

Objects in the Mirror are Closer Than They Appear

An economist's view on the Canadian
and American health care systems

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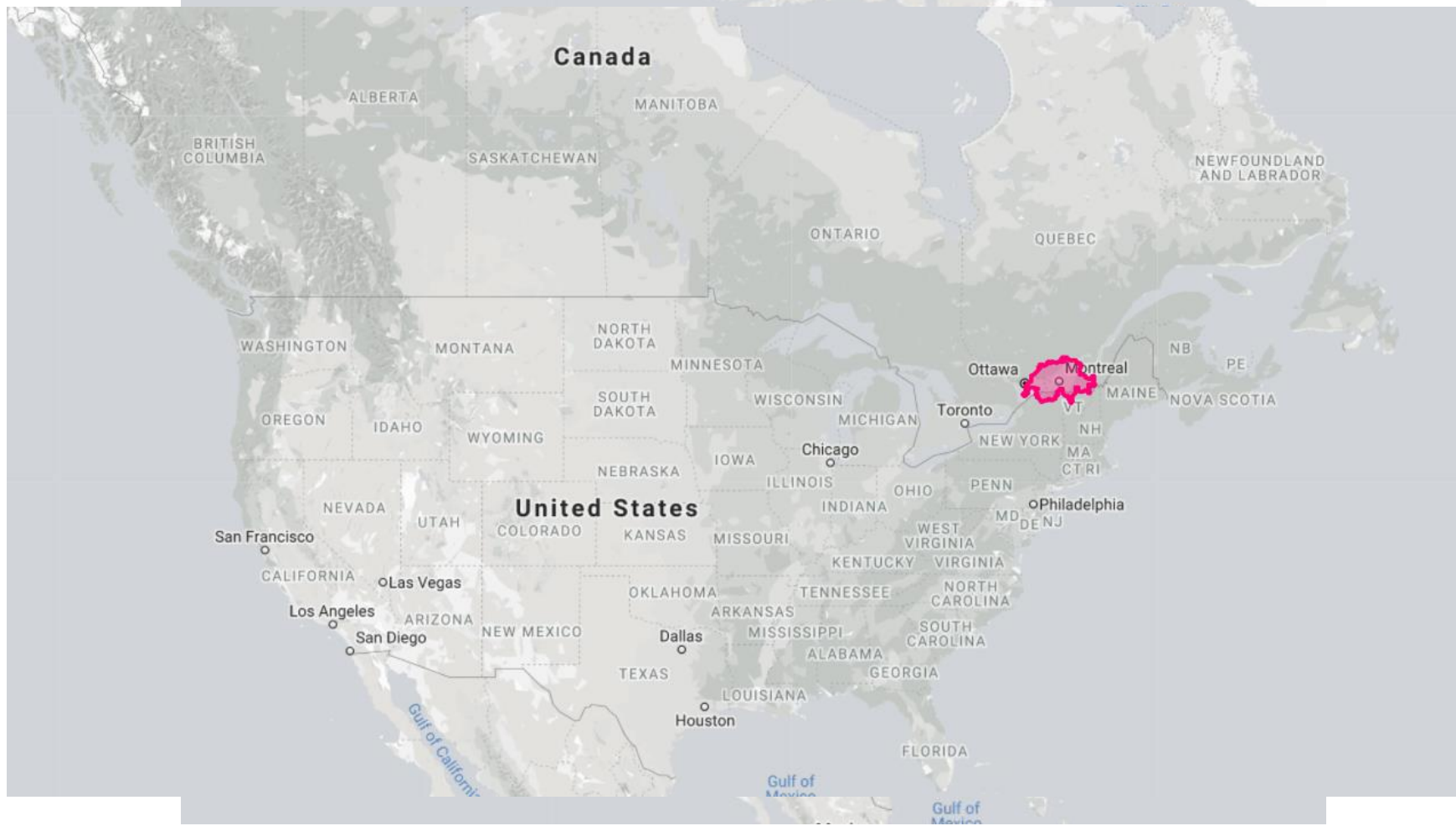
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Outline

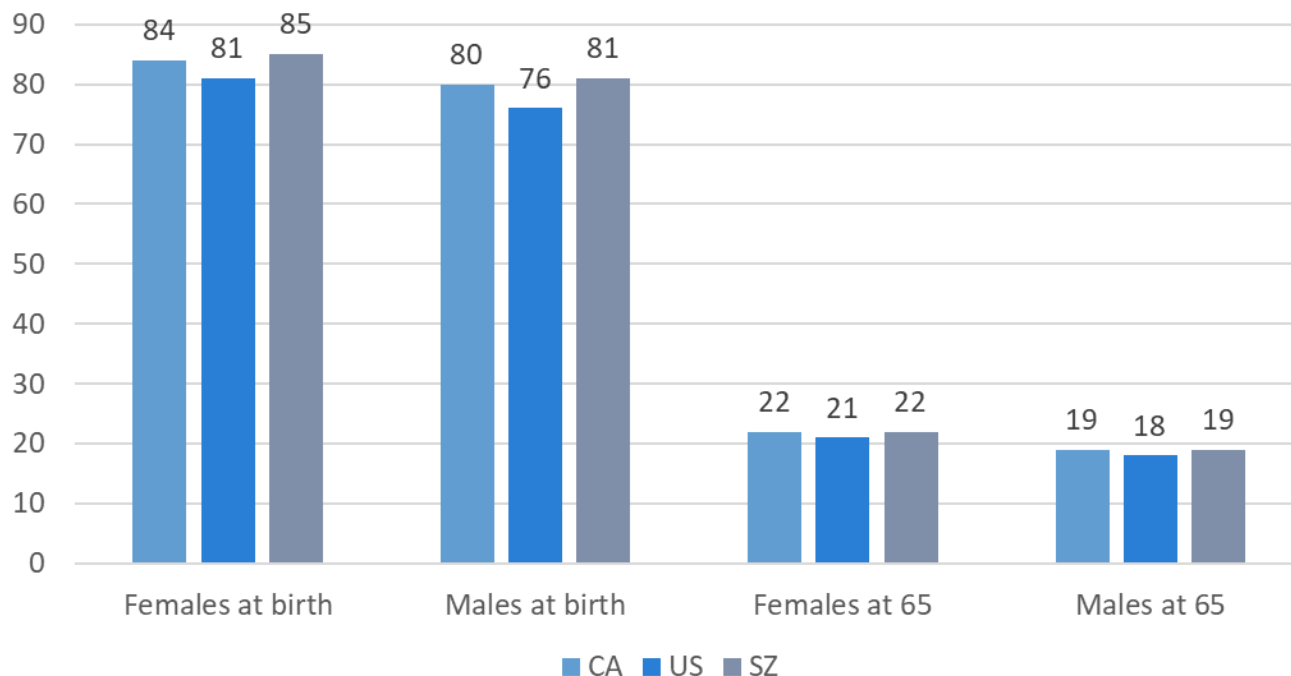
- My perspective
- Health, social, and geographic contexts
- Are the Canadian and American health care systems really polar opposites?
- What is Obamacare all about?
- Lessons learned?

Apples and Oranges?

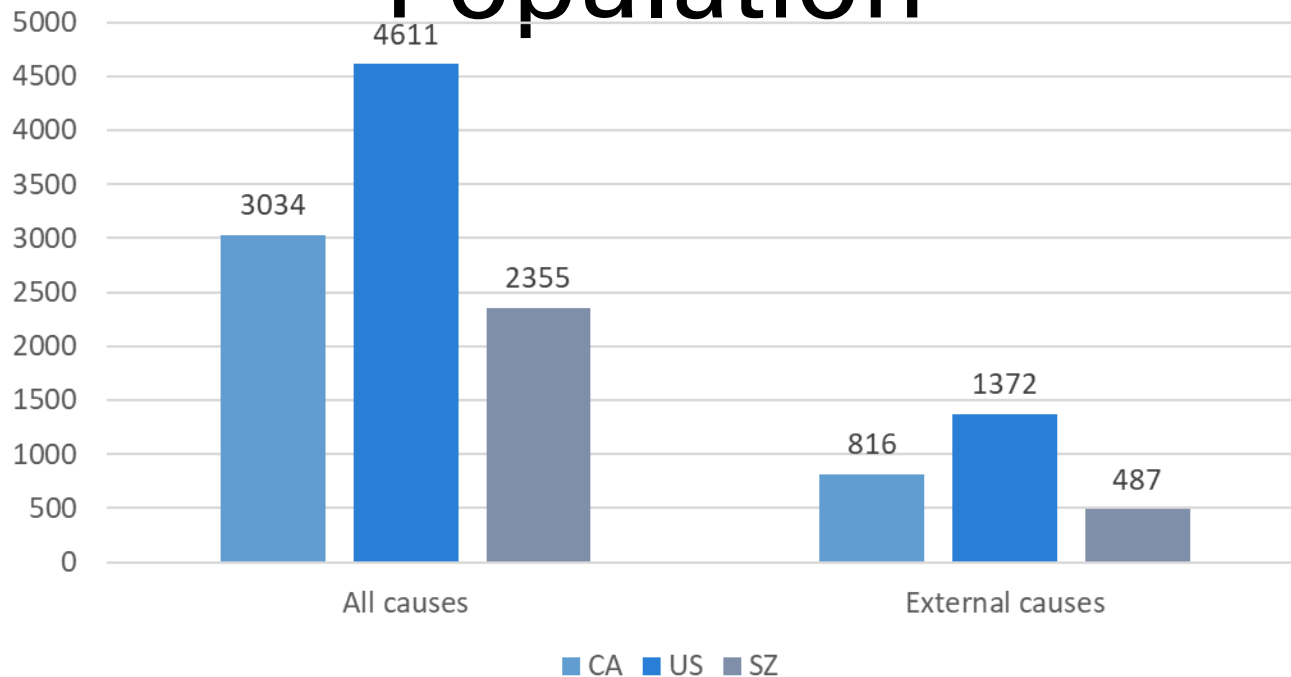
	Canada	United States	Switzerland
Population	35 million	319 million	8 million
Geography (sq km)	9.1 million	9.1 million	39,500
% urban	24.6%	13.2%	57.4%
% unemployment	5.8%	4.1%	4.7%
GDP per capita, USD PPP	\$42,500	\$52,300	\$54,700
Health spending per capita, USD PPP	\$4,752	\$9,892	\$7,919
Health spending as a % of GDP	10.6%	17.2%	12.4%



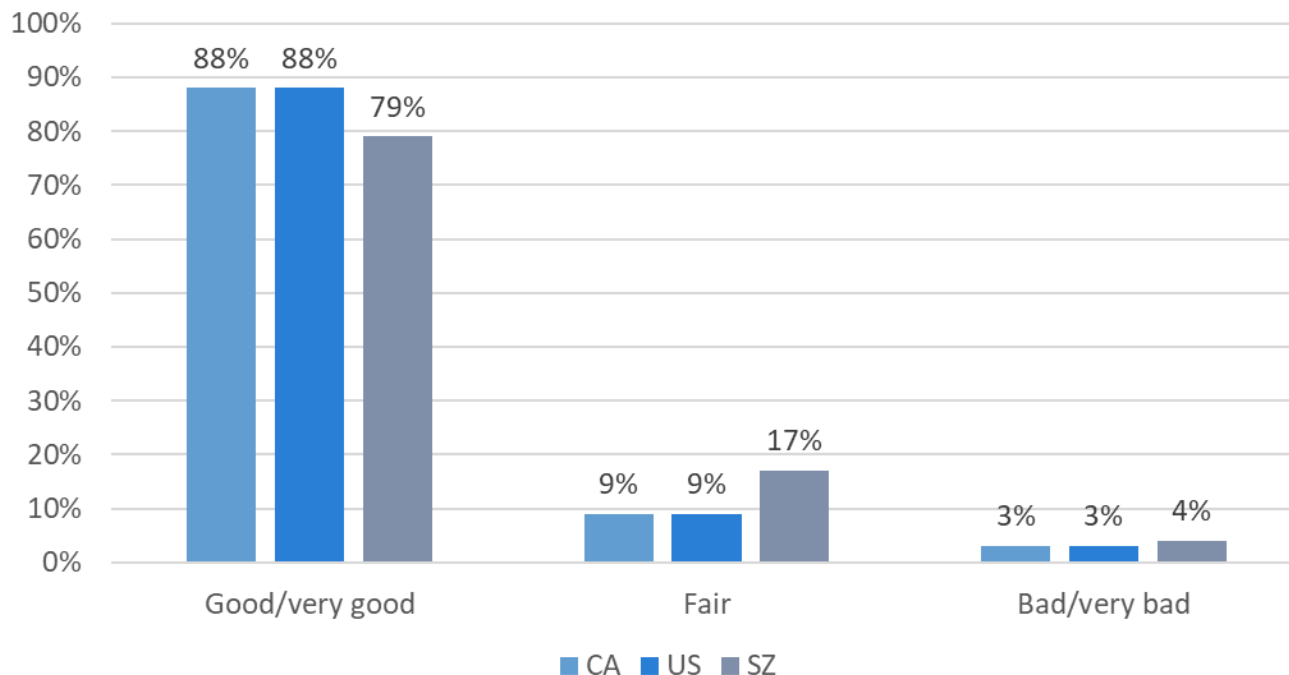
Life Expectancy



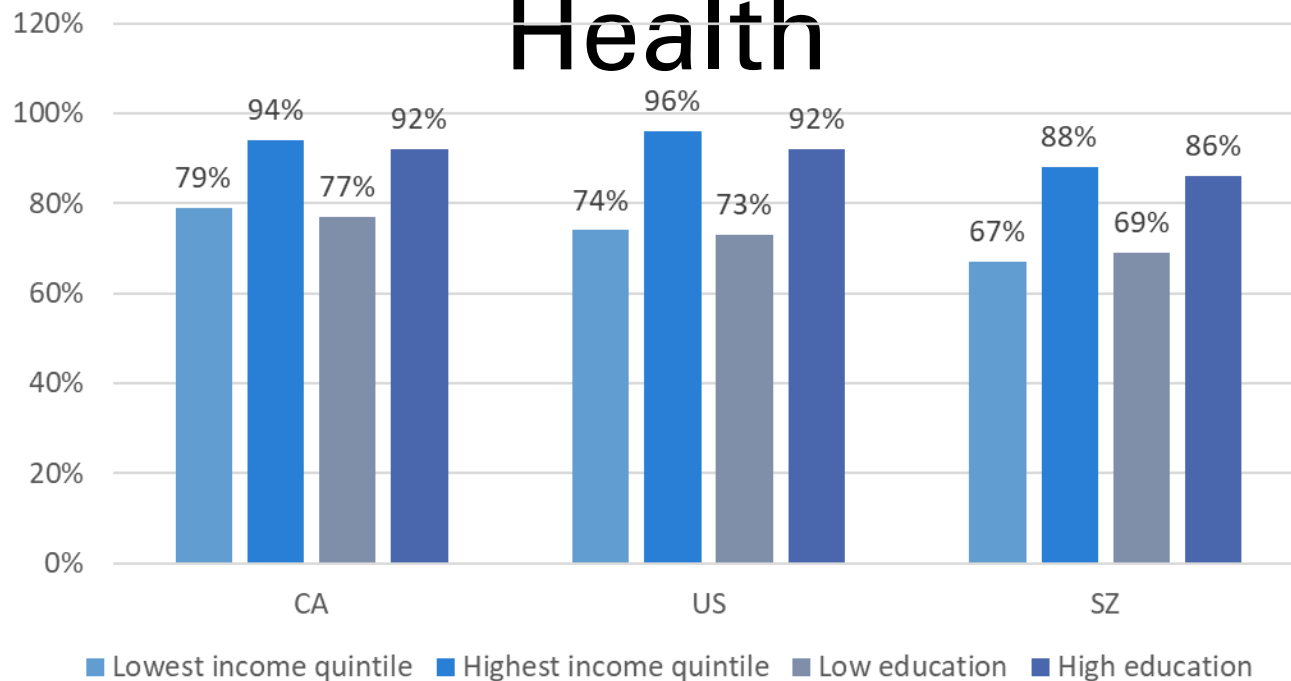
Life Years Lost per 100,000 Population



Self-Reported Health














Inequalities in Good/very Good Self-Reported Health





Commonwealth Fund 2014 Rankings

Top 2*
Middle
Bottom 2*

											
	AUS	CAN	FRA	GER	NET	NZ	NOR	SWE	SWIZ	UK	US
OVERALL RANKING (2013)	4	10	9	5	5	7	7	3	2	1	11
Quality Care	2	9	8	7	5	4	11	10	3	1	5
Effective Care	4	7	9	6	5	2	11	10	8	1	3
Safe Care	3	10	2	6	7	9	11	5	4	1	7
Coordinated Care	4	8	9	10	5	2	7	11	3	1	6
Patient-Centered Care	5	8	10	7	3	6	11	9	2	1	4
Access	8	9	11	2	4	7	6	4	2	1	9
Cost-Related Problem	9	5	10	4	8	6	3	1	7	1	11
Timeliness of Care	6	11	10	4	2	7	8	9	1	3	5
Efficiency	4	10	8	9	7	3	4	2	6	1	11
Equity	5	9	7	4	8	10	6	1	2	2	11
Healthy Lives	4	8	1	7	5	9	6	2	3	10	11
Health Expenditures/Capita, 2011**	\$3,800	\$4,522	\$4,118	\$4,495	\$5,099	\$3,182	\$5,669	\$3,925	\$5,643	\$3,405	\$8,508

Notes: * Includes ties. ** Expenditures shown in \$US PPP (purchasing power parity); Australian \$ data are from 2010.

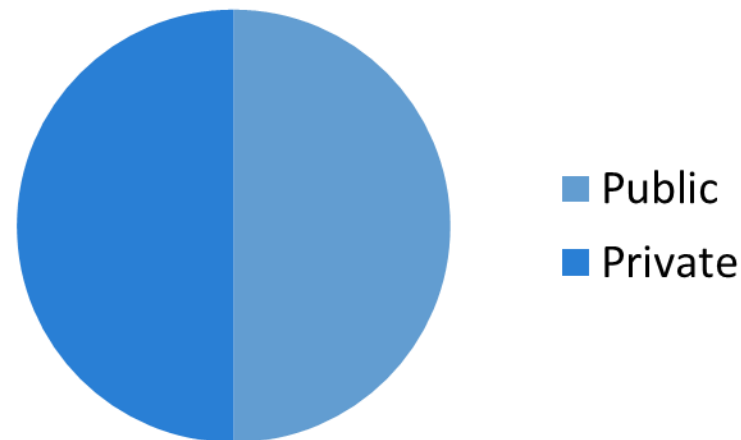
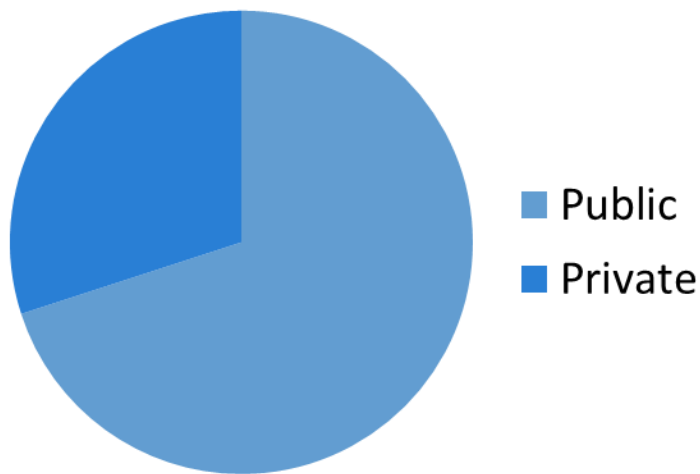
Source: Calculated by The Commonwealth Fund based on 2011 International Health Policy Survey of Sicker Adults; 2012 International Health Policy Survey of Primary Care Physicians; 2013 International Health Policy Survey of Healthy Adults; Commonwealth Fund National Scorecard 2011; World Health Organization; and Organization for Economic Cooperation and Development, *OECD Health Data*, 2013 (Paris: OECD, Nov. 2013).

Myth Busters

- Canada has a public, single-payer, universal health care system. Or does it?
- And is the US unique in having privatized, profit-oriented medicine, where patients experience access problems?

Sources of Health Care Financing 2015

Canada: 70%:30%



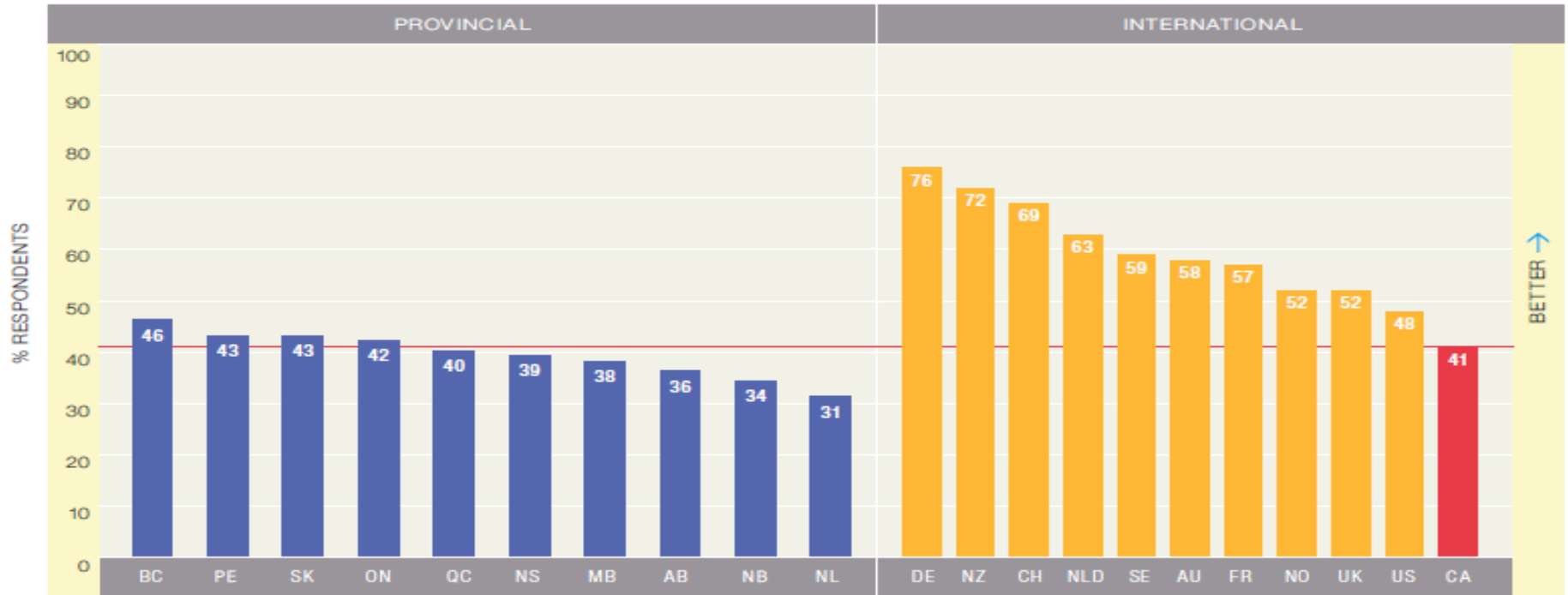
US: 50%:50%

Insurance Coverage

- Canada
 - 14 different public insurers; no user fees for services provided in-hospital or by a physician
 - Public or private coverage for mental health care, prescription drugs, etc. based on your age, income, and where you live
 - 20% of Canadians un/underinsured for prescription medications
- US
 - Private insurers cover 68% of the population; public 37%
 - 9% of Americans are uninsured

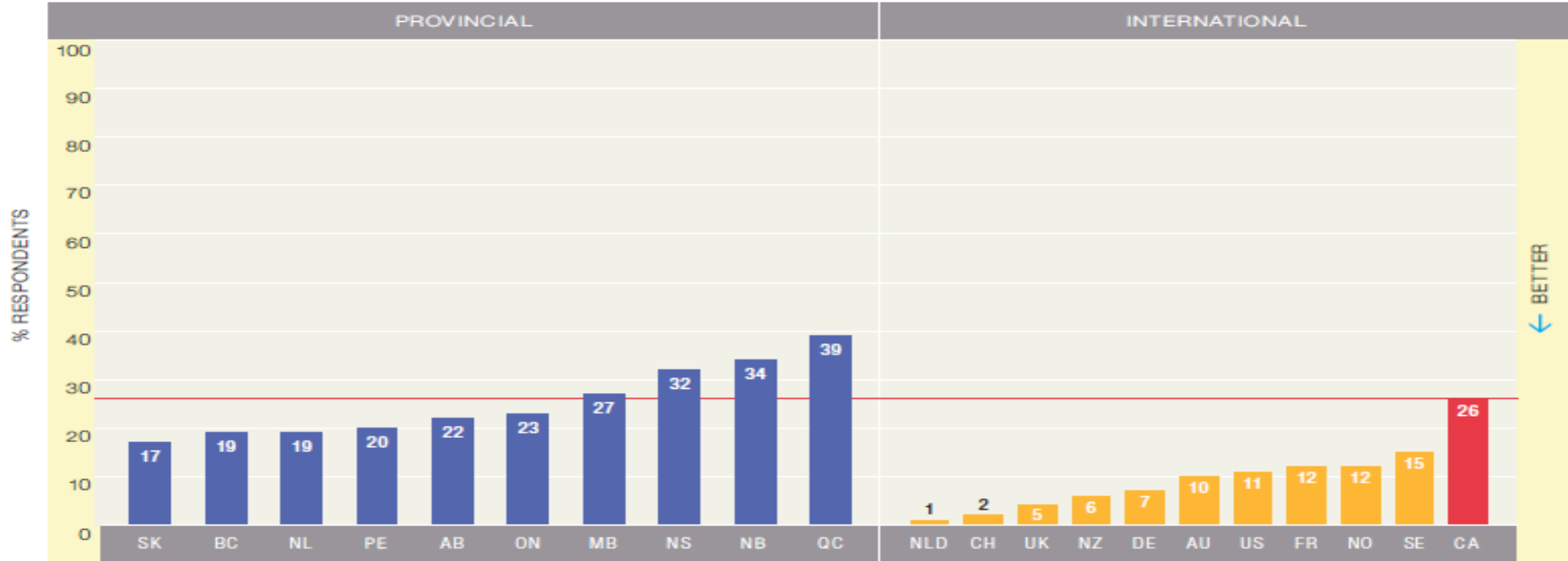
The last time you were sick or needed medical attention, how quickly could you get an appointment to see a doctor or nurse?

Response categories presented: Same day / Next day



The last time you went to the hospital emergency department, how long did you wait before being treated?

Response category presented: Waited 4 or more hours



Health Care Funding and Organization of Delivery Systems

- Where are physicians self-employed entrepreneurs who earn profits providing health care services to patients?
- Where are hospitals private, not-for-profit organizations?
- Where do integrated health care systems provide explicit incentives for high quality, efficiency, and better health outcomes?

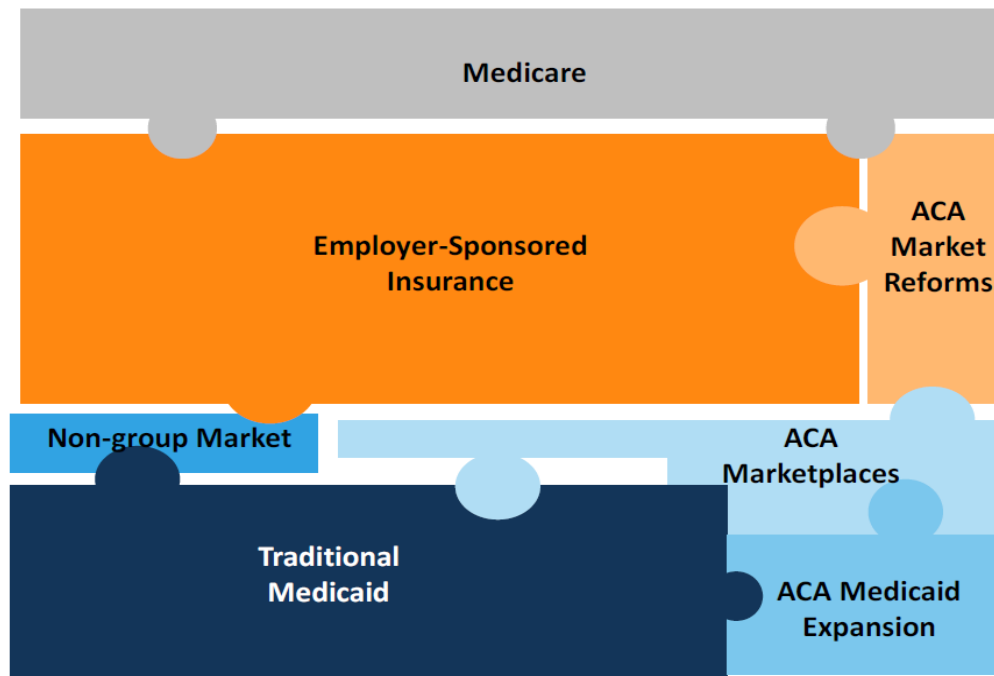
The Patient Protection and Affordable Care Act

- The ACA, or Obamacare, includes
 - Coverage expansions
 - Health insurance market reforms
 - Other components: quality improvement, prevention, costs
- The “three-legged stool” to increase health insurance coverage:
 - Preventing insurance companies from denying coverage
 - Mandating coverage for all to eliminate free-riding
 - Subsidizing the purchase of insurance to make it affordable

Figure 1

The ACA fills in gaps in a piecemeal insurance system.

Major Sources of Coverage in the United States



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Health Insurance Exchanges (Marketplaces)

- 17 state-based, other states rely on Federal marketplace
- Similarities to 1996 Swiss reforms (van Ginneken, et al. 1996 Health Affairs)
- Minimum quality standard and limited variation in plan design
 - Essential health benefits
 - Out-of-pocket spending limits; no coverage limits
 - No denials of coverage; limited premium cost variation (age, location, smoking)
- Choice and competition across plans that cover 60-90% of health care costs (bronze, silver, gold, platinum), plus catastrophic plans (<60%)

Health Insurance Exchanges (Marketplaces)

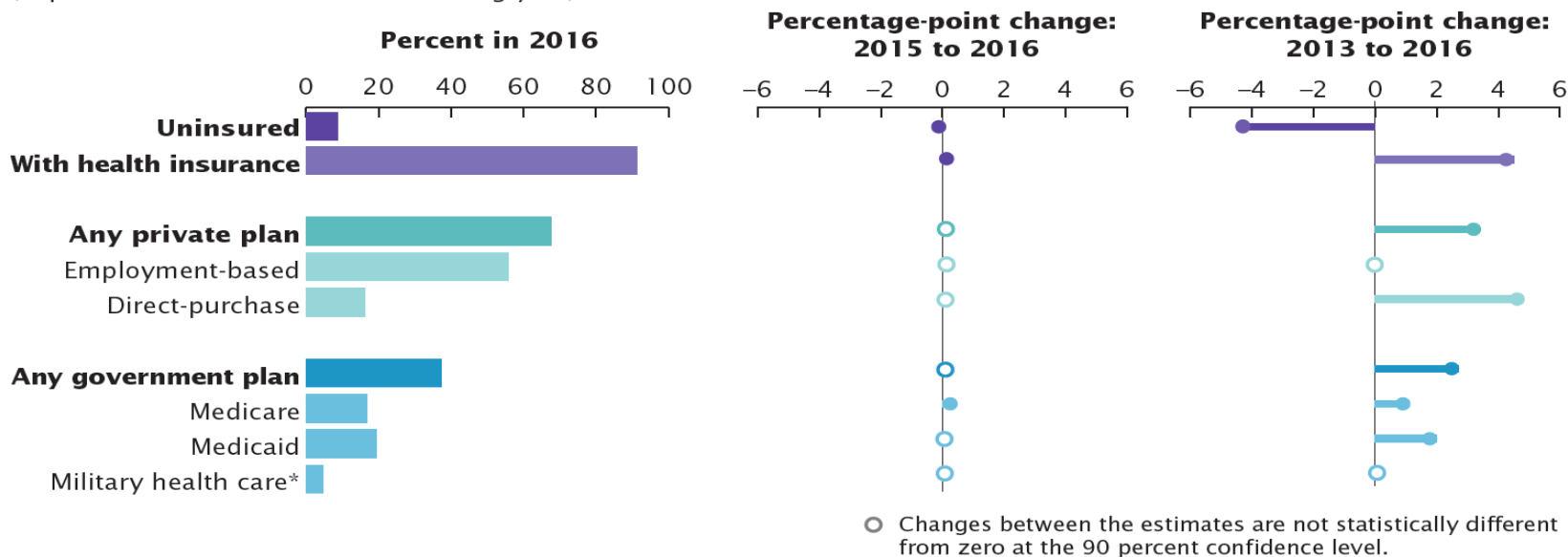
- Tax credit subsidies linked to family income and plan choice
- Incentives to choose more affordable plans
- Guarantee “affordability” of health insurance: premium cost does not exceed 9.5% of income

Federal Poverty Level	Annual Income for Family of 4	Percentage of Income	Monthly Premium Max
133%	\$32,300	Medicaid	\$0
200%	\$48,600	6.3%	\$255
300%	\$72,900	9.5%	\$577
400%	\$97,200	9.5%	\$770

Figure 1.

Percentage of People by Type of Health Insurance Coverage and Change From 2013 to 2016

(Population as of March of the following year)



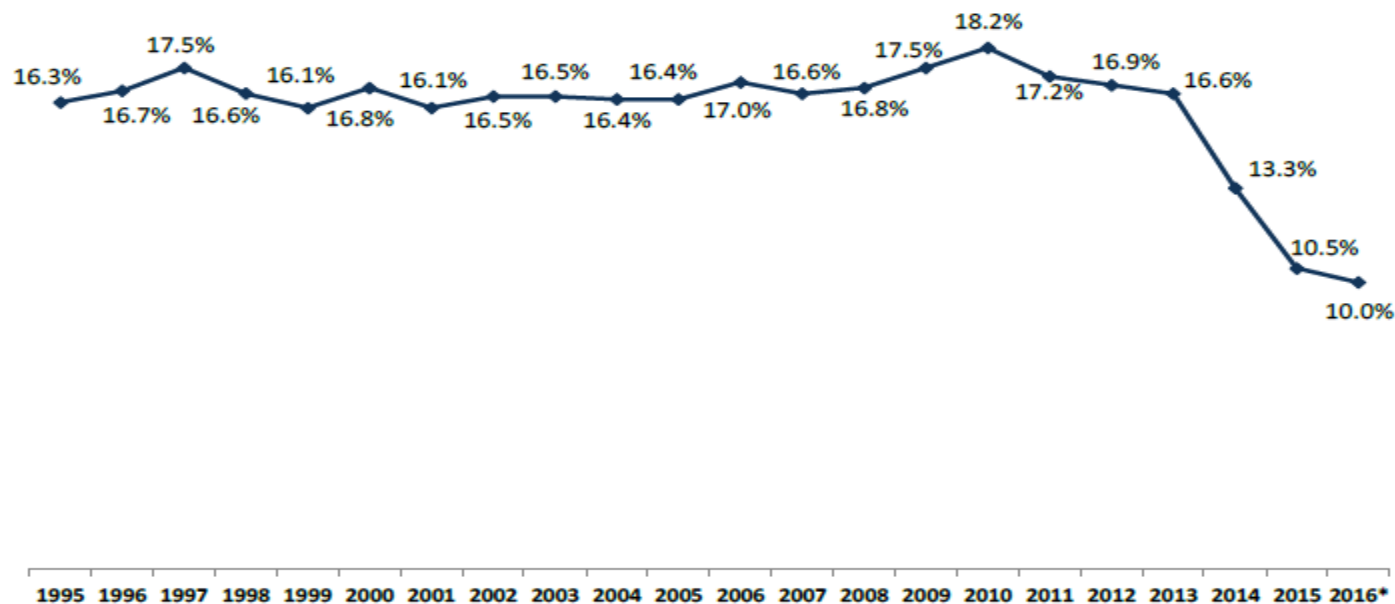
* Military health care includes TRICARE and CHAMPVA (Civilian Health and Medical Program of the Department of Veterans Affairs), as well as care provided by the Department of Veterans Affairs and the military.

Note: For information on confidentiality protection, sampling error, nonsampling error, and definitions in the Current Population Survey, see <www2.census.gov/programs-surveys/cps/techdocs/cpsmar17.pdf>.

Source: U.S. Census Bureau, Current Population Survey, 2014 to 2017 Annual Social and Economic Supplements.

Figure 2

Uninsured Rate Among the Nonelderly Population, 1995-2016



Note: 2016 data is for Q1 only.

Source: CDC/NCHS, National Health Interview Survey, reported in http://www.cdc.gov/nchs/health_policy/trends_hc_1968_2011.htm#table01 and <https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201609.pdf>



The Patient Protection and Affordable Care Act

- Quality improvement, prevention, costs
 - Accountable Care Organizations (ACOs): financial rewards to providers who work together to coordinate care and reduce costs
 - Increased use of electronic medical records (2009 economic stimulus package)
 - Greater linkage of provider payments to the quality of care provided instead of the quantity
 - Financial penalties for hospitals with higher-than-average readmission rates

The Best Health Care System?

- Is there a “right” or “best” way to structure a health care system?
- Countries with quite different financing, insurance, and provider payment structures struggle with:
 - Timely access to appropriate care
 - High-quality, coordinated, patient-centered services
 - Inequalities in health care use and health outcomes across socioeconomic status
 - Improving population health efficiently

Lessons from the Canadian and American Health Care Systems

- Private and public
- Insurance and health care delivery
- Pro-active payers and properly aligned incentives
- Social inequalities in health
- Value-for-money