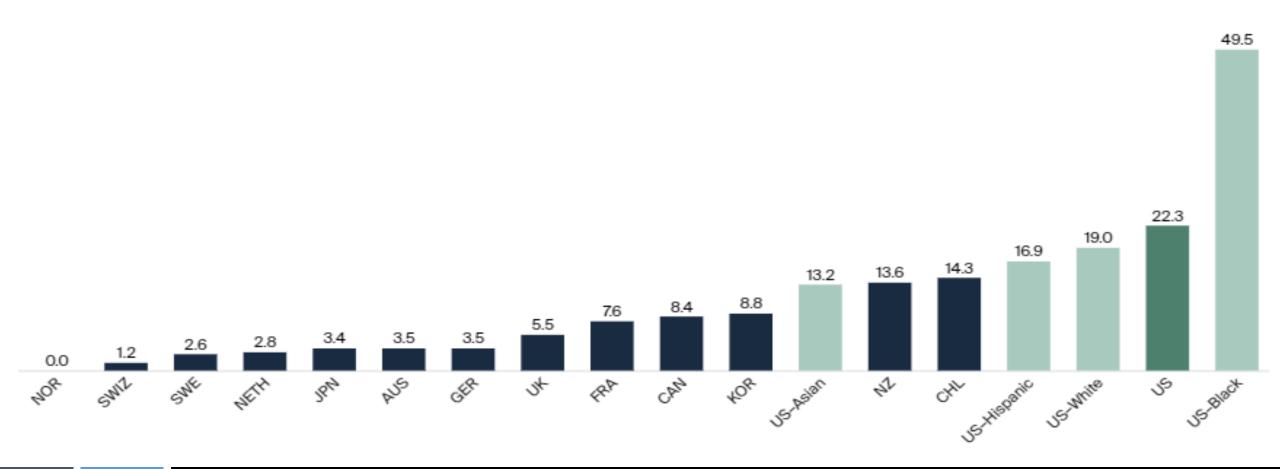
The U.S. has the highest rate of infant and maternal deaths.





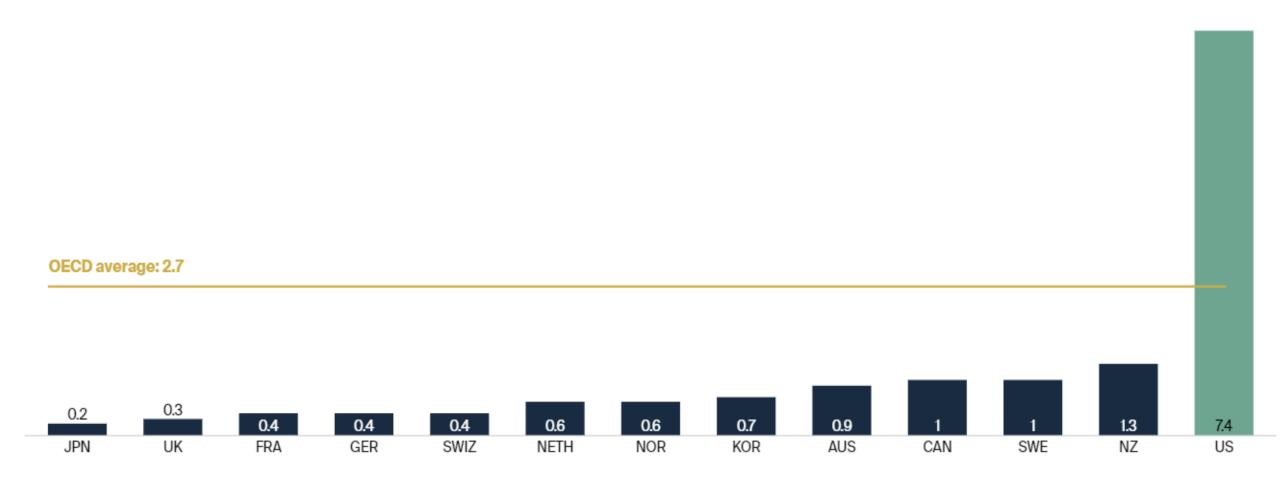
The United States continues to have the highest maternal death rate, with the rate for Black women by far the highest of any group.

Maternal deaths per 100,000 live births



Deaths from assault are highest in the U.S.

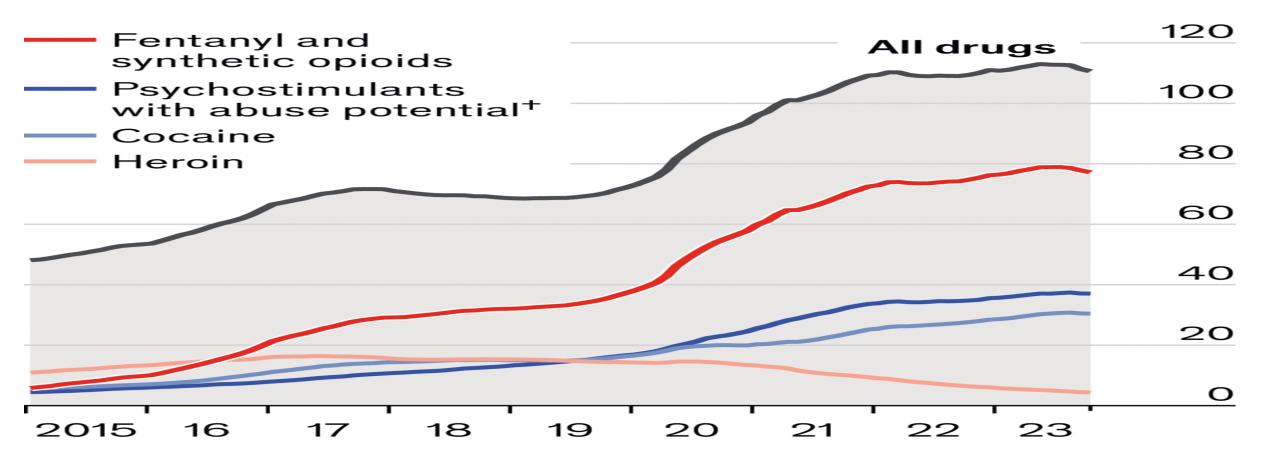
Mortality from assault, deaths per 100,000 population (standardized rates)





US drug-overdose deaths*

In the past 12 months, '000



*Deaths involving multiple drugs included in each category

⁺Mostly methamphetamine

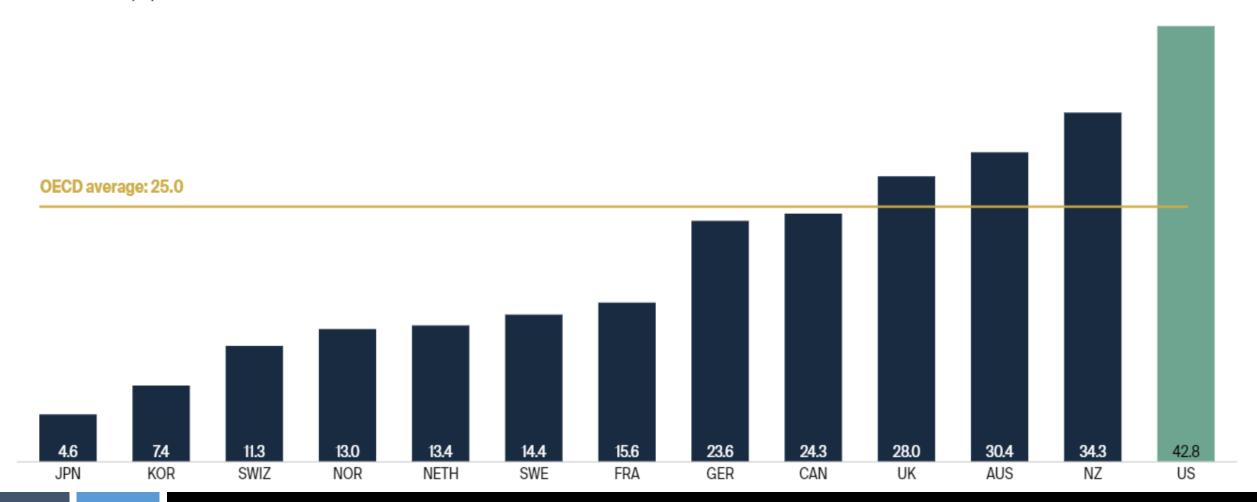
Source: Centres for Disease Control and Prevention



1

The U.S. obesity rate is nearly double the OECD average.

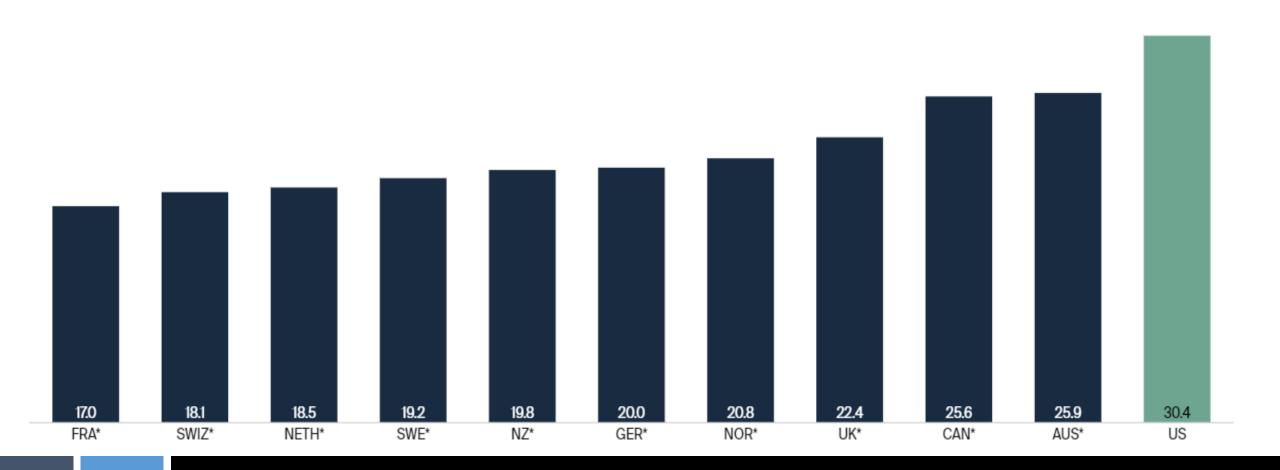
Percent of total population that is obese





Adults in the U.S. are the most likely to have multiple chronic conditions.

Percent of adults age 18 and older who have multiple chronic conditions

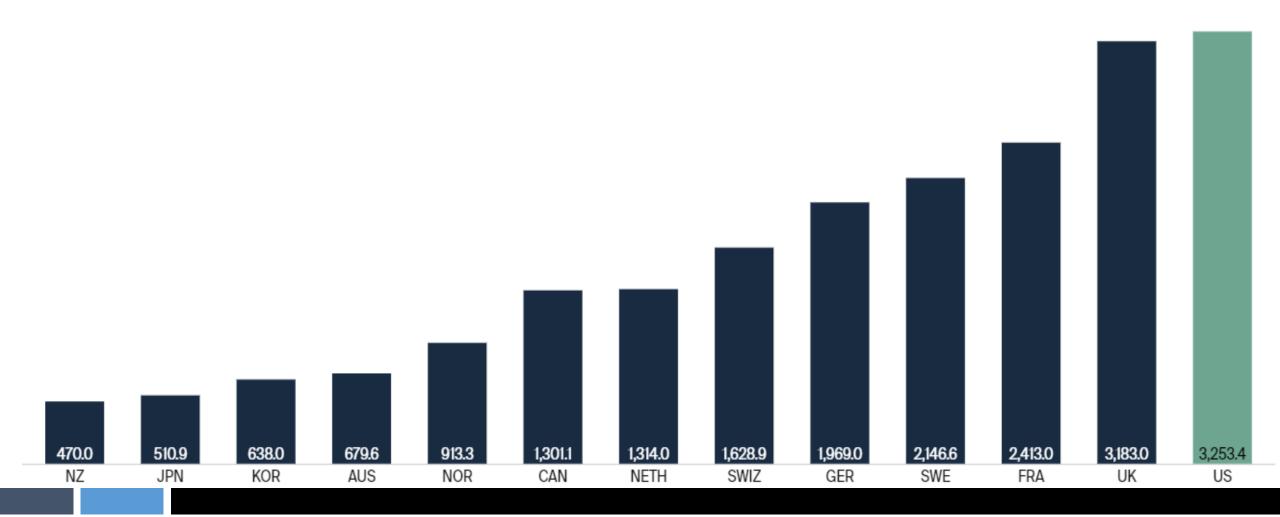




The U.S. has the highest rate of death because of COVID-19.



Deaths per 1 million because of COVID-19

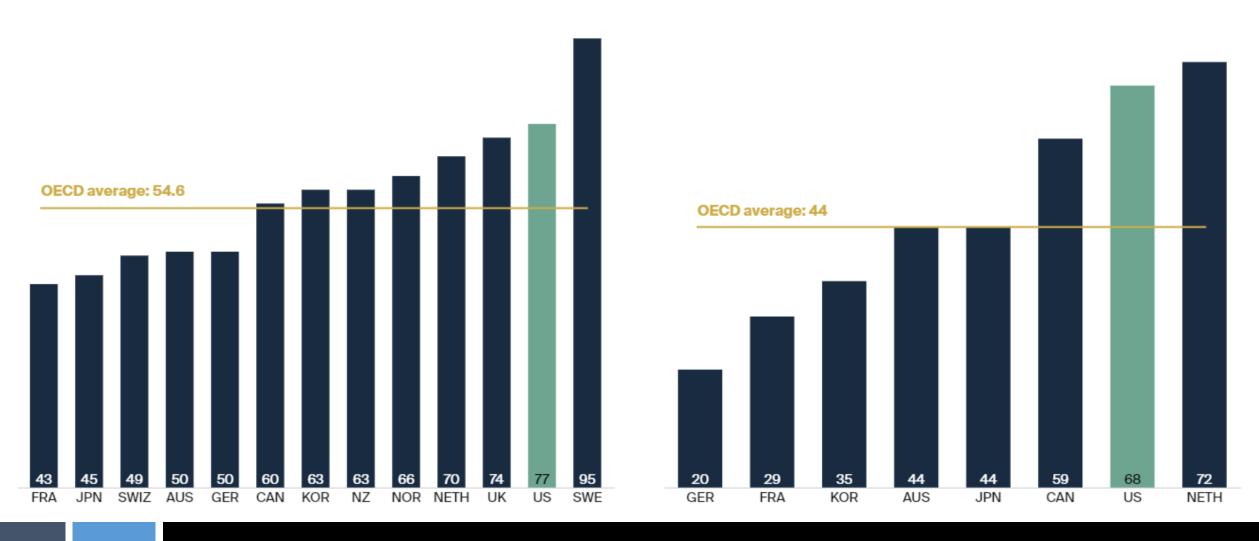




The U.S. has among the highest rates of screening for breast and colorectal cancers.

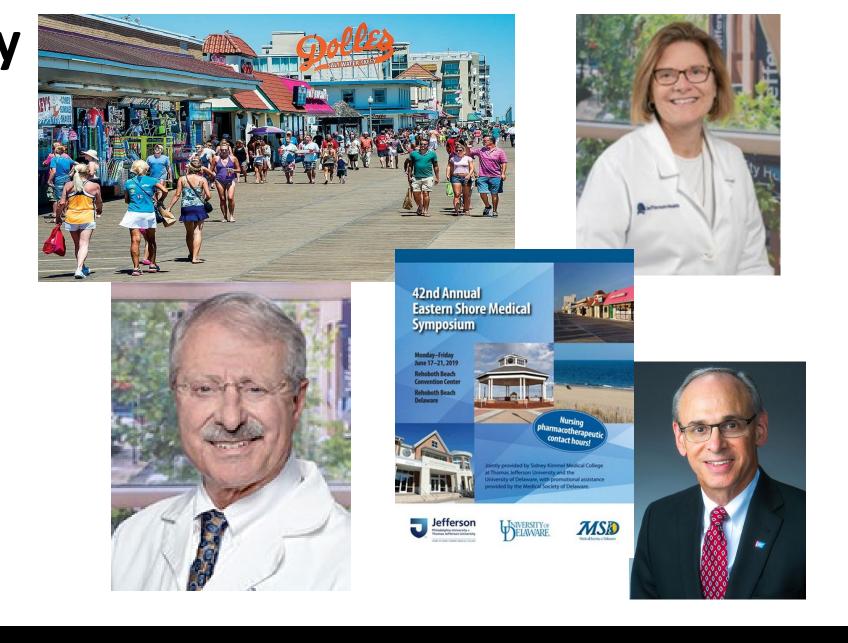


Percent of population ages 50-74 screened for colorectal cancer





This is largely due to the excellent series of talks on Cancer Screening at **ESMS**

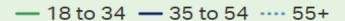


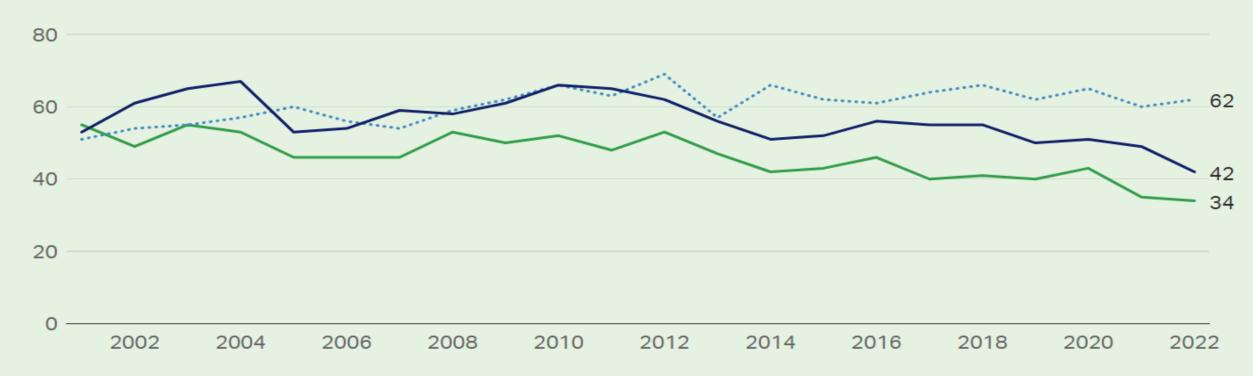


4. Satisfaction with the Healthcare System is Declining.

Positive Views of U.S. Healthcare Quality, by Age

% Rating quality of healthcare in the country "excellent" or "good"





Figures based on Gallup Health and Healthcare poll conducted each November

Get the data • Download image





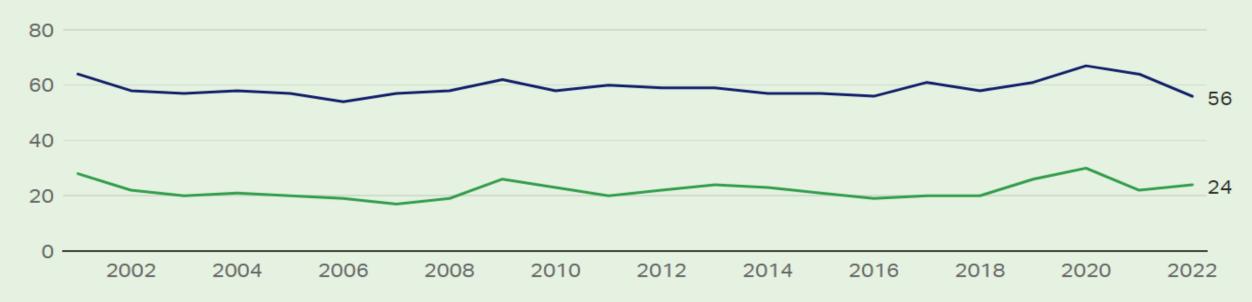
Americans' Satisfaction With Healthcare Costs

Are you generally satisfied or dissatisfied with the total cost of healthcare in this country?

Are you generally satisfied or dissatisfied with the total cost you pay for your healthcare?

% Satisfied

— Total cost of healthcare in the country — Total cost you pay for your healthcare



Figures based on Gallup Health and Healthcare poll conducted each November

Get the data • Download image





Americans' Ratings of Healthcare Coverage

Overall, how would you rate [healthcare coverage in this country/your healthcare coverage] -- as excellent, good, only fair or poor?

	Excellent	Good	Only fair	Poor	Excellent/Good
	%	%	%	%	%
U.S. healthcare coverage	5	27	36	32	32
Own healthcare coverage	28	38	22	11	66

NOV. 9-DEC. 2, 2022 • Get the data • Download image





"Even as they lament the cost, a majority of Americans continue to have high regard for the quality of their own healthcare coverage. Yet even their own healthcare quality ratings are not what they once were. Should these continue to worsen, Americans may be less resistant to rocking the U.S. healthcare boat. That could, in turn, influence the types of policy changes they may be willing to accept in the furtherance of improved public health outcomes."

Americans Sour on U.S. Healthcare Quality (gallup.com)

5. Physician Satisfaction with Careers is Declining



Most Physicians are Satisfied with Their Careers — But Declines Are Seen

- AMA 2022 survey of 11,000 physicians reported 72% were satisfied with their work. Represents a 4% decline from the previous year.
- Another 2022 survey: 57.1% of 2440 physicians would choose to become a physician again.

Since 2020, one in five healthcare workers have quit their jobs. 47% plan to leave their positions by 2025.





Addressing the healthcare staffing shortage

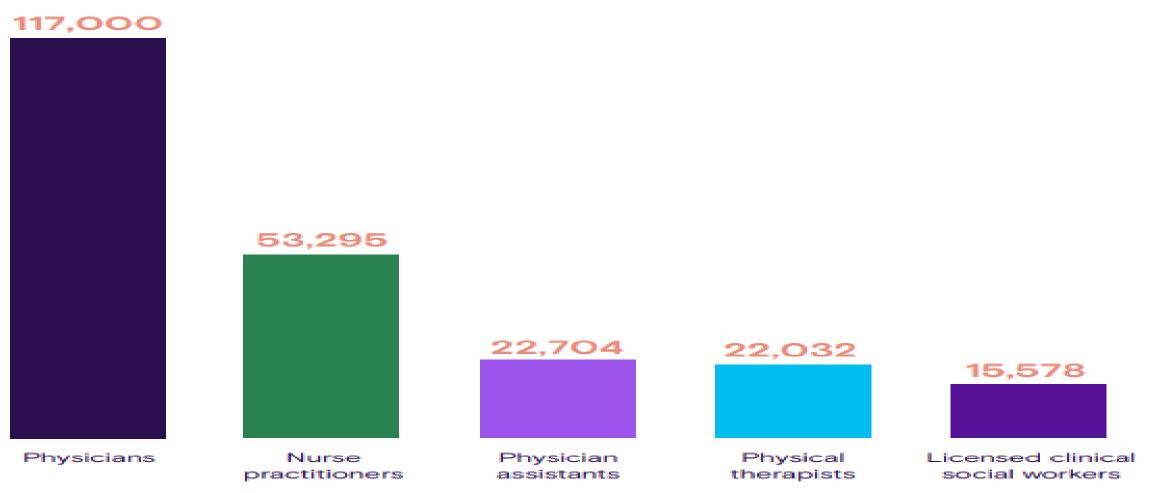
An exploration of why the industry is losing thousands of workers, and how that's putting the health of healthcare at risk

A Definitive Healthcare report

The types of providers leaving the workforce

The chart below shows the quantity and types of healthcare professionals leaving the workforce as of Q4 2021.

THE HEALTHCARE PROFESSIONALS WHO LEFT THE WORKFORCE IN Q4 2021

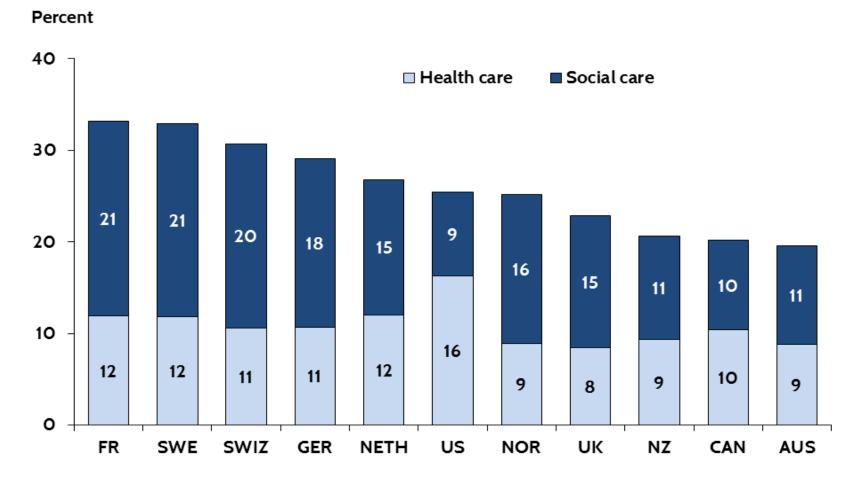


6. The Bottom Line: The health care paradox.



The paradox of health care vs. the health of the public in the **United** States.

Exhibit 8. Health and Social Care Spending as a Percentage of GDP



Notes: GDP refers to gross domestic product.
Source: E. H. Bradley and L. A. Taylor, *The American Health Care Paradox: Why Spending More Is Getting Us Less*, Public Affairs, 2013.



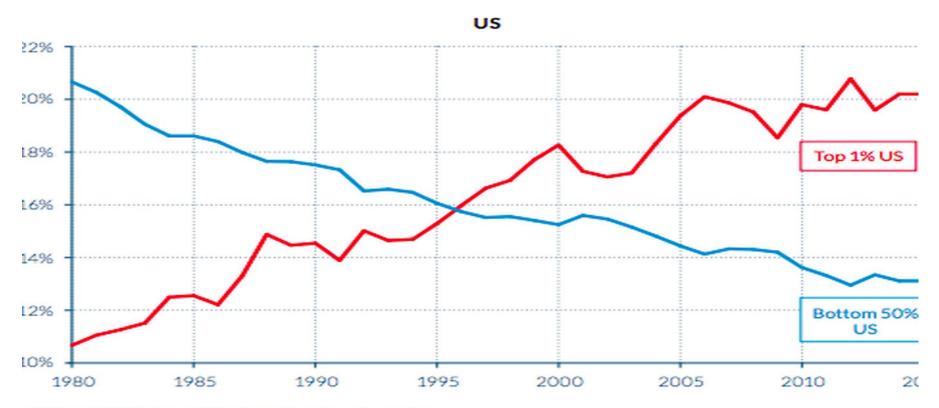
The Paradox: Summarized

- Reliance on the free market to deliver health care services has driven up the cost of health care.
- This has led to substantial inequality in the ability of individuals to access advanced care from the best health centers.
 - Incentives discourage health professionals from seeking public health or primary care careers.
 - Medical advances contribute to disparities.

The Paradox (cont)

- Spending on health care has severely limited dollars available to invest in public health and social needs.
- But has also adversely impacted personal wages and contributed to the most important root cause of the adverse trends we are confronting today . . .

Wealth Disparity



WID.world (2017). See wir 2018.wid.world for data series and notes.

16, 12% of national income was received by the top 1% in Western Europe, compared to 20% in the United States. In 1980, 10% of nations was received by the top 1% in Western Europe, compared to 11% in the United States.



How Did the U.S. Health Care System Develop Into What It Is Today?



No entity ever decided that **US** healthcare would be governed by the free market.



But Several Factors Played a Role in Steering the US to a Free Market Solution

- Value placed on free enterprise and limited government intervention.
- Spirit of individual responsibility.
- Employer based insurance emerged following WWII.
 Employers offered health care insurance to attract a returning workforce.
- Healthcare was relatively affordable and a good economic driver for many years.

Healthcare as an Economic Driver

- For years, the nation's somewhat unusual approach to our economy – with healthcare being our largest industry – worked pretty well.
- Healthcare is the first or second leading employer in every major city. And relatively resistant to economic downturns.
- Employed a lot of people.
- The U.S. became a center for research, innovation, and drug and device development.



The Emergence and Design of Medicare

- Medicare was designed in 1965 as a part of Johnson's Great Society program. Response to rising concern about health care costs in older and disabled people.
- It was part of a broader effort to address poverty and civil rights.

Medicare Legislatively Unable to Negotiate Prices

- The Medicare Modernization Act of 2003 prohibits HHS from interfering in Medicare negotiations with drug plans for drug prices.
- Pharmaceutical companies and intermediaries have huge political clout.
- Concerns about companies withdrawing from participation limited drive to reduce pricing.
- Negotiating every devise and drug price would be extraordinarily daunting.



While US healthcare has always fostered disparities and been imperfect, it was not perceived as being in crisis. Healthcare system crisis is a relatively modern phenomenon.

What went wrong?

While US healthcare has always fostered disparities and been imperfect, it was not perceived as being in crisis. Healthcare system crisis is a relatively modern phenomenon.

What went wrong? Healthcare just became too expensive.

Why is Healthcare in the U.S. So Expensive?



We Compete Around Technology and Facilities







2. Profit seeking has penetrated every aspect of health care provision.



SPRING 2017

Insurance policy

How an industry shifted from protecting patients to seeking profit

By <u>Elisabeth Rosenthal</u>

Illustration by David Plunkert
May 19, 2017



Health sector profit margins

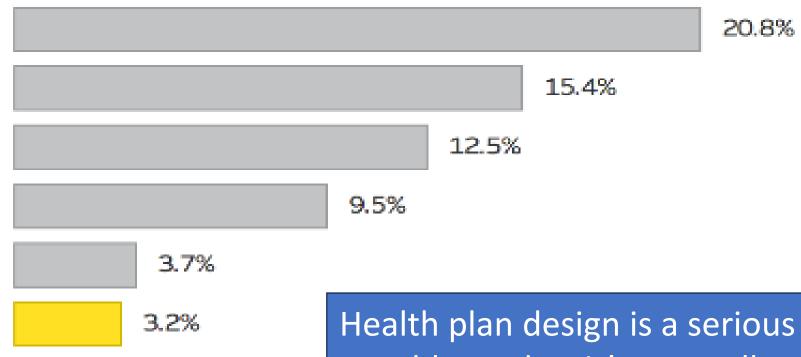
Drug manufacturers

Industry average

Medical instruments and supplies Medical appliances and equipment

Hospitals

Health plans



Health plan design is a serious problem – but it's generally NOT profit

Source: Yahoo! Business

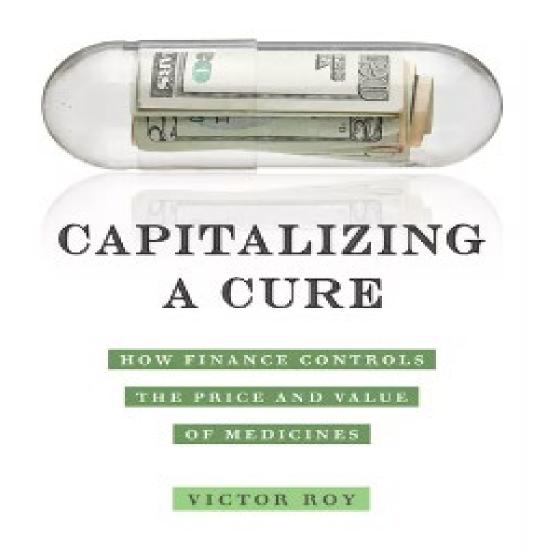


Device and Pharmaceutical Companies are Doing Just Fine

- In a study of 35 large pharmaceutical companies compared to 357 large, nonpharmaceutical companies from 2000-2018, net profit was much higher for the drug companies: 13.8% vs. 7.7.
- Pfizer's gross profit margin as of March 31, 2024 was:
 57.28%.
- Copilot (bing.com)
- <u>Profitability of Large Pharmaceutical Companies Companies With Other Large Public Companies PMC (nih.gov)</u>

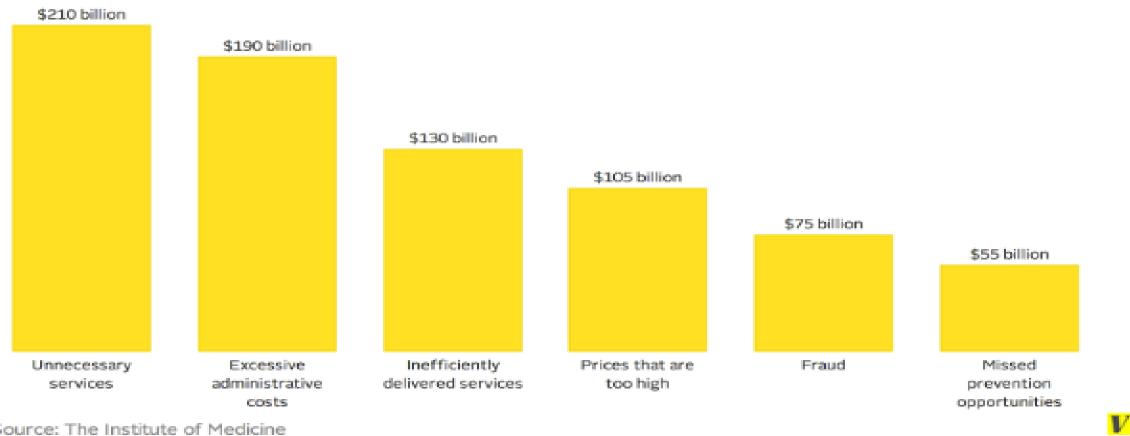


How Gilead set a price of \$90,000 for a course of treatment of Hepatitis C for a drug that cost \$100 to manufacture.



3. Waste Is A Big Deal

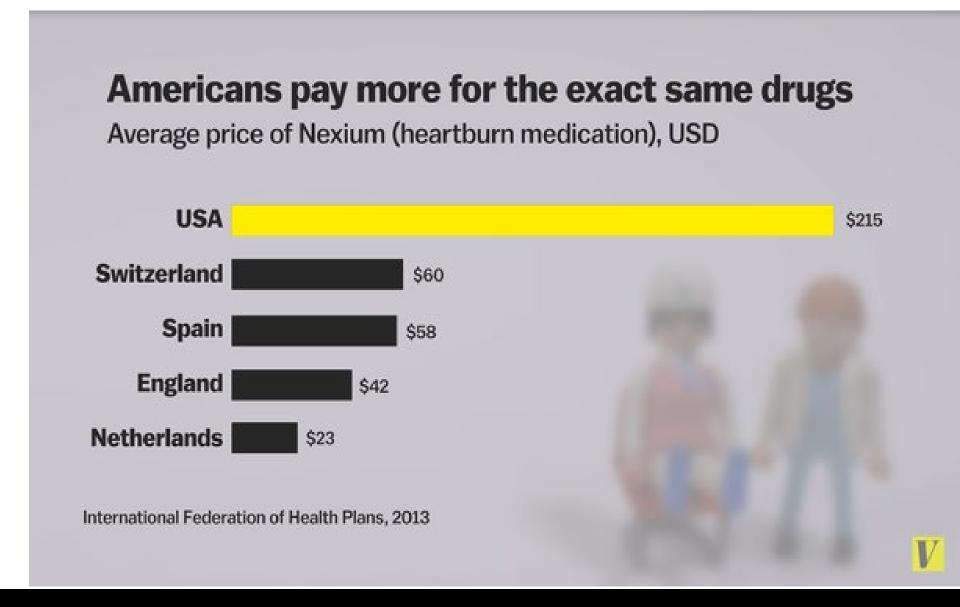
Sources of waste in American health care







4. We charge more for just about everything in U.S. healthcare





5. We Spend a Lot of Money Caring for People in their Last Year of Life

- One quarter of all Medicare spending goes toward care for people during their last year of life.
- In 2018, the average patient time in hospice was 77.9 days. 92.6 days for Medicare.
- Can't we more effectively transition people to hospice care – or other supportive approach?

Turns Out to Be Pretty Tricky

- 82% of hospice patients die.
- But 18% may be discharged due to no longer being terminal or a longer life duration than predicted.
- Extremely hard to reliably predict who will die and would not benefit from intensive care.

"Those who end up dying are not the same as those who were sure to die."

"... Spending could appear concentrated on the dead, simply because we spend more on sicker individuals who have higher mortality."

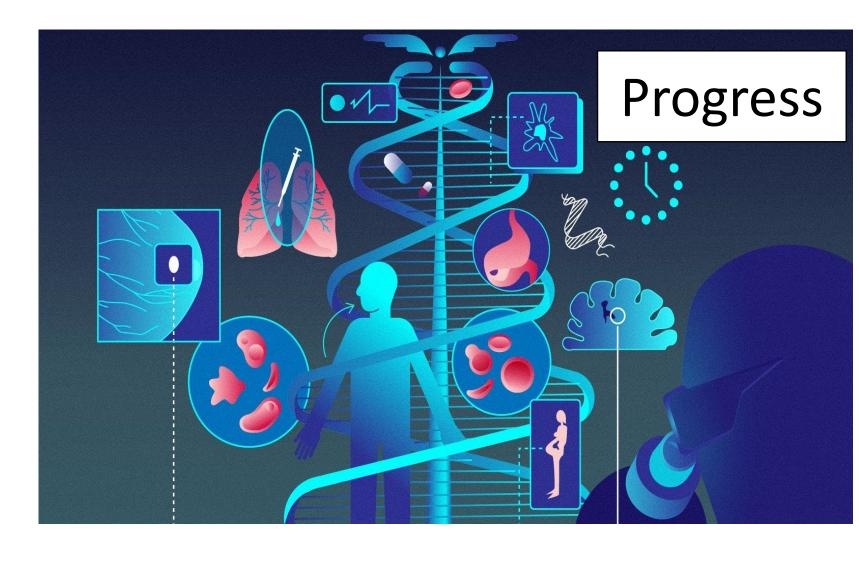


Vol 360, Issue 6396 pp. 1462-1465 DOI: 10.1126/science.aar5045



6. Perhaps the most important cause of rising health care costs is . . .

6. Perhaps the most important cause of rising health care costs is . . .



Alzheimer Drugs

Proton Beam Therapy

Artificial Pancreas

Crispr Gene Editing

3-D Organs and Prosthetics

GLP-1 Agonists

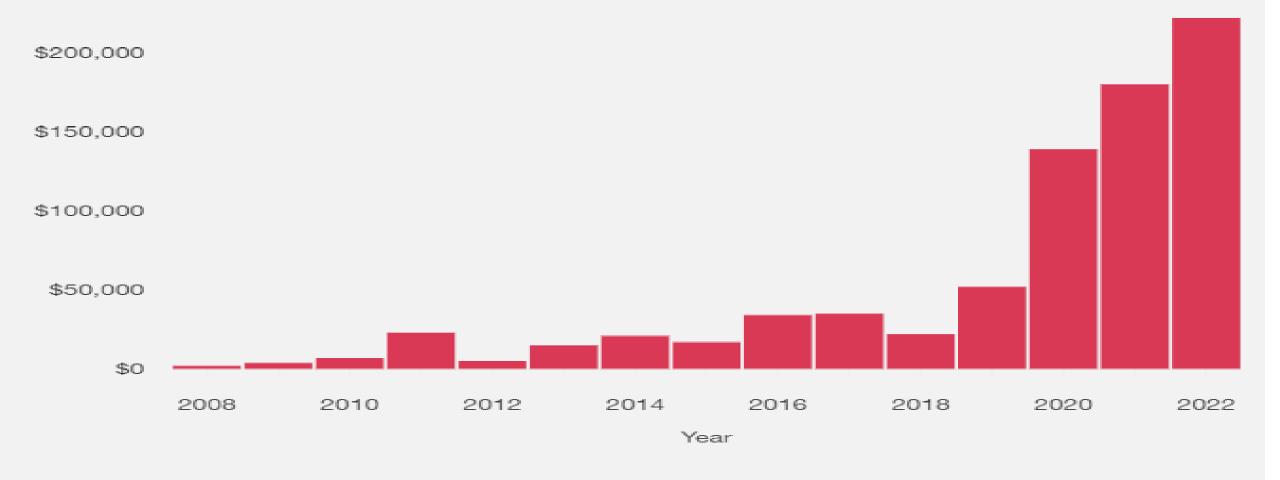
RNA Vaccines

Immunotherapy

Cart-T Therapy



Median price of newly marketed drugs 2008-2022



Source: Trends in Prescription Drug Launch Prices, 2008-2021



What Will It Take To Improve Our Healthcare System – and Our Health

- 1. We must reduce health care costs.
- 2. We must improve access to care.
- We must address the most vital social determinant of health - wealth disparity and poverty.

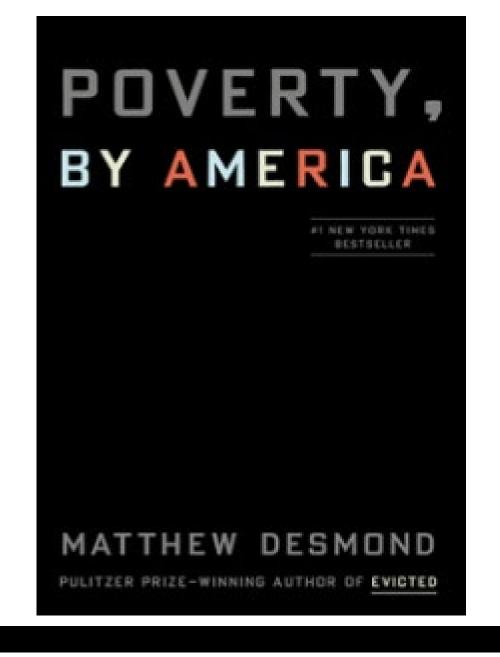
And ending poverty is the most achievable.



How Can We End Poverty?



Matthew Desmond's carefully researched book is a must read for anyone who recognizes the urgent need to address wealth disparity.





We Can Eliminate Poverty in America

- 38 million Americans live below the poverty line:
 One in nine people overall and one in eight children.
- Millions live on incomes close to the poverty line.
- Desmond contends that poverty persists as a result of corporate and governmental policies that allow affluent people to benefit while poor people suffer.

We Can Eliminate Poverty

"So a recent study was published and it showed that if the top 1% of Americans just paid the taxes they owed, not paid more taxes, ... we as a nation could raise an additional \$175 billion every year. That is just about enough to pull everyone out of poverty, every parent, every child, every grandparent. So we clearly have the resources to do this. It is not hard."

<u>'Poverty, by America' author Matthew Desmond examines inequality's root causes : Shots - Health News : NPR</u>



Become a Poverty Abolitionist

"POVERTY WILL BE
ABOLISHED IN
AMERICA ONLY WHEN
A MASS MOVEMENT
DEMANDS IT SO."

MATTHEW DESMOND, "POVERTY BY AMERICA"

What Else Can We Do?

 More and more interventions are addressing poverty with money.

"Operating in at least 10 cities, each project provides low-income residents payments of between \$375 and \$1,000 a month, sometimes for special groups such as new mothers or single parents. Most are pilot projects serving several hundred families. Notably, a few have been organized as randomized trials."

Beyond the Data



Randomized Trial in Cambridge Mass: Findings Are Promising

"With a \$500 monthly supplement, the experimental group receiving the additional income had more stable incomes; was better able to cover housing, utility costs, and emergencies; and had greater food security. They could spend more time parenting and, the study found, more time with their kids meant their kids did better at school."

And more people in the intervention group were continuously working.



How Can We Improve Access to Care?



Uninsurance is the Leading Source of Health Disparities

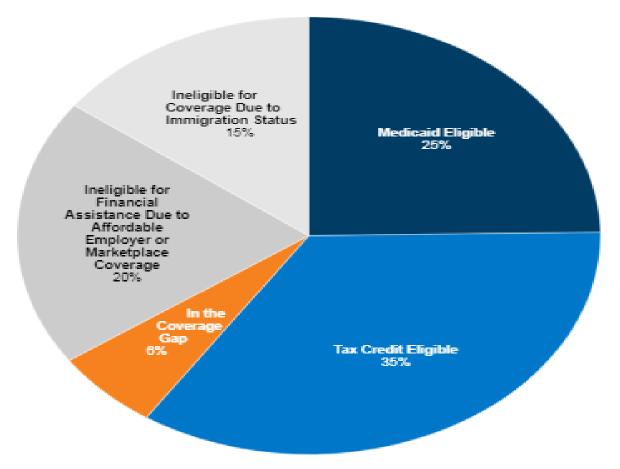
- People without health insurance are the:
 - Least likely to have a source of primary care.
 - Most likely to avoid healthcare due to cost.

While Universal Coverage Should be Our Goal, In the Meantime We Can:

- Continue to advocate for Medicaid expansion.
- Provide financial and insurance navigation for patients who have recently lost coverage or who may not realize they are eligible for coverage.

60% of nonelderly uninsured population are eligible for coverage.

Figure 8 Eligibility for Coverage Among the Nonelderly Uninsured Population, 2022



NOTE: Totals may not sum to 100% due to rounding. Nonelderly includes individuals ages 0 to 64. NC and 8D are considered Medicald expansion states in this analysis. Tax Credit Eligible includes adults in MN and NY who are eligible for coverage through the Basic Health Plan. This analysis does not account for any policy changes aimed at addressing the "family glitch," which limited access to Marketplace subsidies for K \digamma 🖡



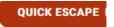


Embed social and legal services in medical care settings.



Philadelphia Legal Assistance – Just One Example





WHAT IS A MEDICAL LEGAL COMMUNITY PARTNERSHIP?

The MLCP brings attorneys, law students, and other legal advocates into Philadelphia health centers and clinics.

LEARN MORE



Support Community Health Centers and FQHC's

AMERICA'S HEALTH CENTERS

AUGUST 2023

Community Health Centers are nonprofit, patient-governed organizations that provide high-quality, comprehensive primary health care to America's medically underserved communities, serving all patients regardless of income or insurance status.



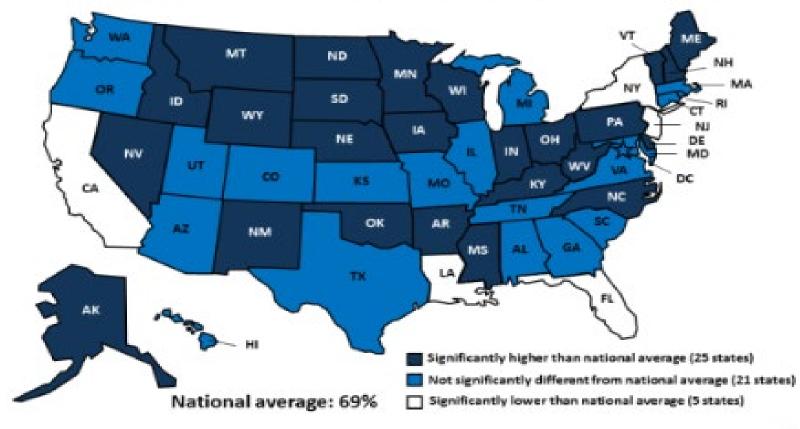
Figure 1

Nearly 70% of physicians accept new Medicaid patients.

Percentage of office-based physicians who accept new Medicaid patients, 2013



Advocate for a community norm.



SOURCE: Hing et al., "Acceptance of New Patients with Public and Private Insurance by Officebased Physicians: United States, 2013," NCHS Data Brief, No. 195, March 2015, CDC, USDHHS.



Figure 1: Nearly 70% of physicians accept new Medicaid patients.



How Can We Lower the Cost of Healthcare?



The need to reduce the cost of healthcare spending is urgent and is by far the most difficult goal to achieve.



Reducing Spending Will Demand Government Action

- We must start negotiating drug and device prices.
- We must eliminate fraud and waste.
- Health care systems need to begin now to learn how to survive while being paid less.
- We must preserve salaries for health care workers who are earning less – while slowing salary increases for higher earners.

We've started down this long road.



CENTERS FOR MEDICARE & MEDICAID SERVICES

Most Favor Medicare Drug Negotiation After Hearing Arguments For and Against the Idea

BEFORE HEARING ARGUMENTS

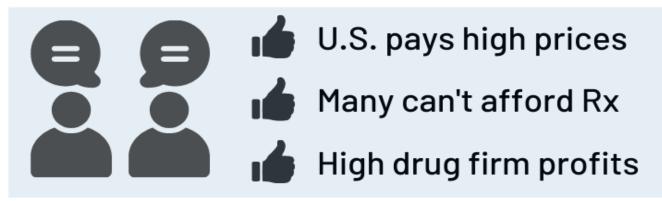
83%

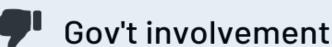
Favor Negotiations

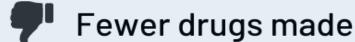
AFTER HEARING ARGUMENTS

83%

Favor Negotiations









These are the 10 drugs whose prices Medicare will now negotiate

Total cost to Medicare Part D and total number of enrollees who used the drug

	Total cost Jun 2022–May 2023	Total users Jun 2022–May 2023
Eliquis	\$16.5B	3.7M
Jardiance	\$7.1B	1.6M
Xarelto	\$6B	1.3M
Januvia	\$4.1B	869K
Farxiga	\$3.3B	799K
Entresto	\$2.9B	587K
Enbrel	\$2.8B	48K
Imbruvica	\$2.7B	20K
Stelara	\$2.6B	22K
Fiasp + NovoLog Various insulin	\$2.6B	777K





MEDICINE AND SOCIETY



The Financialization of Health in the United States

Authors: Joseph Dov Bruch, Ph.D., Victor Roy, M.D., Ph.D., and Colleen M. Grogan, Ph.D. Author Info & Affiliations

Published January 10, 2024 | N Engl J Med 2024;390:178-182 | DOI: 10.1056/NEJMms2308188

VOL. 390 NO. 2













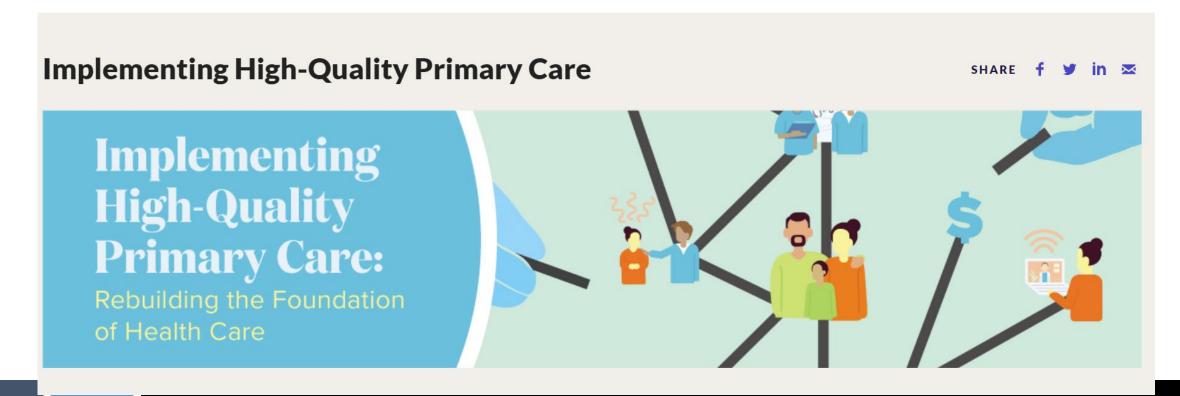
From early fears of a burgeoning medical-industrial complex¹ to more recent critiques of



Private Equity Has No Place in Healthcare

 Ownership of healthcare with the explicit purpose of generating a profit for investors is antithetical to the goal of reducing spending.

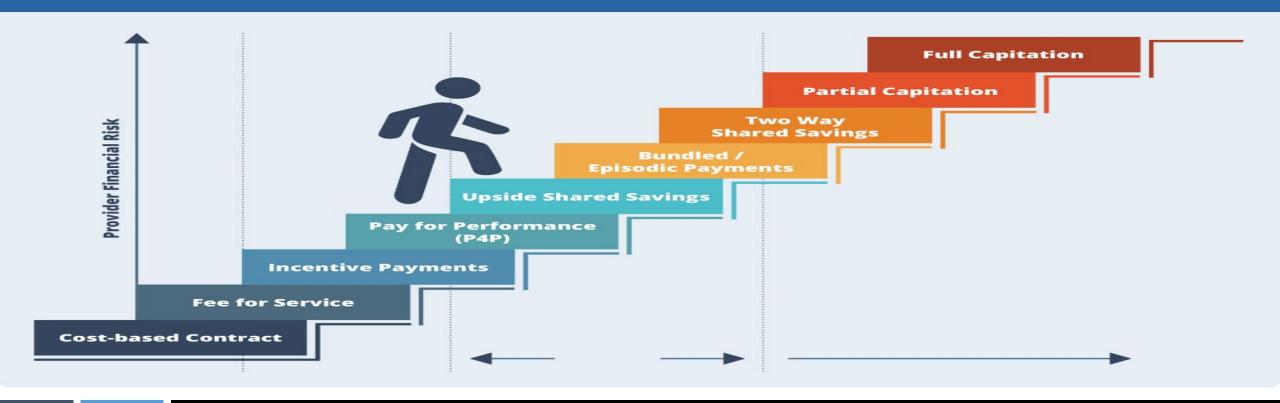
Everyone Needs a Primary Care Clinician: Higher Quality at Lower Cost





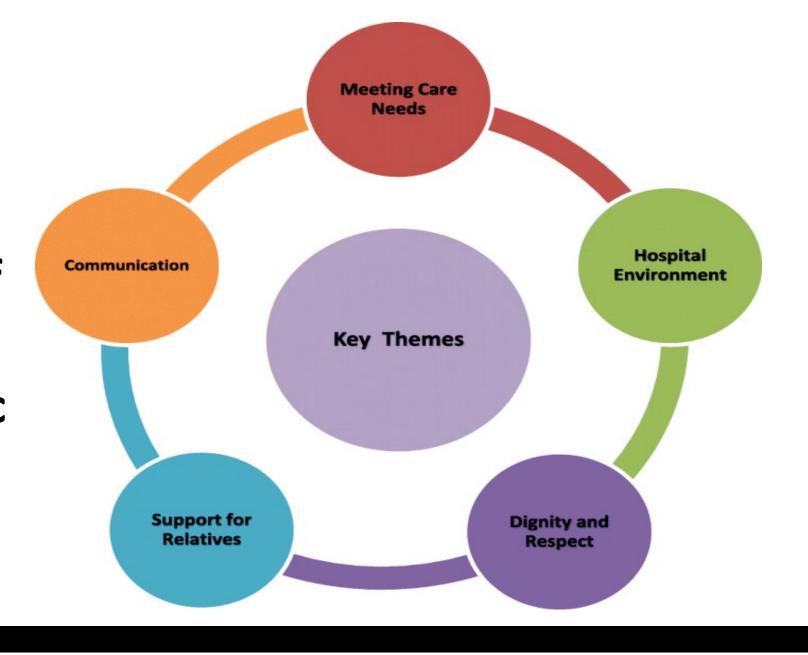
We've Been Talking About Value-Based Payments for a Long Time

Understanding the opportunities of value-based payment across the continuum of payment models





We Must Prioritize the Health of the Pubic – Even if We Need to **Restrict Heroic** Care for an Individual





If working in healthcare is not feeling right to you, it's because it's not right.



reported feeling depressed — the highest percentage in 5 years.*



Together we can positively shift our national healthcare landscape to foster engagement and bring the 'care' back to healthcare.

www.DrKatieCole.com

*'I Cry but No One Cares': Physician Burnout & Depression Report 2023.



Dr. Rachael **Bedard** speaking about her decision to quit her job at Rikers Island prison complex. "For me, doctoring in a broken place required sustaining belief that the place would become less broken as a result of my efforts."

"I couldn't sustain that belief any longer."

OPINION GUEST ESSAY

Moral Distress is rampant. Despair is not the best path. Activism is.

Doctors Aren't Burned Out From Overwork. We're Demoralized by Our Health System.

Feb. 5, 2023



Moment, via Getty Images



We are all part of a health care system that is not able to perform well.





You can make a difference in reducing poverty, increasing access, or lowering the cost of care.

EVERYONE HAS A ROLE TO PLAY

A Menu

- 1. Accept patients insured by Medicaid at least some and advocate for your systems to do more.
- 2. Partner with an FQHC.
- 3. Pay your taxes.
- 4. Welcome everyone into your neighborhood.
- Advocate with your system to address social determinants of health and partner with communities.

- 6. Vote
- 7. Be an advocate
- 8. Participate in innovative payment programs
- 9. Learn more about our health systems and solutions that are worth trying
- 10. Step up to lead if given the chance

Be Courageous



Stay in Primary Care

You are making a difference.



Make your health and well-being a priority.



