WHAT CAN’T GO ON FOREVER... WON’T

THE CURRENT HEALTH CARE SYSTEM HEADED FOR A CRASH

BY 2040

- Baby boomers will make up 23% of the total U.S. population.
- There will be nearly 89 million seniors, more than double the number in 2000.

AS BABY BOOMER DOCTORS RETIRE, THERE ARE FEWER DOCTORS IN THE PIPELINE TO TAKE THEIR PLACE

- The U.S. faces a shortage of more than 90,000 doctors by 2020.
- By 2040, as Baby Boomer doctors retire, there are fewer doctors in the pipeline to take their place.

2 OUT OF EVERY 3 OLDER AMERICANS HAVE MULTIPLE CHRONIC CONDITIONS, AND TREATMENT FOR THIS POPULATION ACCOUNTS FOR 66% OF THE COUNTRY’S HEALTH CARE BUDGET.

OUT OF CONTROL HEALTH CARE COSTS

- Public/Private U.S. health expenditures are projected to be 25% of the economy in a little over 20 years. In 1960 it was 5% of the economy.
- By 2025, the fee-for-service mechanism of paying physicians is a major driver of higher health care costs in the U.S. It contains incentives for increasing the volume and cost of services, whether appropriate or not; encourages duplication; discourages care coordination; and promotes inefficiency in the delivery of medical services.
- Medicare is marching toward insolvency. The decline is happening at a slower pace than expected according to a July, 2014 CBO update. But a depletion of reserves still looms on the horizon for 2030.
- Medicare is expected to face a shortfall of about $361 billion (2009 dollars). Approximately $168 billion to $183 billion of that cost could be eliminated if the system were simplified and best practices used.

INSURANCE COSTS ARE GOING UP

- Annual medical costs for a typical American family of four went up 107% over the last decade from $11,192 in 2004 to $23,215 in 2014.
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SPENDING MORE DOES NOT EQUAL BETTER CARE

- THE U.S. SPENDS $8,600 PER CAPITA ON HEALTHCARE EACH YEAR. THAT'S 30% HIGHER THAN THE EXPENDITURE OF THE CLOSEST INDUSTRIALIZED COUNTRY. MEANWHILE, OUR LIFE EXPECTANCY IS LOWER AND INFANT MORTALITY RATE IS HIGHER.

ON THE WAY IN:

- PAY-FOR-PERFORMANCE

- ON THE WAY OUT:

- VOLUME BASED FEE-FOR-SERVICE

- “...the fee-for-service mechanism of paying physicians is a major driver of higher health care costs in the U.S. It contains incentives for increasing the volume and cost of services, whether appropriate or not; encourages duplication; discourages care coordination; and promotes inefficiency in the delivery of medical services.”


- “Just imagine a health care market that works competitively on the basis of quality. We have the tools now to build such a system.”

- Brent James, M.D., MStat, Chief Quality Officer and Executive Director, Institute for Health Care Delivery Research, Intermountain Healthcare

- ANNUAL PER CAPITA HEALTHCARE EXPENSES

- THE UNITED STATES

- COMPARABLY-SIZED INDUSTRIALIZED COUNTRY

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- $6,020

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- AND NOW THE TRADITIONAL REVENUE STREAM FOR U.S. HEALTH CARE IS DRYING UP.

- LOWERING INFECTION AND READMISSION RATES IS NOT JUST BENEFICIAL TO THE PATIENT. THE CMS COULD PENALIZE HOSPITALS AS MUCH AS 6 PERCENT OF MEDICARE PAYMENTS FOR SCORING LOW ON QUALITY ASSURANCE METRICS. HIGH RANKING HOSPITALS RECEIVE BONUS PAYMENTS.

- Blue Cross Blue Shield says 20 percent of its reimbursement dollars to hospitals and physicians are tied to patient outcomes and cost measures.

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