**Description**: This guide is intended to help the faculty deliver this 60-minute discussion on basics of health care financing and coverage and how coverage impacts costs and health outcomes. Inpatient and outpatient scenarios for insured and uninsured patients are explored to discuss important differences in access and cost and challenge trainees to consider these differences. This is the second in the series of six modules.

**Learning Objectives**:

* Explain the basics of health insurance and coverage.
* Demonstrate the complexity of health care costs (charges vs. reimbursement vs. out-of-pocket) and the large variation in out-of-pocket costs based on insurance status.
* Weigh the impact of insurance coverage and out-of-pocket costs on the ability to adhere to treatment recommendations.
* Explore how provider reimbursement models can affect delivery of high value care.
* Encourage physicians to not practice “one size fits all” medicine.

**Audience and Setting:** The intended audience for this module is Internal Medicine residents. A large group setting with time and space for small group work within the session is best.

**Equipment Required**: A computer with projector for PowerPoint presentation with audio output and a white board or flip chart for recording group work.

**Optional**: A local hospital case manager and/or social worker to help answer questions and co-facilitate this session.

**References**:

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3. US Census Bureau. [www.census.gov](http://www.census.gov/). Accessed December 16, 2015.
4. Altman D, Frist W. Medicare and Medicaid at 50 years: perspectives of beneficiaries, health care professionals and institutions, and policy makers. JAMA. 2015;314(4):384-95. [PMID: 26219056]
5. Department of Health and Human Services. [www.medicare.gov](http://www.medicare.gov). Accessed December 16, 2015.
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7. Majerol M, Newkirk V, Garfield R. The Uninsured: A Primer — Key Facts about Health Insurance and the Uninsured in the Era of Health Reform. The Henry J Kaiser Family Foundation Web site. <http://kff.org/uninsured/report/the-uninsured-a-primer/>. Published Nov 13, 2015. Accessed December 16, 2015.
8. McWilliams J. Health consequences of uninsurance among adults in the United States: recent evidence and implications. Milbank Q. 2009 June; 87(2):443-94. [PMID: 19523125]
9. Centers for Medicare and Medicaid Services. [www.cms.gov](http://www.cms.gov/). Accessed December 16, 2015.
10. Owens, D, Qaseem A, Chou R, Shekelle P; Clinical Guidelines Committee of the American College of Physicians*.* High-value, cost-conscious health care: concepts for clinicians to evaluate the benefits, harms, and costs of medical interventions.Ann Intern Med. 2011 Feb 1;154(3):174-80. [PMID: 21282697]
11. Dartmouth-Hitchcock Out-of-Pocket Estimator. <http://www.dartmouth-hitchcock.org/billing-charges/out_of_pocket_estimator_dhmc.html>. Accessed December 16, 2015)

**Presentation #2 Instructions**

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| Step | Description | Estimated Time |
| 1 | Welcome participants, introduce speaker, identify the reason for the discussion, including:   * Physicians should understand the basic types of health insurance and how their decisions affect their patients financially. * One’s insurance (or lack thereof) directly impacts out-of-pocket costs, which in turn affects ability to adhere to different treatment recommendations. * Review the Learning objectives (slide #2). | 5 minutes |
| 2 | Case #1: An uninsured patient’s perspective   * Present the case of a young man with severe abdominal pain who wanted to avoid going to the hospital because of lack of insurance. * Play the approx. 2-minute audio snippet (should automatically play when slide #4 is opened). The snippet discusses this patient’s perspective when he received the hospital bill in the mail. * Emphasize (in notes section of slide #4) that medical bills are the leading cause for personal bankruptcy in the U.S. * Define key terms in health care cost that must be understood to have this discussion (slide #5). | 5 minutes |
| 3 | Basic types of health insurance   * Review the sources of health insurance (slide #6) and the most common reasons for lack of coverage. * Briefly discuss that Medicare and Medicaid patients tend to be sicker and require a higher percentage of health care dollars than those with employer-based insurance. * Review individual private insurance (slide #7), which is an uncommon method for paying for health care. Because of overhead, it is a more expensive way to finance health care. * Discuss employment-based insurance (slide #8) and how it is, in essence, subsidized by the government. * Give a brief overview of Government Financed Insurance (slides #9 through #12). | 5 minutes |
| 4 | Affordable Care Act   * Discuss who composed the uninsured prior to the ACA (slide #13). * Introduce the aims of the Affordable Care Act and the associated expansion of Medicaid (slide #14). | 5 minutes |
| 5 | Access to health care   * Discuss why health insurance makes a difference (slide #15: survey data from the Kaiser Family Foundation, which found when surveying Americans about health care in the prior 12 months, many reported no usual source of care and said that they had postponed seeking care because of cost). Ask participants to offer reasons for these findings. * Present the case of Mr. O (slide #16). Ask the group what they suspect the outcome was and why this happened. * Answer:   + Cardiac cath revealed diffuse triple vessel disease most appropriate for CABG.   + CABG is not appropriate in the setting of acute stroke; therefore, the patient was managed medically with aspirin, clopidogrel, a beta blocker, an ACEi, and a statin, besides being treated for diabetes.   + Patient was discharged with the intent to have CBG performed in the future to allow time for healing from the acute stroke.   + One year later, the patient has still not undergone CABG. * Discuss the evidence behind the differences in care among insured and uninsured patients (slide #17). Uninsured patients delay care or go without care altogether, have fewer medical visits and less health screening (with higher rates of chronic illness and lower cancer survival rates), and have higher mortality (including during hospitalizations). | 10 minutes |
| 6 | Case #2 – Weekend Warrior   * Present the case on slide #18. Have residents break into small groups and provide estimates for charges and out of pocket costs for the patient. * Provide a handout of slide #19 for each group to fill out. * Share the Dartmouth Calculator on slide #20 as a resource that they should use to estimate the amounts. After participants have had adequate time to use the calculator, share the amounts on slide #21. * Discuss the differences in what this “costs” the patient: co-pay in HMO/PPO and the insurance covers the rest. In some high deductible plans, the patient is responsible for the full charge; in others they are given the same reimbursement rate the insurance company is given. The uninsured bill will list the charges. * Ask the participants how the cost to the patient may affect adherence. Patients who have a high deductible in their health insurance may not follow-up if they have not met their deductible. * Within the context of the sports injury case, review the different types of reimbursement models (slide #22), noting, however, that many of these apply more to inpatient scenarios (per diem, DRG) and that most outpatient medicine is either capitation or fee-for-service (FFS). * Discuss whether different reimbursement models promote or discourage practicing high value, cost-conscious care (think about ordering tests). * Highlight the lack of disincentive for physicians and hospitals to simply do “more” care without regard to “better” care under FFS model. * Discuss the recent shift from predominantly FFS and DRG models to ACO (slides #23-24). Does your organization participate in these types of partnerships with CMS or other large payers? | 20 minutes |
| 7 | Summary   * Review the steps toward cost-conscious care on slide #25 and how the concepts presented today fit into this framework. * Highlight the major themes of this module, including how type of insurance and whether a patient is insured greatly impact out-of-pocket costs, which in turn affects ability to adhere to treatment recommendations. * Emphasize that physicians cannot put on blinders to these differences but instead must work with patients to individualize plans of care that maximize value and minimize the burden of unnecessary expenses. | 5 minutes |