Health Care and Health Insurance in the US. What Do We Need and What Can We Afford?”

Harry D. Bear, MD, PhD, FACS
Division of Surgical Oncology and Massey Cancer Center
Virginia Commonwealth University
February 9, 2017
U.S. health care costs highest among OECD countries

Health care spending per capita (2016)

- U.S.: 9,892
- Germany: 5,551
- Canada: 4,644
- Japan: 4,519
- U.K.: 4,192
- Spain: 3,248
Size of World’s Economies by Nation

Source: IMF, 2017

2016:
$3.3 Trillion
18% of GDP
Global growth in health care spending unsustainable
US Health Outcomes versus Other Nations

• Health care outcomes rank: 38th
• Infant mortality: 30th
• Life expectancy: 50th
• Overall health care efficiency: 46th out of 48 industrialized countries
How are we spending our dollars?

• 75% on people with chronic illnesses
  • Fueled by tobacco use and obesity
    • ¾ of Americans are overweight or obese
    • Half of all children in US will be obese adults
• Half of all US health care spending is for 5% of the population.
• 31% spent on administrative costs
  • Double the % in Canada
• 14% of average practice costs on billing
• Overpricing of drugs
Why are costs so high?

• Administrative waste
• Corporate greed – health care is a for profit business
• Politics
• “Overkill” based on too much testing, unnecessary procedures and treatments
• $934 billion increase in personal health spending from 1996-2013
  63% resulted from a 50% increase in price and intensity*

* JL Dieleman et al., JAMA, 2017
Institute of Medicine concluded that 30% of health care spending in the US was waste, with half of that being spent on unnecessary services.
What can we do?

• Change how we practice
  • “Choosing Wisely” – http://www.choosingwisely.org/clinician-lists/
  • American Board of Internal Medicine Foundation

• Advocacy
Changing how we practice

• Examples from Choosing Wisely –
  • **ASCO**
    • Do NOT test serial serum markers or order advanced imaging after curative treatment of breast cancer
  • **American College of Obstetrics and Gynecology**
    • Don’t perform routine Pap tests in women 30–65 years of age
    • Don’t screen for ovarian cancer in asymptomatic women at average risk
    • Don’t perform prenatal ultrasounds for non-medical purposes
Useless Testing

  • Medicare and SEER databases
  • 42% of breast cancer patients 65+
    • at least one tumor marker ordered
    • Average of 5.7 tests per 2 years, plus additional follow-up testing
  • No evidence of benefit
Defensive Medicine?

• $210 billion/year in the US

• Study of a busy trauma service:
  • 38% of ER CT scans were “defensive”
  • Only 9, or 2.2% of those changed management
“Overkill” in Medicine

• Diagnosis of small thyroid cancers
• Intraductal “carcinoma” of breast
  • Overdiagnosis by screening mammograms?
• Overtreatment? – Surgery, radiation, hormonal therapy, bilateral mastectomies
“Information Asymmetry” Kenneth Arrow

• Direct to consumer advertising by Pharma
  • $4 Billion/year
  • Costs of Rx demanded by patients
• Direct to consumer advertising by hospitals and physicians
“Medicalization of Mortality”

Atul Gawande

• Institute of Medicine 2014 report - “Dying in America”
• 1/4 of Medicare expenditures occur in the last 12 months of life
• Advance Care Planning
  • 90% of Americans believe that end of life discussions are important
  • Only 30% have had them
• Honoring Choices Virginia
• Add to Medical and Nursing School Curricula
Physician Advocacy

• Drug costs – Controls and negotiated prices
  • VA versus Medicare (80% higher for Medicare)
  • Sorafenib - $5,600/month in the US, versus $176/month in India
  • US drug costs 50% higher than European costs for same compounds

• Access to Health Care/Health Insurance
AMA Key Elements of Health Care Reform

• Ensure that individuals currently covered do not become uninsured and take steps toward coverage and access for all Americans.

• Maintain key insurance market reforms, such as pre-existing conditions, guaranteed issue and parental coverage for young adults.

• Stabilize and strengthen the individual insurance market.

• Ensure that low/moderate income patients are able to secure affordable and adequate coverage.
AMA Key Elements of Health Care Reform

• Ensure that Medicaid, CHIP and other safety net programs are adequately funded.
• Reduce regulatory burdens that detract from patient care and increase costs.
• Provide greater cost transparency throughout the health care system.
• Incorporate common sense medical liability reforms.
• Continue the advancement of delivery reforms and new physician-led payment models to achieve better outcomes, higher quality and lower spending trends.
Medical Student Debt

• 2016 Graduating Class – Median debt = $190,000
• Median 4-year costs: $240,351 (public); $314,202 (private)
• Burden of debt has quadrupled since 1984
• Why?
  • Rising tuitions
  • Decreased government support
• Consequences?
  • Greater concern after training about income
  • Fewer primary care doctors
  • Fewer academic doctors
  • Fewer minority doctors (plateaued at 10%)
Health Care Disparities ↔ Wealth Inequality?

• 2% of the world’s people now own more than half its wealth

• New study in *Nature*
  • 62 archeologic sites in North America and Eurasia -
    • Before 8,000 B.C.E. to about 1750 C.E
  • Gini Coefficients (Scale of 0 – 1)
  • 0.35 worldwide at start of plant domestication
  • Wealth inequality rose in some societies (to Gini=0.6) over next 6,000 years (Middle East, China, Europe, and Egypt) after animals were domesticated
  • But stayed around 0.35 – 0.40 in North America
Health Care Disparities ↔ Wealth Inequality?

- WHY?
  - Educational inequalities
  - Tax system policies grew less progressive
- Western Europe Currently – Similar to 1980 USA

United States 2008 Gini coefficient = 0.8

2018 World Inequality Report
SUMMARY

• US Health Care – Most expensive in the world, but with inferior outcomes compared to other industrialized nations
• Health care disparities are part and parcel of our “system”
• Health care disparities result from and contribute to wealth inequality
• You can change it!
  • Practice efficiently and sensibly
  • Advocate for better, fairer systems and lower costs
  • Advocate for more support for medical education
  • Donate to your medical alma mater