STATEMENT FOR THE RECORD

by the
AMERICAN COLLEGE OF PHYSICIANS

to the
HOUSE WAYS AND MEANS SUBCOMMITTEE ON HEALTH

Hearing on the Instability of Health Coverage in America

April 15, 2008

The American College of Physicians (ACP) is the largest medical specialty society in the United States, representing 125,000 doctors of internal medicine, residents and medical students. ACP commends Chairman Pete Stark for holding this hearing to better understand the problems of today's health care system so that we may achieve effective health care reform. The College advocates that all Americans should have affordable health insurance coverage.

To determine how to achieve a high performance health care system with universal health insurance coverage, the College examined the U.S. health care system and compared it to health care systems in other countries.[i] The analysis revealed lessons that could be learned from high performance health care systems in other industrialized countries. Based on these lessons, ACP proposes recommendations to achieve a more efficient, better functioning health care system in the USA with health insurance coverage for all.

The U.S. health care system spends far more on health care than any other country. Costs continue to rise at a faster pace than spending in the rest of the US economy. Yet, an estimated 47 million Americans (15.8%) lack health insurance protection.[ii] These Americans are much less likely than those with insurance to receive recommended preventive services and medications, are less likely to have access to regular care by a personal physician and are less able to obtain needed health care services. People without health insurance live sicker and die younger. [iii] Even among those with health insurance coverage, wide variations exist in terms of cost, utilization, quality and access to health care services. Rising costs are creating financial burdens for individuals, government and employers, resulting in reduced access to care, and adding to the number of uninsured.[iv]

Additional problems in the U.S. include disparities in health care based on race, ethnicity and geography; an insufficient supply of primary care physicians for an aging society; a dysfunctional system for paying physicians; and excessive administrative and regulatory costs.

Our analysis of health care systems in twelve other industrialized countries included an overview of each country's healthcare system, its advantages and disadvantages, and possible lessons to be learned for the USA. Criteria developed by the Commonwealth Fund were used for measuring the performance of health care systems.

Although many individuals in the United States receive exemplary health care, international comparisons on most key indicators of the public's health have shown that the United States has poorer health outcomes in the aggregate than many other industrialized countries. Major improvements are needed in the health care system in the United States to achieve performance levels attained by health systems in other countries.

The following lessons and recommendations were identified for improving health care in the United States:

Lesson: Well-functioning health systems guarantee that all residents have access to affordable health care. Some countries achieve universal coverage with a system funded solely by the government. Most, however, have opted for models that include a mix of public and private sources of funding.

Lesson: Global budgets can help restrain health care costs but do not provide incentives for improved efficiency unless they are set reasonably and targeted to small enough groups.

Lesson: The use of government power to negotiate prices can achieve cost savings but may result in shortages of services subject to price controls, delays in obtaining elective procedures, cost-shifting, and creation of parallel private sector markets.

Recommendation: Provide universal health insurance coverage to ensure that all people within the United States have equitable access to appropriate health care without unreasonable financial barriers. Health insurance coverage and benefits should be continuous and not dependent on place of residence or employment status. ACP calls on policymakers to consider adopting one of the following two pathways to achieve universal coverage:

- A single-payer system in which one government entity is the sole third-party payer of health care costs. The advantages of single-payer systems are that they generally are more equitable, have lower administrative costs, have lower per capita health care expenditures, have high levels of patient satisfaction, and have high performance on measures of quality and access than systems using private health insurance. The disadvantages of this system include potential shortages of services subject to price controls and delays in obtaining elective procedures.

- A pluralistic system in which government entities as well as for-profit and not-for-profit organizations ensure universal access while allowing individuals the freedom to purchase private supplemental coverage. The disadvantages of this system are that it is more likely to result in inequalities in coverage and higher administrative costs. Pluralistic financing models must provide a legal guarantee that all individuals have access to coverage and

sufficient government subsidies and funded coverage for those who cannot afford to purchase coverage through the private sector.

-

Lesson: Cost-sharing designed so that low-income individuals pay no or nominal amounts can help restrain costs while assuring that poorer individuals are still able to access services.

Recommendation**:** Create incentives to encourage patients to be prudent purchasers and to participate in their health care. Patients should have ready access to health information necessary for informed decision-making. Cost-sharing should be designed to encourage patient cost-consciousness without deterring patients from receiving needed and appropriate services or participating in their care.

Lesson: Societal investment in professional medical education can help achieve a health care workforce that is balanced, well-trained, and in sufficient supply. Investment in primary and preventive care can result in better health outcomes, reduce costs, and may better assure an adequate supply of primary care physicians.
Recommendation**:** Develop a national health workforce policy that includes sufficient support to educate and train a supply of health professionals that meets the nation's health care needs. To meet this goal, the nation's workforce policy must focus on ensuring an adequate supply of primary and principal care physicians trained to manage care for the whole patient. The federal government must intervene to avert the impending shortage of primary care physicians. A key element of workforce policy is setting specific targets for producing generalists and specialists and enacting policy to achieve these targets.

Lesson: Effective physician payment systems include support for the role of primary care physicians, incentives for quality improvement and reporting, and incentives for care coordination. Establishment of performance measures, financial incentives, and active monitoring of performance can encourage higher quality of care. Countries that organize care around the relationship between a primary care physician and the patient through a patient-centered medical home have better outcomes at lower cost.

Recommendation: Provide financial incentives for physicians to achieve evidence-based performance standards. The United States should revise existing volume-based payment systems to create care coordination payments for physicians working with health care teams to provide patient care management and maintain a fee-for-service component for separately identifiable visits. Redirect federal health care policy toward supporting patient-centered care and the patient-centered medical home.

Lesson: Uniform billing systems and electronic processing of claims improve efficiency and reduce administrative expenses.

Recommendation*:* Support with federal funds an inter-operable health information technology infrastructure, create a uniform billing system for all services, and reduce regulatory burdens.

Lesson: Insufficient investments in research and medical technology result in reliance on outdated technologies and medical equipment, and delay patients' access to advances in medical science.
Recommendation: Encourage public and private investment in medical research and assessments of the comparative effectiveness of different medical treatments.

Conclusion

The American College of Physicians appreciates the opportunity to provide the Health Subcommittee with this summary of our views on health system reform. We recognized that although we can learn much from other health care systems, any solution for the United States must be unique to our political and social culture, demographics, and form of government. Many factors make it unlikely that we can simply adopt systems used by other nations, particularly those that involve a substantial expansion of the power of the federal government to regulate health care. Nevertheless, we believe our examination of the evidence identified several approaches that are more likely than others to be effective in achieving a well-functioning health system that could be adapted to the unique circumstances in the US.

Additional information on ACP's analysis and proposals for improving access to health care can be found on our website at:
http://www.acponline.org/advocacy/where_we_stand/access/#access

The American College of Physicians would welcome an opportunity to provide further details of our findings and recommendations or to answer any questions.

---

[i] American College of Physicians. Achieving a High-Performance Health Care System with Universal Access: What the United States Can Learn from Other Countries. Annals of Internal Medicine. 2008;148:55-75 (accessible at http://www.annals.org/cgi/content/full/0000605-200801010-00196v1)

[ii] Organization for Economic Co-operation and Development. Total Expenditures Per Capita, June 2006.

[iii] U.S. Bureau of the Census. Income, poverty, and health insurance coverage in the United States: 2006. U.S. Deptartment of Commerce (P60-233). August 2007.

[iv] American College of Physicians--American Society of Internal Medicine. No health insurance? It's enough to make you sick. Philadelphia: American College of Physicians--American Society of Internal Medicine; November 1999.