“Health care managers, practitioners, and students must both operate as effectively as they can within the daunting and con-
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why this volume has come to be so prized. It takes the long view – charting recent developments in health policy, and putting
them side-by-side with descriptions and analysis of existing programs in the United States and abroad.”
— Sherry Glied, PhD, Dean and Professor of Public Service, NYU Wagner, From the Foreword

This fully updated and revised 11th edition of a highly esteemed survey and analysis of health care delivery in the
United States keeps pace with the rapid changes that are reshaping our system. Fundamentally, this new edition
presents the realities that impact our nation's achievement of the so-called Triple Aim: better health and better care at
a lower cost. It addresses challenges and responses to the Affordable Care Act (ACA), the implementation of Obamacare,
and many new models of care designed to replace outdated systems. Leading scholars, practitioners, and educators
within population health and medical care present the most up-to-date evidence-based information on health disparities,
vulnerable populations, and immigrant health; nursing workforce challenges; new information technology; preventive
medicine; emerging approaches to control health care costs; and much more.

Designed for graduate and advanced undergraduate students of health care management and administration and public health,
the text addresses all of the complex core issues surrounding our health care system in a strikingly readable and accessible
format. Contributors provide an in-depth and objective appraisal of why and how we organize health care the way we do,
the enormous impact of health-related behaviors on the structure, function, and cost of the health care delivery system,
and other emerging and recurrent issues in health policy, health care management, and public health. The 11th edition features
the writings of such luminaries as Michael K. Gusmano, Carolyn M. Clancy, Joanne Spetz, Nirav R. Shah, Michael S. Sparer,
and Christy Harris Lemak, among others. Chapters include key words, learning objectives and competencies, discussion questions,
case studies, and new charts and tables with concrete health care data. Included for instructors is an Instructor’s Manual,
PowerPoint slides, Syllabus, Test Bank, Image Bank, Supplemental e-chapter on the ACA, and a transition guide bridging the
10th and 11th editions.

Key Features:
• Integration of the ACA throughout the text, including a supplementary e-chapter devoted to this major
health care policy innovation
• The implementation of Obamacare
• Combines acute and chronic care into organizations of medical care
• Nursing workforce challenges
• Health disparities, vulnerable populations, and immigrant health
• Strategies to achieve the Triple Aim (better health and better care at lower cost)
• New models of care including accountable care organizations (ACOs), patient homes, health
exchanges, and integrated health systems
• Emerging societal efforts toward creating healthy environments and illness prevention
• Increasing incentives for efficiency and better quality of care
• Expanded discussion of information technology
• A new 5-year trend forecast


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Foreword

This, the 11th edition of *Health Care Delivery in the United States*, appears at an unprecedented moment in the evolution of the U.S. health care system. After decades of relentless increases in the number of uninsured residents, more Americans today hold health insurance coverage than at any time in the past. In the wake of the Affordable Care Act coverage expansion, which began in January 2014, the share of the population uninsured has fallen to levels last seen more than 30 years ago. On the cost front, real per capita spending over the past 4 years has grown at the slowest rate on record. For the 8th year in a row, the Congressional Budget Office has revised downward its projections of Medicare cost growth. Although the exceptional slowdown of overall health spending is largely due to the effects of the Great Recession, changes to payment policies and levels enacted in the health reform law may claim credit for some of the good Medicare news.

The new law, as well as changes in private insurer practices, also seems to have encouraged the proliferation of novel forms of health care delivery that seek to generate the quality and cost benefits long associated with high-performing vertically integrated health care institutions. Some evidence suggests that these incentives have contributed to reductions in readmission rates and health care-acquired infections.

On the public health front, decades of educational efforts, incentives, and interventions, often based on academic evidence, have also led to significant improvements. Teen and adult smoking rates are at all-time lows, and the teen birth rate has fallen almost continuously over the past 20 years. These improvements are testimony to vibrant and creative efforts in health financing, delivery, and public health.

It is comforting and reassuring to imagine that the U.S. health system has settled into a more sustainable, equitable, and effective path. But that sanguine image belies both the condition of our health system and the history of health reform elsewhere. It is true that uninsurance rates have dropped dramatically in some states—but many others have rejected the coverage expansions. A concerted effort in the courts and in Congress seeks to roll back the gains that have already been made. Slower cost growth offers the system some breathing room, but almost all analysts predict that the changes in payments and organizations will not be sufficient to hold spending at supportable levels. Even under the most optimistic scenarios, as the baby boom generation ages, health care will consume a growing share of the gross domestic product and of the federal budget. Health reform and insurer ingenuity have brought an abundance of new organizational forms, but the jury is out on whether these will actually improve quality and reduce costs. U.S. health outcomes, especially for the most vulnerable populations, remain abysmally low in a comparative perspective, and the evidence suggests that inequality in health outcomes is growing.

Students of health care policy and delivery need to chart a middle course: neither complacently optimistic about the promise of a new regime, nor overly discouraged by the still-dismal U.S. context. Instead, as the experience of other countries suggests, we should recognize that health care system reform is a never-ending task. After all, Chancellor Otto von Bismarck initiated the German health insurance system in 1883—and Chancellor Angela Merkel completed the most recent German health insurance reform, building on Bismarck’s model, in 2011. Similarly, even though much
has changed, our health care system continues to resemble (quite closely) the system described in the first edition of *Health Care Delivery in the United States*, published in 1977. No doubt a student of the future, scanning this 11th edition in 2050, will recognize many similarities to the health system he or she knows and will also see evidence of the decades of reform that will consume policymakers and delivery system managers between now and then.

Health care managers, practitioners, and students must both operate as effectively as they can within the daunting and continually evolving system at hand and identify opportunities for reform advances. For nearly 40 years—27 of them at least in part under the stewardship of Tony Kovner—*Health Care Delivery in the United States* has been an indispensable companion to those preparing to manage this balance. The present edition demonstrates once again why this volume has come to be so prized. It takes the long view—charting recent developments in health policy and putting them side-by-side with descriptions and analysis of existing programs in the United States and abroad. Novelty gets its due, but so does context. The text recognizes that health is, after all, the ultimate object of health care delivery, and so provides a thorough assessment of population health. It explores the key elements of the health care delivery system, from both the supply and the demand sides. In addition, it recognizes that the delivery system doesn’t stand alone and examines the structures and processes—technological, governmental, and organizational—that underpin the system.

*Health Care Delivery in the United States* profits from the editorship of two highly experienced observers of the health care system: James Knickman and Anthony Kovner. Jim, once a faculty member at Wagner, is now president and CEO of the New York State Health Foundation, which, under his stewardship, has been an important contributor to reform of the New York state health system. Tony is, to my delight, my colleague at the Wagner School. He has been a mentor and guide to generations of health care managers and policymakers, both at a distance, as contributor and editor to this text, and as a classroom teacher and adviser. He has transformed the lives of his students, and they, as leaders in health care institutions around the country, have transformed their institutions and the lives of their patients. Tony inculcates in his students—as he has in me—a conviction that policy and management can, should, and must be founded on the best possible evidence. Founding decisions on evidence is not just a mantra—it means asking the right questions, identifying the appropriate literature, and assessing the applicability and quality of this research. In this volume, Tony and Jim have put that system to work, and it is this foundation in rigorous evidence that allows the text to stand the test of time and to be responsive and useful in addressing current developments.

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Acknowledgments

The editors would like to express deep appreciation to the team of people who made this book possible. First, we thank our 29 authors of the 16 chapters that comprise the book. They are all noted experts in their fields, and we appreciate their willingness to translate their knowledge into chapters that introduce future leaders to the workings of the U.S. health system. Second, we wish to acknowledge the superb editorial role played by Sheri W. Sussman and the quality control of production under Joanne Jay’s direction at Springer Publishing Company. We appreciate Sheri’s insights about how to publish a textbook and have benefited from Joanne’s keeping the process moving in creating an effective and enjoyable learning experience for HCDUS readers. Christine Kovner frequently helped to strengthen the book, reading various chapters and offering advice from her vantage as one of the leading nursing researchers in the country. At the New York State Health Foundation, Susan Illman, Emily Parker, and Amy Shefrin each provided valued assistance gathering current data to inform the book. Finally, we would like to acknowledge Steve Jonas, who originated this book 11 editions ago.
Organization of This Book

This is the 11th edition of *Jonas and Kovner's Health Care Delivery in the United States*, which, although its title has evolved in the last 35 years, has stayed true to its original purpose: helping instructors and students better understand the complicated, expensive, and ever-changing U.S. health care delivery system and the public health system. It is a privilege to be able to work with instructors around the world to introduce the leaders of tomorrow to the health field.

Our nation is embarked on an ambitious attempt to reshape how we go about taking care of the health concerns of our population. On the one hand, there is a new energy to develop initiatives that focus on keeping people healthy. On the other hand, there is a great deal of experimenting with the organization of the care system that addresses the needs of people who have medical problems associated with injuries and disease. The aim of this experimentation is to improve the quality of medical care and to bring costs in line with what Americans can afford and want to spend on the health sector.

This text is organized to address both the challenge of keeping people healthy (Part II) and the challenge of delivering good medical care that helps people recover from medical conditions that do occur (Part III). In addition, we have included a section that describes the current status of the U.S. health care system and explains the complicated public policy process that has so much influence on the way health care is delivered and financed in this country (Part I). The text ends with a consideration of where the health system might be headed in the years to come (Part IV).

Each chapter starts with a list of key words that are central to the chapter’s focus, a list of the learning objectives addressed by the chapter, and an outline of what is to come. Each chapter ends with a list of discussion questions and a case study, encouraging the reader to apply the ideas of the chapter to real-life issues and challenges that face health care leaders focused on management issues and policy issues.

In addition to this text, an online Instructors’ Manual, which includes a variety of background materials that teachers will find useful in guiding class discussion, is available. It also offers additional resources and class projects that are useful to students and the learning process. In addition, PowerPoints, Syllabus, Test Bank, and Transition Guide are available to instructors via textbooks@springerpub.com.

Students are encouraged to visit ushealthcaredelivery.com for additional materials including an updated supplementary chapter on the Patient Protection and Affordable Care Act.

We encourage instructors and students to communicate with us about this edition, so that we may make the 12th edition even more useful to you. Please submit any comments or questions to us at knickman@nyshealth.org and anthony.kovner@nyu.edu, and we will get back to you. As always, we appreciate your suggestions.

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Contributors

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This first section of the book presents an overview of how the U.S. health system works and how public policy influences its operations. The section also provides basic statistics outlining the dimensions of the health enterprise and sets the U.S. system in the context of the approaches to delivering health care in other countries. At times, it is easiest to understand one health system by comparing it to what happens in other parts of the world.

Chapter 1, authored by the book’s two editors, acts as an overall introduction to the material that will be covered in the other 15 chapters of the book. This chapter starts by reviewing why health is so important to people and how that importance is translated into characteristics of the health care sector. The authors also explain the societal dynamics that have shaped the current state of the health system and explore the roles of seven different types of stakeholders in shaping the system.

Chapter 2 offers a set of charts that provide a statistical overview of the U.S. health system. The charts are organized around the topics that will be covered in the book, with key data displayed in a way that introduces the reader to the scale and scope of the system.

In Chapter 3, political scientists Michael Sparer and Frank Thompson address how the public policy process works at the federal government and state government levels. They review how policy is made and the forces that shape public policy in the United States. The chapter focuses principally on the roles government plays in funding and providing health insurance coverage for parts of the population and why government does not cover the entire population, as happens in many other developed countries around the world. This chapter also reviews the recent major expansion of insurance coverage mandated by the Patient Protection and Affordable Care Act of 2010.

Finally, Chapter 4, coauthored by Michael Gusmano and Victor Rodwin, compares the structure and traditions of the health care system in the United States to the systems in other parts of the world. In addition to reviewing how key aspects of the organization of health care vary across countries, the chapter takes a close look at health care delivery in England, Canada, France, and China as good examples of the diversity of approaches to operating health systems.
The Challenge of Health Care Delivery and Health Policy

James R. Knickman and Anthony R. Kovner

KEY WORDS
access to health care, behavioral health, health care delivery, interest groups (stakeholders), Patient Protection and Affordable Care Act, payment systems, population health, public health, value, workforce

LEARNING OBJECTIVES
- Understand the importance of health and health care to American life
- Understand some defining characteristics of U.S. health care delivery
- Identify major issues and concerns
- Identify key interest groups (stakeholders)
- Understand the importance of engaging a new generation of health leaders

TOPICAL OUTLINE
- Why health is so important to Americans
- Factors that shape the structure of the delivery system
- Seven key challenges facing the health system
- Stakeholders who shape and are affected by how the health system is organized and how it functions
- The organization of the book

Context

Our goal in editing this book is to provide a vibrant introduction to the U.S. health care system in a way that helps new students understand the wonders of health care. The book lays out the complexities of organizing a large sector of our economy to keep Americans healthy and to help people get better when they become ill. In addition, the book provides a framework to help professors engage students, with room for each professor to bring his or her perspective to the materials covered.

To introduce students to the many parts of the health system in the United States, we have engaged some of the leading thinkers and “doers” in the health sector to explain the parts of the system in which they are expert. Each author brings a different
perspective, and it is not our aim to present one voice on this topic. Rather, we have asked each author to lay out the facts about a given topic and to offer ideas about what he or she thinks must happen to improve a specific aspect of the health system.

In many ways, the text lays out a serious “to-do” list facing our health system and offers individuals beginning a health-related career a guide to the types of challenges that could engage them. The authors explain how the health system works, what its challenges are, and how health professionals can contribute to the process of strengthening our system to make sure it works efficiently and effectively at the task of keeping all of us healthy.

In this first chapter, we explain the importance of the health system, provide an overview of how the system is organized, sketch out some of the challenges facing the overall system that are addressed in the book, and discuss the roles of five types of key stakeholders involved in the health enterprise. We also provide the logic behind the topics the book addresses and explain the book’s organization.

### The Importance of Good Health to American Life

Our nation is built on the idea that society should ensure an opportunity for “life, liberty, and the pursuit of happiness.” These words, of course, are from the second sentence of our Declaration of Independence. The aspiration of ensuring “life” is the core goal of the health system. It is obvious that nothing is possible for an individual without life, and most of us would agree that health is among the core needs to live a vibrant, viable life. Good health is essential to participate in the political and social system, to work to support ourselves and our families, and to pursue happiness and a good life.

Our nation has invested a tremendous amount to learn how to keep people healthy and how to restore health when disease, injury, or illness occurs. In the 19th century, researchers and public health experts from the United States and other countries began to understand the role of germs in communicating disease and the importance of basic public health practices, such as ensuring clean water and safe sanitation to maintain health. In the 20th century, the science and art of medicine exploded, creating amazing know-how to treat people who have diseases, injuries, and illnesses.

In response to the emerging know-how for delivering medical care, a large and complex health enterprise developed throughout the 20th century and continues to evolve. The pipeline of new ideas for better treating illnesses is quite full and promises to lead to ever-expanding methods to restore health when Americans have life-threatening medical problems.

We use the word “enterprise” deliberately because the health system is a blend of an altruistic-oriented set of providers and activities mixed with a huge industry that accounts for a sizable portion of all economic activity in our society. The value we put on health has led us to devote just under 20% of our economic resources to medical care and health promotion. Fully 13% of all jobs in America are in the health sector. Each of us spends a sizable share of our income on the health care we need. We spend this money through taxes, which support a good share of the health enterprise, through foregone wages used by our employers to pay for health insurance, and by sizable out-of-pocket health care expenses for which each of us is responsible.

Thus, the “pursuit of life,” listed as a core principle in the Declaration of Independence, not only has resulted in a set of social and political norms about the importance of good health to everyone in America but also has spurred a huge industry that affects
and is affected by society’s economic activity and economic decisions. To understand the health system, we need to understand not only the art and practice of medicine and public health but also the economic, organizational, and management issues that must be addressed to keep the health system effective, efficient, and affordable in our overall economic life. How we go about organizing and managing the health system and changing it over time can hurt or help both our health status and our economic status.

### Defining Characteristics of the U.S. Health System

It is ironic that most health professionals think of themselves as working within the “health system” when in truth one of the first defining features of what we call a system is that health-related activities are not ordered or organized as a single enterprise. Rather, efforts to improve health and health care involve many types of actors and organizations working independently and with little coordination to make contributions to improving health status. In particular, our current approach to delivering medical care has evolved and keeps evolving in a haphazard way shaped more by economic incentives and opportunities than by a central or logical design.

In recent years, we also have begun to recognize the clear difference between “maintaining health” and “restoring health” to a person who has a medical problem. The medical care system clearly takes charge of restoring health when people are ill. Often the medical care system takes charge of caring for people even if restoring health is impossible; the goal may be to limit the spread of a medical problem, to alleviate the symptoms of a medical problem, or to help a person cope with the pain and suffering and loss of function when major medical problems emerge. Doctors, nurses, technicians of various types, hospitals, nursing homes, rehabilitation centers, pharmaceutical companies, and medical device companies are among the actors who engage in efforts to care for people when they have medical problems.

The goal of “maintaining health” also involves many actors and activities. To some extent, medical providers help with this huge task by providing screening and prevention services that can keep people from becoming ill and help to identify illnesses very early when they might be easier to treat. However, good health among a population also requires a vibrant public health system that works to help people avoid illness. Public health activities include preventing epidemics; making sure food, water, and sanitation are safe; monitoring environmental toxins; and developing community-based initiatives, public awareness initiatives, and education initiatives to help people eat healthy foods, exercise, and not engage in unhealthy behaviors such as smoking, drinking alcohol in excess, and using recreational drugs or abusing prescription drugs.

Adequate family incomes, high-quality educational opportunities, and being socially connected are all key factors that predict the health of a given person.

Increasingly, we also recognize that the health of populations is determined by social and economic factors. Adequate family incomes, high-quality educational opportunities, and being socially connected are all key factors that predict the health
of a given person. Social issues such as discrimination, abuse, and social respect all are important determinants of health. To ensure attention to these issues and others like them requires involvement from many sectors of our society as well as political leadership to guide collective action to ensure our society encourages pro-health norms and practices. Some people term this a “health in all” approach to social policy.

We have organized this book so that it addresses both types of health issue: the challenge of keeping the population healthy and the challenge of providing effective medical care when needed. There are other key defining characteristics of the U.S. health care system that guide the organization of this book:

- **The importance of organizations in delivering care.** These include hospitals, nursing homes, community health centers, physician practices, and public health departments.
- **The role of professionals in running our system.** These include physicians, nurses, managers, policy advocates, researchers, technicians, and those directing technology and pharmaceutical businesses.
- **The emergence of new medical technology, electronic communications, and new pharmaceuticals.** New techniques in imaging, electronic communications, pharmaceuticals, surgical procedures, DNA coding, and stem-cell technology are remarkable but often expensive ways of improving health care.
- **Tension between “the free market” and “governmental control.”** This tension shapes America’s culture but is sharply present in the health care sector. Relative to citizens of other countries, Americans have more diversity of opinion about whether health care, or certain health care services, are “goods” or “rights.” How one feels about this issue often determines whether a person thinks the delivery of health care should be done by nonprofit or for-profit organizations and whether health care should be financed by taxes or private payments.
- **A dysfunctional payment system.** The current payment system creates poor incentives for providers to be efficient, to be customer or patient friendly, or to focus on the delivery of high-value services. Also, the payment approach is not transparent for individuals who use health care. For example, patients frequently have no idea what a service costs until after it is delivered. This is rarely true for other goods and services in the U.S. economy.

**Addressing the challenges of delivering health care is worth the best effort and thinking of our readers, who are tomorrow’s health care leaders.**

These defining characteristics make health care delivery a challenging part of U.S. politics and the economy. Addressing the challenges of delivering health care is worth the best effort and thinking of our readers, who are tomorrow’s health care leaders.

**Major Issues and Concerns**

**Reliable studies have indicated that between 44,000 and 98,000 Americans die each year because of medical errors.**
There are many ways in which our health system can be improved. The chapters that follow address a long list of specific concerns. Many of these issues flow, however, from seven overarching themes regarding challenges that each of us in the health sector can address:

- **Improving quality.** Reliable studies have indicated that between 44,000 and 98,000 Americans die each year because of medical errors. Other well-regarded studies show that people with mental health or substance use problems, asthma, or diabetes receive care known to be effective only about half the time. In addition, the health system could do much more to improve the experience of patients receiving care. The system is not always “customer friendly” and has not adopted many practices routinely used in other service sectors to improve the consumer experience. We have a good knowledge base about how to organize care so that high-quality services happen virtually all of the time. The challenge is spreading this knowledge into practice across the nation.

- **Improving access and coverage.** Millions of Americans still lack insurance coverage, and millions more have inadequate coverage for acute care. The new federal health reform, the Patient Protection and Affordable Care Act (ACA), has reduced the number of people who lack insurance coverage. But gaps in coverage persist. For example, undocumented immigrants lack coverage. The new federal health reform has not been fully implemented in many states because of political opposition to components of the new policy that are optional for states to adopt. Most Americans lack adequate coverage for chronic (rather than acute) care. Even when Americans have insurance coverage, access to health care is not always ensured. Many rural areas have shortages of doctors and other providers. Many doctors refuse to see patients with Medicaid coverage because of low payment rates.

- **Slowing the growth of health care expenditures.** Health care expenditures are simply the price of services multiplied by the volume of services. Total expenditures are growing much more rapidly than the rest of the economy because both prices and volume of services have increased relentlessly over the past 50 years. To keep health care affordable for middle-class and low-income residents—as well as for taxpayers and employers—we need to devise ways to moderate the ever-increasing share of our nation’s economy devoted to the health sector. The challenge is to determine how to restructure delivery and payment so we can focus on high-value care as we get more efficient.

- **Encouraging healthy behavior.** Healthy behavior can help people avoid disease and injury or prevent disease or injury from getting worse. For millions of Americans, leading healthy lives is not of the highest priority. Changing health-related behavior is a difficult challenge, but we need to identify effective prevention programs and ways to make our social and built environments more encouraging of healthy choices.

- **Improving the public health system.** The governmental public health infrastructure maintains population health and regulates aspects of the health care delivery system. State and local health departments monitor the health of residents, provide a wide range of preventive services, and regulate health care providers and businesses, such as restaurants, that affect population health. The effectiveness and funding of state, municipal, and county health departments vary widely.
Part I. Health Policy

- **Improving the coordination, transparency and accountability of medical care.** Problems of quality, cost, and access are caused by fragmentation and lack of coordination at the community level. This fragmentation exists both within and between health care organizations. It is affected by a lack of integrated and electronic record systems and by a lack of cooperative relationships among different types of providers who treat the same patient. For example, primary care physicians, hospitals, and specialty physicians often fail to work as teams or in coordinated ways. Consumers often are not given all of the information they deserve to make adequate medical choices. Providers often refuse to reveal the prices they will charge patients, second opinions are still not encouraged as frequently as they should be, and patients often do not get clear explanations of treatment options or the pros and cons of these options.

- **Addressing inequalities in access and outcomes.** In the United States, medical care and its associated outcomes depend on one's income level, race, and geographical location. We are potentially headed toward a three-tier system of medical care in which the way care is delivered to the poor, the middle class, and the wealthy varies markedly. Such a system might be acceptable if the care received by the poor and middle class were effective and adequate to provide the opportunity for “life, liberty, and the pursuit of happiness.” However, most studies show that outcomes vary across the tiers in many ways. Other studies demonstrate that access and outcomes vary by race, even for Blacks, Latinos, and Whites who have the same incomes and education levels. Marked differences also exist in access, quality, and outcomes across different regions of our country. Best practices do not spread easily or quickly. Addressing these inequalities is a major challenge facing the health sector.

- **Key Stakeholders Influencing the Health System**

  A stakeholder group is a set of people who have a strong interest in how something in our society is done.

A complicated enterprise like the health system includes many types of stakeholders. A stakeholder group is a set of people who have a strong interest in how something in our society is done. In addition, stakeholders generally have some power in shaping what happens. Finally, different stakeholders may have very different goals and views about what should be done and how.

To understand the health system, one needs a good scorecard of the interests and roles of distinct stakeholder groups. Each contributor to this book gives attention to roles of stakeholders. The stakeholders that keep appearing as the story of the health system unfolds include five key groups: (a) consumers, (b) providers and other professionals engaged in the health system, (c) employers, (d) insurers, and (e) public policy makers.
Chapter 1. The Challenge of Health Care Delivery and Health Policy

CONSUMERS

Consumers (or patients) should be at the center of the health system. After all, it is their needs and wants that are the reason for this giant enterprise. In some ways, however, consumers sometimes seem like bystanders in health care decisions. Often, physicians and other providers assert that they know best and fail to have a patient co-manage a medical problem or be a full partner in selecting a choice of action. Or, perhaps worse, an insurer decides what is best or “allowed” given a specific health condition.

Consumers are also bystanders in issues about payments. Providers sometimes think that their “customer” is an insurance company because the insurer pays much of the bill. In addition, the same provider (unknown to many customers) may charge astonishingly different prices to different groups and individuals. The usual norm in our economy, unlike in health care, is that the person receiving goods or a service is the customer and the customer has a right to know what the charge will be before purchasing the good or service.

Even so, consumers are influential stakeholders in many ways. For example, when there is widespread dissatisfaction among consumers, change happens. Insurers changed the rules of early managed care payment systems in the 1990s due to consumer complaints. Similarly, a major federal program offering a new form of catastrophic insurance to elders was repealed after sharp dissatisfaction among seniors.

Most experts argue that consumers need to be at the center of health care choices. Additionally, individuals need to understand the crucial role their behavioral choices play in determining their health status. Choosing to eat healthy foods, stay physically active, drink alcohol moderately, and abstain from tobacco products are among the most important choices they make to protect their health.

What do consumers want as key stakeholders? Most importantly, consumers want good access to health care for themselves and their families. Polls indicate that individuals value good-quality care and affordable care. They would also like to be treated well by providers and have a good experience when they need care.

PROVIDERS AND OTHERS ENGAGED IN MAKING THE HEALTH SYSTEM OPERATE

Many professionals work to advance medical knowledge, medical practice, and the business of health care. The vast majority of this workforce is motivated principally by the social goal of keeping people healthy. Medical providers, caregivers, pharmaceutical and medical device companies, and researchers have created an impressive set of interventions that can help people who are sick.

In recent years, however, many members of the broad health workforce have faced great financial pressure to prevent the costs of health care from increasing as quickly as in the past. Payment systems keep lowering the fees paid for goods and services, consumers and payers have been demanding better quality, better outcomes, more value, and better patient experiences. In addition, the organization of services has begun to evolve quickly.

Understanding the views and needs of the health workforce and the organizations dedicated to improving health is crucial to understanding how the system works and how to improve the system.
More and more physicians and other providers are working in large practices compared with the small ones that used to be the norm. Hospitals are merging with other types of medical providers, and the approach insurers use to pay for services is changing rapidly.

Understanding the views and needs of the health workforce and the organizations dedicated to improving health is crucial to understanding how the system works and how to improve the system. The following chapters suggest that providers and professionals engaged in the health enterprise would value simpler rules that govern how care is provided and fair opportunities to earn incomes that reflect their expertise and their large investments in training.

**EMPLOYERS**

Employers are stakeholders because many firms offer employees private health insurance as a key element of their compensation package. In this sense, the cost of health insurance is a cost of doing business for employers and can greatly affect the profitability of a business. For example, employee health care costs add approximately $1,500 to the cost of producing every automobile manufactured in the United States.

In their role as stakeholders, employers want to see a slowdown in their health care cost responsibility as compared with the last 50 years. In addition, employers want healthy employees who are productive and do not have to take time off from work due to illness. These desires lead some employers to advocate for high-quality health care and for wellness and prevention programs that help employees stay healthy.

**INSURERS**

Insurance companies act as the intermediary among payers (often employers), providers (who need a system for getting paid), and consumers (who need a system to determine the kinds of health care covered by the employer’s insurance plan).

In some cases, insurers take some financial risk: If the payments they make to providers exceed the premiums set for employers, the insurer loses money. Increasingly, however, the insurer leaves the employer to bear the risk and plays the role of a pure intermediary, setting rules to determine when a health service is eligible for reimbursement and other rules to determine what payment is made. Of course, an insurer must negotiate these rules with employers and providers.

As stakeholders, insurers always face pressure. Employers, consumers, and providers often have tense relationships with insurers, who in many ways play the role of referees in health care. Payers often feel that the costs of running the insurance process are too expensive.

New approaches to payment currently exist that could compete with traditional insurance companies. Some health systems are starting their own insurance companies, and it is possible that capitated payment systems (payment of a premium for a person/family for the year regardless of use of covered benefits) could bypass traditional insurance systems and go directly from payers to providers. Insurers want to protect their role in the health sector. They also seek to expand their role by offering analytical services that can support higher-quality and more efficient delivery approaches.
Chapter 1. The Challenge of Health Care Delivery and Health Policy

PUBLIC POLICY MAKERS

The final type of stakeholder we consider is policy makers; both appointed public officials and elected politicians are included in this category. However, policy makers do not act as a single stakeholder group. Instead, various components of this group set agendas, which often conflict with one another.

Elected officials differ strikingly in their views about how the health system should work and about the role government should play in health care. At times, differences in views reflect different ideologies. Sometimes, however, different views emerge about how best to manage the extensive responsibilities that have fallen to government over the past 80 years.

Consensus does exist on some policy issues, however, within this stakeholder group. Most elected officials and civil servants working on health issues would like to see slower inflation rates in the health sector. In addition, there is consensus that the U.S. health system should use state-of-the-art medical care and prevention interventions. Finally, there is a common sense that quality and the patient experience should be important concerns of health providers.

Organization of This Book

The editors have enjoyed the privilege of working many years as part of numerous efforts to improve health care in the United States. We remain optimistic that pragmatism, flexibility, consensus building, and attention to objective, high-quality evidence can bring about positive change. We remain stimulated by the challenges and pleased that we have worked hard at the local, state, and national levels to create and sustain a viable and effective health care system.

Certainly, we have observed that best practices are now being used to improve health care and health across a wide range of settings in the United States and worldwide. How do we speed up the process of getting more for the money we spend, and how do we engage every type of stakeholder to bring about more effective services by insisting on best practices in everything we do? This book gives the reader the motivation and skills to get engaged.

The book is organized into four parts:

Part I: Health Policy has chapters on the current state of health care delivery, charts depicting key statistics, a discussion of the important role of policy, and a comparative analysis of health care delivery in other countries.

Part II: Keeping Americans Healthy has four chapters on population health, public health, behavioral health, and the health of vulnerable populations.

Part III: Medical Care: Treating Americans’ Medical Problems has seven chapters discussing organization of care, workforce, financing, cost and value, quality of care, health care management and governance, and information technology.

Part IV: Futures acts as a summary of key ideas addressed in the book, with a look to the future about how change in the health system might play out.

The future U.S. health care delivery system will see improvements if committed and informed Americans choose to enter the field and engage effectively. Future leaders who are knowledgeable about the health sector and who know how to implement
effective change are needed. The system also needs to improve quality, get more value for cost, improve patient participation in self-care, and encourage provider transparency and accountability.

**Discussion Questions**

1. What is the real and perceived performance of the U.S. health care system? How do views differ among different groups of patients, providers, payers, and politicians?
2. Why do we spend so much money on health care?
3. Why isn’t the population healthier?
4. How is the Affordable Care Act part of the problem or part of the solution to improving health care delivery in the United States?
5. What are your priorities to improve the value of health care Americans get for the money we spend? What is your rationale for these priorities?

**CASE STUDY**

You are an aide to the governor of State X. A billionaire has said he will give the governor $3 billion if he comes up with a satisfactory plan to improve health and medical care for the state. Assume the state currently spends $300 billion on health care annually. The goal is ensuring quality of health care, improving the patient experience, improving the overall health of the state’s population, and containing the increase in health care costs. Develop the criteria for assessing the success of the plan. Where will the major shifts in resources occur? Give a rationale for your recommendations.

As you consider the case study, you might address the following questions:

1. How might the billionaire evaluate whether the governor’s plan is satisfactory?
2. After the money is given to fund the plan, what must happen to improve health care delivery performance substantially in State X?

**Bibliography**