

TECHNOLOGY AND QUALITY

Can We Deliver Quality Care Without Universal Coverage?

NO COUNTRY IN THE WORLD SPENDS more money on healthcare than the U.S. Surpassing 15% of our GDP, we believe our spending on healthcare buys us the most advanced technology and best trained physicians while delivering miraculous outcomes. Unfortunately, the statistics do not support that view.

Even though the U.S. spends more than \$5,000 per capita on healthcare annually (2002 statistic)—greater than 50% more than is spent by the next highest spending country—statistics on infant mortality and life expectancy lag way behind. In addition, several Institute of Medicine reports on deaths due to medical errors also paint a disappointing picture. Lastly, more than 45 million Americans are without basic health insurance—a number that increases every year.

Universal Coverage Is Not Always Single-payer

The U.S. healthcare system differs from systems in most industrialized nations by its lack of sanctioned universal coverage. Although payment systems vary from single-payer to multi-payer tiered systems in other countries, each citizen obtains basic healthcare either through an employer, government agency, or combination of the two.

Contrary to the popular belief of many citizens in other countries, Americans do receive healthcare coverage irrespective of their ability to pay. No one is left bleeding to death on the threshold of a trauma ward due to an expired insurance card. Alternatively, access to non-emergent or preventive services varies based

upon ability to pay, health insurance status, and coverage details.

Henry Aaron, a respected economist writing in the *New England Journal of Medicine* on the administrative costs of healthcare, said:

Like many other observers, I look at the U.S. healthcare system and see an administrative monstrosity, a truly bizarre mélange of thousands of payers with payment systems that differ for no socially beneficial reason, as well as staggeringly complex public system with mind boggling administered prices and other rules expressing distinctions that can only be regarded as weird (2003, p. 801).

Currently the government pays for more than 40% of all healthcare in the U.S. That number includes Medicare, Medicaid, Veterans Administration hospitals and clinics, and military and dependent family coverage. In addition, the government provides more than \$170 billion in tax deductions to businesses that fund healthcare for their employees, an indirect payment by the government for healthcare services. As noted by Aaron above, payment for healthcare in the U.S. is dominated by one very large payer. Interestingly, that large payer, the federal government, has the lowest administrative costs, as evidenced by the Medicare and Veterans Administration programs. Even those “low” administrative costs are considered too high when compared to other comparable programs around the world.

Universal coverage creates a framework for a comprehensive healthcare information technology platform.

In summary, Americans live with an expensive, variable, fragmented healthcare system that delivers the most meager of results.

Better Use of Resources

Embracing universal coverage provides many advantages. Once everyone is covered, resources currently used to confirm eligibility could be better utilized for actual healthcare delivery. Organizations will cease their efforts to control access to care based on non-clinical sets of administrative rules. With most care covered under universal minimum levels of service, it will not require adjudication before beginning treatment.

In addition, insuring minimum levels of service removes incentives to withhold preventive services. With all payers providing those services, all payers are assured future returns on their investments, whether from the patients they currently insure or from other patients treated by competitors who enroll in the future.

Universal coverage creates a framework for a comprehensive healthcare information technology platform. Information technology standards, coupled to the minimum care services identified in empowering legislation, offer strong incen-

tives for organizations to move forward with information technology solutions that can improve care. For example, electronic health records become easier to generate and maintain when everyone “belongs” to the system. Gaps in coverage no longer lead to gaps in the medical record.

With everyone covered, it is easier to imagine a comprehensive electronic medical record for each patient. Continuity of care, which would be a standard rather than an exception, drives organizations to populate the record and patients to manage it. Standardization of information flow through interoperability becomes valuable to payers who want to tightly manage patients to control costs.

Shift to Preventing Disease

With universal coverage, every payer knows that minimum services are provided to every patient and that information is available. Operations are able to move forward on initiatives that improve outcomes and reduce costs. Incentives shift from preventing care to preventing disease. Each patient’s electronic medical record becomes a source of data for measuring outcomes. Organizations that are best at caring for patients, as shown through the analysis of this patient data, will see their revenues grow.

Use of barcoding or RFID in medication administration becomes a necessity to reduce medication errors. Clinical decision support forms the basis for delivering efficient and effective care that can be documented and used to attract enrollees. Other quality goals can be universal, allowing each payer and provider to figure out how to reach them. Innovation is more likely to arise when experts are working to deliver care rather than limit access.

Although a large part of the U.S. population is uninsured, no Americans are uncovered. Today, an inefficient patchwork quilt of coverage

by the government, employers, self-payers, and charity ensure that everyone receives care. Unfortunately, this patchwork is inefficient and supports negative incentives that waste resources and hurt patients. Implementing universal coverage, irrespective of the payer model used, appropriately acknowledges the reality of how care is paid for in the U.S., and works to reform that reality in a way that incents broader services, higher quality, and safer care. Information technology can play a valuable role in ensuring that universal coverage delivers on its promise of better access to high quality care for all. !

Barry Chaiken has more than 20 years of experience in medical research, epidemiology, clinical information technology, and patient safety. As founder of his own company, he has worked on quality improvement studies and clinical investigations for the National Institutes of Health, Framingham Heart Study and Boston University Medical School. Chaiken is board certified in general preventive medicine and public health, and is a Fellow and board member elect of HIMSS. He is the associate chief medical officer of BearingPoint, Inc. and serves on the Editorial Advisory Board for Patient Safety and Quality Healthcare. Chaiken may be contacted at bchaiken@docsnetwork.com.

REFERENCES

- Aaron, H. J. (2003). The costs of health care administration in the United States and Canada—Questionable answers to a questionable question. *New England Journal of Medicine*, 349, 8.
- Alliance for Health Reform. (2006, January). The uninsured and rising health costs. www.allhealth.org.
- Anderson, G. F., Hussey, P. S., Frogner, B. K., & Waters, H. R. (2005). Health spending in the United States and the rest of the industrialized world. *Health Affairs*, 24(4), 903-914.
- Krugman, P. (2006, January 27). Health care confidential [Op-Ed]. *New York Times*.
- Reinhardt, U. E., Hussey, P. S., & Anderson, G. F. (2004). U.S. health care spending in an international context. *Health Affairs*, 23(3), 10-24.

Customized Reprints

Has your company or product been featured in **Patient Safety & Quality Healthcare?**

Maximize your exposure to the market and reinforce your professional credibility with customized reprints.

HOW CAN YOUR COMPANY USE REPRINTS?

- Sales presentations
- Include them with your proposal package
- Create a direct-mail piece
- Distribute at trade shows and events
- Education and training

WHAT KIND OF CUSTOMIZATION IS AVAILABLE?

- Add your company logo
- Include your company profile and contact information
- Use an extra page to showcase a product or include an ad
- Highlight key points in the article

All reprints are printed on 70-lb gloss stock and are available in full-color or black and white. The reprint will state the article was featured in **PSQH** and indicate the issue.

- 100 minimum order
- Delivery time 3-4 weeks (rush delivery available)

FOR REPRINTS CONTACT

KELLY MILLWOOD:

770.431.0867, ext. 215

(toll free, 888.303.5639)

E-mail: kelly@lionhrtpub.com