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Overview of the Healthcare System in the United States:Disparity in Access Continues to Provoke

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The United States is the only wealthy industrialised nation without a universal healthcare system, according to the Institute of Medicine of the National Academy of Sciences. It has a mixed system of public and private insurance. Most working- age Americans have private health insurance through their employers. Private health insurance covers about 57% of the population, while only 27% is insured through governmentfunded means. Over 15.5% of Americans do not have health insurance and about half of bankruptcies in the US involve a medical reason or large medical debt. Private and government programmes for healthcare exist and are explained below.

Private Programmes

1. Health Maintenance Organisations (HMOs): An HMO is a prepaid “managed” health plan delivering comprehensive care to members through designated providers, having a fixed periodic payment for health services.

2. Preferred Provider Organisations (PPO): A PPO has arrangements with doctors, hospitals and other providers who have agreed to accept the plan’s allowable charges for covered medical services that are similar to a fee-for-service plan. This gives patients a choice of using doctors and hospitals in a network with a co-payment and outside network with an annual deductible and a percent of the bill.

**Approximately 50% of the US population is enrolled in one of these two programmes, with about 29.3% enrolled in an HMO and 19.8% in a PPO (MCOL, 2008).

Government Programmes

1. Medicare: A federal programme provides health insurance to all Americans over 65 years of age, persons with disabilities and end-stage renal disease.

2. Medicaid: This insurance programme provides for certain low-income families with children; aged, blind, or disabled people on supplemental security income, certain low-income pregnant women and children, and people with very high medical bills. Medicaid is funded and administered through a state-federal partnership. Although there are broad federal requirements for Medicaid, states have a wide degree of flexibility to design their programme. However all states must cover basic services: inpatient and outpatient hospital services, skilled nursing and home health services, family planning, and periodic health check ups. Medicaid reaches about 40% of Americans at the 100% poverty level of Health and Human Services 2005.

3. State Children’s Health Insurance Programme (SCHIP):

This provides health benefits coverage to children living in families whose income exceeds the eligibility limits for Medicaid with incomes at or below 200% of the federal poverty level (annual income of 32,180 dollars for a family size of 3).

4. There is Also a Military Plan for Active and Retired Servicemen and Women.

Healthcare Statistics and Costs

In 2008 the life expectancy in the US is 78 years of age, according to the CIA Factbook. Deaths from heart disease, cancer and stroke continue to drop. Heart diseases are the number one cause of death followed by malignant neoplasm and cerebrovascular diseases. Infant mortality has dropped to 6.9 deaths per 1,000 live births.

Healthcare spending reached 16% of GDP in 2007, making the total estimated national health expenditure 2.3 trillion dollars. National healthcare expenditures are projected to reach 3.6 trillion dollars (18.7% of GDP) in 2014, growing at an average annual rate of 7.1% per year from 2003 to 2014 (Centres for Medicare and Medicaid Services 2004 & 2005). Intensive care units spend 10 - 30% of a hospital budget which accounts for to 0.5 - 1% of the GDP.

Rising Costs Hit Employers

While rising costs may not create major problems for the economy as a whole, they negatively affect employers, employees, government and patients. The aging population is not an adequate explanation for the increased cost since it is too gradual a process to rank as a major cost driver in healthcare. The lack of well-developed competitive markets in healthcare may be partially responsible for the higher expenditure. The US has the highest cost per unit of care, physician fees, payment per hospital day and pharmaceutical prices. Even though physician visits and hospital days per capita have been lower in the US than many other developed nations, use of expensive technologies, market power of hospitals and physicians, who are able to garner high prices for services, more rapid diffusion of innovative technologies, and a higher cost for administering the healthcare system has driven the overall healthcare costs to be high.

One proposed driver of healthcare spending growth is the medical malpractice system, which encourages physicians to practice “defensive medicine” by ordering unnecessary diagnostic tests or treatments to avoid malpractice litigation (Anderson 1999). Defensive medicine may account for 5 - 9% of health expenditure (Hessler and McClellan 1996).

Approximately 63% of growth in healthcare spending is the result of an increased prevalence of obesity, stress, ozone, changing treatment threshold for hypertension, diabetes, hyper lipidaemia and osteoporosis and new innovations like statins, antidepressants, and other medications (Thorpe et al. 2005). Treatment of low-birth weight babies and heart attacks has also accounted for 37% of growth in healthcare spending (ibid).

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