Primary Care in the Evolving US Healthcare System

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Objectives

• To discuss the structure and evolution of the US Healthcare System
• To discuss some of the cost and quality consequences of the way US Healthcare System has evolved
• To discuss recent top-down and bottom-up efforts to reform the US healthcare system
• To discuss the ACA as the major top-down reform effort
• To discuss the PCMH as a major bottom-up reform and the evolving and central role of primary care in a reformed US Healthcare System
Historical Background – Evolution of the US Healthcare System 1940’s to the Present

• Seeds of our employer-financed system planted during WWII –
  • wage controls during wartime led employers to offer benefits including health insurance to compete for scarce workers
    • NWLB ruled benefits NOT to be wages subject to controls, and
    • IRS ruled that benefits were not taxable
• Other financial sources engrafted later to the core system of employer-based insurance
  • VA for veterans
  • Medicare for elderly, Medicaid for very poor
  • Many attempts to expand insurance to all citizens by leveraging on existing financial sources
Consequences of Employer-Based Insurance

• It makes huge amounts of money available for healthcare

• It creates a third-party beneficiary system

• It engrains fee-for-service as the basis of reimbursement in the healthcare system

• It resulted in fragmented sources of reimbursement
Major Modern Trends in Healthcare

- Proliferation of new technologies and services
- Increased costs as new technologies emerge
- Increasing share of costs borne by government
- Increasing focus on cost control by employers, government, and insurers seeking to maximize profit
- Insurance as risk sharing vs. risk underwriting
- Emergence of healthcare as a right rather than a commodity
Paradox of US Healthcare

Higher Cost
But
Lower Quality
Comparative Costs

[Health-care expenditure chart showing data for Canada, France, Germany, Japan, U.K., and U.S. for 1980 and 2006 as a percent of GDP. Data source: OECD]
Comparative Cost Curves

Figure ES-1. International Comparison of Spending on Health, 1980–2004

Date: OECD Health Data 2005 and 2006.
Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2005.
Ranking on Selected Health Indicators Among 13 Industrial Nations

- The United States ranks an average of 12th (second from the bottom) for 16 available health indicators – some examples:
  
  - 13th (last) for low-birth-weight percentages
  - 13th for neonatal mortality and infant mortality overall
  - 13th for years of potential life lost (excluding external causes)
  - 11th for post-neonatal mortality
  - 11th for life expectancy at 1 year for females, 12th for males
  - 10th for life expectancy at 15 years for females, 12th for males
  - 10th for life expectancy at 40 years for females, 9th for males
  - 10th for age-adjusted mortality
  - 7th for life expectancy at 65 years for females, 7th for males
  - 3rd for life expectancy at 80 years for females, 3rd for males

Rankings for Health Outcomes

• 1 France
• 2 Italy
• 6 Singapore
• 7 Spain
• 9 Austria
• 10 Japan
• 37 United States
• 38 Slovenia
• 39 Cuba
What are some reasons for the Paradox?

**Costs**
- Lack of universal insurance coverage
- Traditional fee-for-service model of care
- Over-reliance on and inappropriate use of technology
- Inappropriate services
- Complex payment schemes in place in the USA

**Quality**
- Focus and incentives for responsive rather than preventive care
- Patterns of self-referral to specialists
- Lack of coordination among service providers
- Poor reimbursement for patient education
Reforming the US Healthcare System

• Governmental Reforms

• Industry Reforms

• Primary Care Reforms
Health System Reforms – Governmental

• Medicare/Medicaid eligibility expansions and cost controls
  • Preauthorization
  • Medication formularies
  • Fixed Reimbursement for Diagnosis Related Groups (DRG’s)

• Affordable Care Act (Obamacare)
Affordable Care Act (Obamacare)

• Insurance Expansion
  • Medicaid Eligibility
  • Community Ratings in the Individual Insurance Market
  • Subsidies for policies purchased in the Individual Insurance Market

• Quality Improvement
  • Insurance Policy Mandates to Promote Preventive Care
  • Increased Funding for Primary Care and Comparative Outcomes Research

• Cost Control Measures
  • Accountable Care Organizations
  • Regulation of Hospital Admission and Discharge
  • Limits on Insurance Company Profits
Health System Reforms – Private Industry

• Vertical integration of health care delivery to control costs at all levels of care, E.g., HMO

• Provider Networks – negotiate reimbursements with insurers

• Accountable Care Organizations – shared cost savings with the insurer or government payer

• Merging of healthcare delivery and insurance
Primary Care Reforms

- PCMH model – provider driven to improve responsiveness through team delivery of care

- DPC model – provider driven to circumvent the complexities of insurance reimbursement and invest the savings in improved responsiveness

- Re-defining Primary Care as a distinct specialty concerned with population health and coordination of healthcare delivery to provide care that is cost effective
The Emerging Scope of a Primary Care Specialty

- Population Management – panel management of major determinants of health
- Preventive care – immunizations and appropriate screenings
- Cost controls through fewer and better tests, fewer and better specialty referrals, fewer and better procedures
- Coordination of care in a complex system to increase system responsiveness and decrease redundancy
- Evidence-based research base to support clinical decision-making at the point-of-service
Evolving role of Primary Care in an Evolving Healthcare System

- PC will play more central or hub role in health systems

- PCP’s role will evolve to be a health team leader managing healthcare and outcomes for a defined panel using computerized systems for capturing data and communicating – FFS reimbursement and independent practice will diminish and eventually go away

- Patient engagement, prevention and evidenced-based acute and chronic care will become critical pieces for success of a health system
New Physician Skill Sets to support an Evolving Primary Care Specialization

- Preventive Care
- Chronic disease management model
- Disease registries and proactive intervention
- Continuous quality improvement
- Point of care research – understanding evidence based recommendations
- Communication skills that build relationships over time and involve the patient in self-management – motivational interviewing and patient-centered interview skills
Questions….Comments…?

- Thank you