

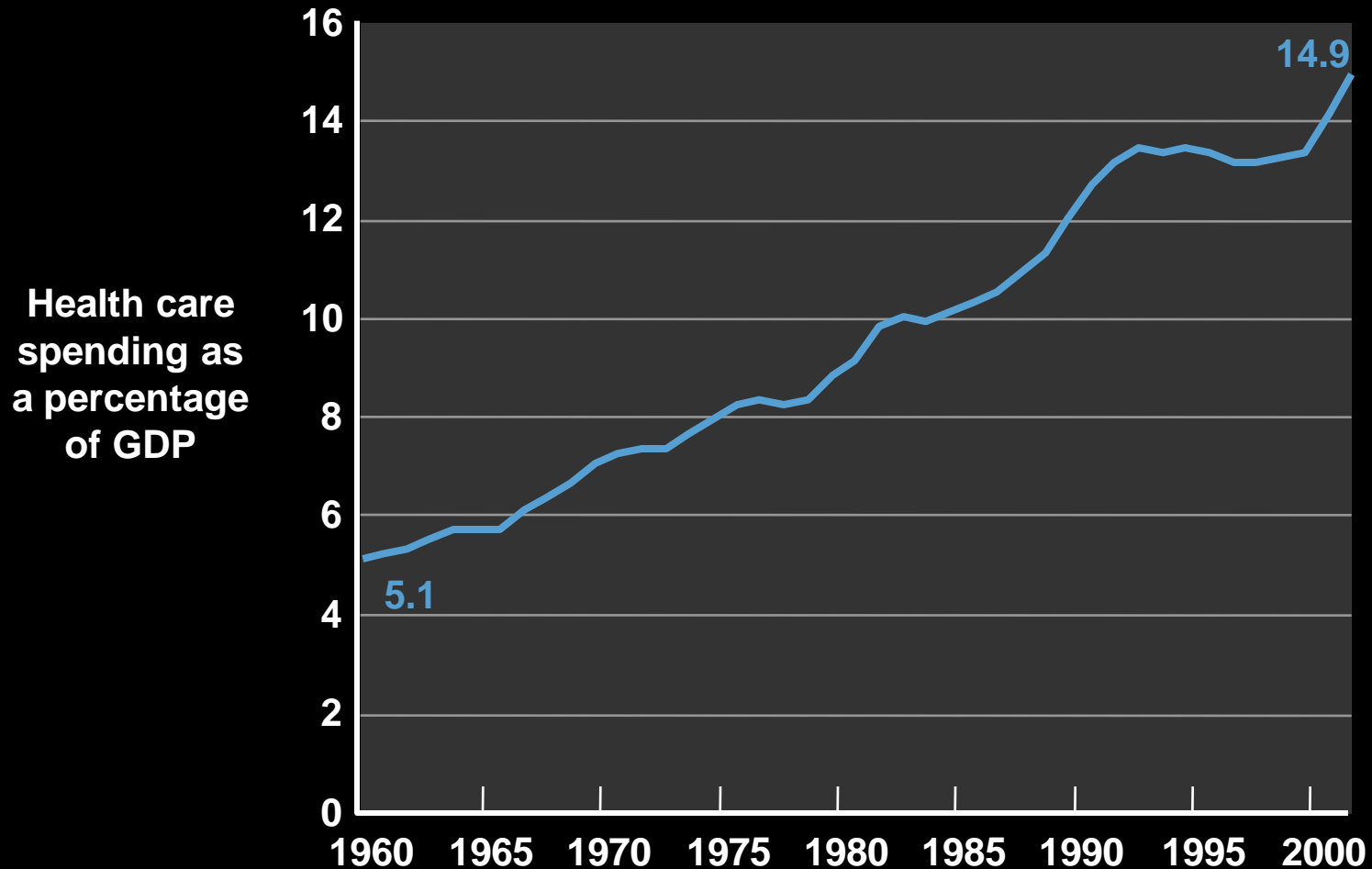


HEALTH

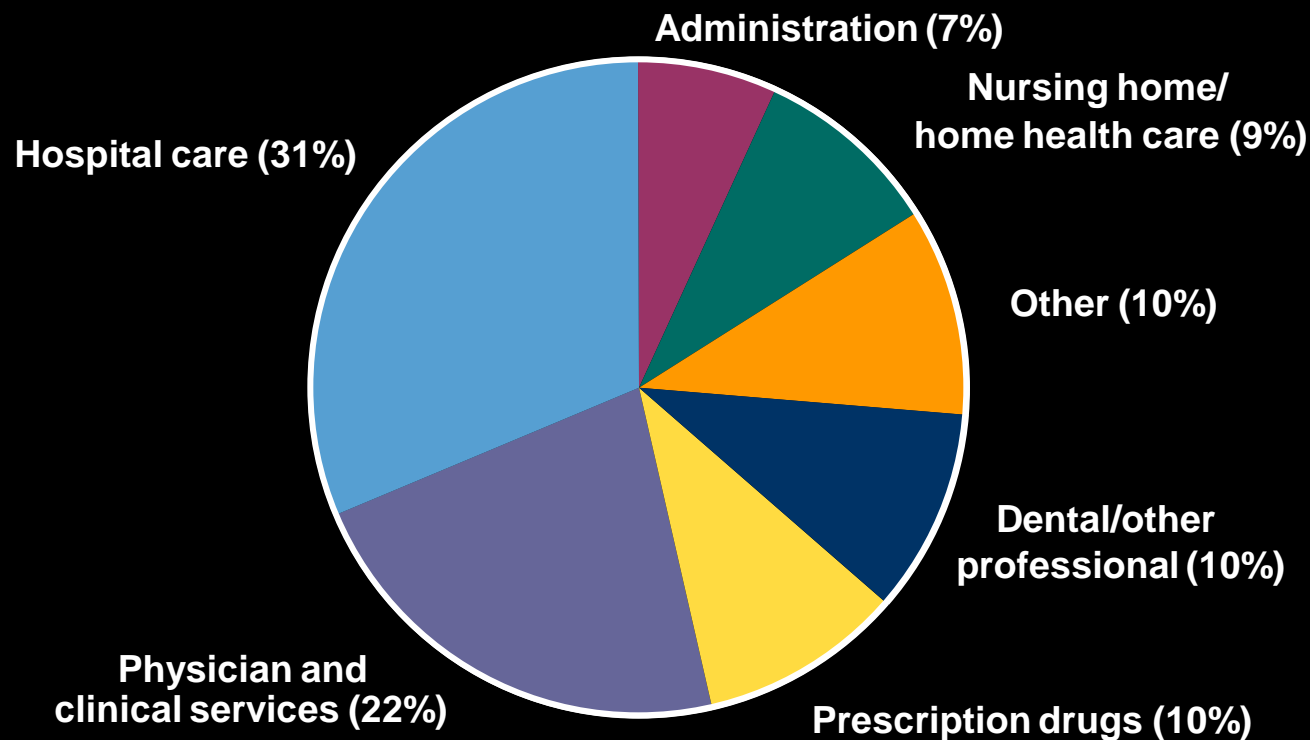
Health Care in California: Costs and Insurance

**Dana P. Goldman, Ph.D.
Director and RAND Chair,
Health Economics**

Health Care Spending as a Share of U.S. Economic Output Has Been Rising Steadily

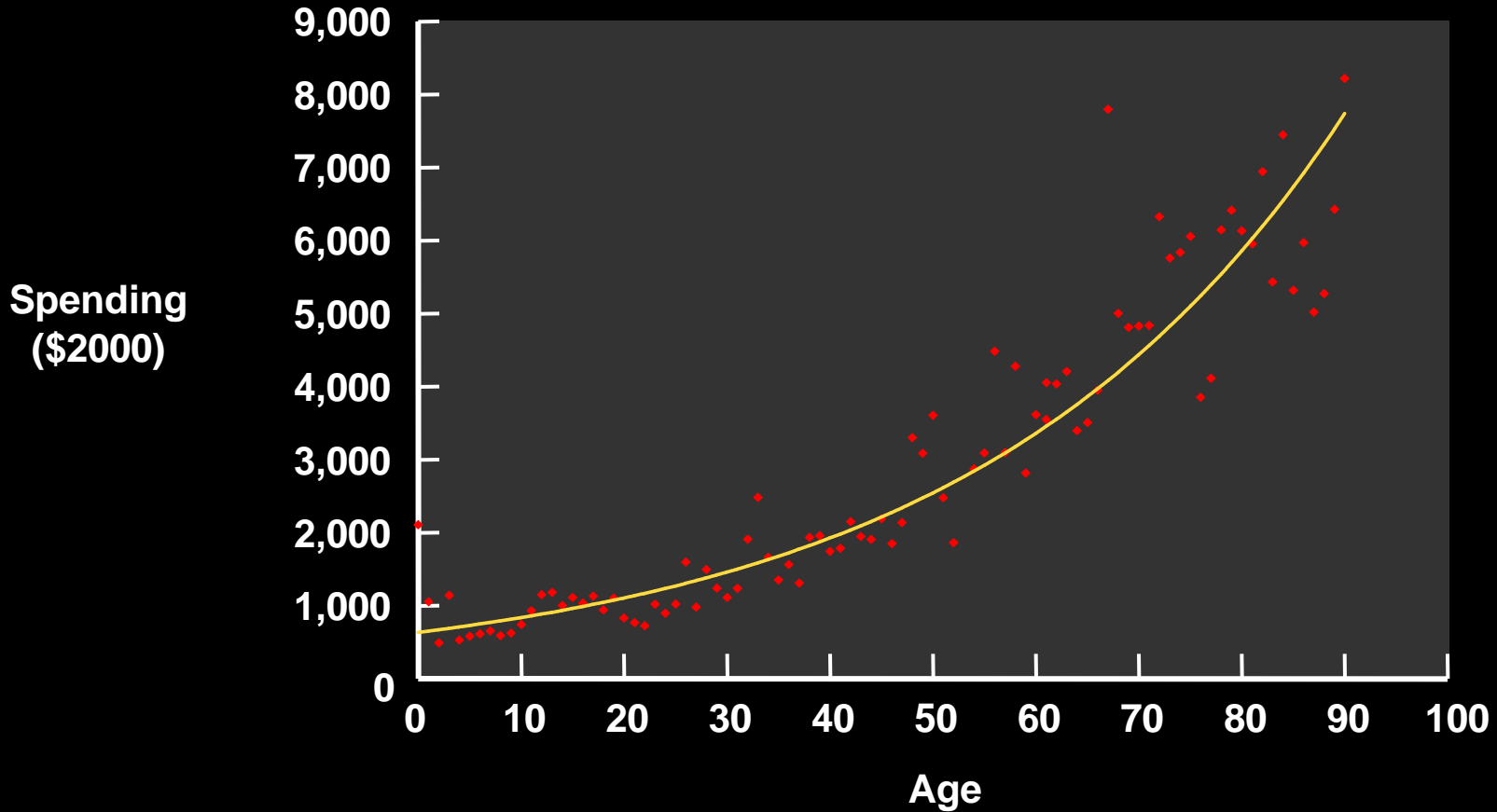


We Spend More Than One-half of Our Health Care Dollars on Hospital and Physician Services

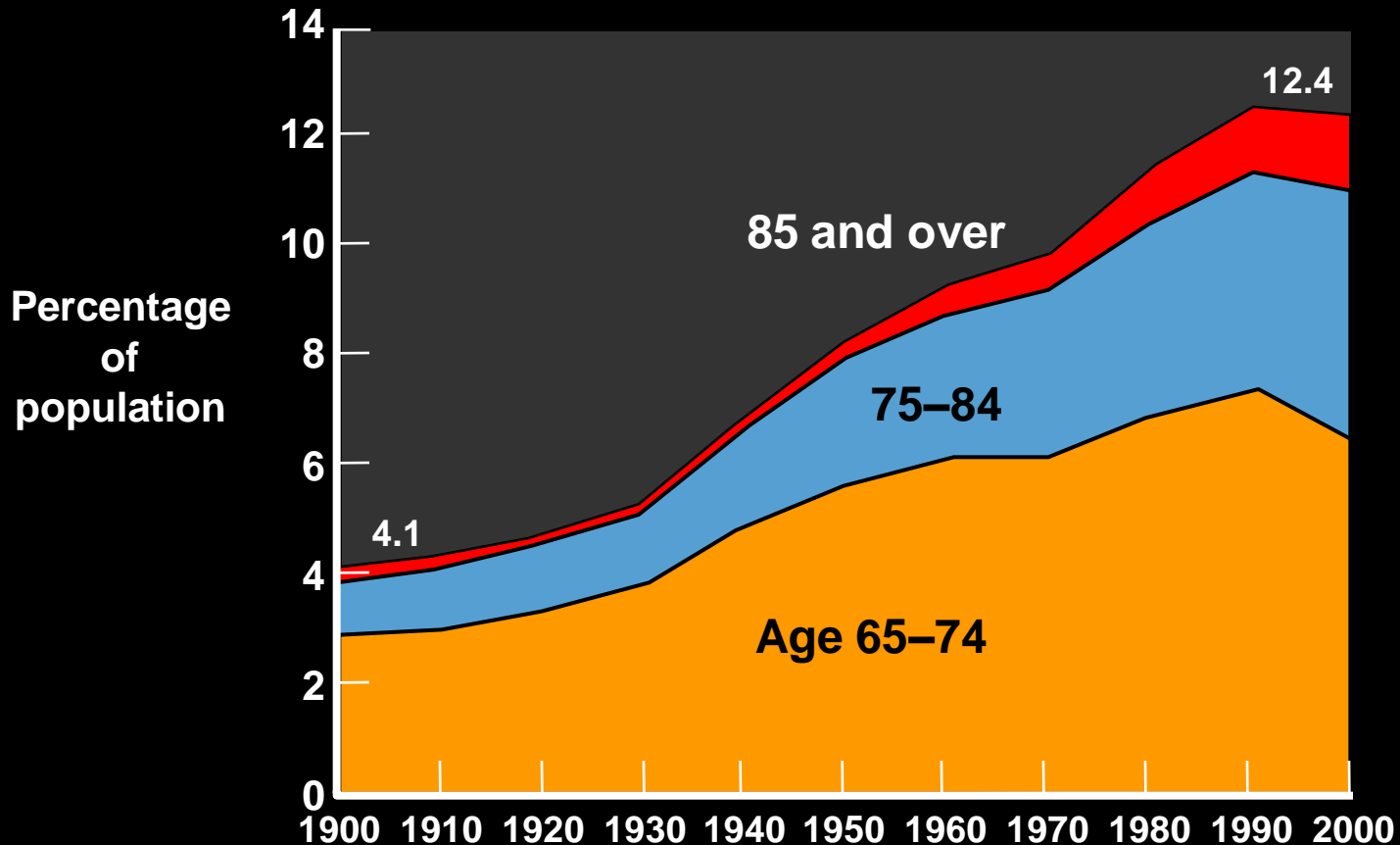


Total spending (2002) = \$1.6 trillion

Age Is a Powerful Predictor of Health Care Use



Demographics Explain Some of the Increase in Costs

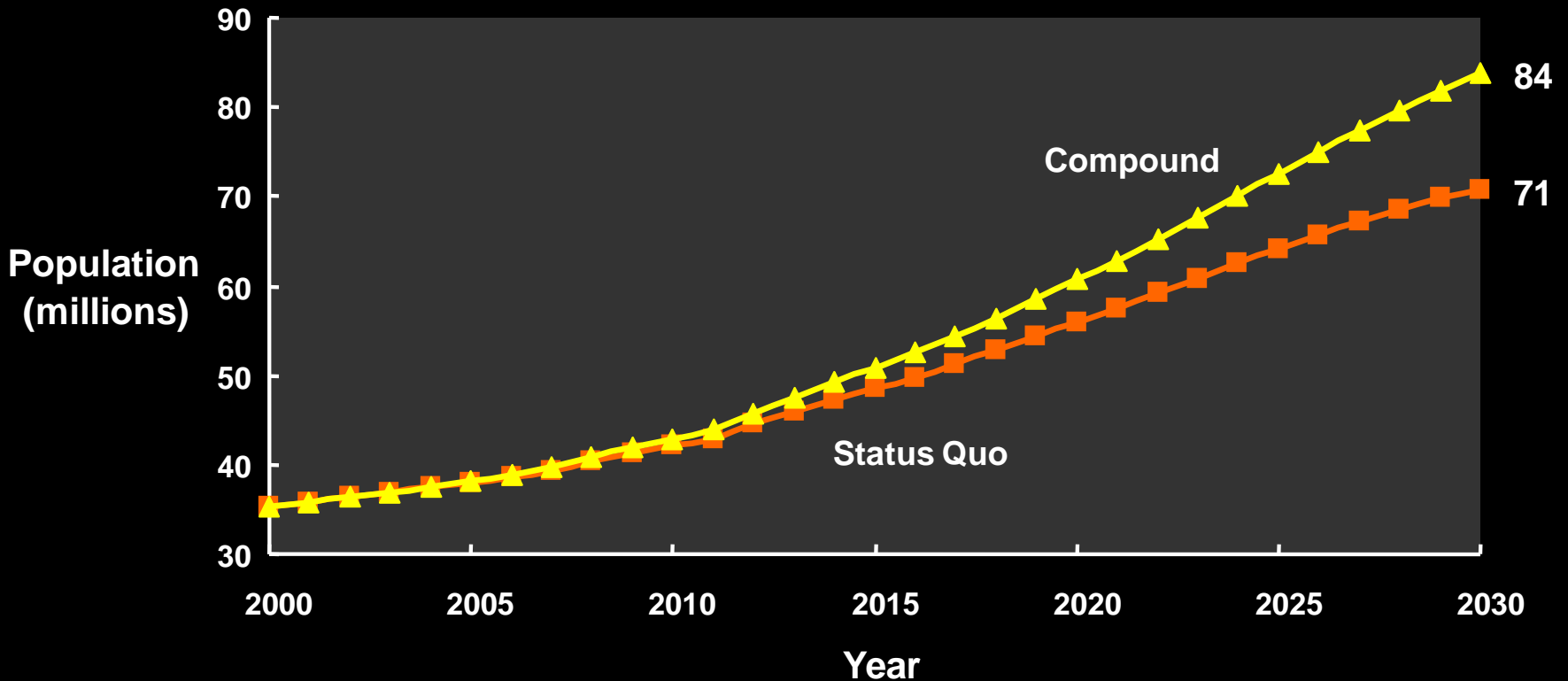


Consider the Impact of a Compound to Extend Lifespan

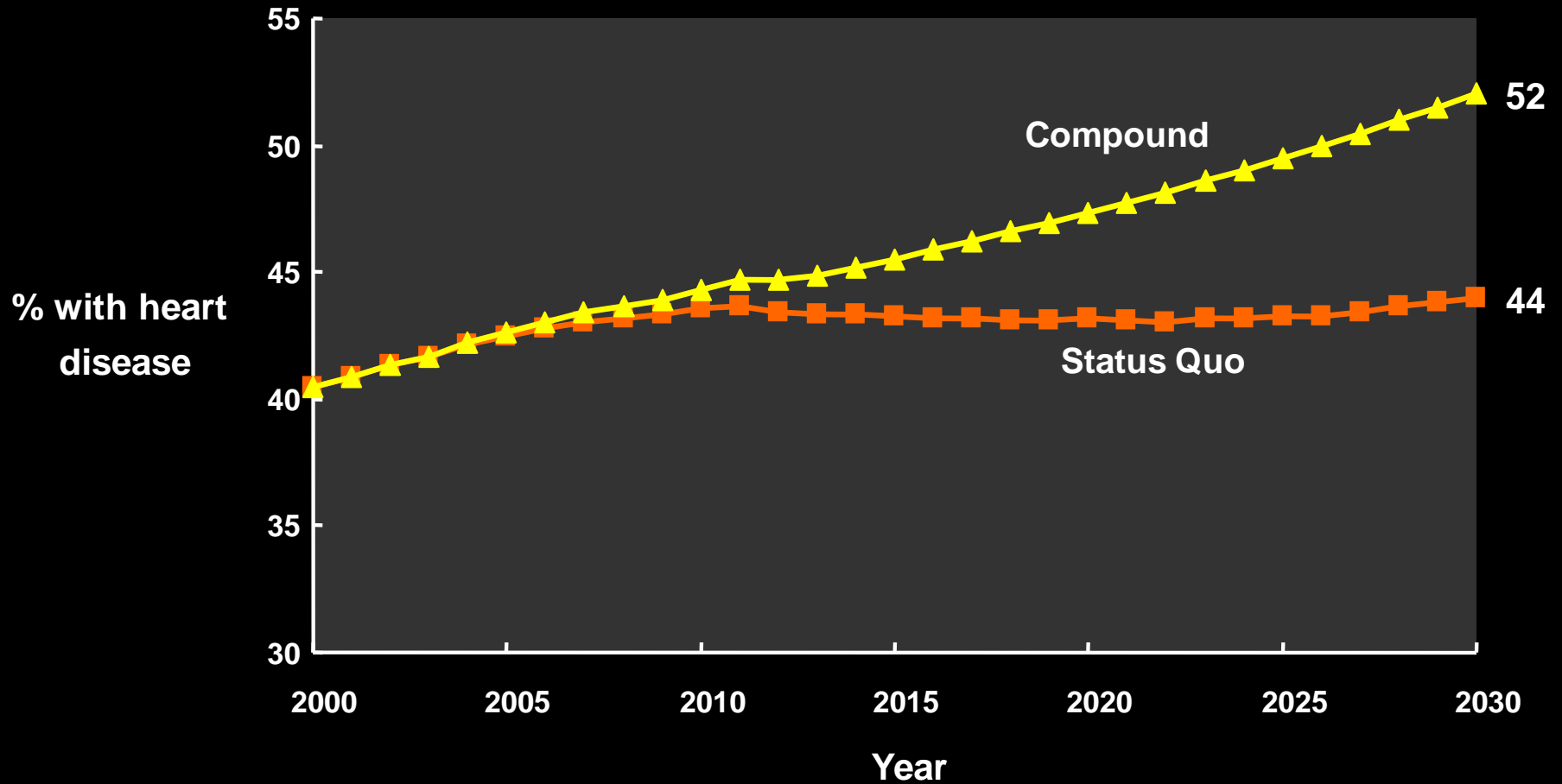
- **Reducing caloric intake of animals by 30% increases life expectancy by 25%**
 - **Chemical compounds can mimic this behavior in rodents**
- **Scenario assumes such a compound for elderly**
 - **Taken by everyone at a cost similar to nutritional supplements (\$1/day)**
 - **Extends life expectancy by 15 years**

Aged Population Would Grow by 13 Million by 2030

Total Number of Elderly (65+)

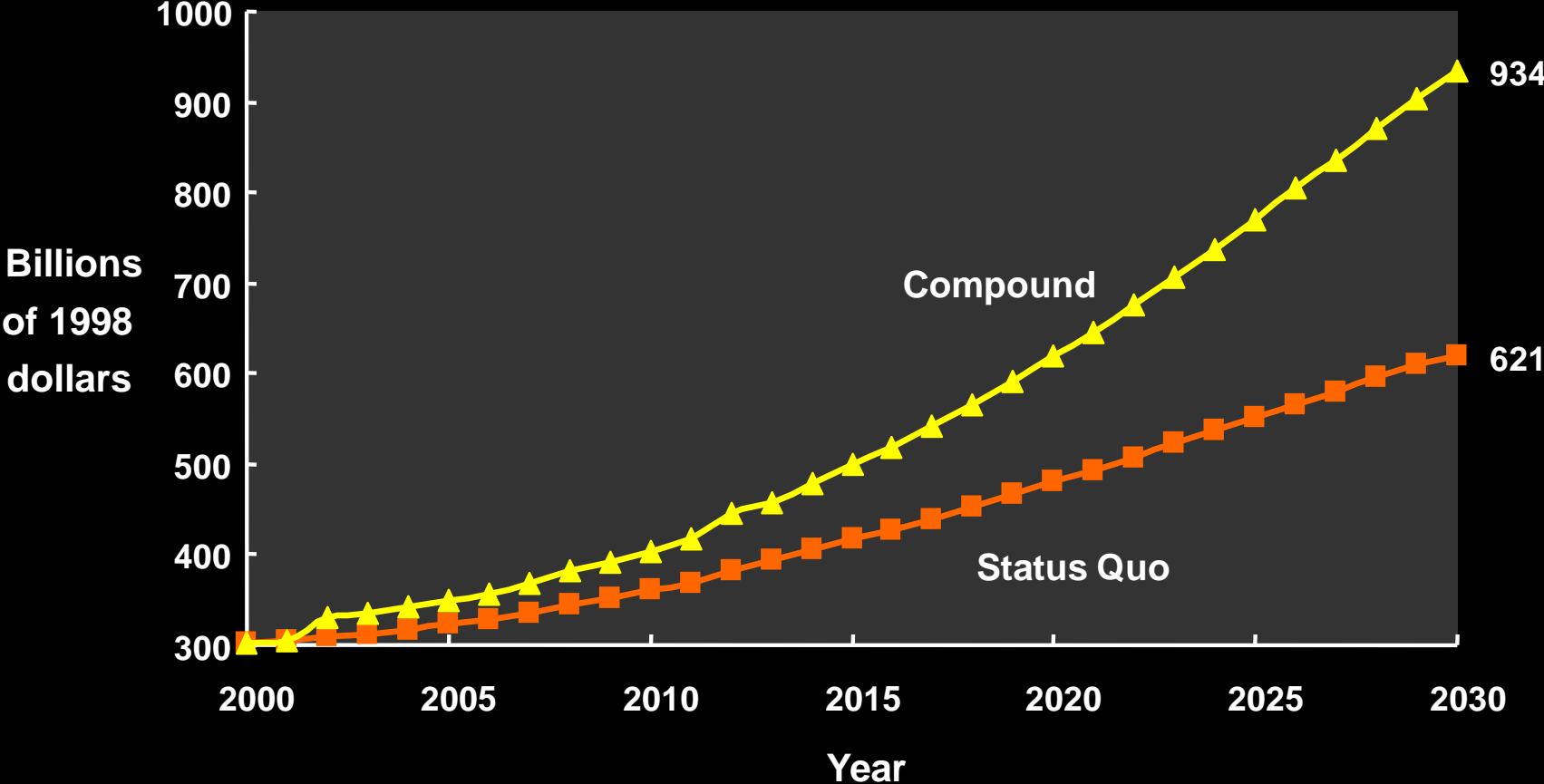


Much More Heart Disease



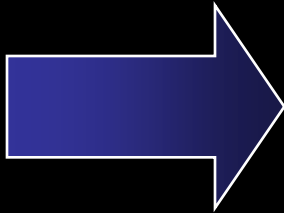
Health Care Spending Would Be 50% Higher in 2030

Elderly Health Care Spending

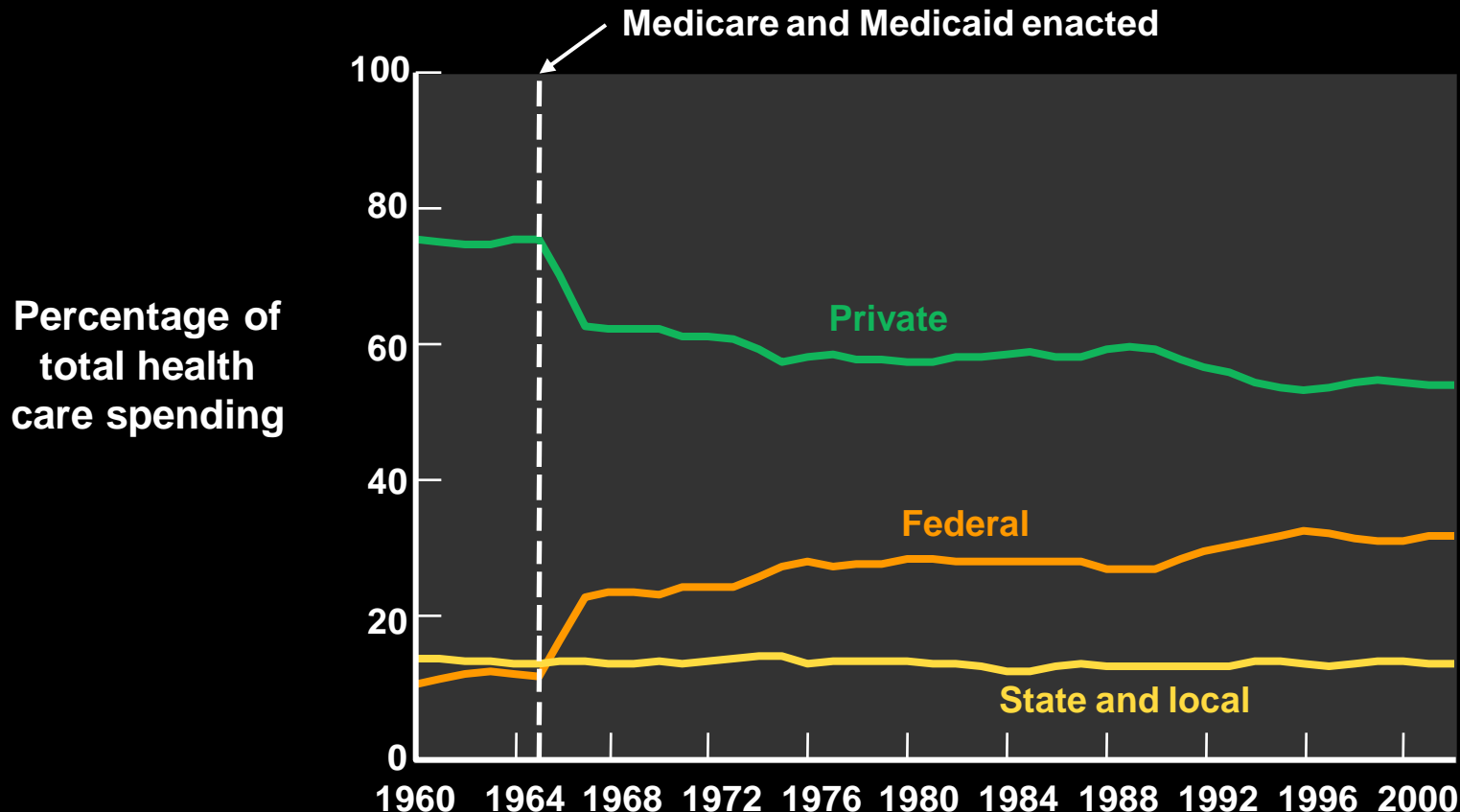


Outline

- Overall Trends
- Sources of Payment
- The Uninsured
- Premiums
- Cost-sharing
- Prescription Drugs



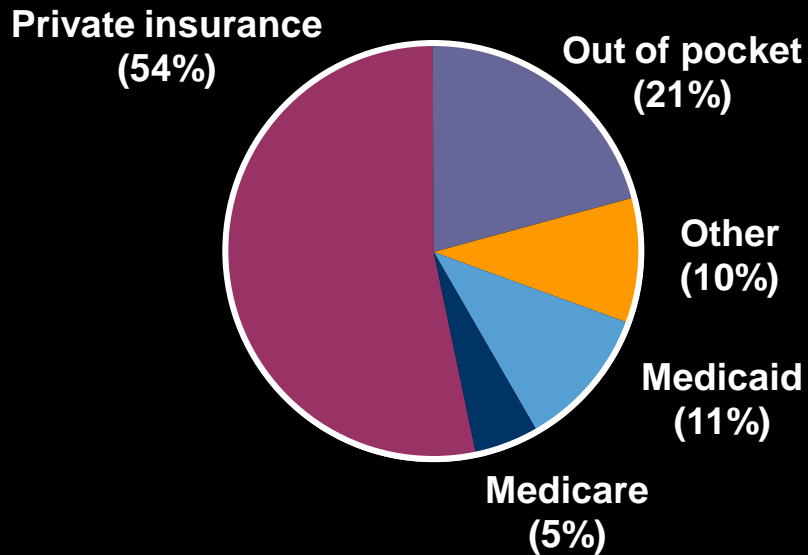
The Federal Share of Total Health Care Spending Has Been Rising Steadily



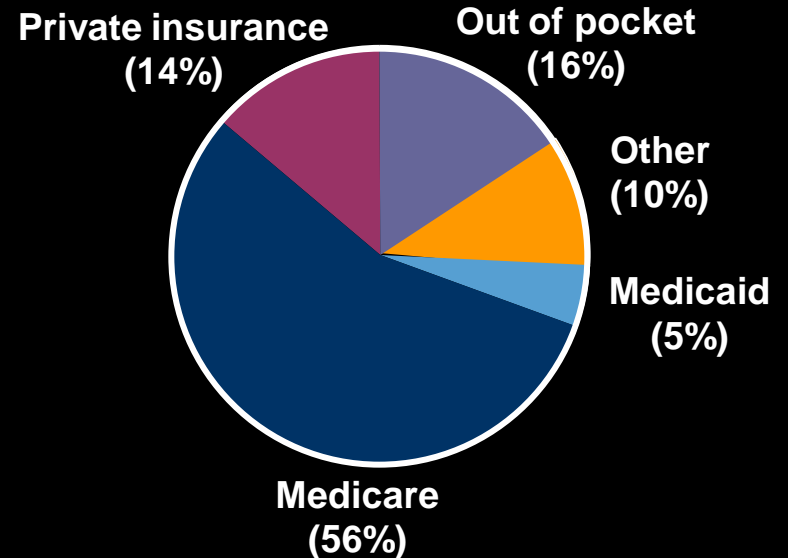
Medicare Is the Dominant Payer for the Elderly, Private Insurance for Those Under 65

Source of payment (1999)

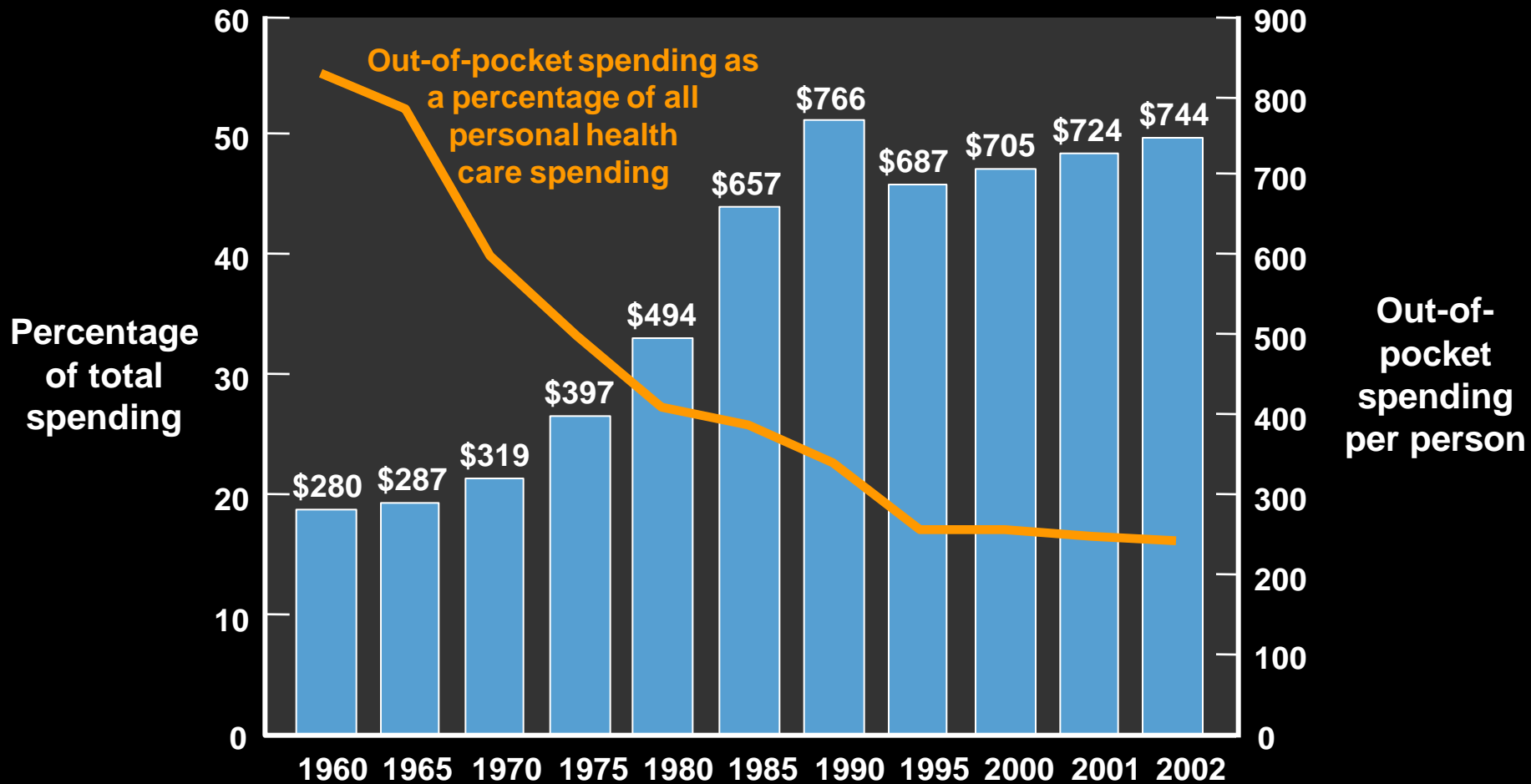
Under age 65



Age 65 and over

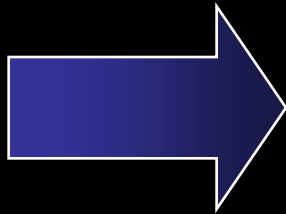


The Share of Health Care Paid Out-of-Pocket Is Falling

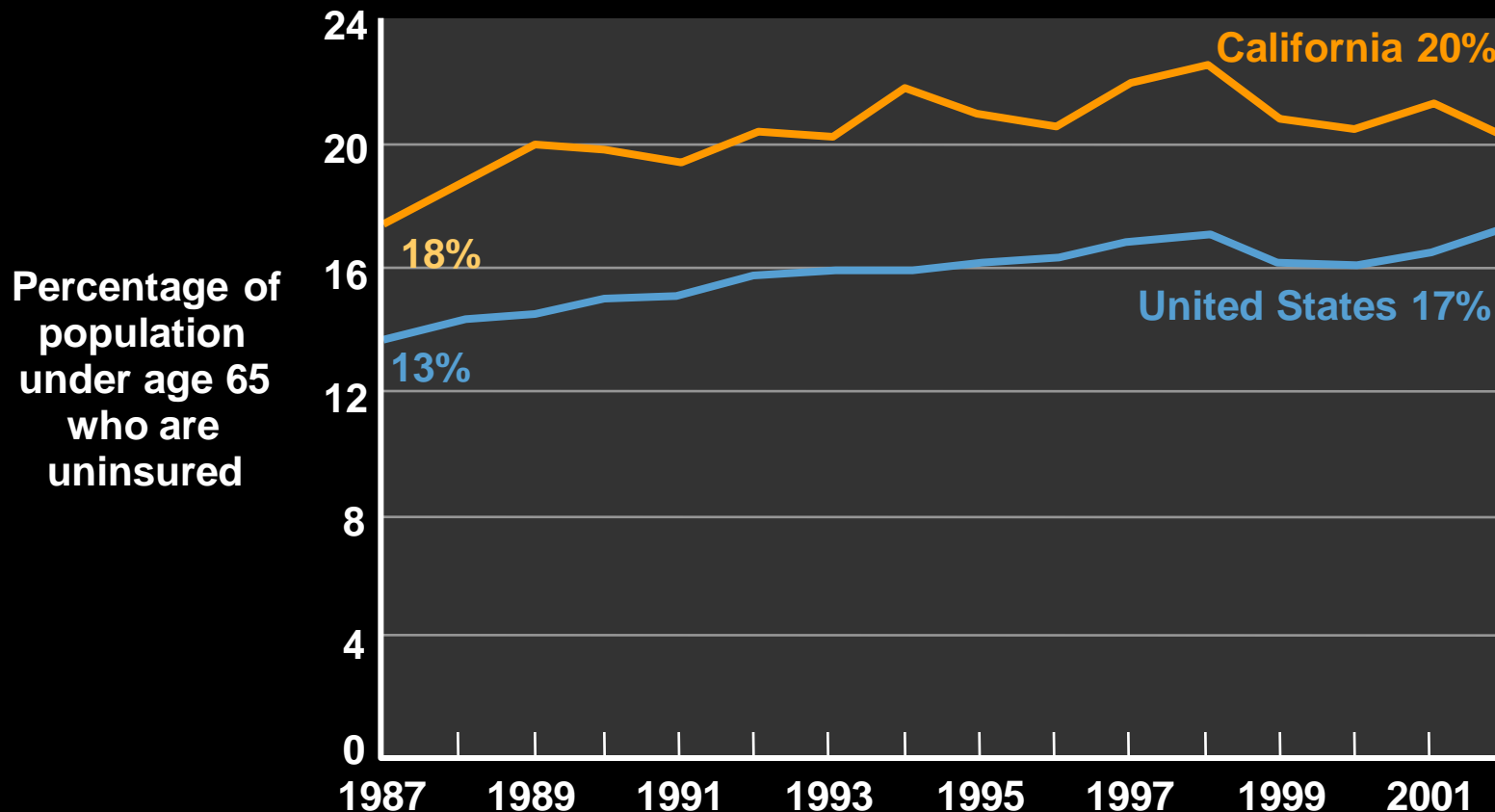


Outline

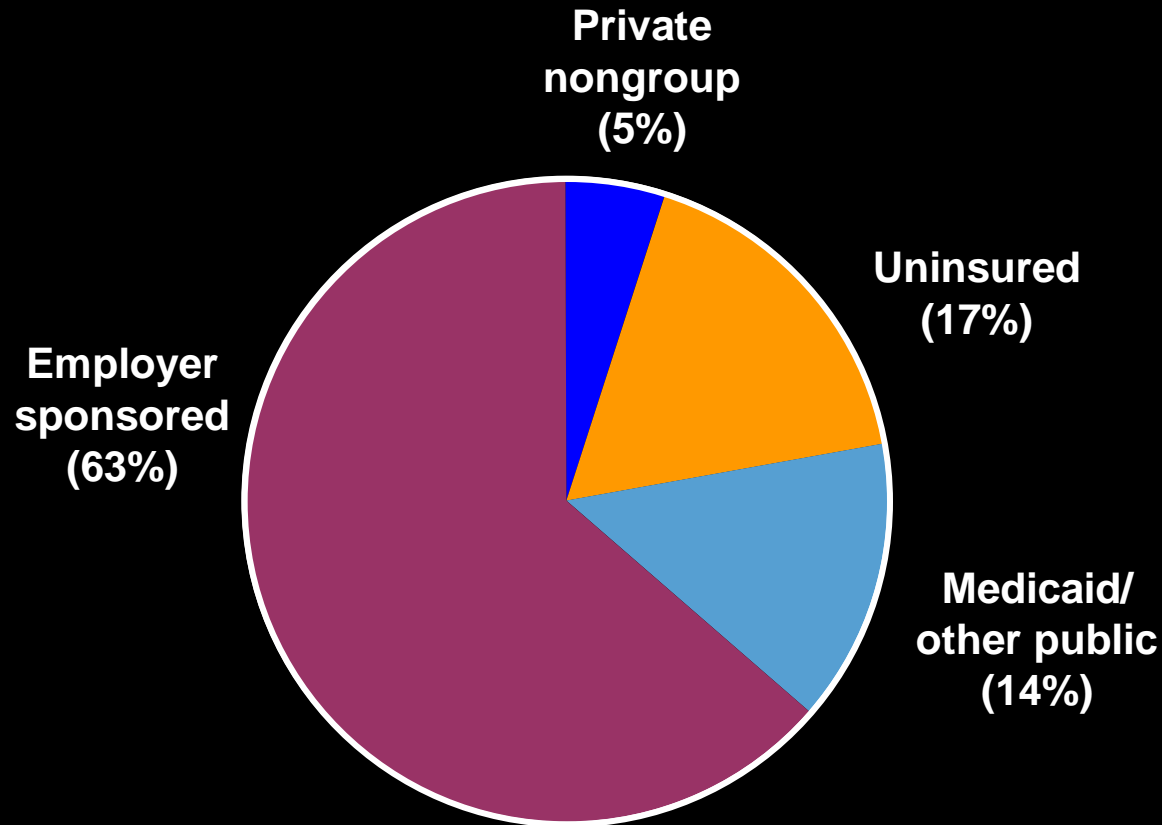
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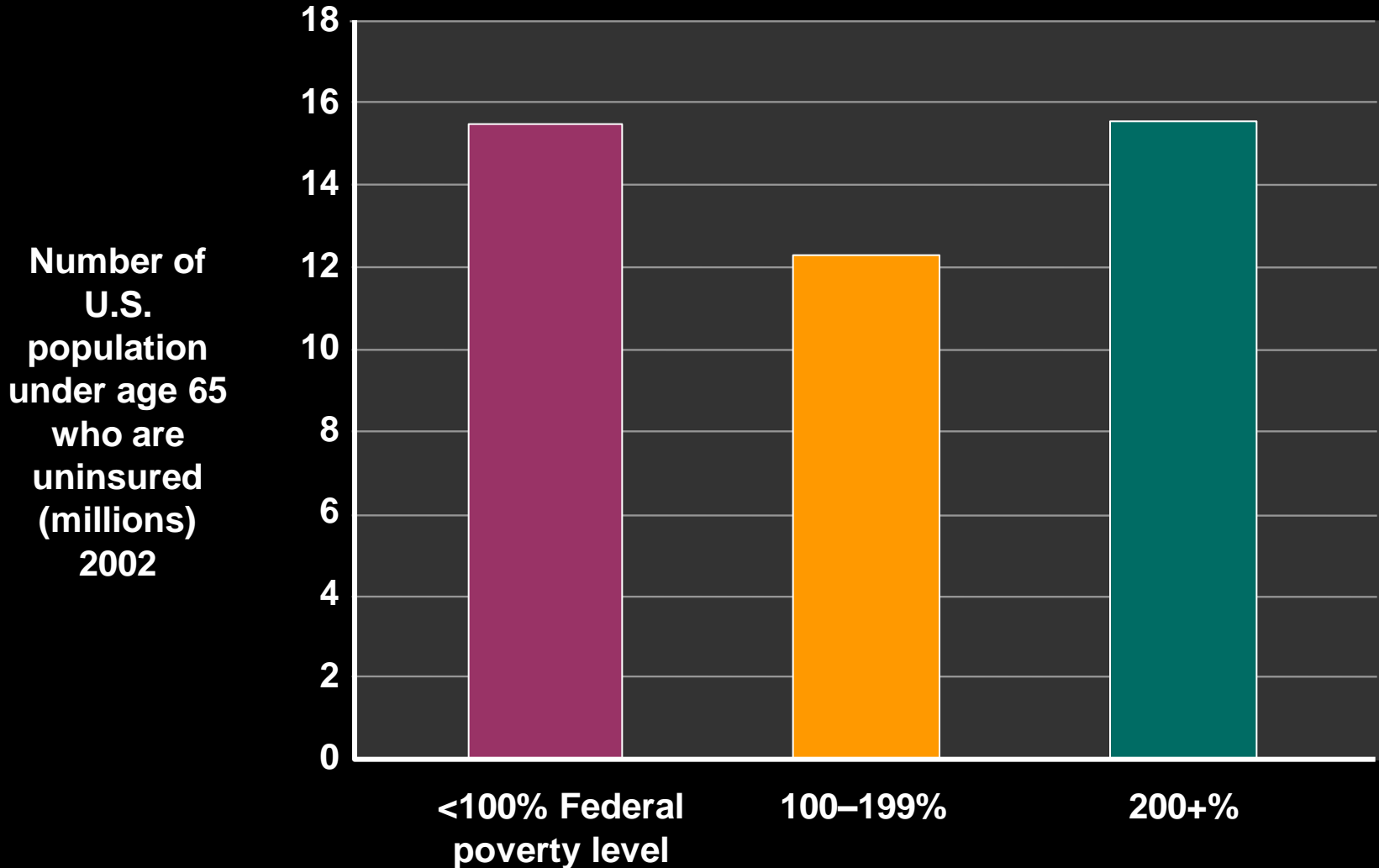
The Uninsured Population Is Rising Nationwide; California Has a Larger Proportion of Uninsured



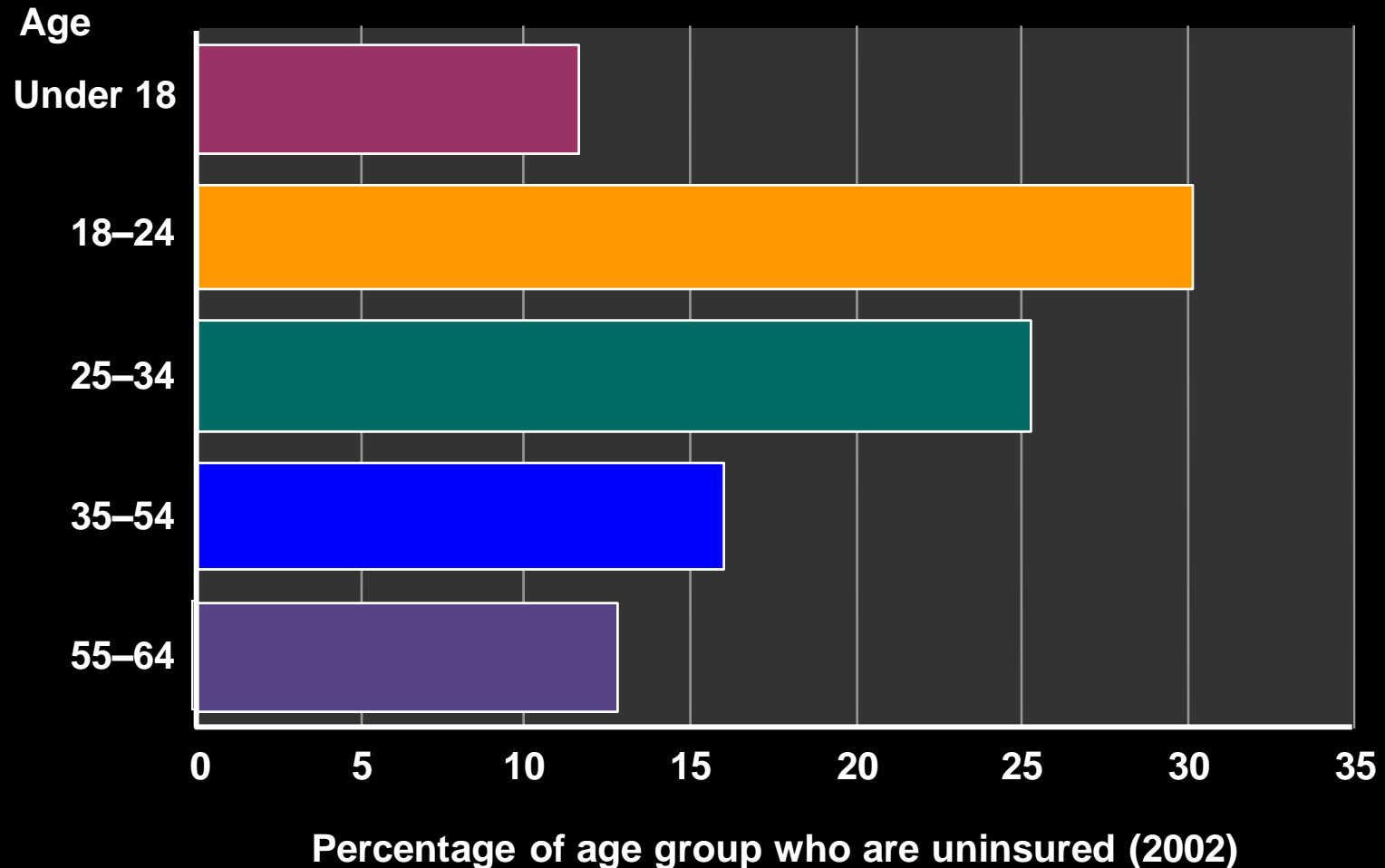
Most of the Nonelderly Receive Their Health Care Coverage from Their Employer



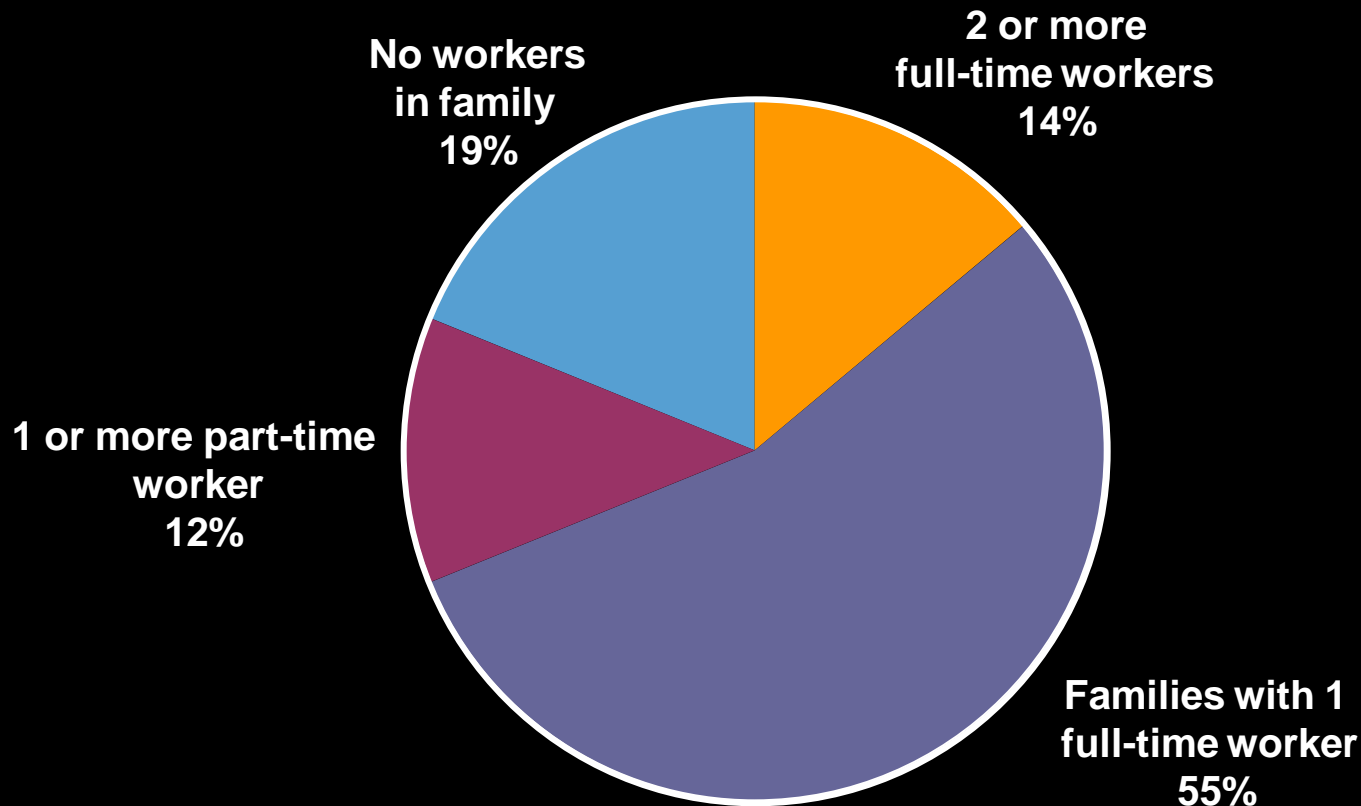
Over One-third of the Uninsured Nationwide Earn More Than 200 Percent of the Federal Poverty Level



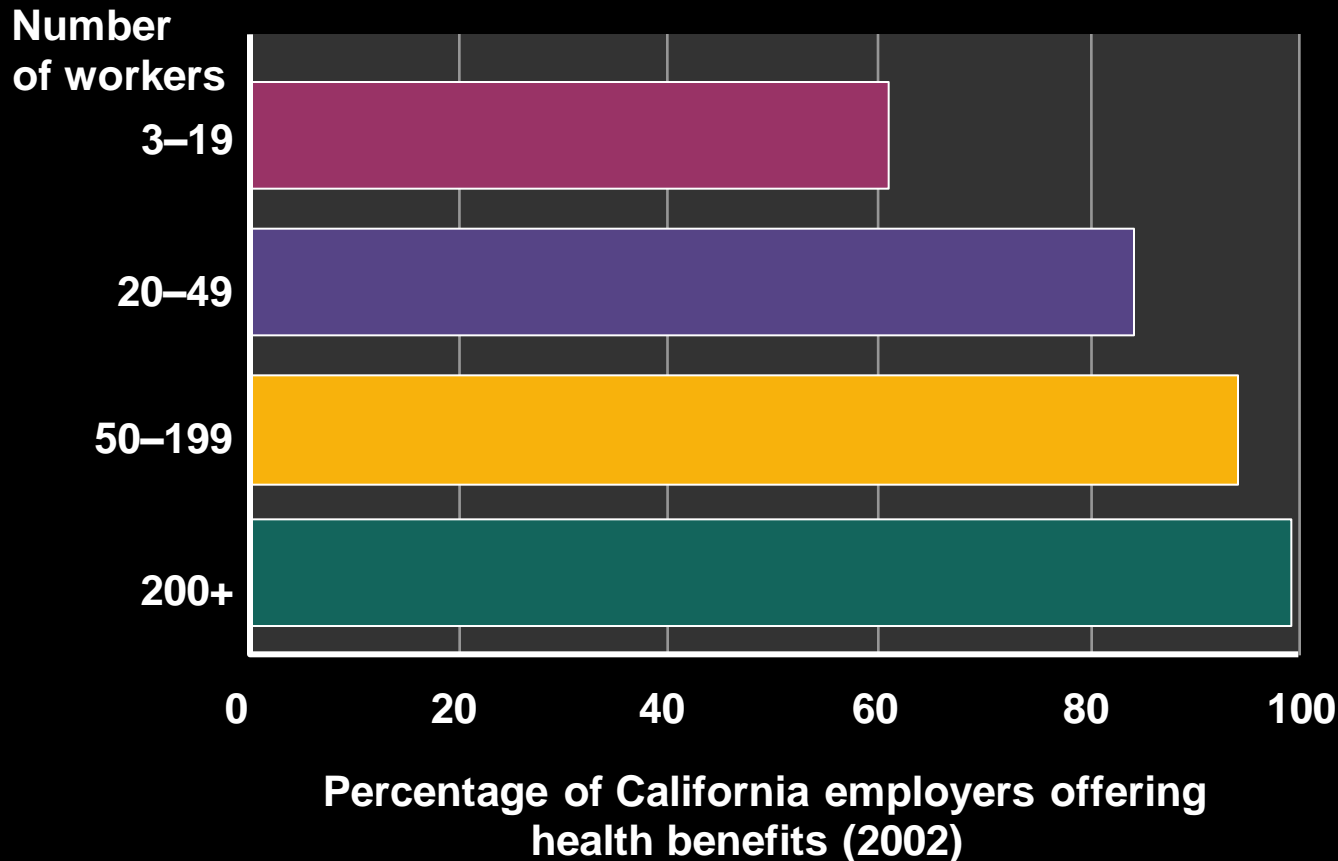
Young Adults Are Most Likely to Be Uninsured



Most of the Uninsured Live in Families with at Least One Worker

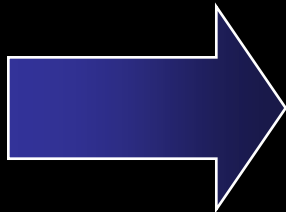


Large Firms Almost Always Offer Health Insurance; Smaller Firms Often Do Not

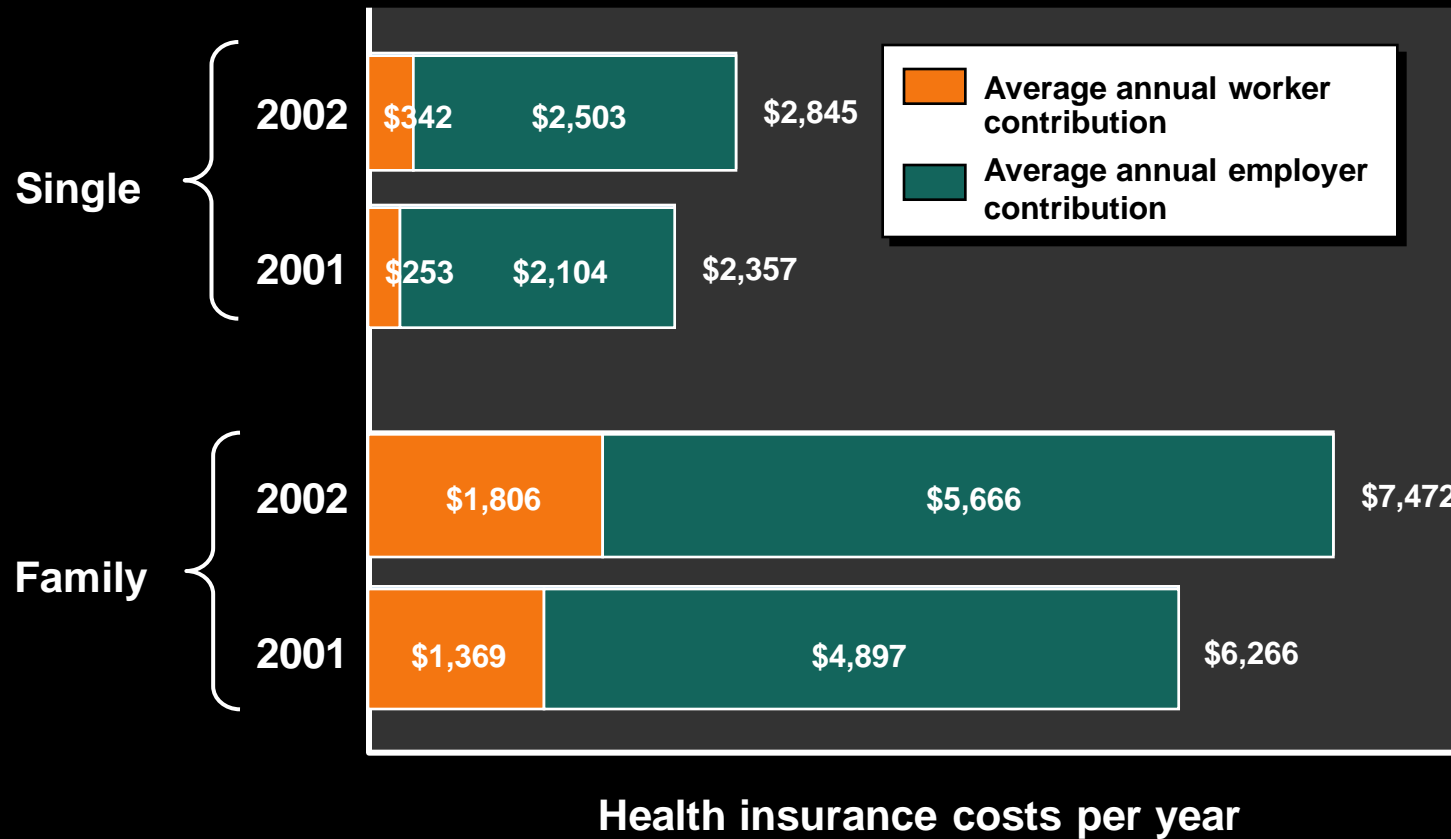


Outline

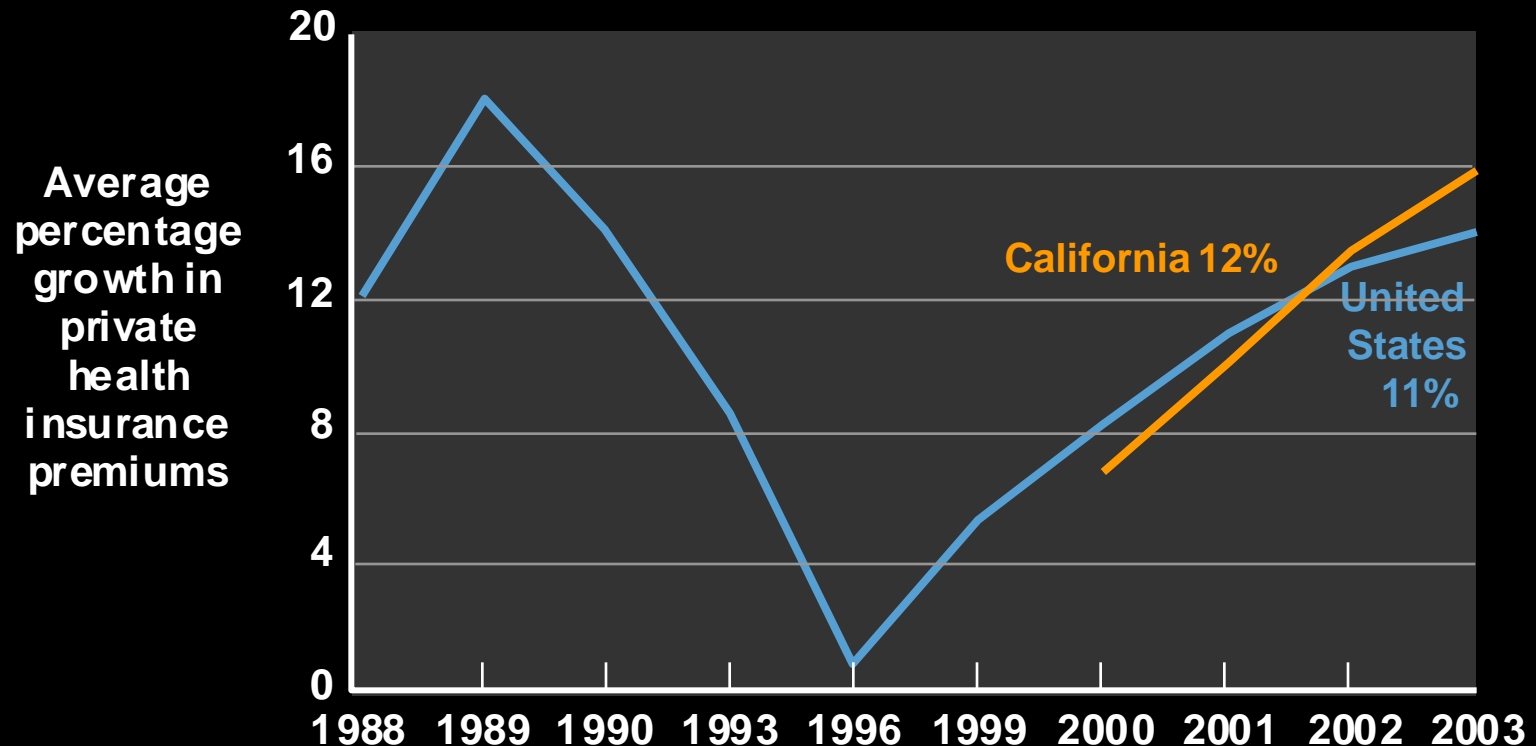
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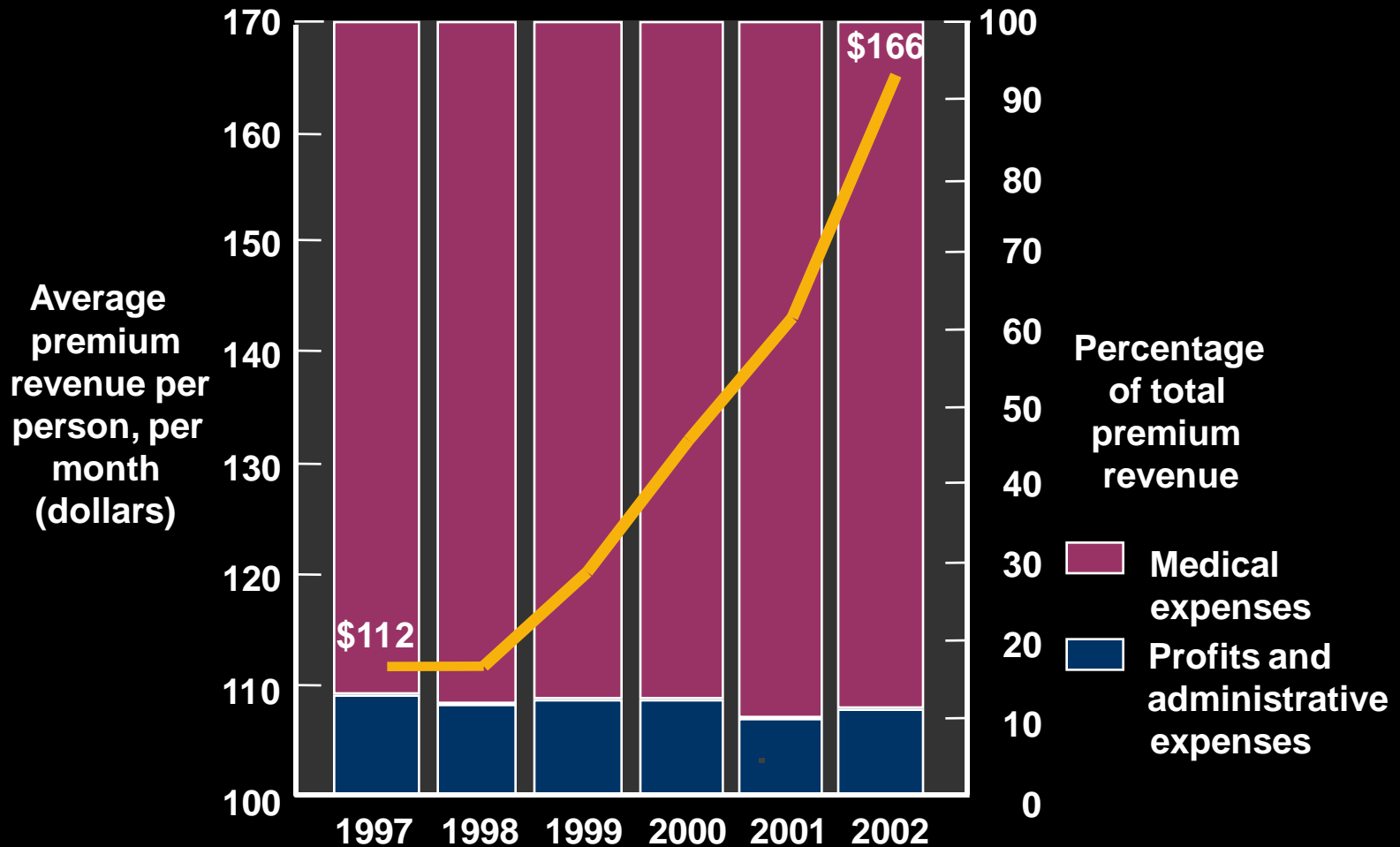
Workers in California Pay About 25 Percent of Their Health Insurance Premiums



Health Insurance Premiums Are Rising Rapidly Nationwide and Even Faster in California

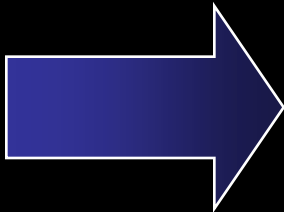


HMO Premiums Are Rising in California, but Profits Are Not

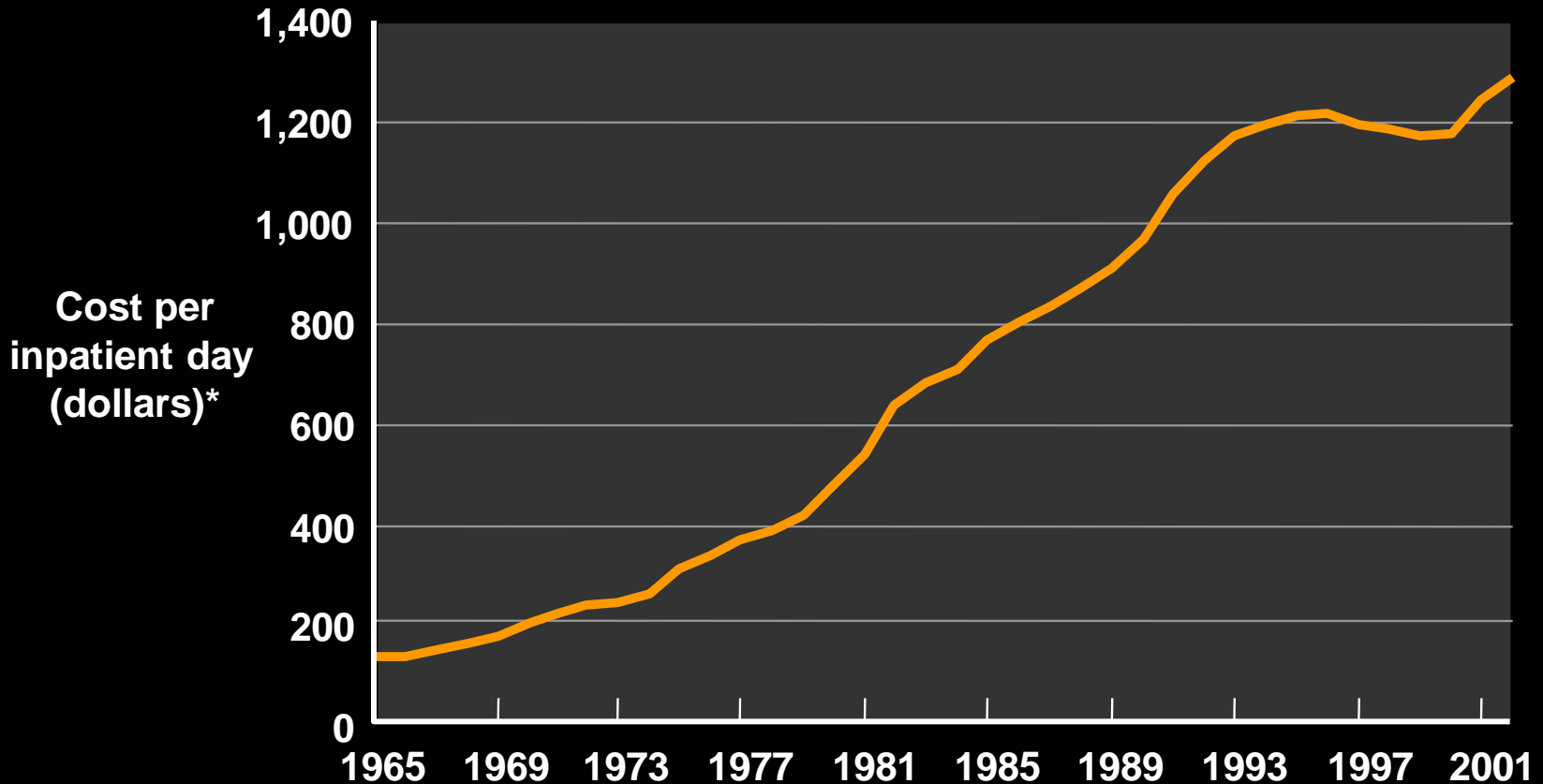


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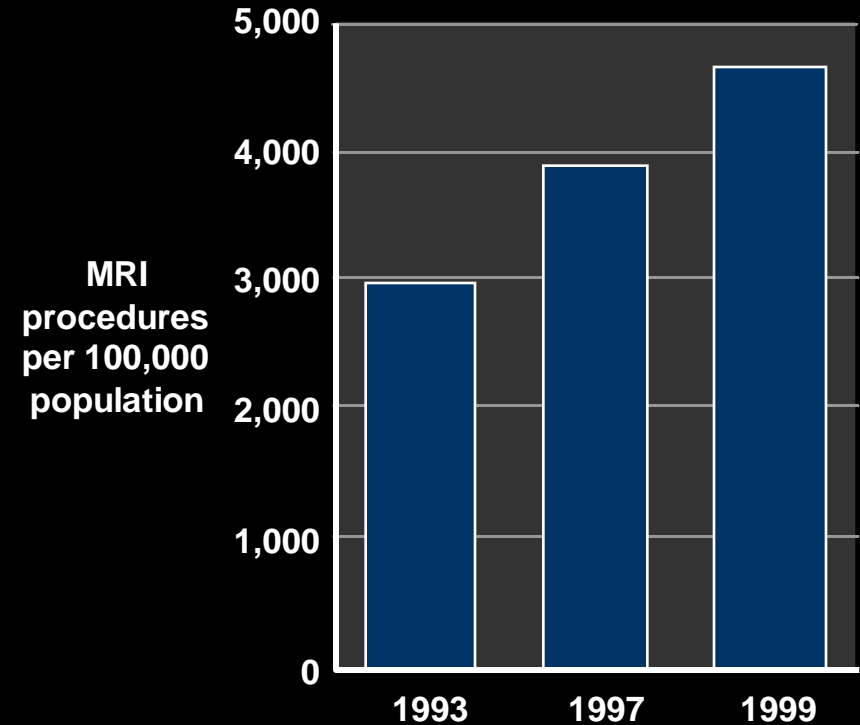
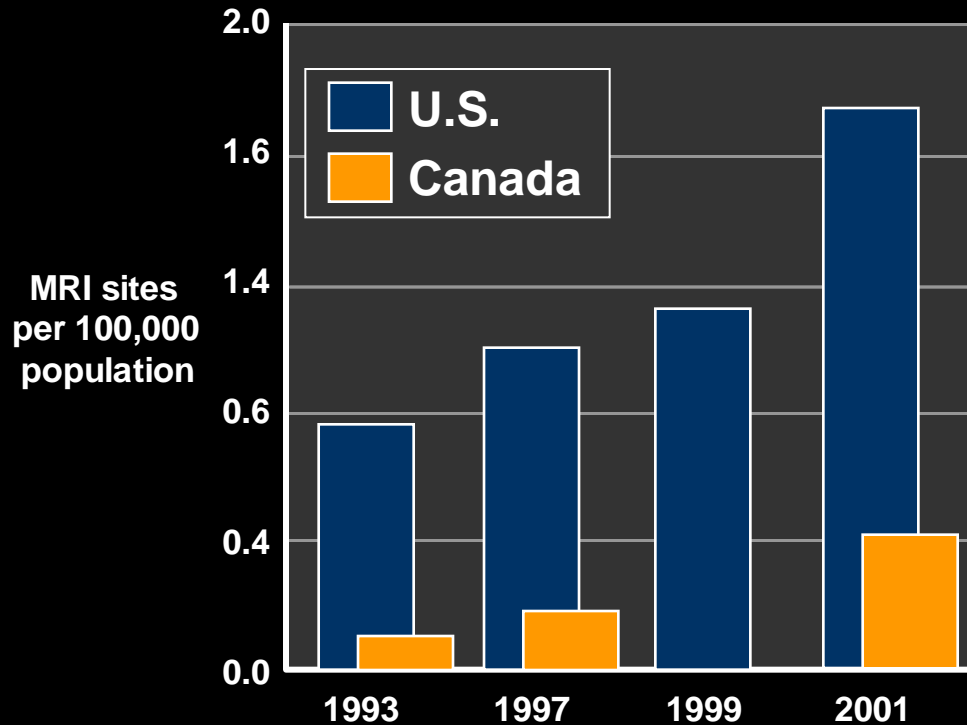


The Price of a Day in the Hospital Rose Tenfold over the Past 40 Years



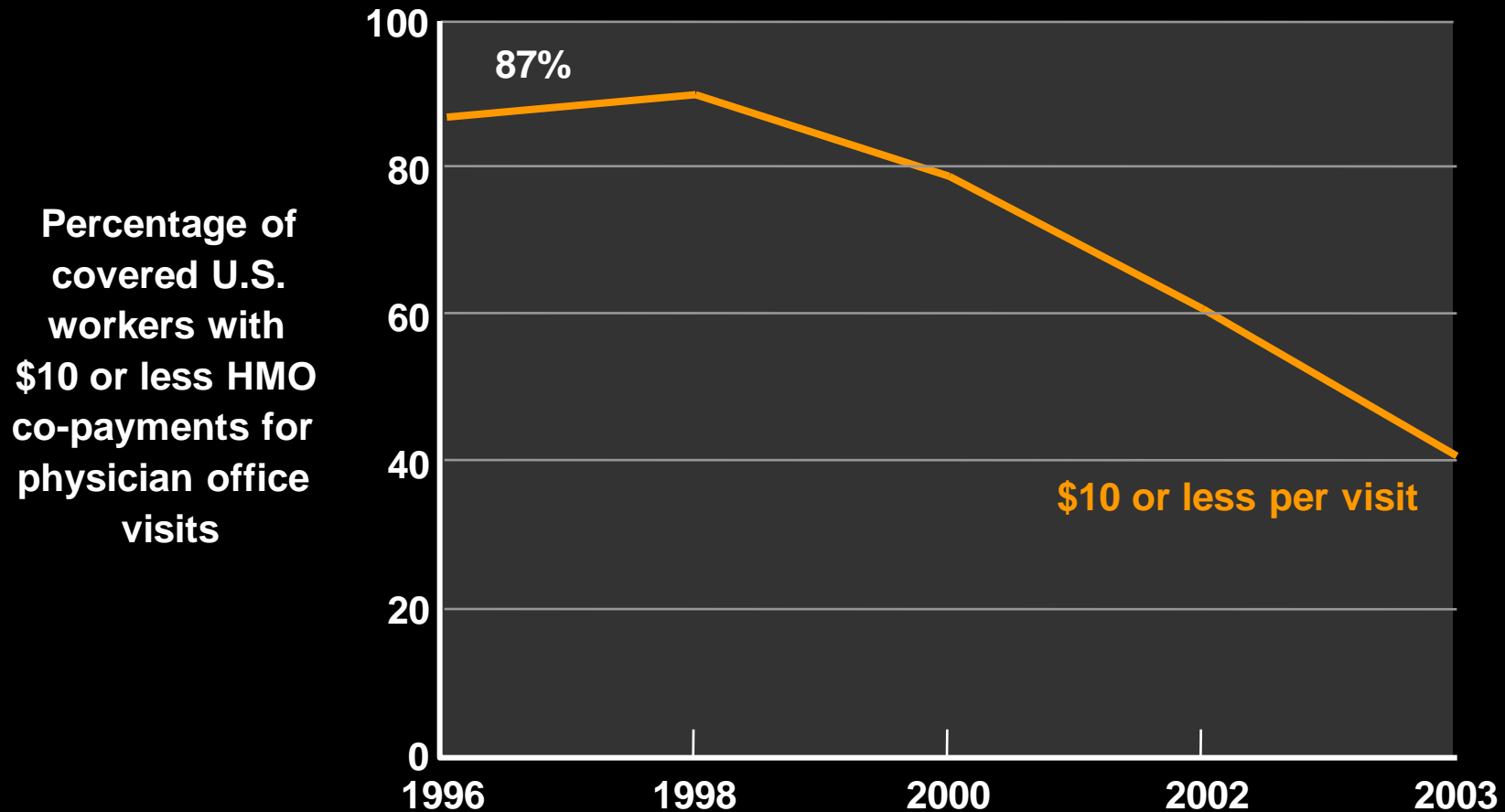
*Includes total nonfederal “short-term general” and “other special” hospitals.
Note: Adjusted to constant 2002 dollars with GDP deflator.

Over Time, the Number of MRI Machines and MRI Procedures Has Increased

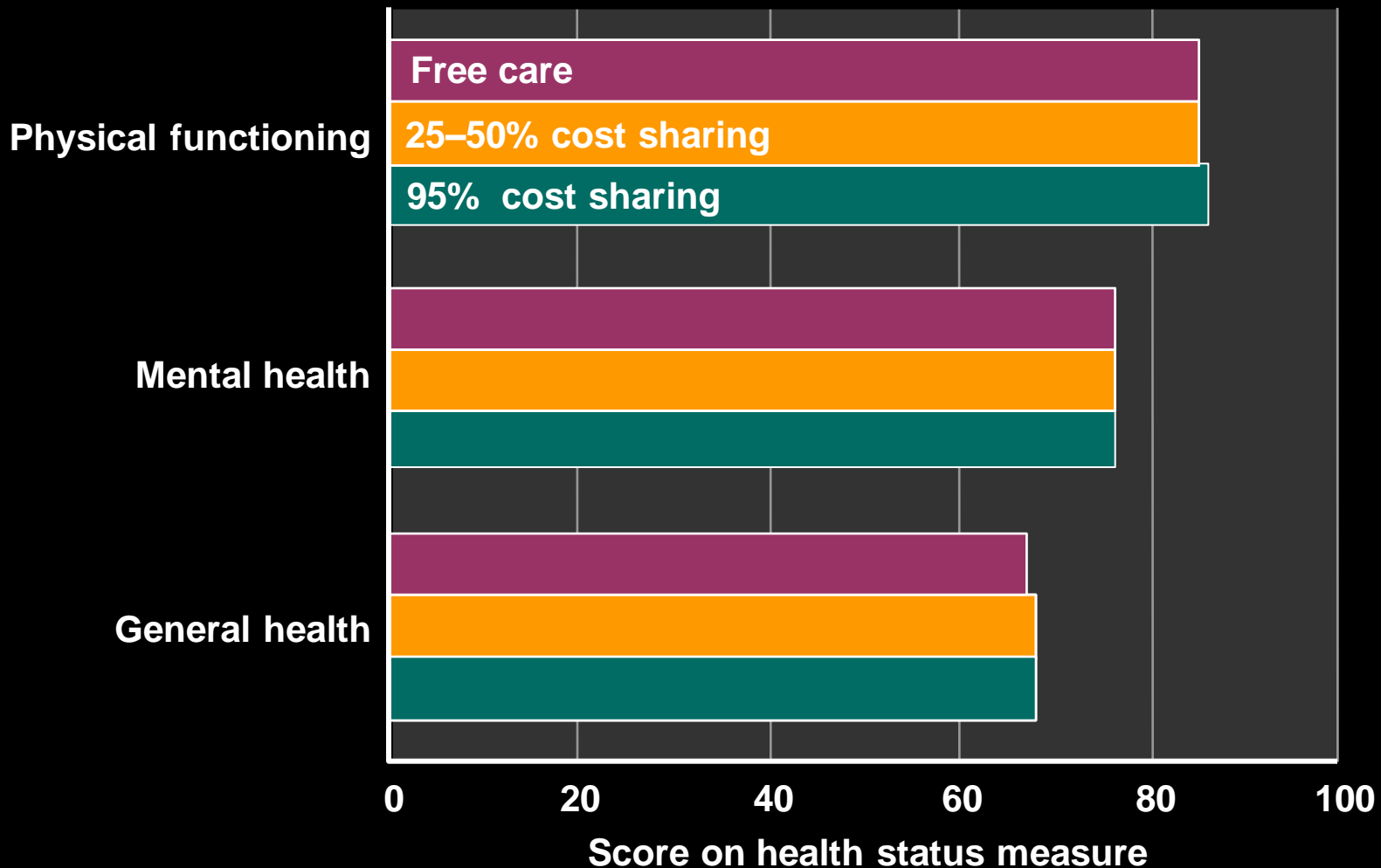


Source: Baker L and Atlas S (2004); Canadian Institute for Health Information, (2003); OECD Health Data (2002); Statistics Canada, CANSIM (2004)

HMO Enrollees Are Facing Higher Co-Payments for Physician Office Visits

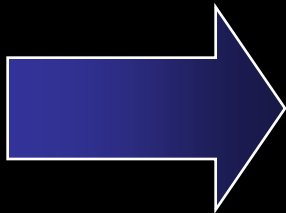


Cost Sharing Has No Effect on Functioning or General Health

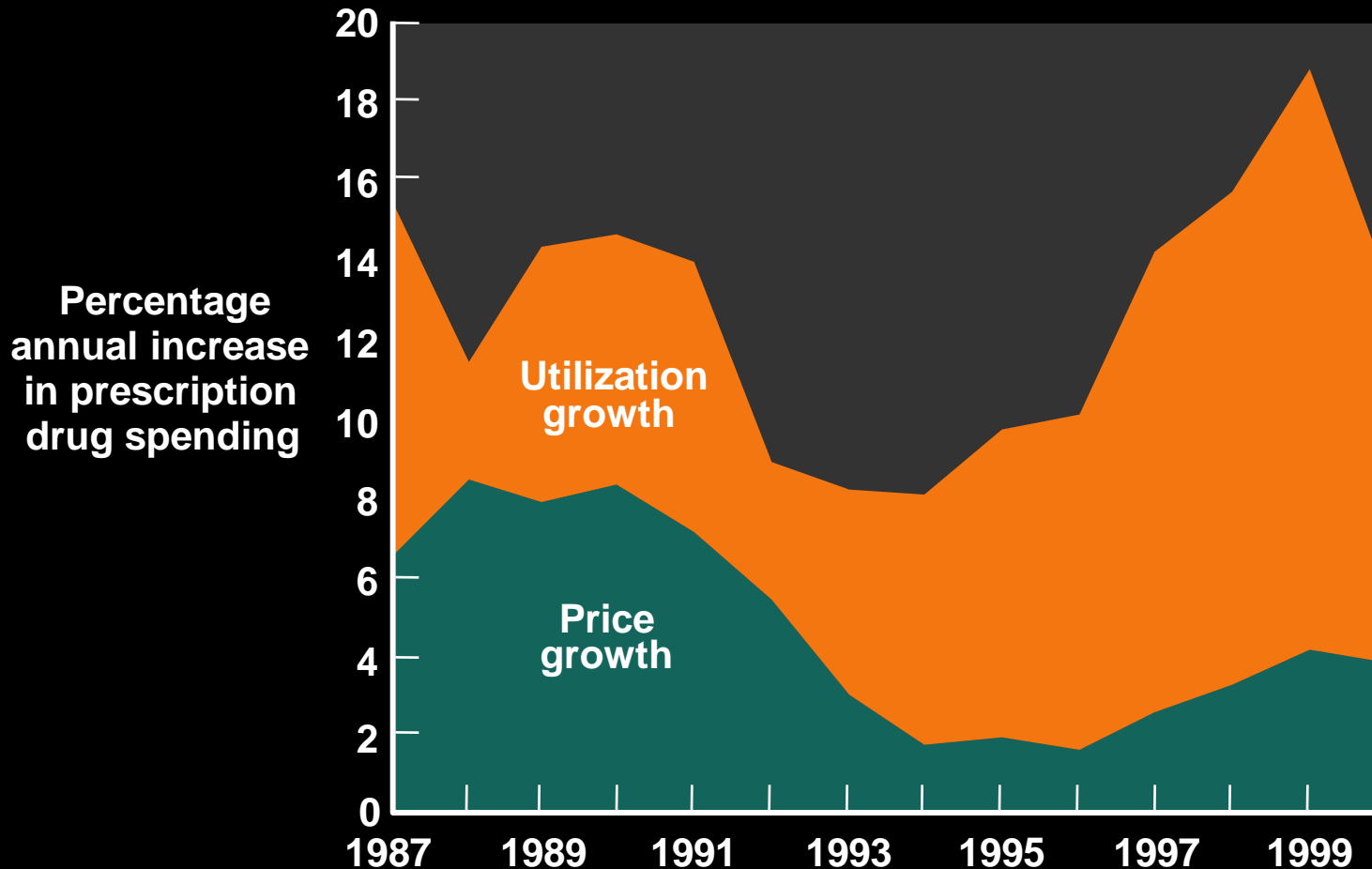


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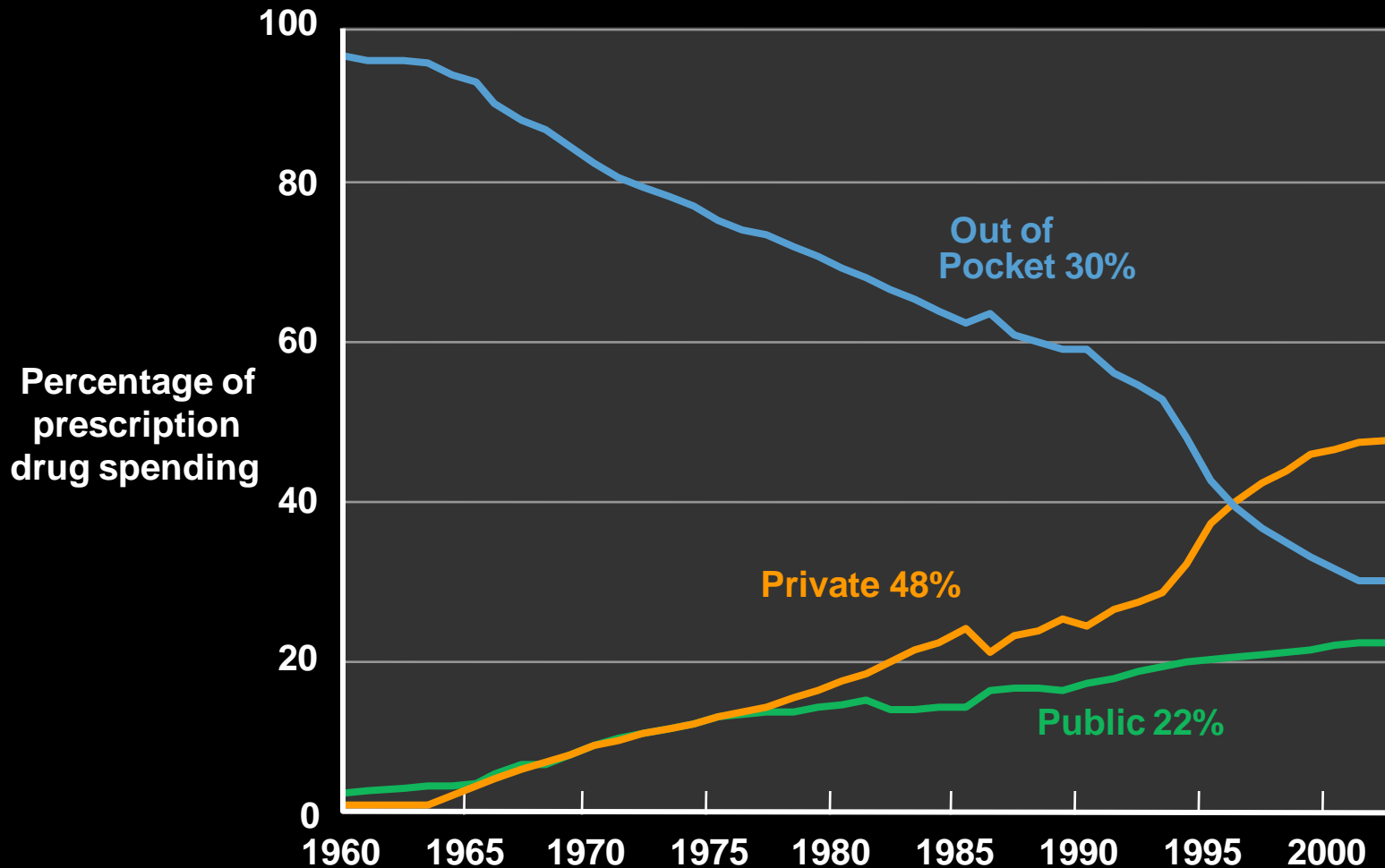
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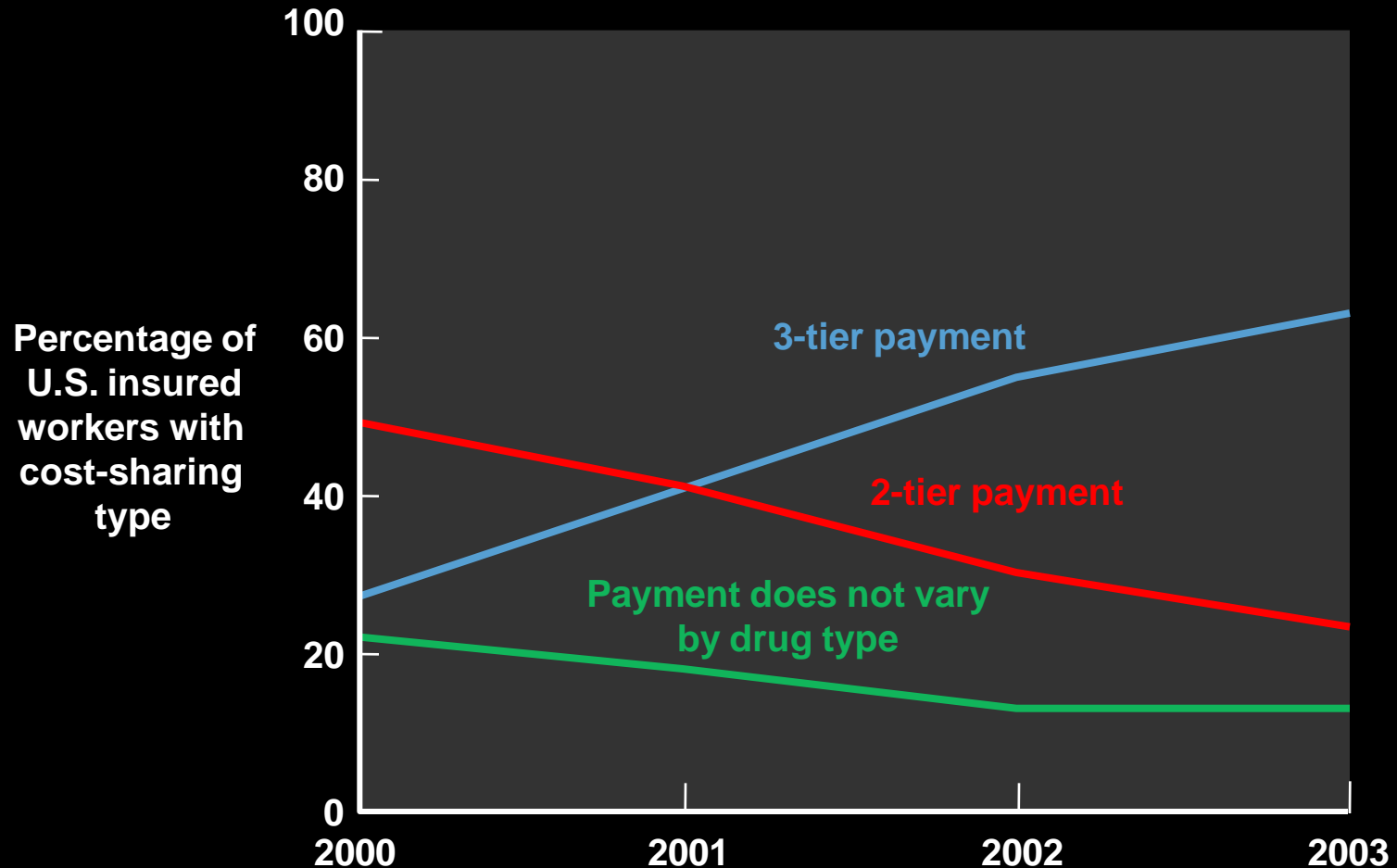
Prescription Drug Expenditures Have Been Rising at Double-Digit Rates



The Share Paid Out-of-Pocket for Prescription Drugs Has Fallen



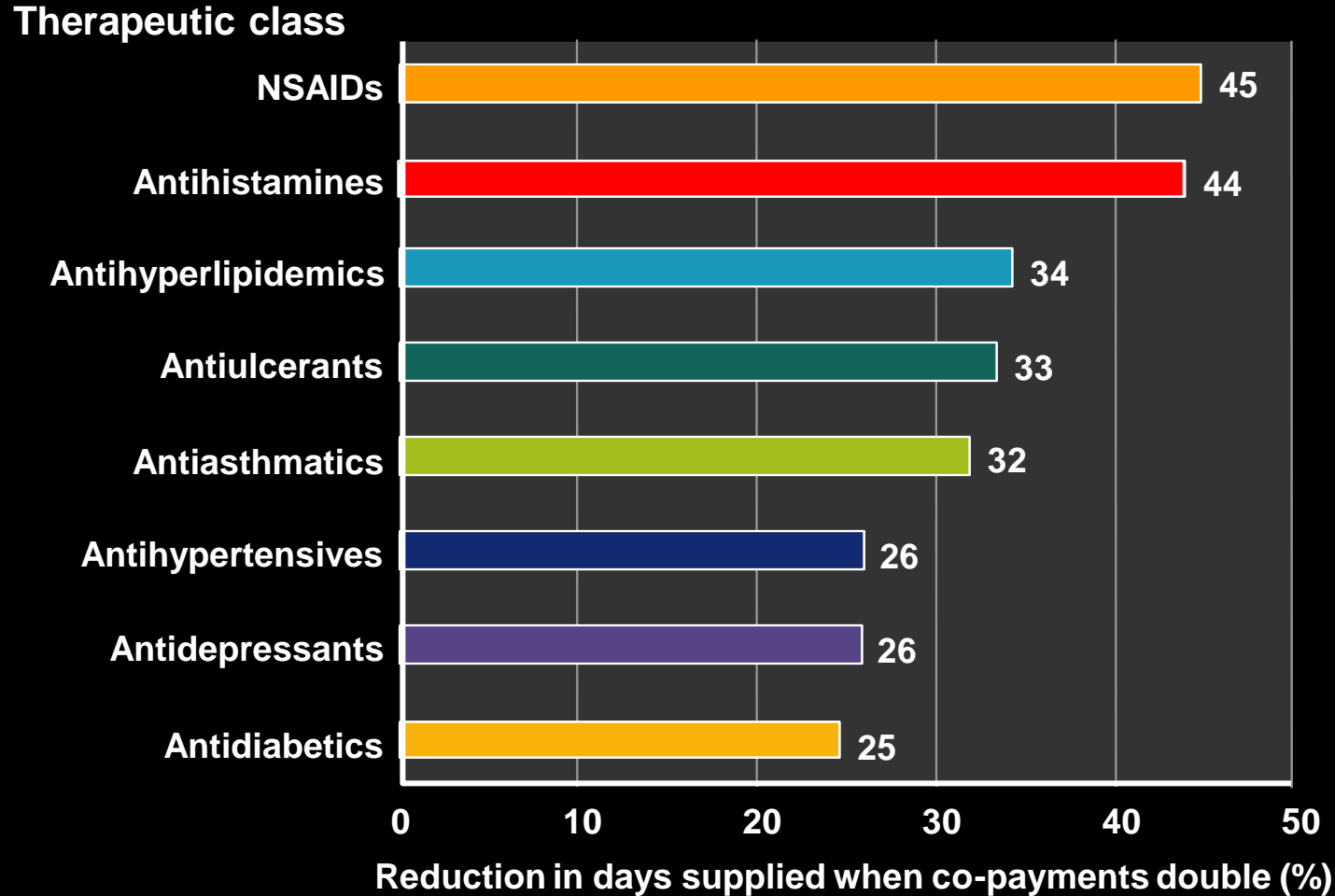
The Share of Workers Facing Three-Tier Co-Payments for Prescription Drugs Has Increased



Notes: Numbers may not sum to 100. Workers with cost-sharing type "other/don't know" are excluded.

Source: The Henry J. Kaiser Family Foundation and Health Research and Educational Trust, 2003a, Exhibit 9.1.

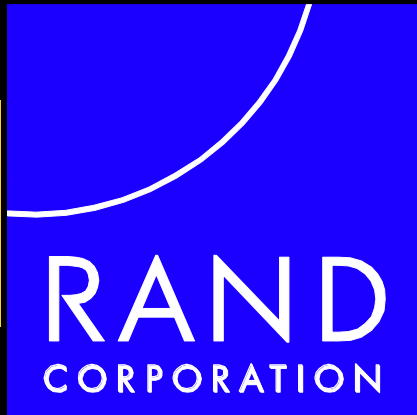
Co-Payments Can Have a Large Effect on Service Use — Including Prescription Drugs



Note: NSAID=nonsteroidal anti-inflammatory drug, such as Celebrex.

What Have We Learned?

- **Health costs rising rapidly**
 - **Demographics**
 - **Technology**
- **Most people think we got value for the money**
- **Looking forward:**
 - **Rising costs mean higher premiums**
 - **Pricing people out of the market**
- **Are there ways to do better with the same amount of money?**



the communications institute





HEALTH

Health Care in California: Quality of Care

**Elizabeth A. McGlynn, Ph.D.
Associate Director, RAND Health
RAND Corporate Chair in Health Care Quality**

Quality Has Multiple Dimensions

<u>Elements of Quality Care</u>	<u>Type of Quality Problem</u>
People get the care they need	Underuse
People need the care they get	Overuse
Provided safely	Error
Timely	Delays
Patient-centered	Unresponsive
Delivered equitably	Disparities
Delivered efficiently	Waste

IOM, Crossing the Quality Chasm (2001)

RAND

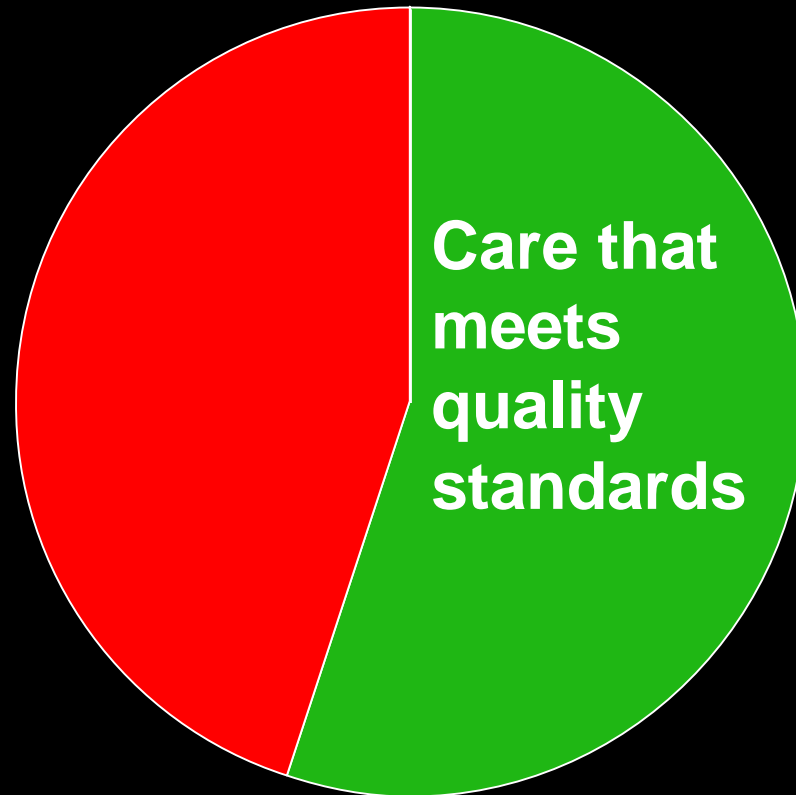
A5656-v3-38 09/04

We Have Made Significant Advances in Measuring and Reporting on Quality

- **Good tools exist to measure quality**
- **More information is available today about quality than ever before**
- **But, we know less than we would like**
- **What is available may be difficult to find and interpret**
- **Available sources of information often give different answers**

What Do We Know About Quality?

American Adults Receive About Half of Recommended Care

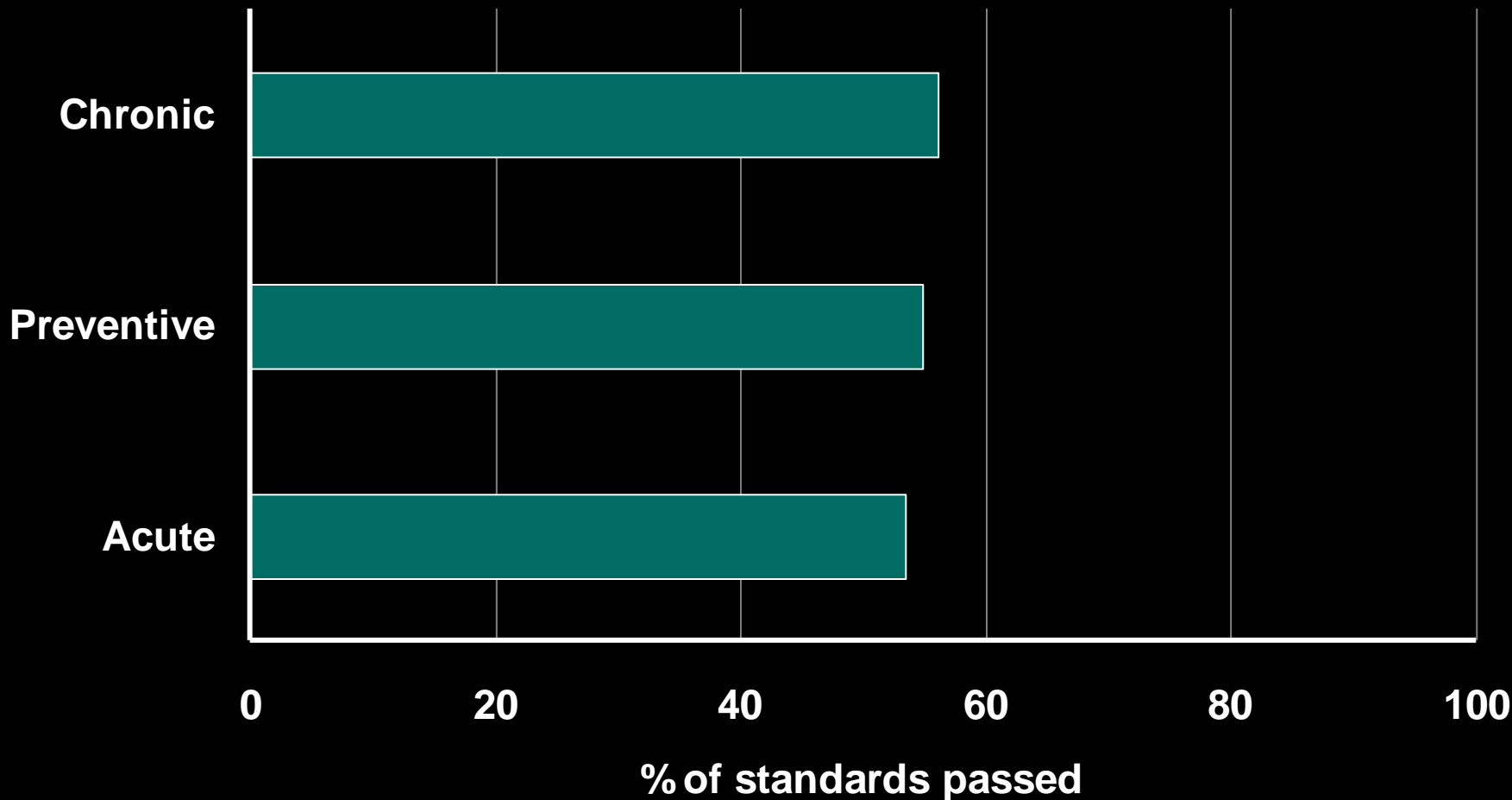


McGlynn et al., NEJM (2003)

RAND

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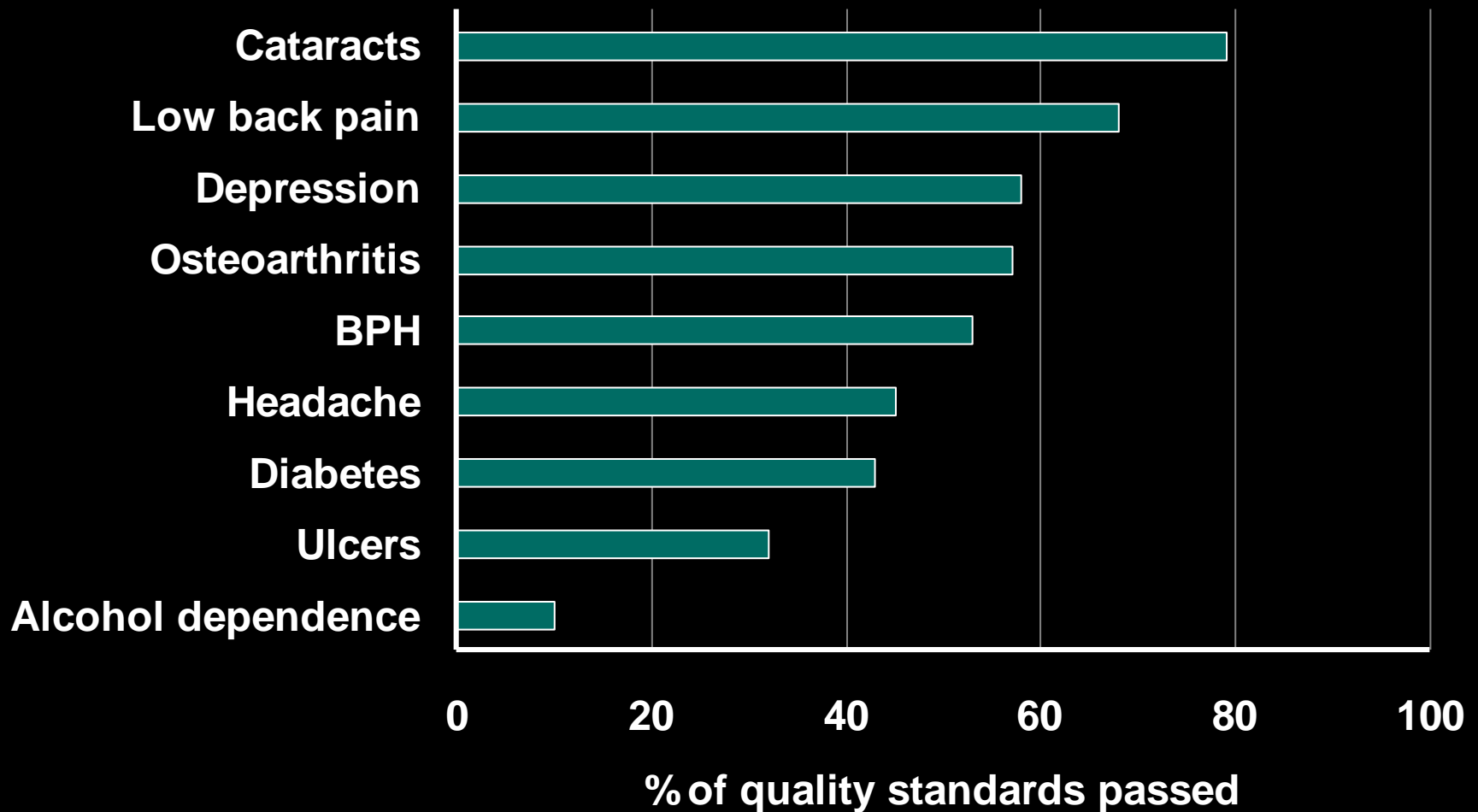
There Is Substantial Room for Improvement Across All Types of Care



Quality of Care for Heart and Lung Problems Varies Widely



Significant Variation Exists in Management of Adults' General Medical Problems

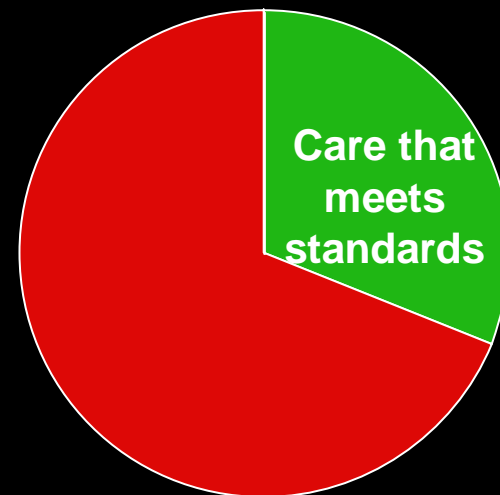


Care for Geriatric Conditions Is Poorer Than Care for General Medical Conditions

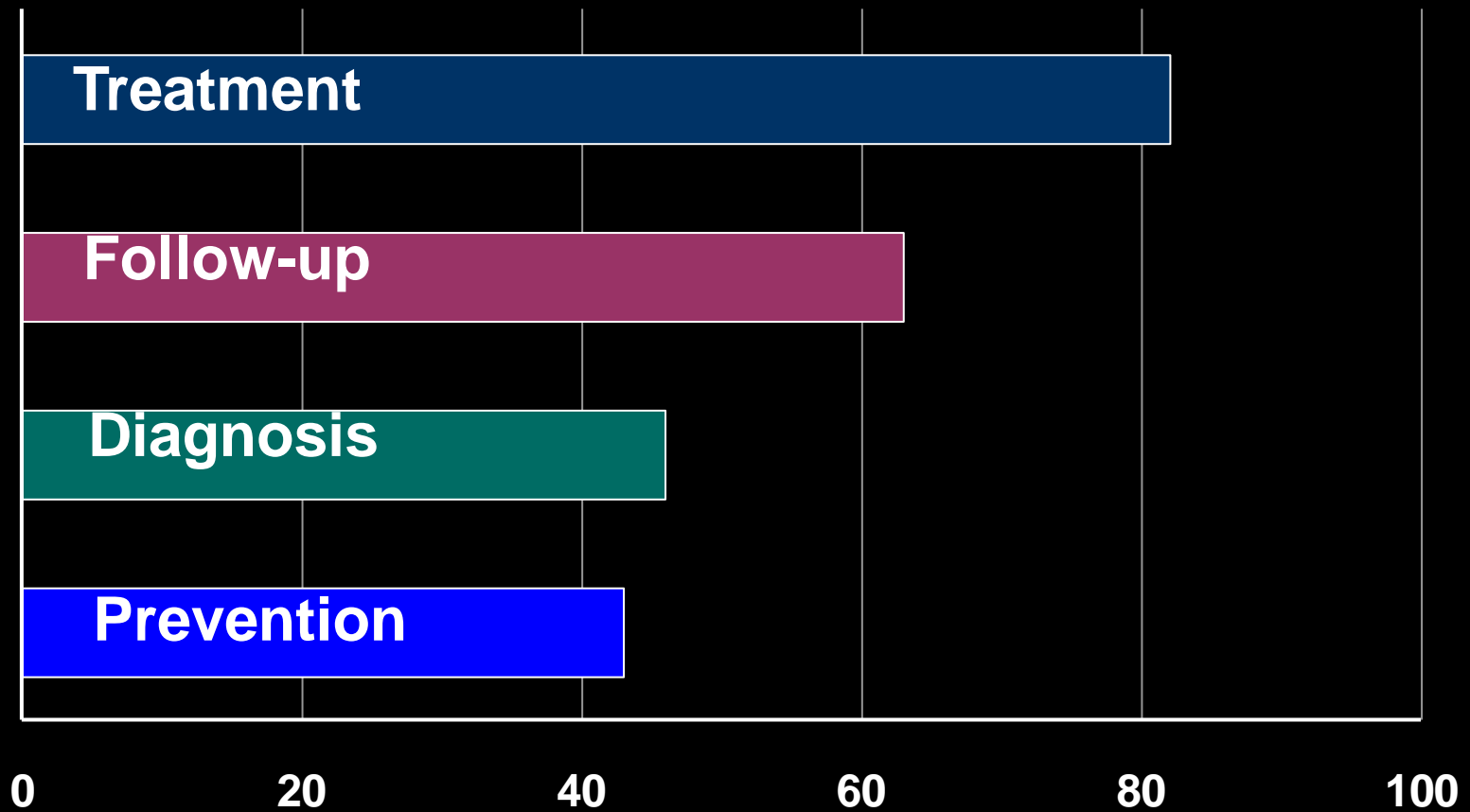
Medical conditions



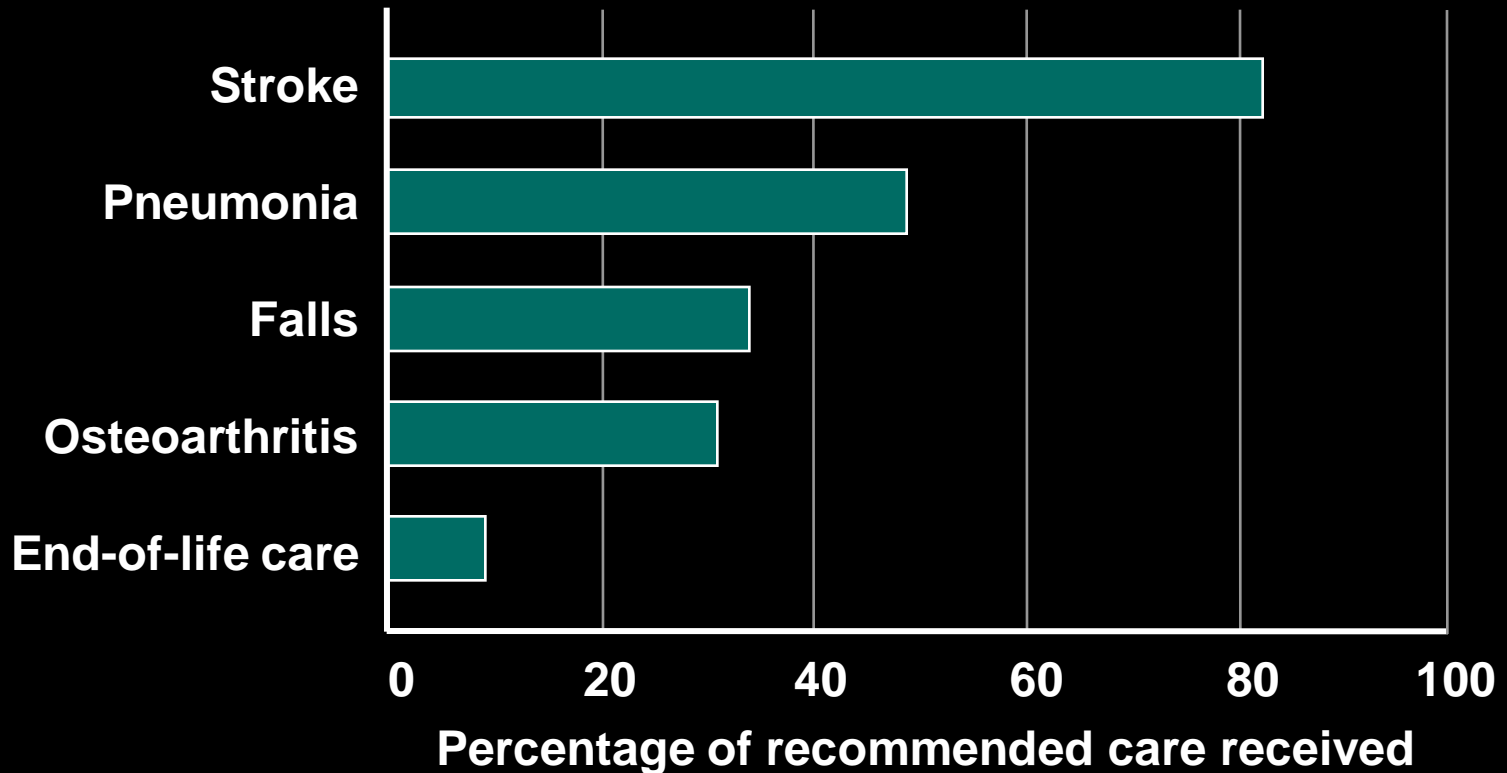
Geriatric conditions



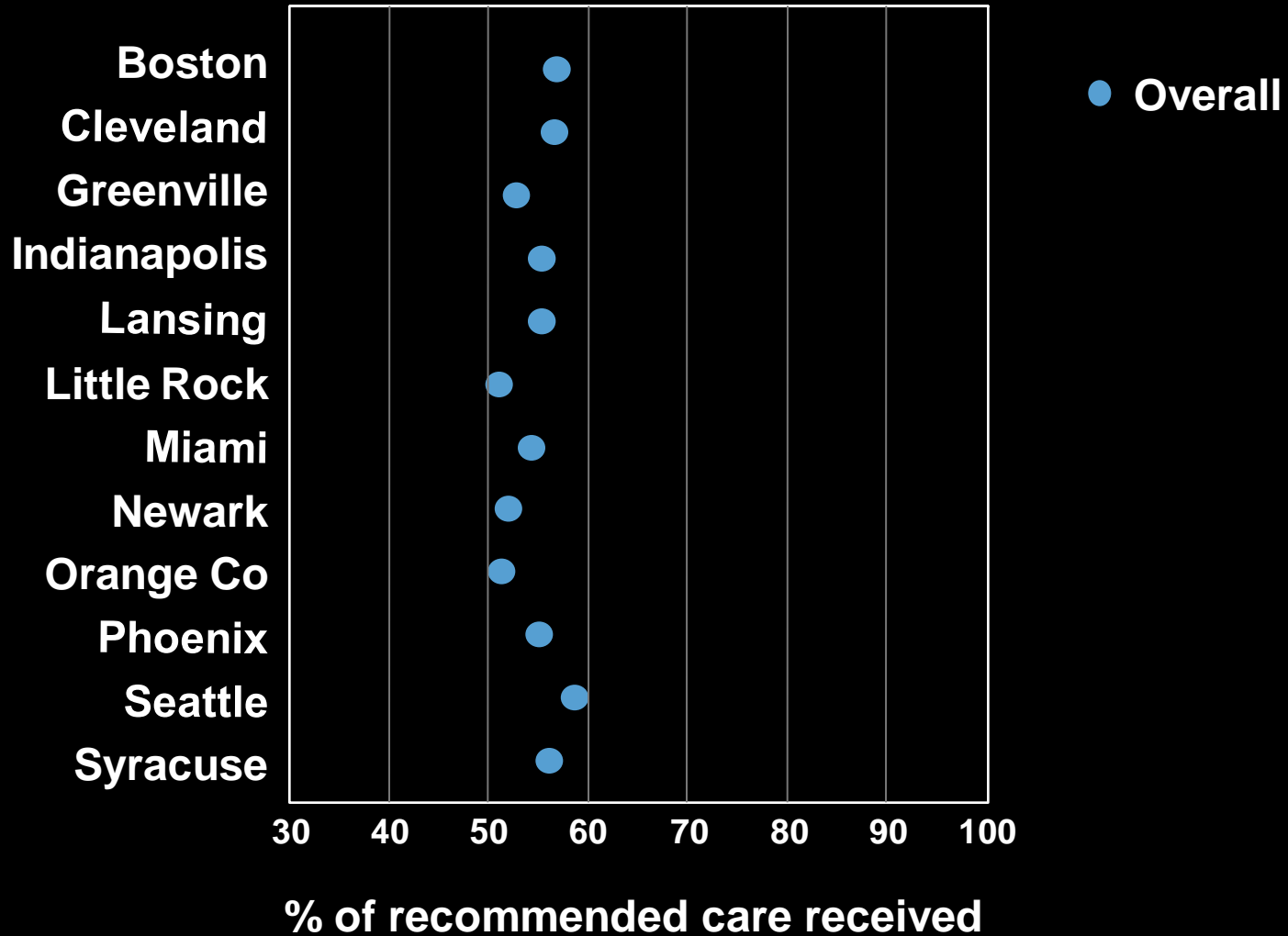
Quality of Preventive Care for the Elderly Is the Poorest



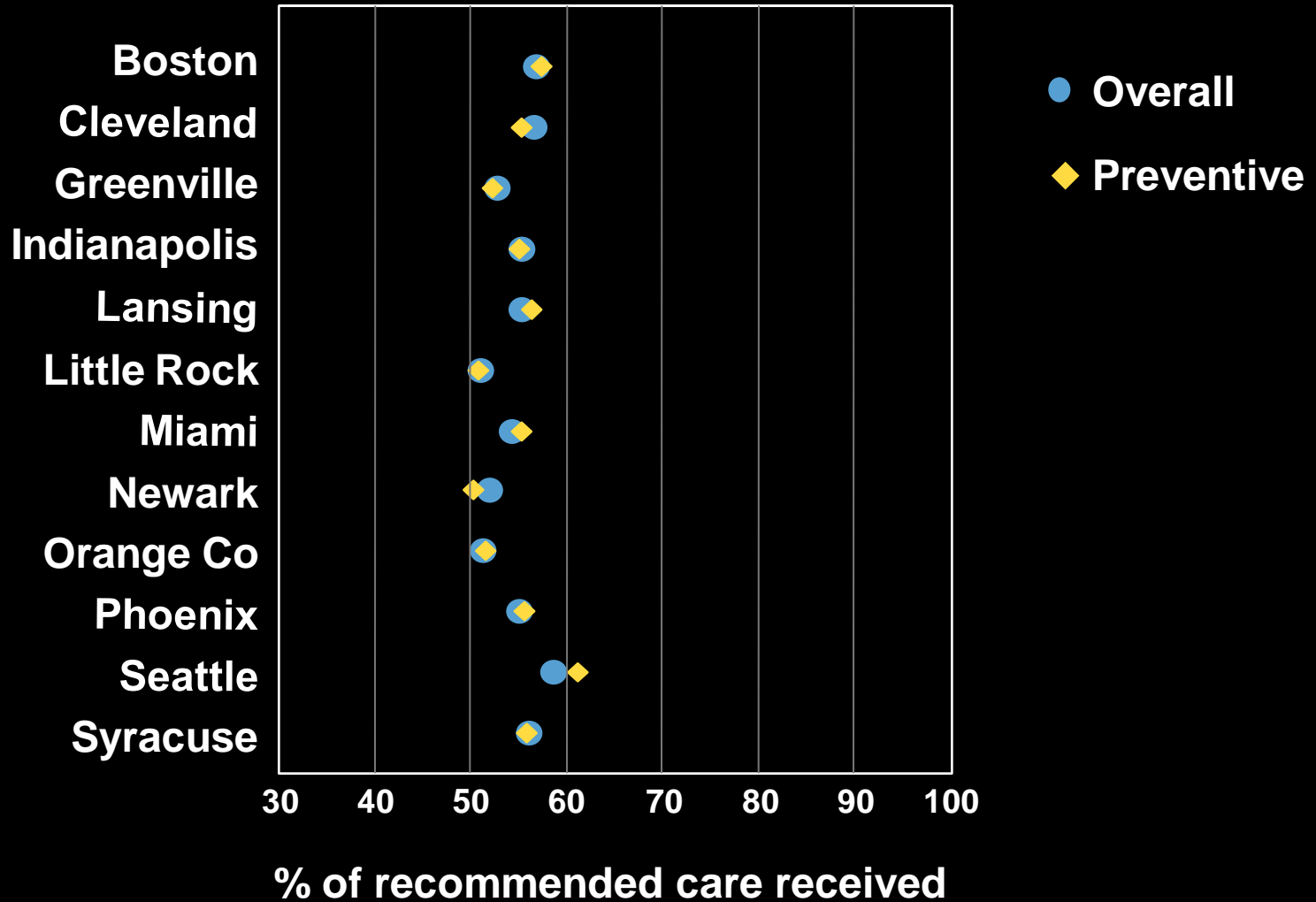
Quality of Care for the Elderly Varies by Condition



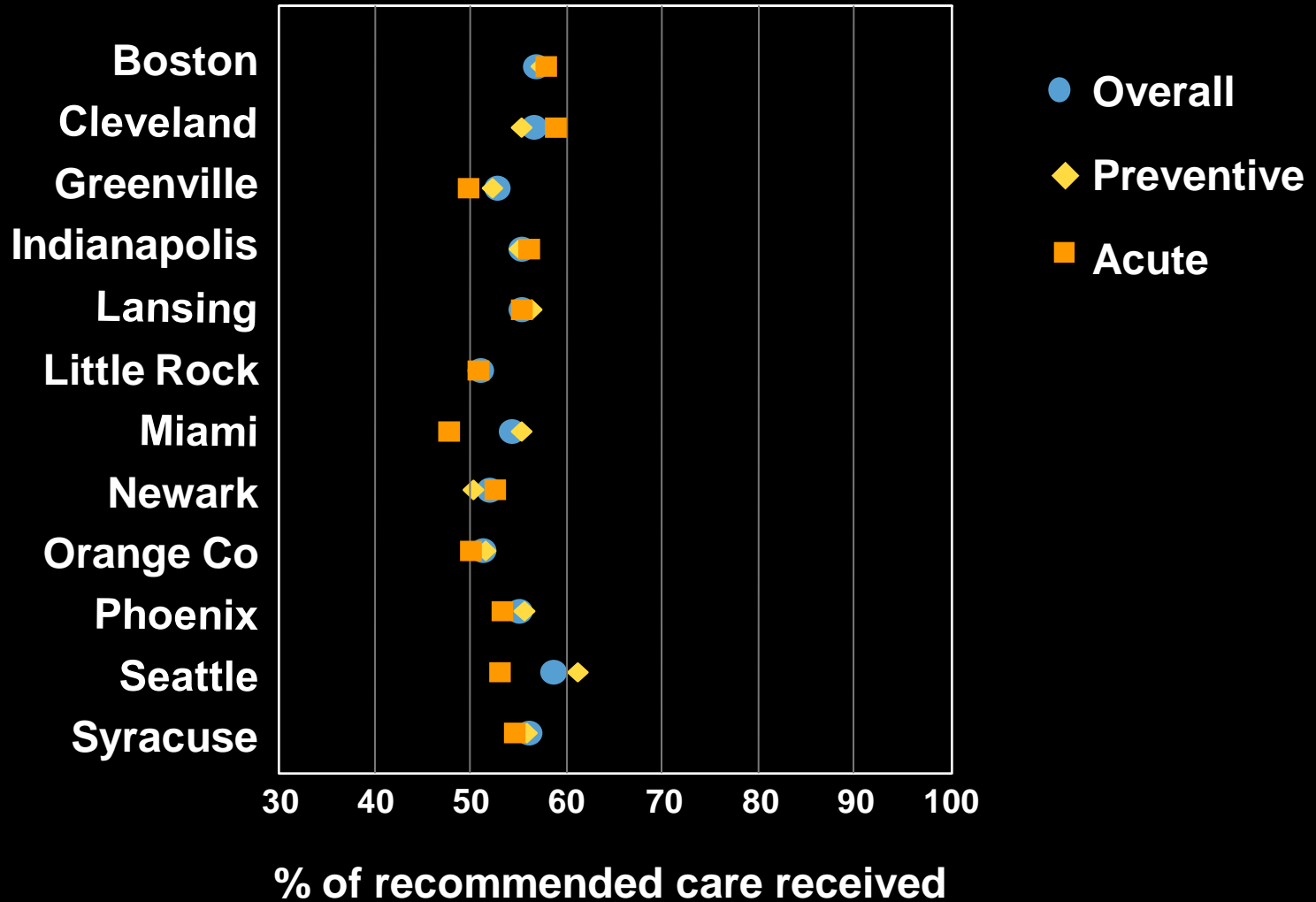
And You Aren't Safe Anywhere...



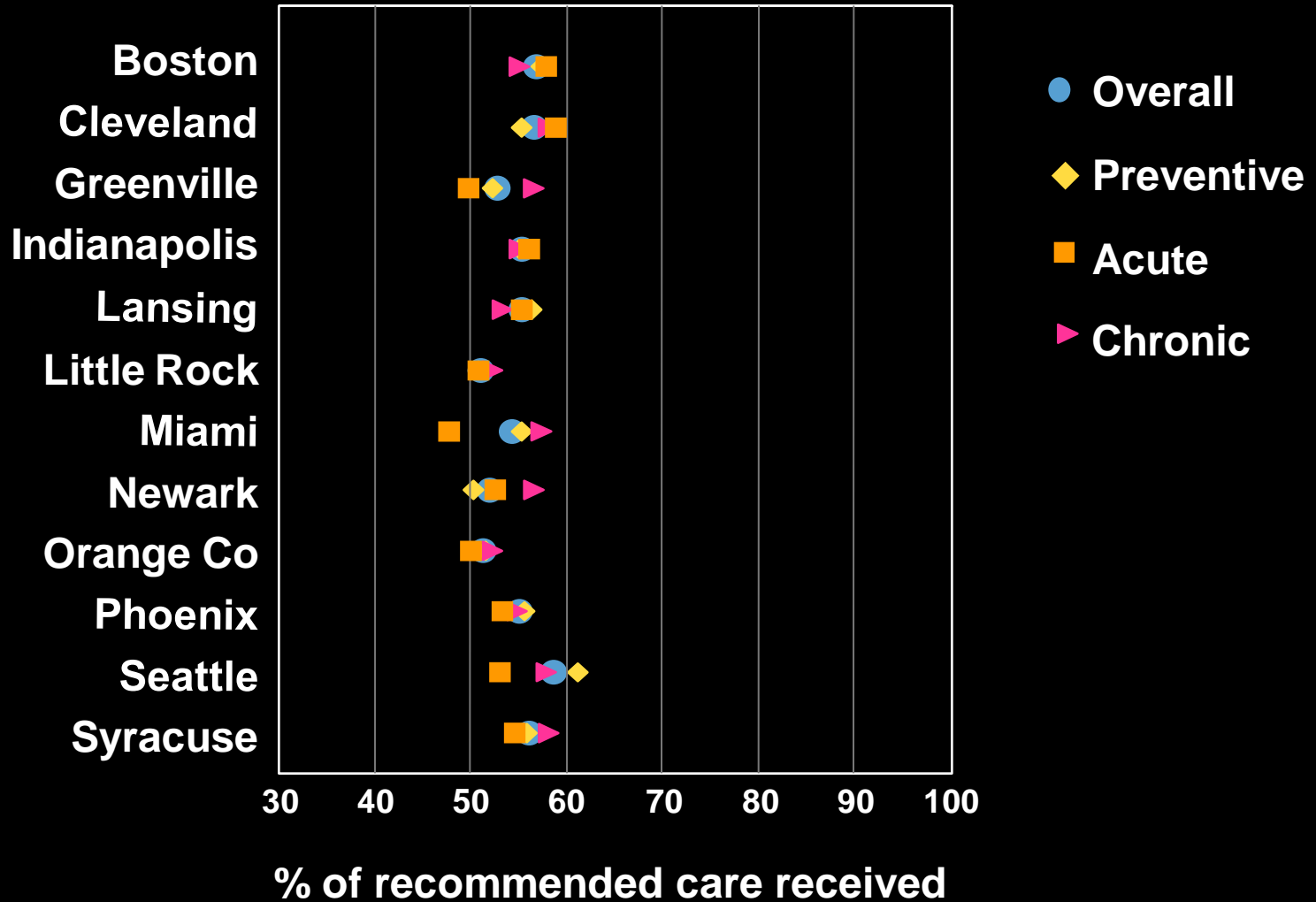
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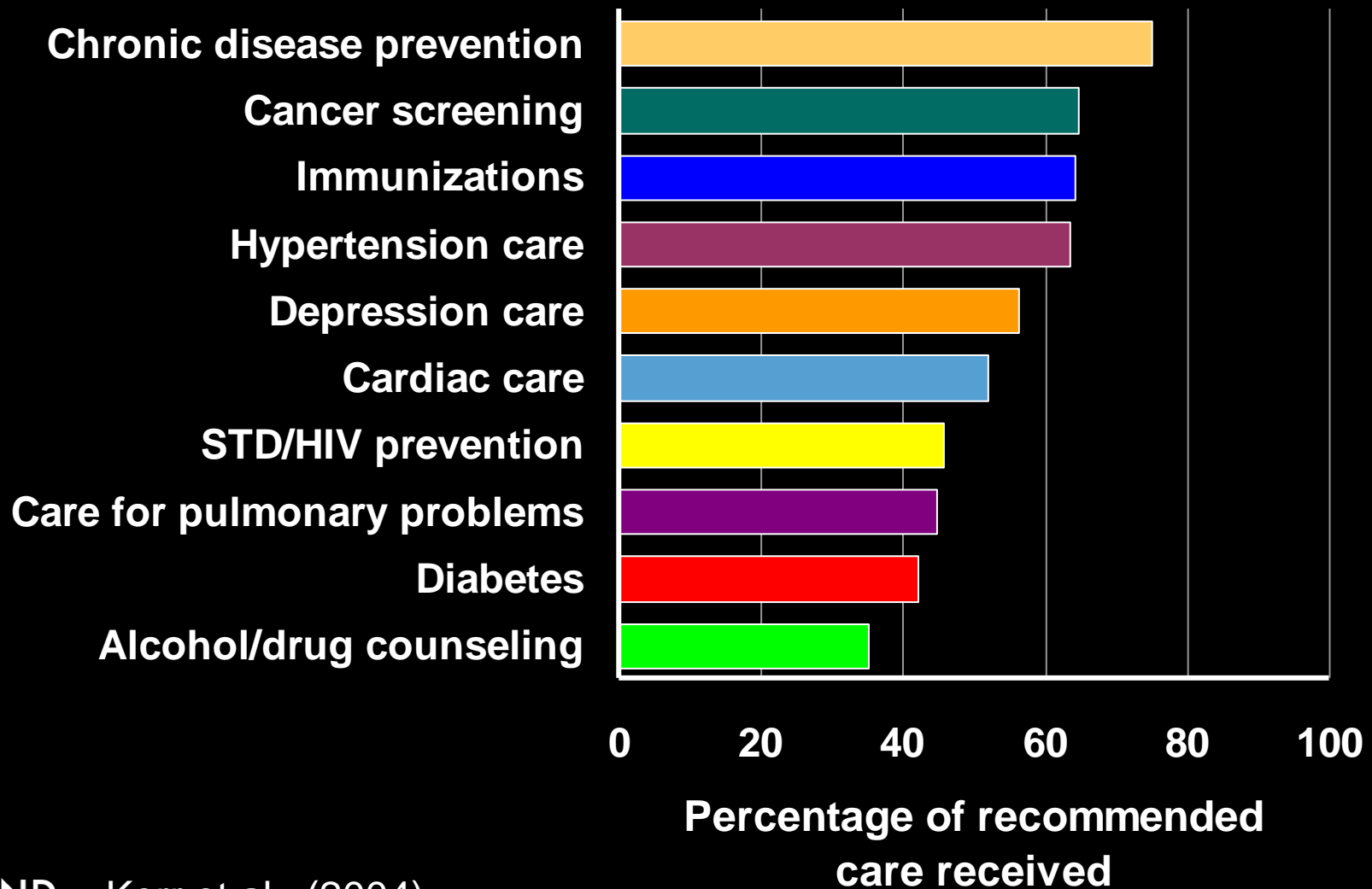
And You Aren't Safe Anywhere...



And You Aren't Safe Anywhere...



Performance in Orange County Mirrors What We Found in Other Communities



Does It Matter If Standards Are Met?

Condition	What We Found	Preventable Complications/ Deaths (Annual)
Diabetes	Blood sugar not measured for 40%; 24% uncontrolled	2,600 blind; 29,000 kidney failure

Does It Matter If Standards Are Met?

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Diabetes	Blood sugar not measured for 40%; 24% uncontrolled	2,600 blind; 29,000 kidney failure
Hypertension	Blood pressure uncontrolled in 58%	68,000 deaths

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Diabetes	Blood sugar not measured for 40%; 24% uncontrolled	2,600 blind; 29,000 kidney failure
Hypertension	Blood pressure uncontrolled in 58%	68,000 deaths
Heart attacks	39-55% did not receive needed medications	37,000 deaths

Does It Matter If Standards Are Met?

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Diabetes	Blood sugar not measured for 40%; 24% uncontrolled	2,600 blind; 29,000 kidney failure
Hypertension	Blood pressure uncontrolled in 58%	68,000 deaths
Heart attacks	39-55% did not receive needed medications	37,000 deaths
Pneumonia	36% no vaccine	10,000 deaths

Does It Matter If Standards Are Met?

Condition	What We Found	Preventable Complications/ Deaths (Annual)
Diabetes	Blood sugar not measured for 40%; 24% uncontrolled	2,600 blind; 29,000 kidney failure
Hypertension	Blood pressure uncontrolled in 58%	68,000 deaths
Heart attacks	39-55% did not receive needed medications	37,000 deaths
Pneumonia	36% no vaccine	10,000 deaths
Colon cancer	62% not screened	9,600 deaths

What Information Is Available To You?

Private and Public Policymakers Are Focusing on Facilitating Consumer Decisionmaking

- **Many consumers may be able to choose their:**
 - **Health plan**
 - **Medical group**
 - **Physician(s)**
 - **Hospital**
 - **Treatment(s)**
- **Choice is valued for itself and as an instrument of change**
- **Good information is essential if consumers are to make good choices**

Choosing a Health Plan

- **When choosing a health plan, people often consider**
 - **How much it will cost**
 - **Premiums**
 - **Out-of-pocket expenses**
 - **Whether their doctor is part of the health plan**
 - **How responsive the health plan is to their individual needs**
 - **Whether the care they need/want from the provider they prefer will be paid for**

Where Can I Find Information About Health Plans?

- **Employers have information in open enrollment materials**
- **People frequently talk to others whose opinions they value**
- **Sources of public information include:**
 - **www.ncqa.org**
 - **www.cms.hhs.gov**
 - **www.opa.ca.gov**
 - **www.healthscope.org**

Star Ratings

★★★★

★★★

★★

★

○

HMO/POS Accreditation

EXCELLENT

COMMENDABLE

ACCREDITED

PROVISIONAL

DENIED

[Compare Selected Plans](#)

[New Search](#)

[View HMO/POS Plans](#)

[View PPO Plans](#)

Here are NCQA's results of your search on:

COMMERCIAL, 94720

<input checked="" type="checkbox"/> Plan	<u>Product Line/ Product</u>	<u>Access & Service</u>	<u>Qualified Providers</u>	<u>Staying Healthy</u>	<u>Getting Better</u>	<u>Living with Illness</u>	<u>Accreditation Outcome</u>
<input type="checkbox"/> Aetna Health of California, Inc. Plan uses these names: Aetna HMO; QPOS; Select Choice; Aetna USAccess; Aetna Quality Point of Service (QPOS); USAccess	Commercial/HMO/POS Combined	★★★★	★★★	★★★★	★★★★	★★★	EXCELLENT
<input type="checkbox"/> Blue Cross of California Plan uses these names: Blue Cross HMO; Blue Cross Plus; Blue Cross HMO/California Care	Commercial/HMO/POS Combined	★★★★	★★★	★★★★	★★★	★★★★	EXCELLENT
<input type="checkbox"/> Blue Shield of California Plan uses these names: Access+ HMO; Added Advantage POS	Commercial/HMO/POS Combined	★★★★	★★★★	★★★★	★★★★	★★	EXCELLENT
<input type="checkbox"/> CIGNA HealthCare of California, Inc.	Commercial/HMO/POS Combined	★★★★	★★★	★★★★	★★★★	★★★★	EXCELLENT
<input type="checkbox"/> Health Net of California Plan uses these names: Health Net; Health Net Small Business Group HMO; Health Net	Commercial/HMO/POS Combined	★★★★	★★★★	★★★★	★★★★	★★★	EXCELLENT
<input type="checkbox"/> Kaiser Foundation Health Plan, Inc. - Northern California Plan uses these names: Kaiser Foundation Health Plan - N. CA	Commercial/HMO	★★★★	★★★★	★★★★	★★★★	★★★★	EXCELLENT
<input type="checkbox"/> PacifiCare of California, Inc. Plan uses these names: PacifiCare of California; PacifiCare SignatureValue; PacifiCare; PacifiCare; PacifiCare SignaturePOS	Commercial/HMO/POS Combined	★★★★	★★★	★★★★	★★★★	★★★★	EXCELLENT

Choosing a Hospital

- **Where does my doctor think I should go?**
- **How close is it to my house?**
- **If I am really sick, will I be taken care of?**
- **Is anything bad going to happen to me while I am in there?**
- **Will I be treated with respect?**
- **How well do they do the procedure/treatment I need?**

Where Can I Get Information About Hospitals?

- People frequently rely upon their doctor
- Friends, family members and other trusted sources
- Public information includes:
 - www.healthscope.org
 - www.jcaho.org
 - www.calhospitals.org
 - www.healthgrades.com

Hospital Ratings

- 1 Choose Ratings for
- 2 Choose a County
- 3 Choose a Hospital
- 4 View Ratings

- General Care
- Heart Care

- Alameda
- Alpine
- Amador
- Butte
- Calaveras

- Select All Hospitals in County
- CA Pacific Med Ctr-Davies
- CA Pacific Med Ctr-East
- CA Pacific Med Ctr-Pacific
- CA Pacific Med Ctr-West

[VIEW RATINGS](#)

Hold Ctrl for multiple hospitals

Find a Doctor

Search for a Physician by

Last Name

[Advanced Physician Search](#)

Get Good Results

Meet Patient Needs

Overall Care

[Respect for Patient Preferences](#)

[Coordination of Care](#)

[Information and Education](#)

[Physical Comfort](#)

[Emotional Support](#)

[Involvement of Family and Friends](#)

[Transition to Home](#)

Avoid Errors

Get the Right Care

Hospitals > Hospitals General Care Ratings > Meet Patient Needs > Overall Care

Overall Care

See how patients rated their hospital overall in meeting the needs of patients.

Listen to patients to learn about their hospital experience. High quality hospitals—the doctors, nurses and other staff—involve patients in their care decisions and treat them with dignity. These leading hospitals see that patients are comfortable and get the emotional support they need and that patients get the right care in a timely way.

★ Below Average ★ ★ Average ★ ★ ★ Above Average ✕ Not Part of Survey

	Overall Care
CA Pacific Med Ctr-Pacific	★ ★
Chinese Hosp	✕
Kaiser-Geary SF	★
San Francisco Gnl Hosp	★ ★
St Francis Meml Hosp	✕
St Luke's Hosp	★
St Mary's Med Ctr-SF	★ ★
UCSF Med Ctr	★ ★
Veterans Med Ctr SF	✕

▼ **Get Good Results**

Heart Bypass Surgery Results

[Heart Bypass Surgery Volume](#)

[Coronary Angioplasty Volume](#)

▶ **Meet Patient Needs**

▶ **Avoid Errors**

▶ **Get the Right Care**

Hospitals > Hospitals Heart Care Ratings > Get Good Results > Heart Bypass Surgery Results

Coronary Artery Bypass Graft (CABG) Surgery Results

High quality hospitals get good results for their patients. Through a combination of experience, teamwork and good treatment decisions, they increase their patients' chances of survival and successful recovery. Coronary artery bypass surgery improves blood flow into the heart by creating new routes for blood to "bypass" blocked arteries. A certain number of deaths among bypass surgery patients are expected in any hospital because of these patients' critical condition.

Hospitals with lower patient death rates than expected get better results for their Bypass Surgery patients.

- ★ Death Rate is Worse than Expected
- ★ ★ Death Rate is as Expected
- ★ ★ ★ Death Rate is Better than Expected
- × Not willing to report

Coronary Artery Bypass Graft (CABG) Surgery Results

Alta Bates Med Ctr-Ashby	★ ★
Doctors Med Ctr-San Pablo	★ ★
John Muir Med Ctr	★ ★
Mt Diablo Med Ctr	Withdrew its data
Summit Med Ctr-No Pavilion	★ ★
Washington Hosp	★ ★

Hospital Ratings

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 - General Care
 - Heart Care
- 2 Choose a County
 - Alameda
 - Alpine
 - Amador
 - Butte
 - Calaveras
- 3 Choose a Hospital
 - Select All Hospitals in Cou
 - CA Pacific Med Ctr-Davies
 - CA Pacific Med Ctr-East
 - CA Pacific Med Ctr-Pacific
 - CA Pacific Med Ctr-West
- 4 View Ratings

[VIEW RATINGS](#)

Hold Ctrl for multiple hospitals

Find a Doctor

Search for a Physician by Last Name

[Search](#)

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Carotid Endarterectomy Volume

[Abdominal Aortic Aneurysm Surgery Volume](#)

[Esophageal Cancer Surgery Volume](#)

[Meet Patient Needs](#)

[Avoid Errors](#)

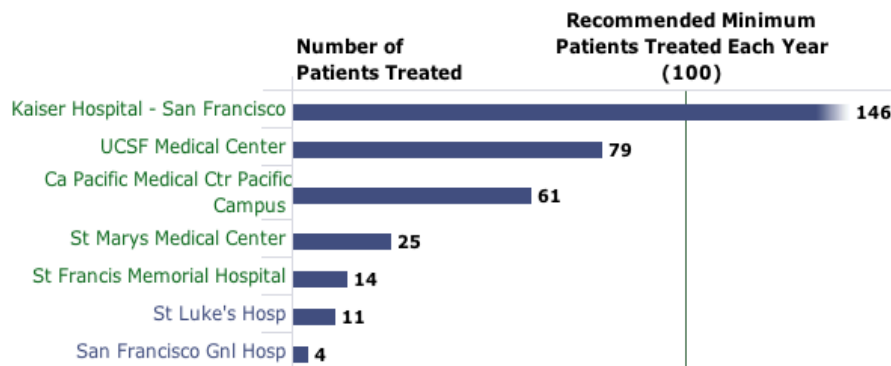
[Get the Right Care](#)

Hospitals > Hospitals General Care Ratings > Get Good Results > Carotid Endarterectomy Volume

Carotid Endarterectomy

Typically, patients get better results at hospitals that perform a higher number of a certain surgery. The surgeons gain skill with experience and the entire medical team becomes better at caring for the patient. Carotid endarterectomy surgery restores blood flow to the brain, making strokes less likely, by removing plaque from the walls of the carotid arteries in the neck.

Research shows that on average hospitals that perform at least 100 [carotid endarterectomies](#) a year offer the best chances of survival.





Quality Check



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[About Quality Check](#)

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[Hospital Comparisons](#)

[Return to Search Results](#)

[Helping You Choose Guides](#)

[For Consumer Search](#)

[For Health Care Professional Search](#)

[Questions and Comments About Quality Check](#)

Health Care Organization

Alta Bates Summit Medical Center
Berkeley, CA

Kaiser Foundation Hospital - Oakland/Richmond
Oakland, CA

ValleyCare Health System
Livermore, CA

National Patient Safety Goals Met



National Quality Improvement Goals

Heart Attack Care



Heart Failure Care



Pneumonia Care



Pregnancy Care



KEY



This organization achieved best possible results.



This organization's performance is above the performance of most Joint Commission-accredited organizations.



This organization's performance is similar to the performance of most Joint Commission-accredited organizations.



This organization's performance is below the performance of most Joint Commission-accredited organizations.



This measure is not applicable for this organization.



No data are available for this Measure.



Collected, not reported.

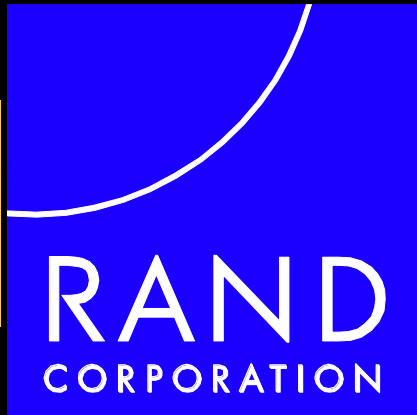
* This measure is part of the National Voluntary Hospital Reporting Initiative. This measure can also be viewed at www.cms.hhs.gov

** The organization collects and submits data for this measure set / measure. It will be reported after 12 months of data are available.

- 1 - The measure or measure set is not reported.
- 2 - The measure set does not have an overall result.
- 3 - The number of patients is not enough for comparison purposes.
- 4 - The measure results are not displayed.
- 5 - The organization scored above 90% but was below most other organizations.
- 6 - The measure results are not statistically valid.
- 7 - The measure results are based on a sample of patients.
- 8 - The number of months with measure data is below the reporting requirement.

Some Concluding Thoughts

- **Consumers willing to invest time can find a lot of data on quality**
 - **Substantial gaps remain in what we know**
 - **Different displays may create confusion**
 - **Different results may create overall distrust**
- **Public release of information is having an effect**
 - **Providers are looking at their results**
 - **Action plans are being developed**
- **Public investment will be required**
 - **To increase the ease of data retrieval**
 - **To standardize methods for reporting results**



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