

Our Fragmented Health Care System

California Assembly Select Committee on Health Care Delivery
Systems and Universal Coverage

January 17, 2018

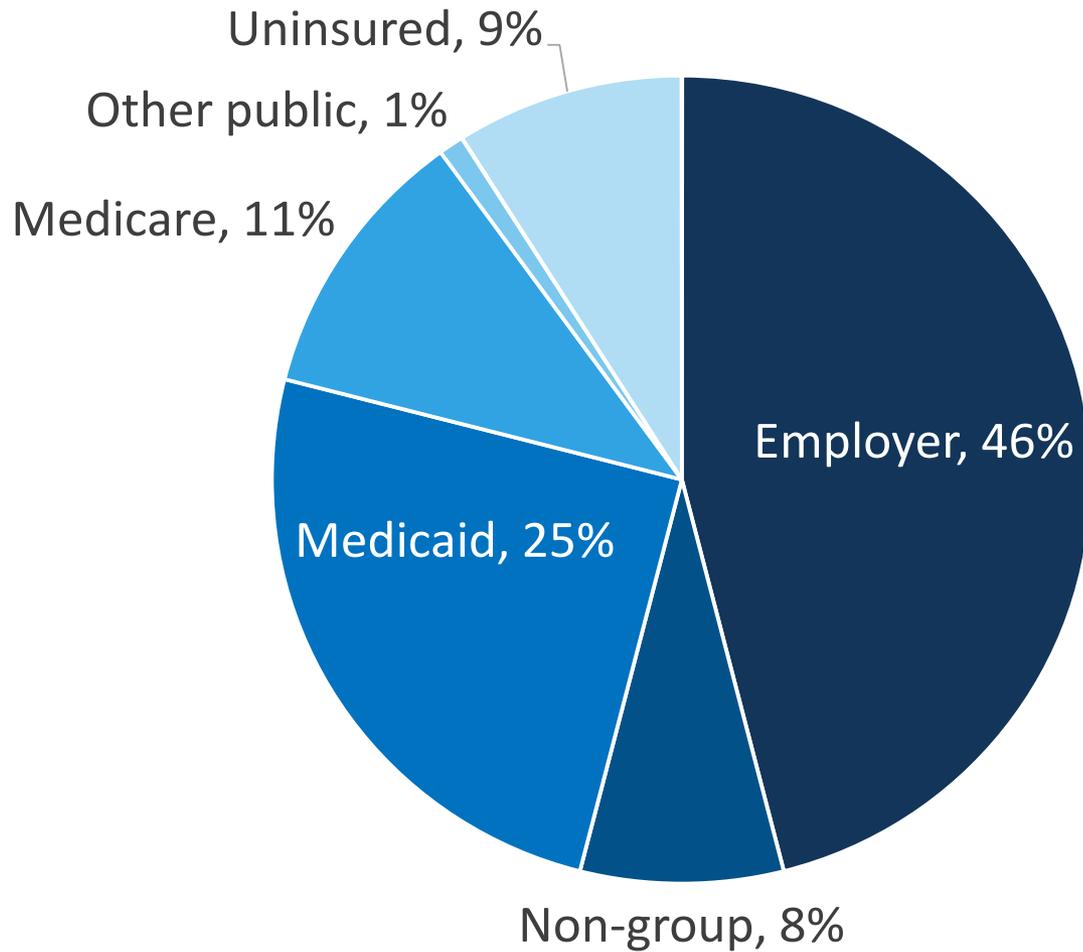
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Diversity of health insurance coverage in California



Source: Kaiser Family Foundation analysis of the 2017 Current Population Survey.

How do different sources of health insurance vary?

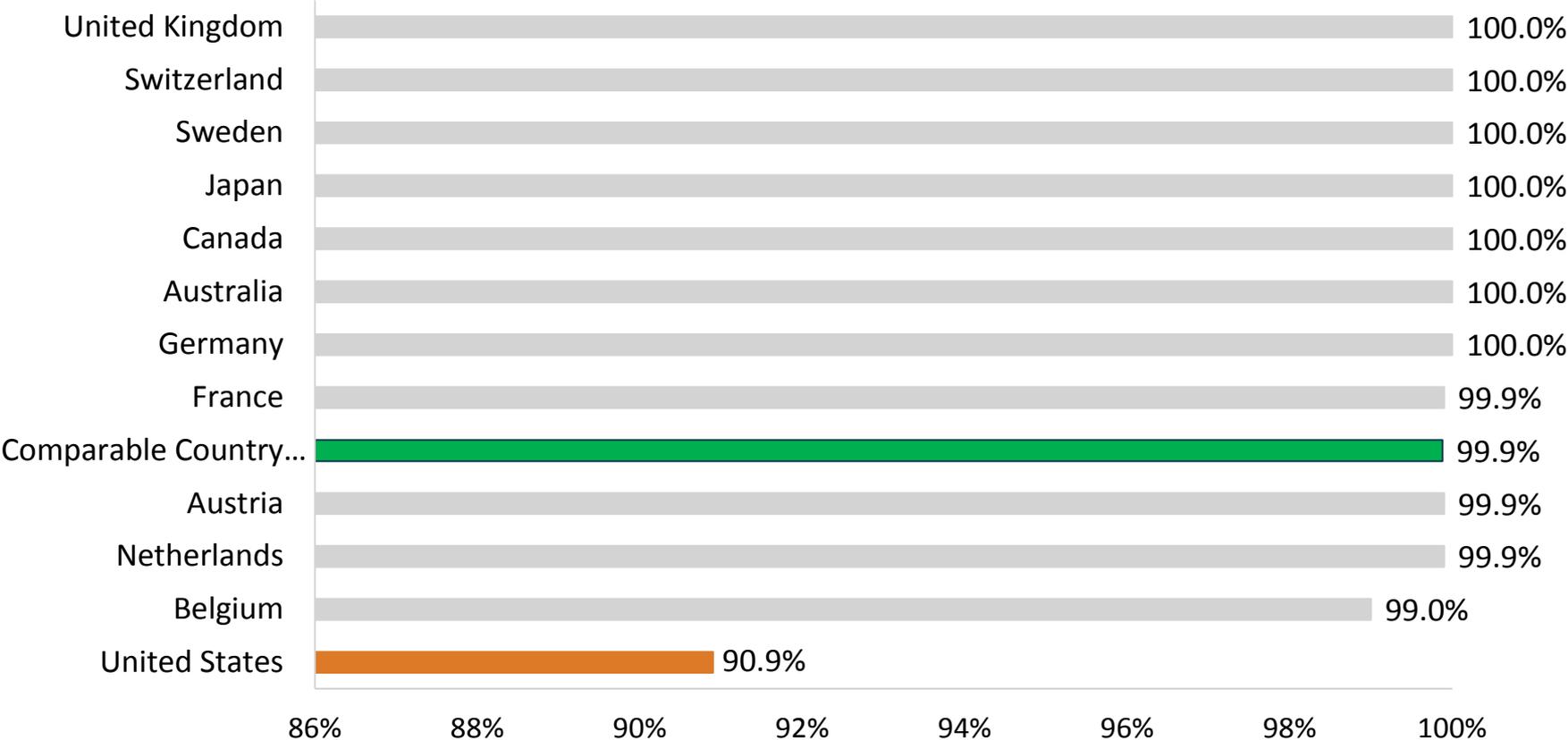
- Eligibility.
- Patient cost-sharing.
- Networks of physicians and hospitals.
- Drug formularies.
- Prices paid to health care providers.
- Prior authorization and care management procedures.
- Governance.

Consequences of a fragmented health system

- Makes it more difficult to control costs (the “water balloon” effect).
(Flip side: A safety valve if cost constraints are too tight.)
- Risks disruptions in care and provider relationships and surprise medical bills (in self-insured plans) tied to provider networks, and raises administrative costs.
(Flip side: Opportunities for innovation in provider payment and delivery systems.)
- Avoids clear accountability for costs and population health.
(Flip side: Control of the health system is not tied to who is in control of government.)
- Creates a tiered health care system.
(Flip side: Permits lower prices in government health programs, and greater autonomy for consumers and employers.)

The U.S. has the lowest insured rate of comparable countries

Percent of total population covered by private and/or public health insurance in 2015



Source: Kaiser Family Foundation analysis of data from OECD (2017), "OECD Health Data: Social Protection," OECD Health Statistics (database). (Accessed on November 12, 2017). **Note:** Data for Japan were unavailable for 2015, so data from the previous year are shown.

Pure single payer systems with minimal patient cost-sharing are not the norm internationally

- **A substantial role for private insurance:**
Germany, Switzerland
- **Significant patient cost-sharing:**
France, Germany, Switzerland
- **Multiple tiers of coverage:**
Australia, England, Germany, Switzerland

Opportunities to address fragmentation in the health system

- A single payer plan.
- Buy-ins to public programs.
- All-payer rate setting or requirements for uniform pricing mechanisms.
- Greater uniformity of benefits, cost-sharing, and care management.
- Increased transparency and technological solutions.