Our Fragmented Health Care System

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Employer, 46%
Non-group, 8%
Medicaid, 25%
Medicare, 11%
Other public, 1%
Uninsured, 9%

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>United Kingdom</td>
<td>100.0%</td>
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<td>Switzerland</td>
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<td>Sweden</td>
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<td>Japan</td>
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<td>Germany</td>
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<td>France</td>
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<td>Comparable Country...</td>
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<tr>
<td>Austria</td>
<td>99.9%</td>
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<tr>
<td>Netherlands</td>
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<tr>
<td>Belgium</td>
<td>99.0%</td>
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<tr>
<td>United States</td>
<td>90.9%</td>
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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*

Source: Sherry Glied, New York University.
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.