

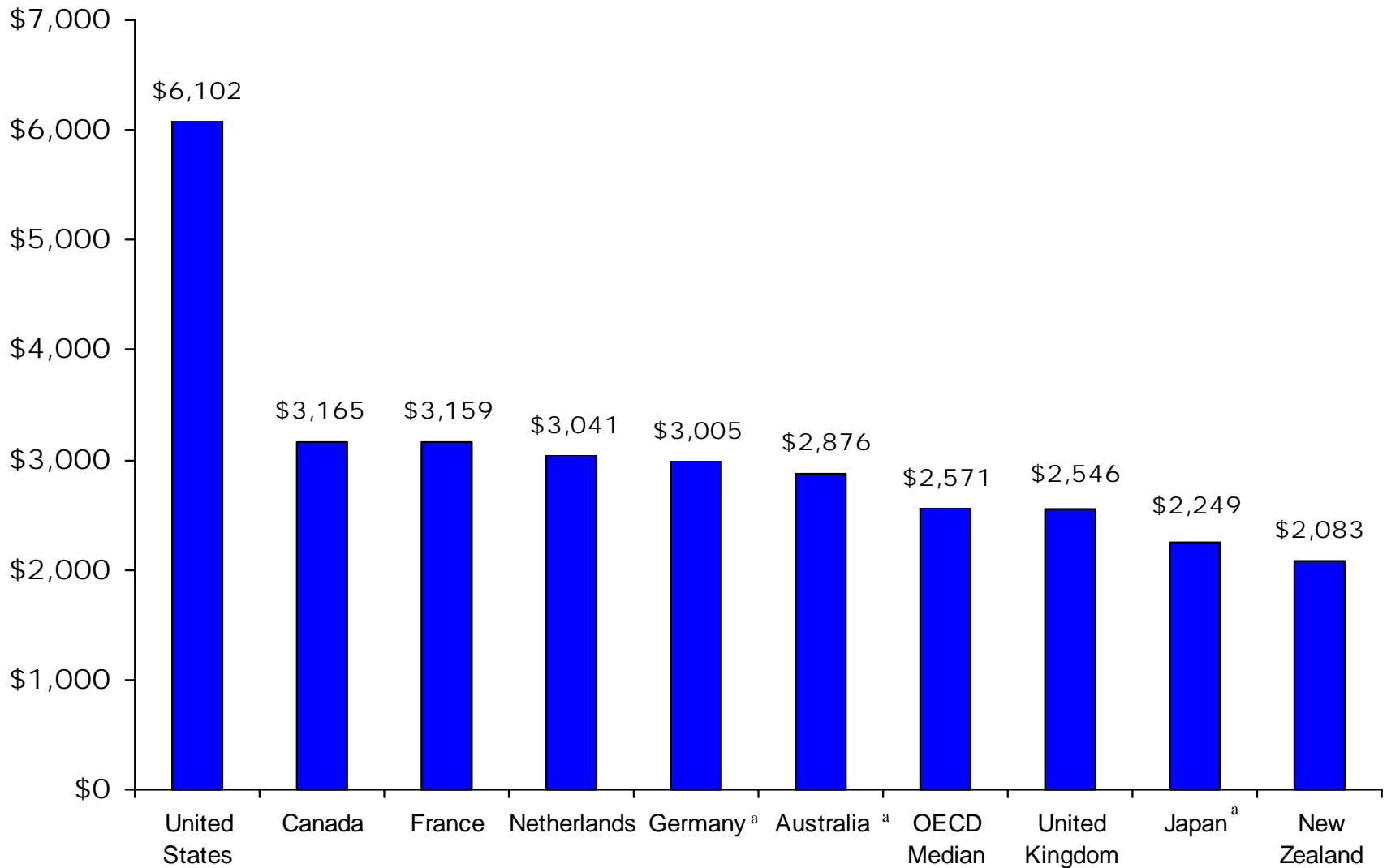
An International Perspective:

Why Is The U.S. Health Care
System So Expensive When The
Outcomes Are Just OK?

Gerard F. Anderson, PhD
Johns Hopkins University

Health Care Spending per Capita in 2004

Adjusted for Differences in Cost of Living Using PPPs

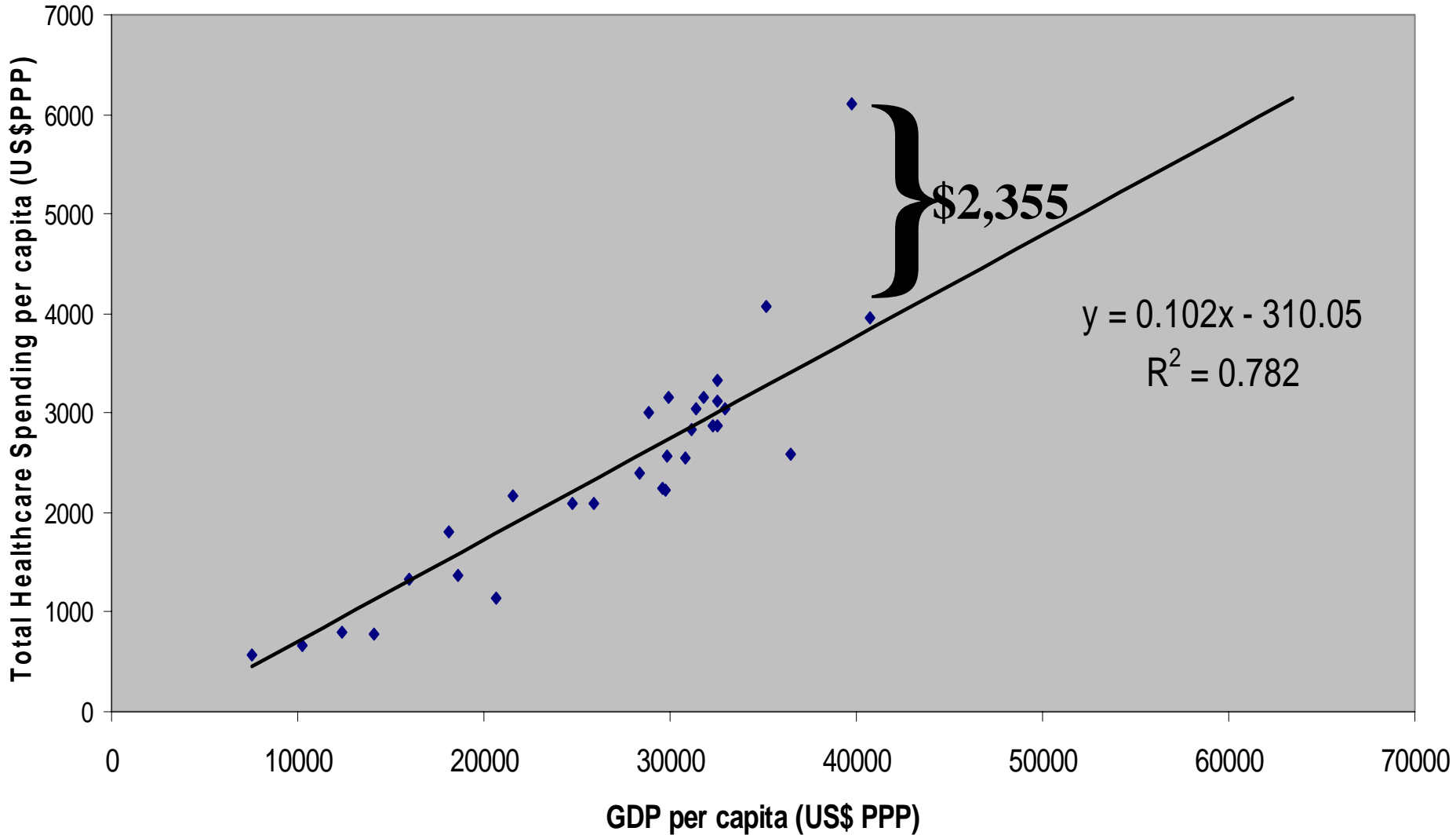


^a2003

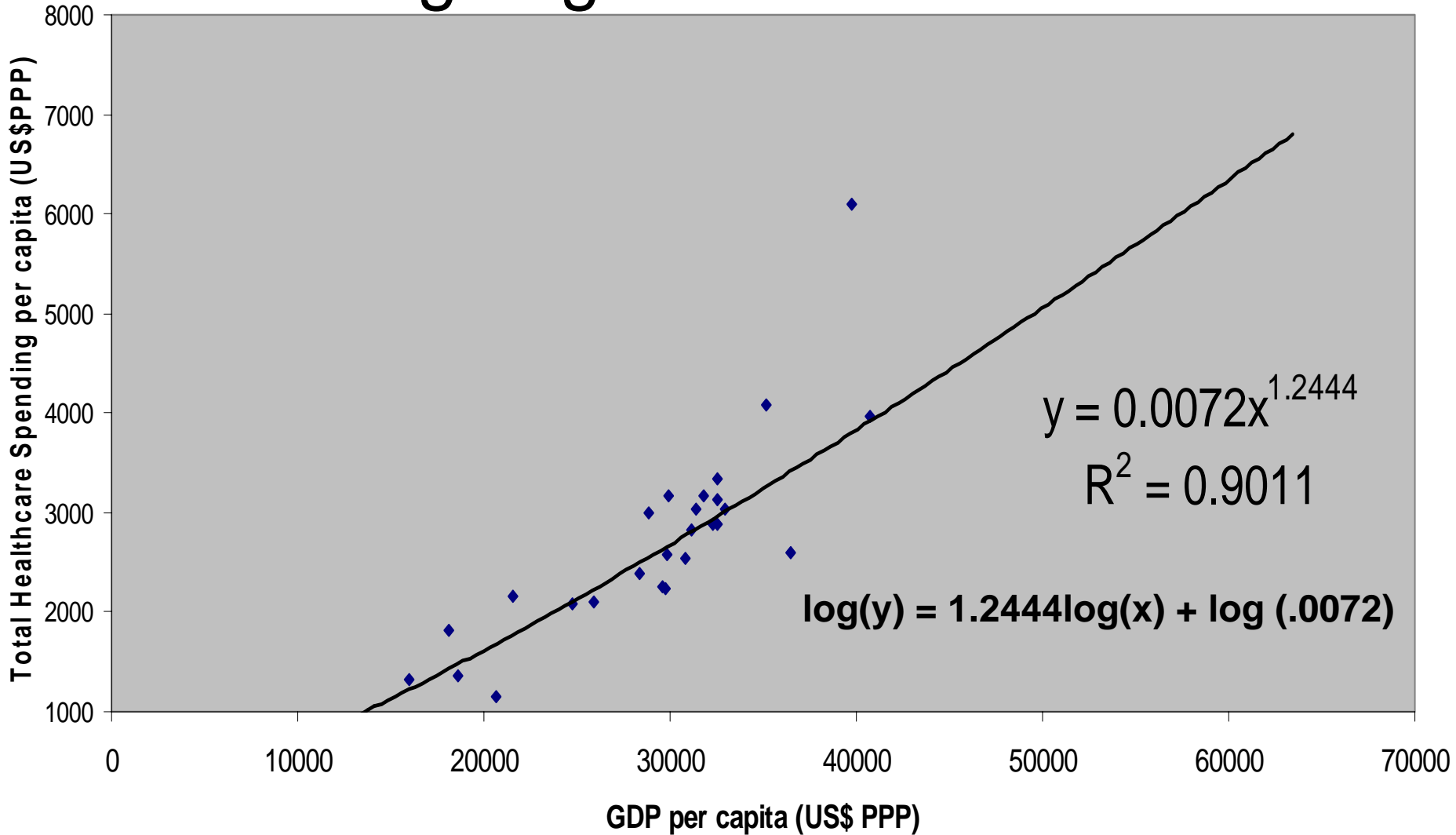
Source: OECD Health Data 2006

Per Capita Health Spending and Per Capita GDP in 30 OECD Countries, 2004

Linear Model



Per Capita Health Spending and Per Capita GDP in 30 OECD Countries, 2004 Log Log Transformation



Possible Reasons For Higher Health Spending in US

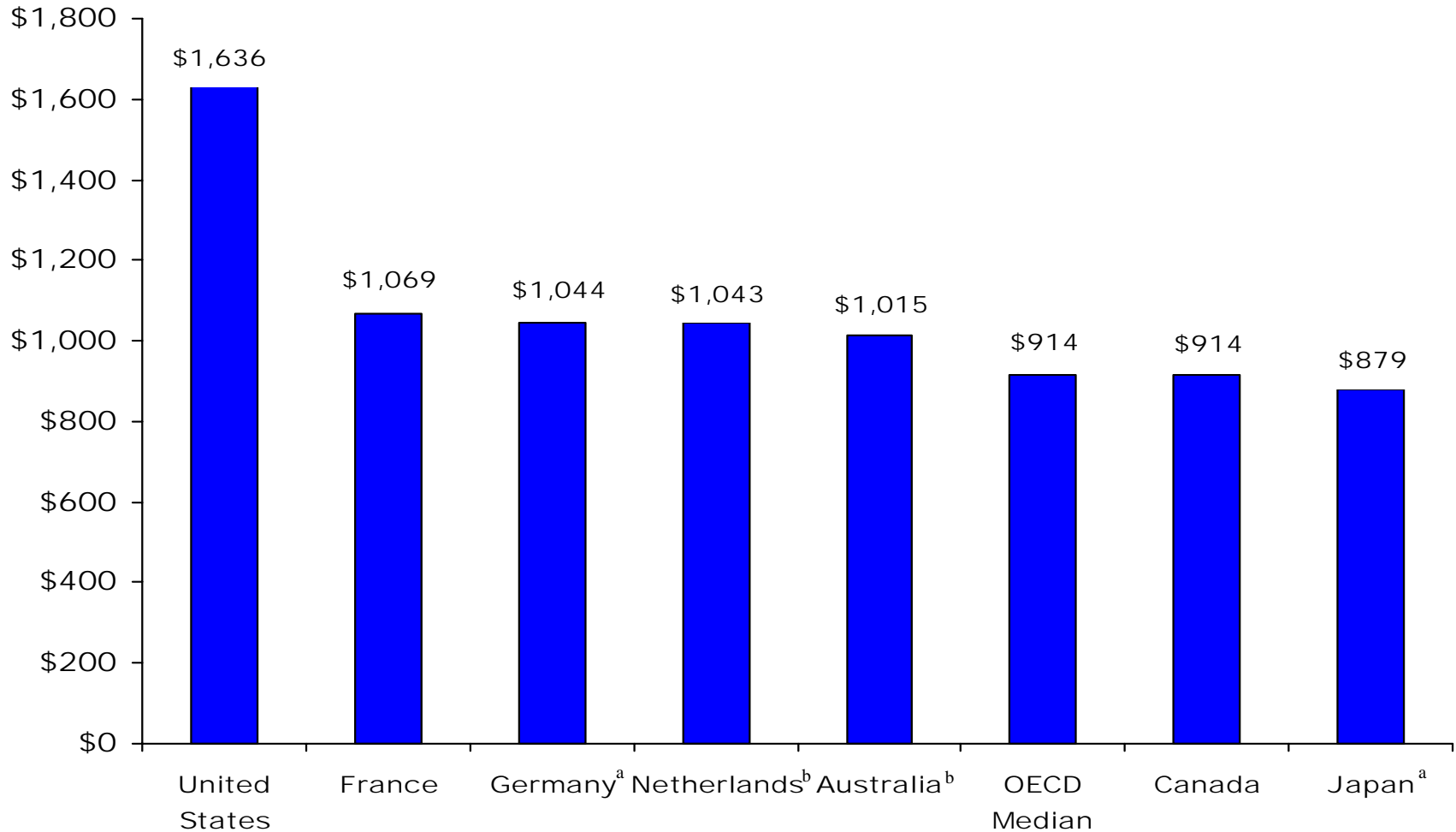
- Aging population
- Administrative expenses
- Health insurance
- Surplus of physicians
- More defensive medicine
- Expensive care for terminally ill
- Expensive technology

Why Is The U.S. So Much
More Expensive?

Is Prices Stupid

Inpatient Hospital Spending per Capita in 2004

Adjusted for Differences in Cost of Living Using PPPs

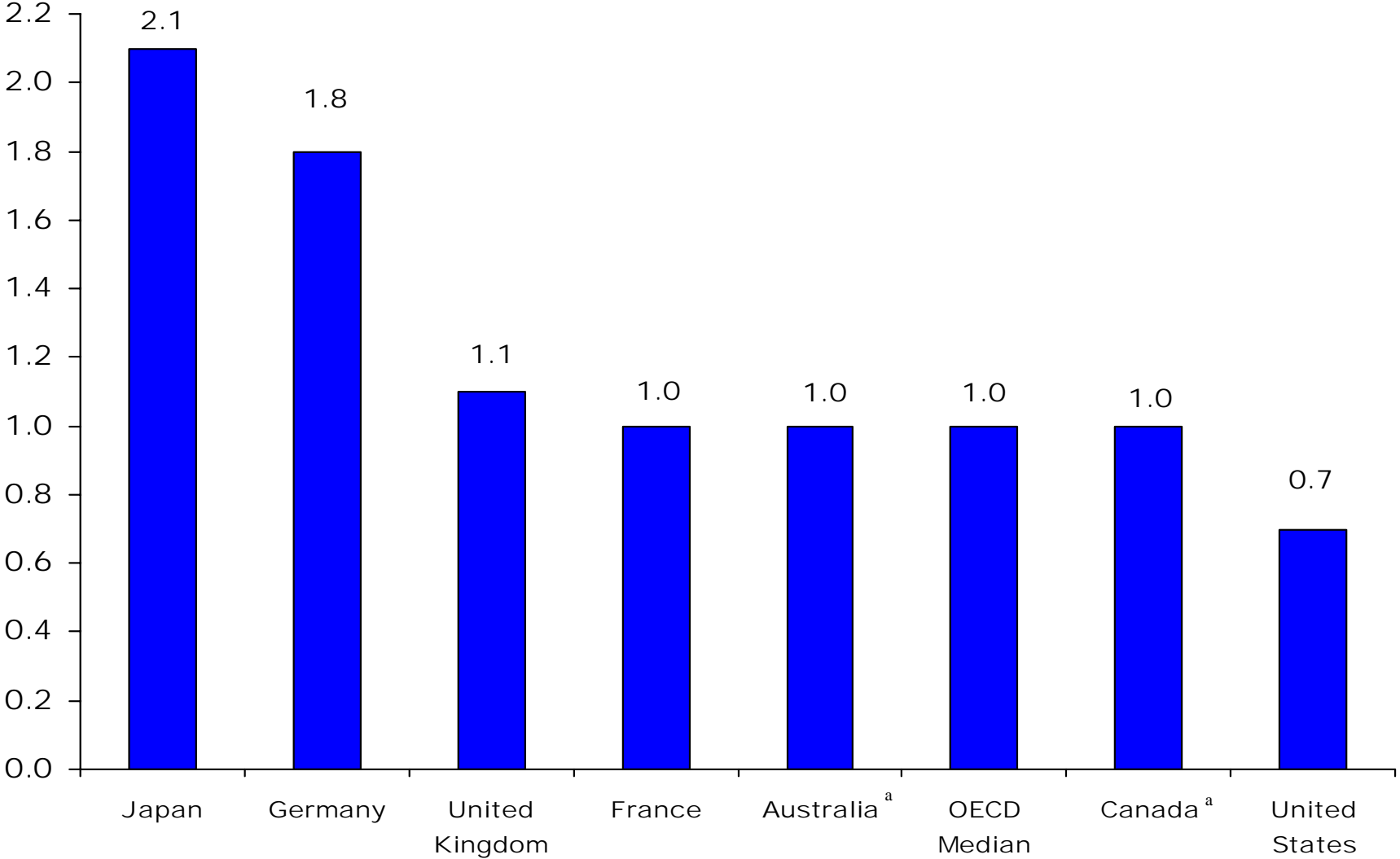


^a2003

^b2002

Source: OECD Health Data 2006

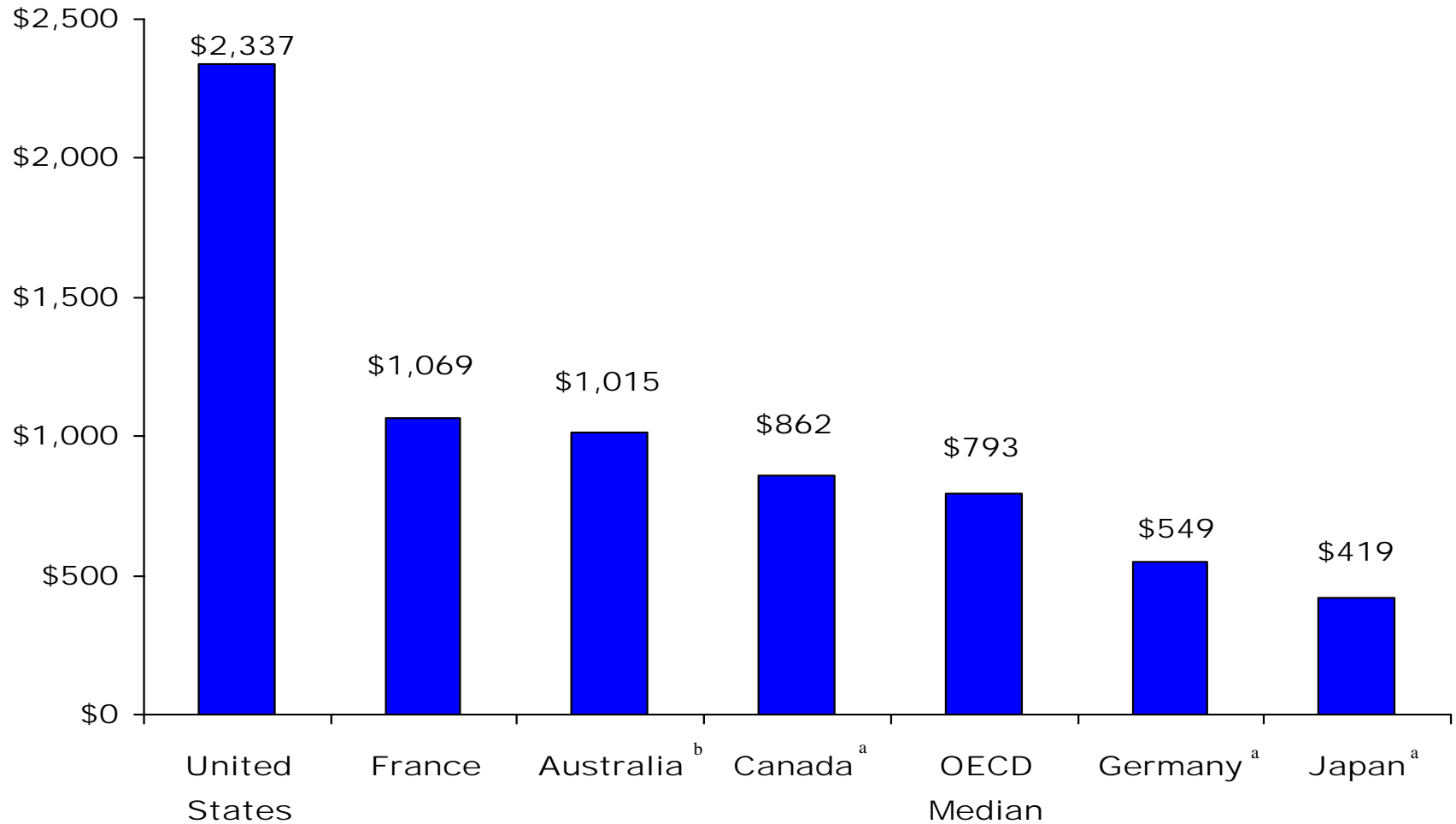
Average Annual Hospital Inpatient Acute Care Days per Capita in 2004



^a2003

Hospital Spending per Inpatient Acute Care Day in 2004

Adjusted for Differences in Cost of Living



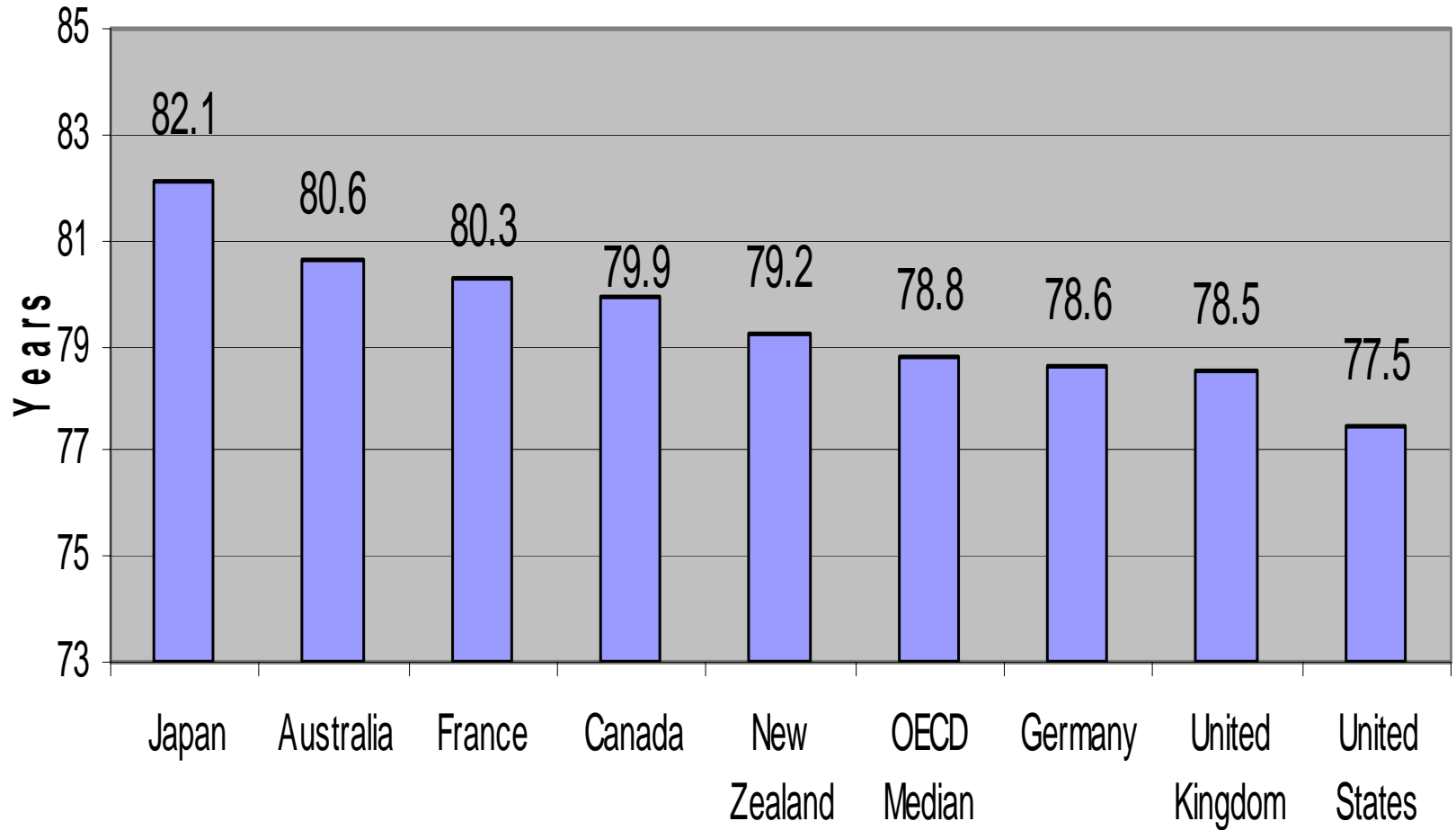
^a2003

^b2002

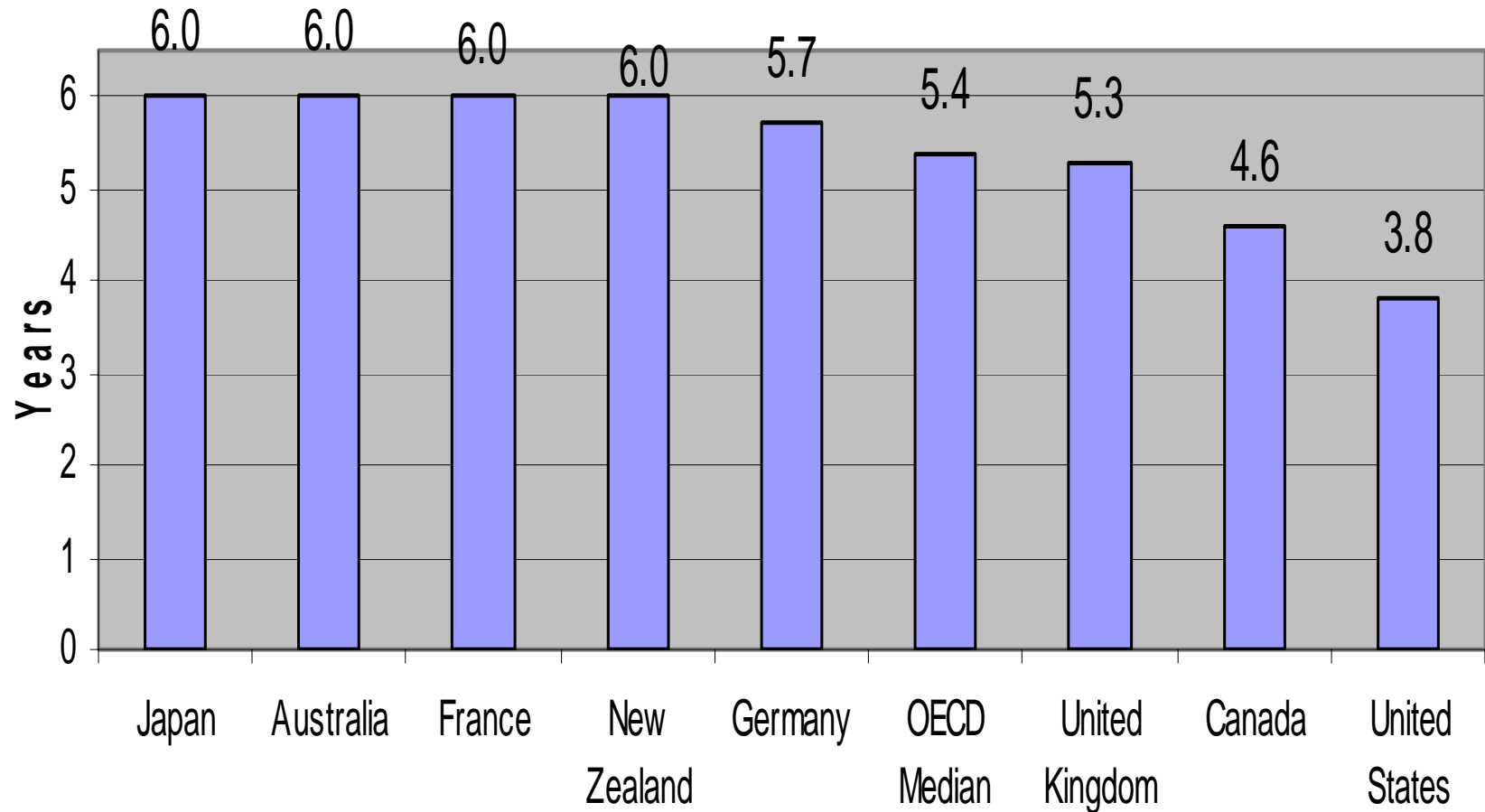
Source: OECD Health Data 2006

I don't mind paying more **IF** I get
better outcomes or I am more
satisfied

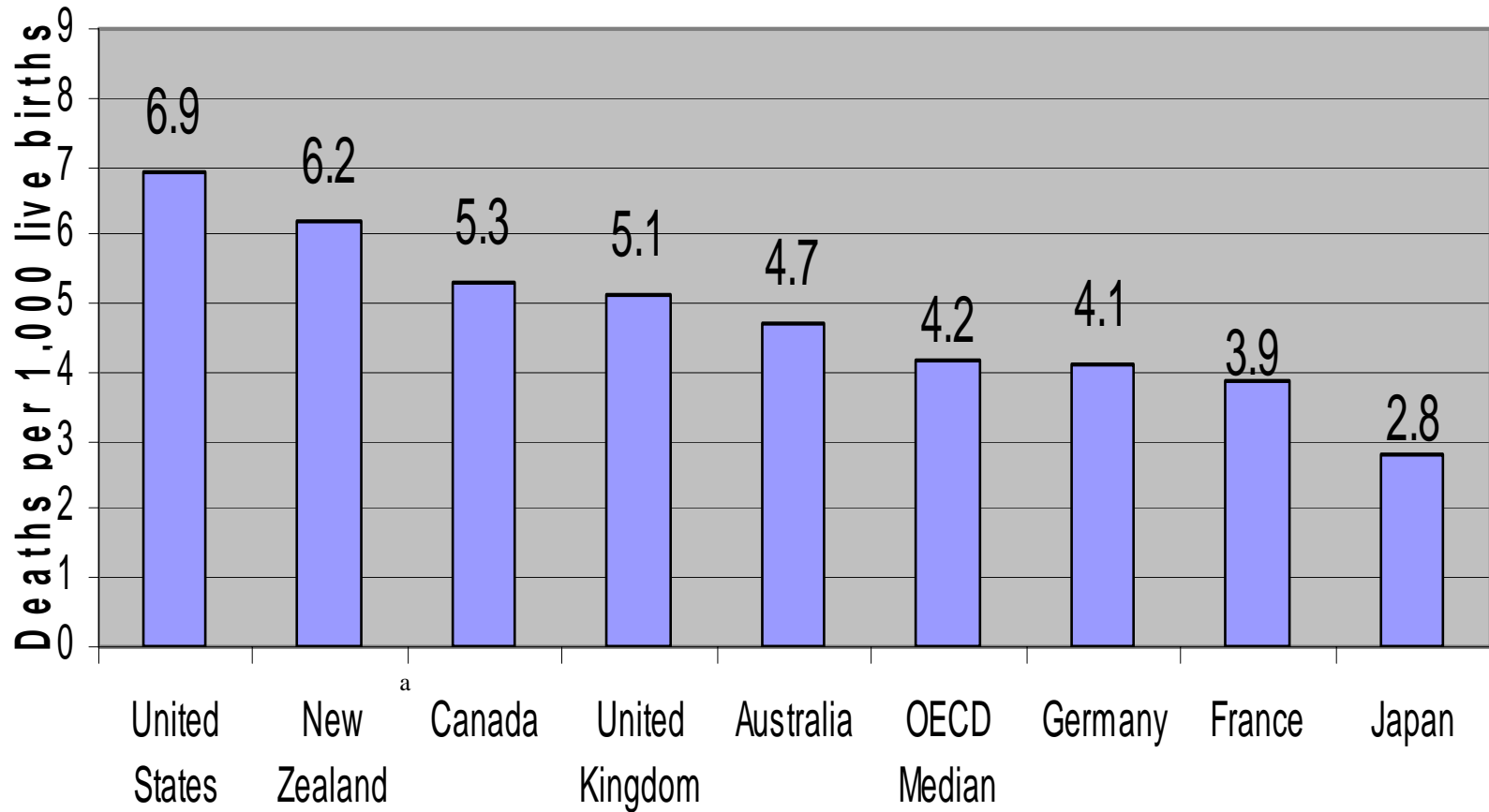
Life Expectancy in 2004



Increase in life expectancy 1980 to 2004

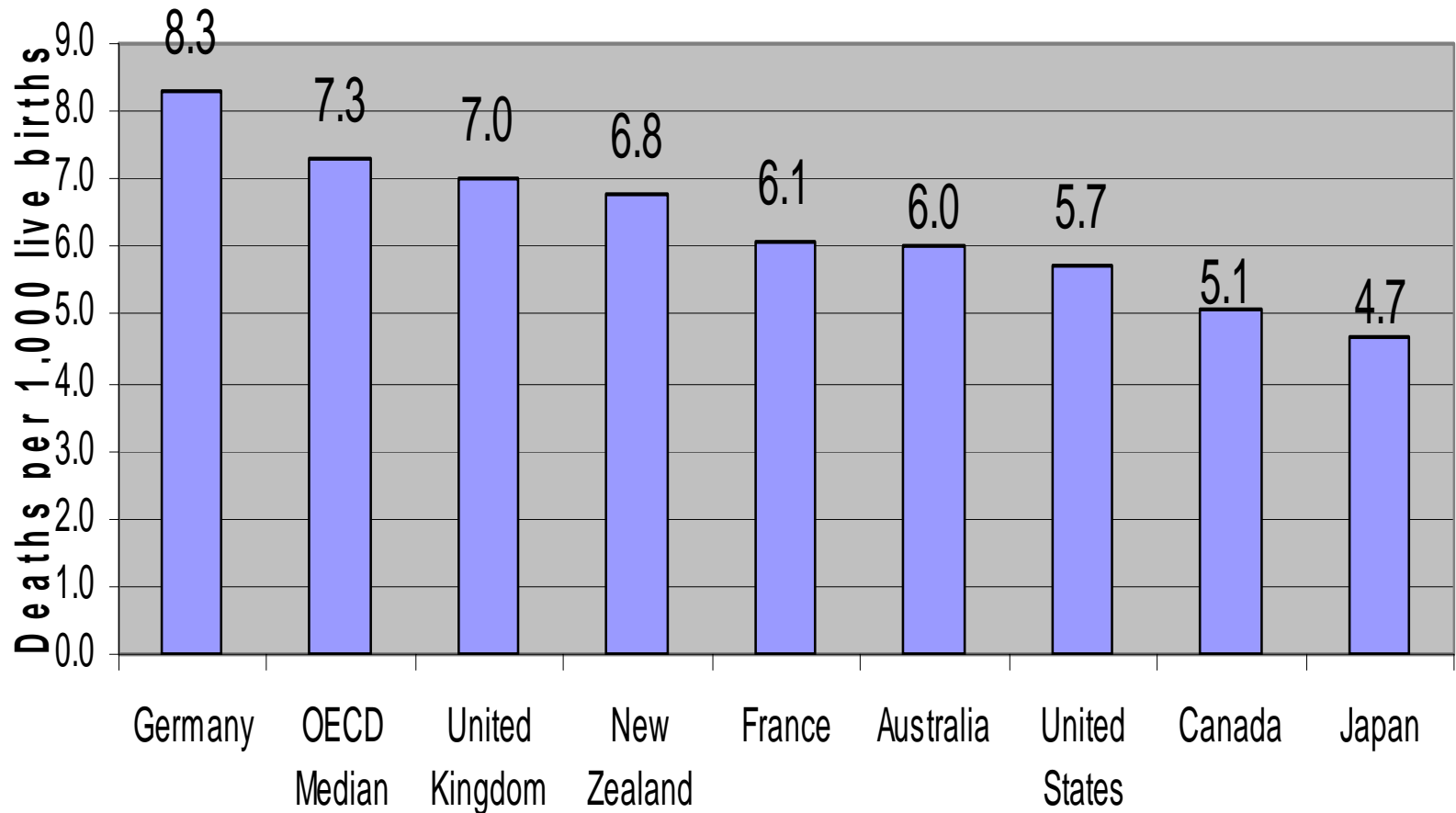


Infant Mortality Rate in 2004



^a 2002

Decline in Infant Mortality Rate 1980 to 2004



Life expectancy and infant mortality
are influenced by more than
medical care

What about clinical measures?

How Does The Quality Of Care Compare In Five Countries?

An international quality comparison shows that each country performs best and worst in at least one area of care.

by **Peter S. Hussey, Gerard F. Anderson, Robin Osborn, Colin Feek, Vivienne McLaughlin, John Millar, and Arnold Epstein**

ABSTRACT: International data on quality of medical care allow countries to compare their performance to that of other countries. The Commonwealth Fund International Working Group on Quality Indicators collected data on twenty-one indicators that reflect medical care in Australia, Canada, New Zealand, England, and the United States. The indicators include five-year cancer relative survival rates, thirty-day case-fatality rates after acute myocardial infarction and stroke, breast cancer screening rates, and asthma mortality rates. No country scores consistently the best or worst overall. Each country has at least one area of care where it could learn from international experiences and one area where its experiences could teach others.

MOST INDUSTRIALIZED COUNTRIES share an interest in measuring, reporting, and improving the quality of medical care. Despite this interest, there have been limited internationally comparable data available on quality indicators, especially in areas involving medical care interventions. Collaboration between countries to produce internationally comparable data permits benchmarking and allows policymakers and clinicians to identify specific areas where individual countries could improve.

In the United States, sparked by Institute of Medicine (IOM) reports focusing attention on gaps in the quality of medical care, interest in improving quality has expanded rapidly among policymakers, corporations, clinicians, the media, and the public.¹ Despite this concern about the quality of care, U.S. policymakers and clinicians often recite the mantra, "Americans have the best medical care in the world."² The empirical basis for this statement is unclear. The limited empirical

Peter Hussey is a doctoral candidate at the Johns Hopkins Bloomberg School of Public Health in Baltimore, Maryland. Gerard Anderson (ganderso@jhsph.edu) is a professor there. Robin Osborn is assistant vice president of the Commonwealth Fund, in New York City, and director of its International Program in Health Policy. Colin Feek is deputy director-general, Clinical Services Directorate, in the New Zealand Ministry of Health. Vivienne McLaughlin is assistant secretary of the Health Priorities Branch, Australia Department of Health and Ageing. John Millar is executive director of Population Surveillance and Disease Control Planning, Provincial Health Services Authority, British Columbia. Arnold Epstein is the John H. Foster Professor and chair of the Department of Health Policy and Management, Harvard School of Public Health, in Boston, Massachusetts.

Summary For 21 Clinical Indicators

- Indicators such as life expectancy following diagnosis of breast cancer
- No country consistently on top or on bottom on all indicators
- Each country best and each country worst on at least one clinical indicator

Satisfaction With Care

Perhaps Americans are more satisfied with the care they receive

Taking The Pulse Of Health Care Systems: Experiences Of Patients With Health Problems In Six Countries

Patients' voices can provide policy leaders with a window onto what is happening at the front lines of care.

by Cathy Schoen, Robin Osborn, Phuong Trang Huynh, Michelle Doty, Kinga Zapert, Jordon Peugh, and Karen Davis

ABSTRACT: This paper reports on a 2005 survey of sicker adults in Australia, Canada, Germany, New Zealand, the United Kingdom, and the United States. Sizable shares of patients in all six countries report safety risks, poor care coordination, and deficiencies in care for chronic conditions. Majorities in all countries report that mistakes occurred outside the hospital. The United States often stands out for inefficient care and errors and is an outlier on access/cost barriers. Yet no country consistently leads or lags across survey domains. Deficiencies in transition care during hospital discharge and coordination failures among patients seeing multiple physicians underscore shared challenges of improving performance across sites of care.

ADVANCED INDUSTRIALIZED COUNTRIES around the world share the quest for health reforms that improve the performance of their medical care systems.¹ Clinical and pharmaceutical advances that have improved medical care have at the same time fueled more complex, specialized, and fragmented care, with accompanying risks to patients and increased costs. In each country, health spending is highly concentrated among patients with chronic care needs, who are often hospitalized or receive major surgery. These patients often see multiple physicians across sites of care, which heightens the risk of errors or breakdowns in care coordination.

Patients' experiences can provide feedback on the "pulse" of health care systems as countries seek to redesign care delivery, payment, or insurance. From pa-

Cathy Schoen (cs@cmv.org) is senior vice president, Research and Evaluation, at the Commonwealth Fund in New York City. Robin Osborn is vice president and Phuong Trang Huynh, associate director, International Health Policy and Practice; Michelle Doty is a senior analyst, also at the Commonwealth Fund. Kinga Zapert is a vice president at Harris Interactive in New York City, where Jordon Peugh is senior research manager. Karen Davis is president of the Commonwealth Fund.

Specific Patient Satisfaction Ratings

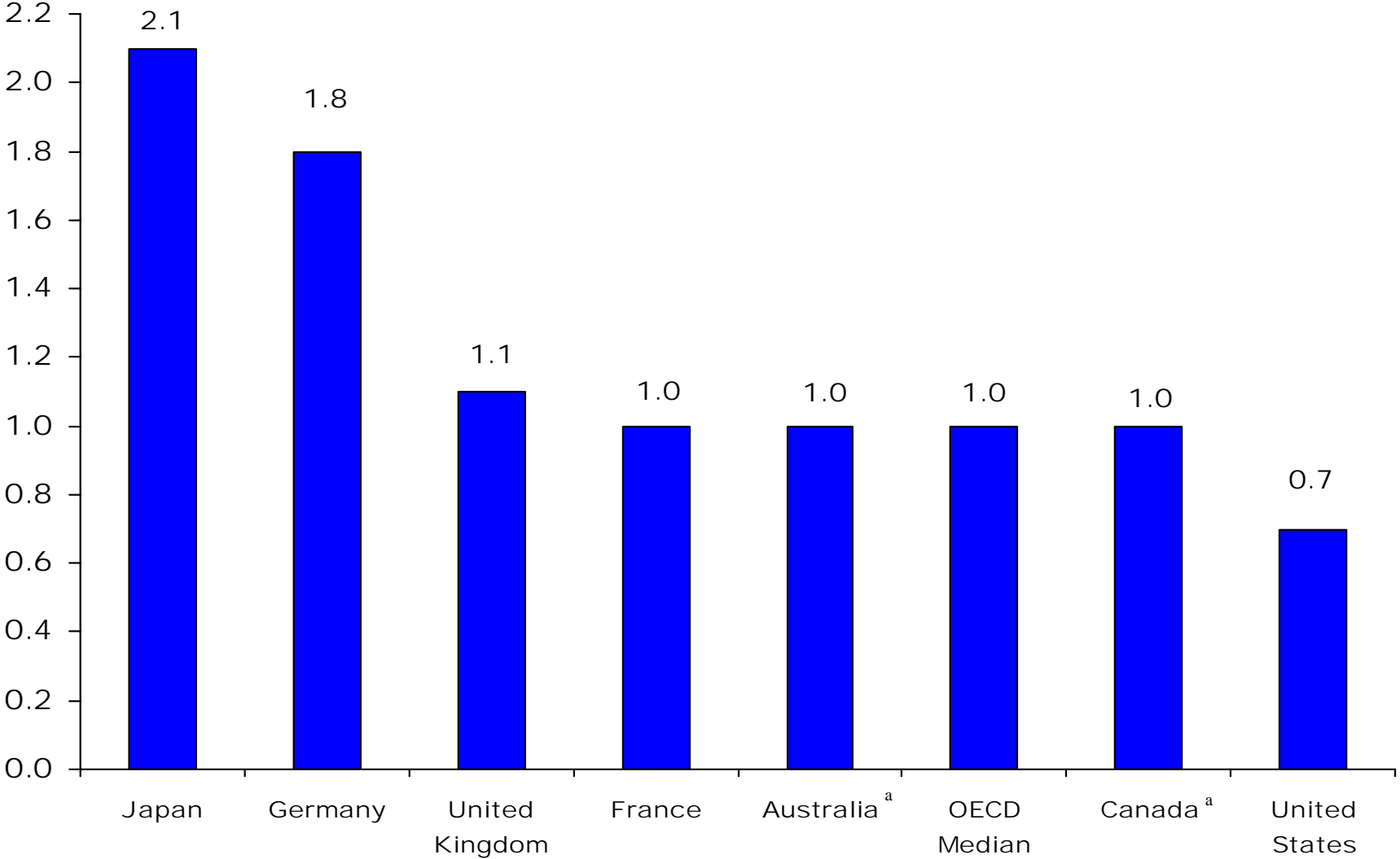
	Australia	Canada	Germany	New Zealand	United Kingdom	United States
Patient Safety	4	5	2	3	1	6
Effectiveness	4	2	3	6	5	1
Patient-Centeredness	3	5	1	2	4	6
Timeliness	4	6	1	2	5	3
Efficiency	4	5	1	2	3	6
Equity	2	4	5	3	1	6

Note: 1= highest ranking, 6=lowest ranking

Unnecessary Care

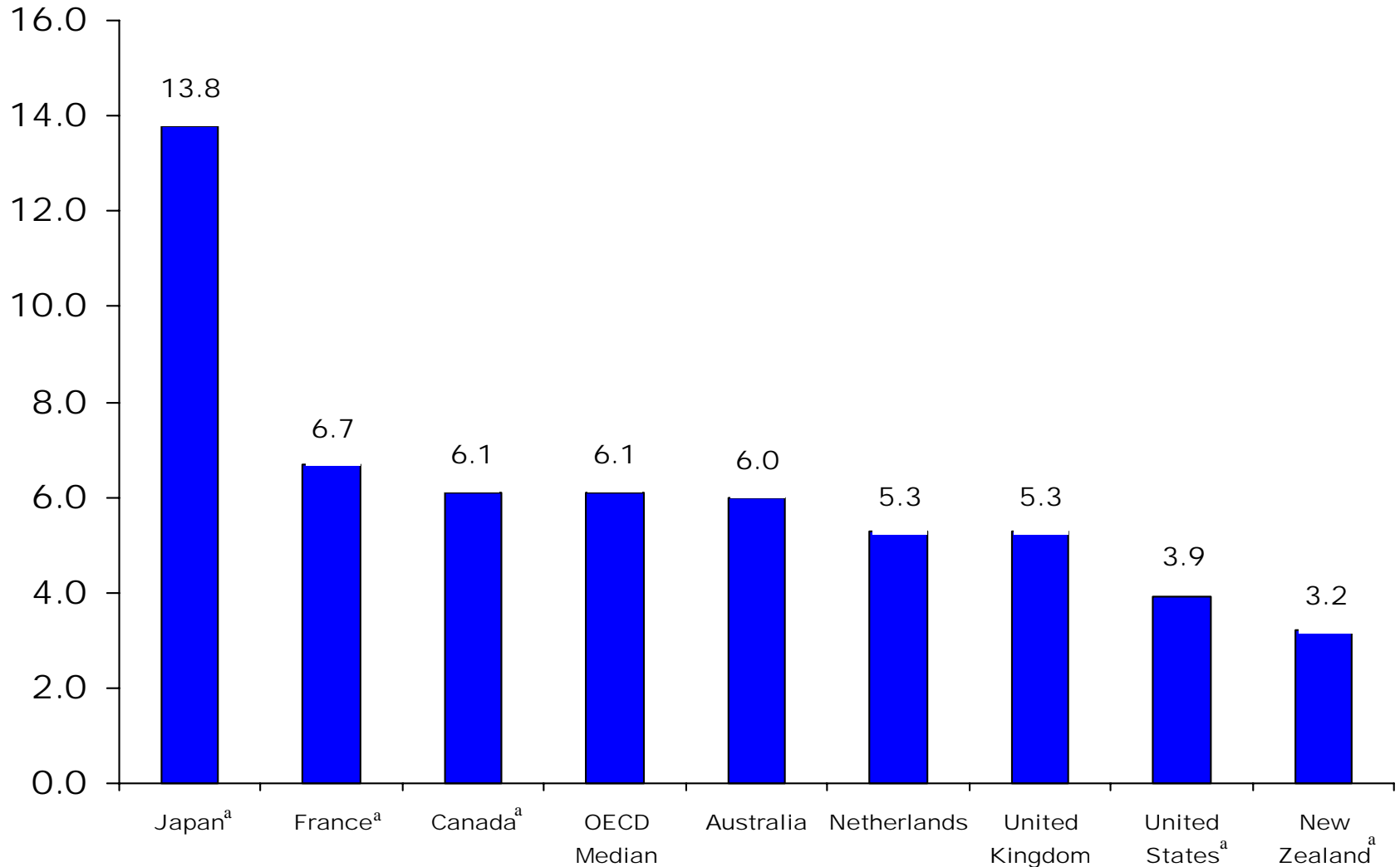
- Are Americans getting more or less care than people in other countries?
- Cannot easily compare unnecessary care but can compare total care

Average Annual Hospital Inpatient Acute Care Days per Capita in 2004



^a2003

Average Annual Number of Physician Visits per Capita in 2004



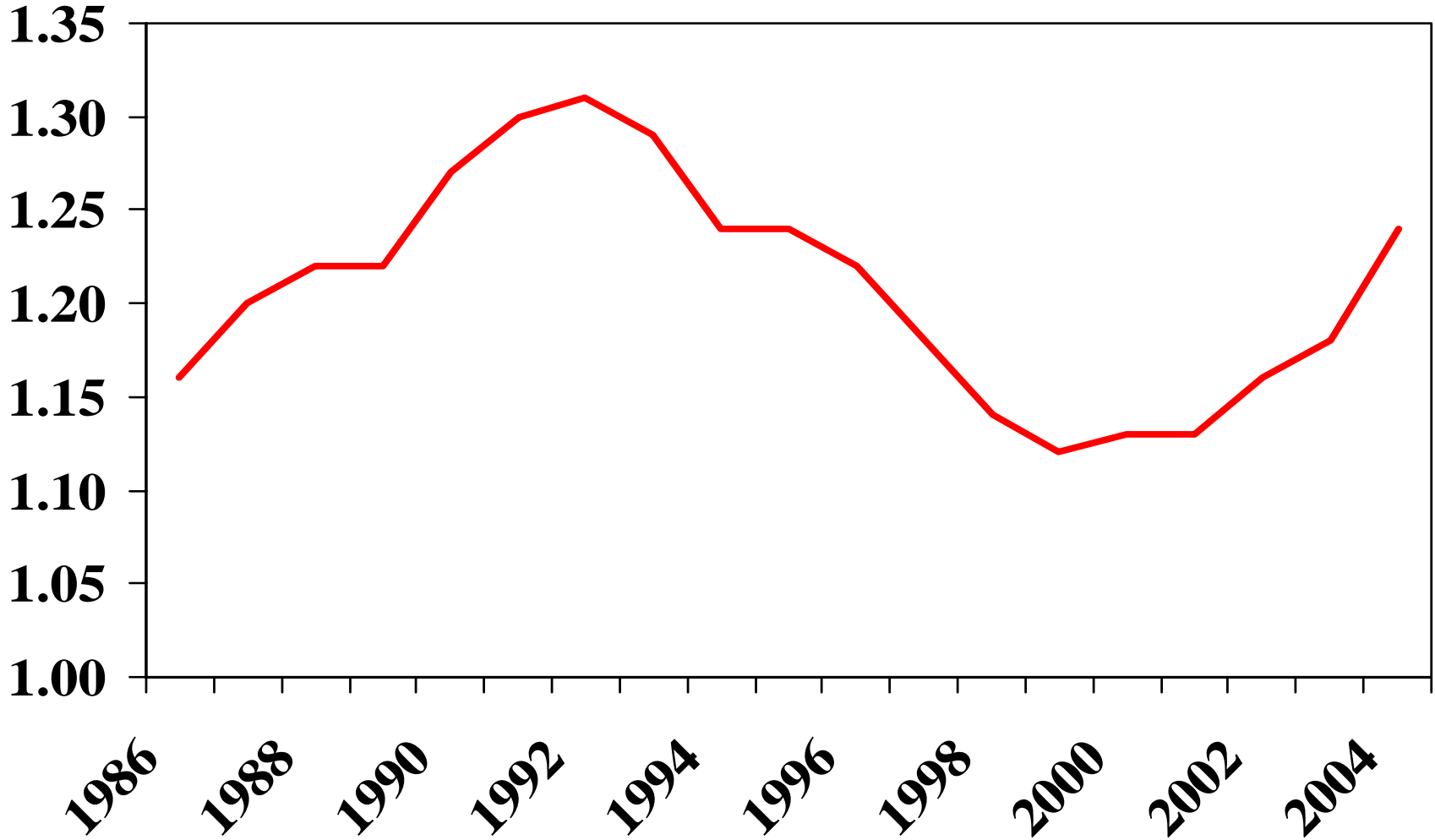
^a2003

Source: OECD Health Data 2006

Is Profit-Seeking Inappropriate In Health Care?

- Do we have anything resembling a competitive market?
- Could we really ever have a truly competitive market in health care?
- Theory of Second Best
 - When conditions for competitive market are not met then best course of action is unclear

Private Payers Payment-to-Cost Ratio



Source: MedPAC