Essentials of the U.S. Health Care System

Second Edition

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Preface

This book is a condensed and simplified version of our standard textbook on the U.S. health care system, *Delivering Health Care in America: A Systems Approach*, which has been widely used for teaching senior-level undergraduate and graduate courses. While retaining the main themes of the standard book, this version covers the essential elements of U.S. health care but leaves out much of the data and technical details provided in the standard book. This simplified format is produced for two main audiences: junior college students taking a basic course in U.S. health care and those who need a condensed text to supplement materials in another course, such as an advanced course in health policy or various courses taught in allied health settings in which a section of a course is devoted to the health care delivery system.

This book retains the systems model to organize the major themes of U.S. health care delivery into 14 chapters. The first three chapters lay the foundation that is necessary for understanding the U.S. health care delivery system, which is distinct from any other system in the world. Chapter 1 gives an overview of U.S. health care and contrasts the American system with the three most commonly used models of health care delivery in other advanced nations, such as Canada, Britain, and Germany. Chapter 2 explains the different models for understanding health and its determinants. In the context of American beliefs and values, this chapter also discusses the issue of equity using the concepts of market justice and social justice, and explains how health services are rationed in both market-justice- and social-justice–based systems. Chapter 3 traces the history of U.S. health care from colonial times to the present. The key to understanding the nature of the current health care system and its likely future direction is to understand its evolutionary past.
This chapter also includes current trends in corporatization, information revolution, and globalization as they pertain to health care delivery.

The next three chapters are about the resources—both human and nonhuman—employed in delivering health care. Chapter 4 addresses the roles played by some of the major personnel in health care delivery. The chapter also discusses some key issues pertaining to the number and distribution of physicians and the effect these factors have on the delivery of health care. Chapter 5 discusses medical technology and the various issues related to its development and dissemination. Chapter 6 explains the concept of health insurance, the major private and public health insurance programs in the United States, and methods of reimbursing providers.

Chapters 7 through 11 describe the system processes, beginning with outpatient and primary care services discussed in Chapter 7. Hospitals are the focus of Chapter 8. Chapter 9 is devoted to managed care, which has revolutionized health care delivery in recent years. This chapter also discusses different types of arrangements for organizational integration. Chapter 10 provides an overview of community-based and institution-based long-term care services. The direction of long-term care in the context of a rapidly growing elderly population is also explored. Chapter 11 highlights vulnerable populations and their special health care needs. This chapter also includes a section on mental health.

Chapters 12 and 13 deal with the main outcomes of the health care system and how those outcomes are addressed through health policy. The main outcomes associated with health care—costs, access to care, and quality of care—are presented in Chapter 12. Chapter 13 gives an overview of health policy in the United States. Chapter 14 extrapolates upon the past and present to explore the likely future directions. Expansion of health insurance to accommodate the uninsured is an ongoing concern. How this issue might be addressed during the Obama presidency is explored. An increased cost burden and a division among Americans on radical changes are major constraints that are likely to prevent systemwide reform. Apart from the challenges at home, the chapter also discusses emerging global challenges as they affect the health and well-being of Americans.

New in the Second Edition

This Second Edition has been updated with the latest health statistics and pertinent information available at the time the manuscript was prepared.
Some key additions to the text include the Veteran’s Administration health care system, U.S. government-sponsored health insurance programs such as Medicare, Medicaid, and SCHIP, selected international health care systems (Chapter 1); public health system, interventions to improve performance (Chapter 2); discussion of corporatization of health care, the information revolution, and globalization (Chapter 3); role of hospitalists (Chapter 4); expanded coverage of information technology that includes electronic health records and e-health (Chapter 5); high-deductible health plans and health savings accounts, and an organized presentation of the four parts of Medicare (Chapter 6); an updated and revised discussion of long-term care and its services (Chapter 10); a comparison of health care spending among industrialized countries, electronic health records (Chapter 12); health policy issues such as 2008 presidential candidates’ positions on health care reform, universal health coverage, smoking and tobacco use, fighting HIV/AIDS (Chapter 13); a discussion on conflicting realities of cost and coverage in the context of Massachusetts’ health plan and universal health insurance; system reform in the context of 2008 presidential victory of Barack Obama; and a new section on evidence-based health care (Chapter 14).

**Acknowledgment**

We gratefully acknowledge Sylvia Shi for creating the cartoons for this book. We are also grateful for the valuable assistance of Angeli Bueno and Normalie Barton from Johns Hopkins University. Of course, all errors and omissions remain the responsibility of the authors.

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<tbody>
<tr>
<td>CT</td>
<td>Computed Tomography</td>
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<tr>
<td>NIH</td>
<td>National Institutes of Health</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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<td>DME</td>
<td>Durable Medical Equipment</td>
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<td>SSI</td>
<td>Supplemental Security Income</td>
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<td>CAM</td>
<td>Complementary and Alternative Medicine</td>
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<td>ALOS</td>
<td>Average Length of Stay</td>
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<td>JCAHO</td>
<td>Joint Commission on Accreditation of Healthcare Organizations</td>
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<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>HMO</td>
<td>Health Maintenance Organization</td>
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<td>MCO</td>
<td>Managed Care Organization</td>
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<tr>
<td>MD</td>
<td>Doctor of Medicine</td>
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<tr>
<td>COGME</td>
<td>Council on Graduate Medical Education</td>
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<td>DO</td>
<td>Doctor of Osteopathic Medicine</td>
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<tr>
<td>PPO</td>
<td>Preferred Provider Organization</td>
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<tr>
<td>NOAA</td>
<td>National Oceanographic and Atmospheric Association</td>
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<td>VA</td>
<td>Veterans Administration</td>
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<tr>
<td>BPHC</td>
<td>Bureau of Primary Health Care</td>
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<tr>
<td>DHHS</td>
<td>Department of Health and Human Services</td>
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<tr>
<td>SAEM</td>
<td>Society for Academic Emergency Medicine</td>
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<tr>
<td>WHO</td>
<td>World Health Organization</td>
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<tr>
<td>AMA</td>
<td>American Medical Association</td>
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<tr>
<td>AHA</td>
<td>American Hospital Association</td>
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<tr>
<td>AIDS</td>
<td>Acquired Immunodeficiency Syndrome</td>
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List of Abbreviations

SARS  Severe Acute Respiratory Syndrome
DDS  Doctor of Dental Surgery
DMD  Doctor of Dental Medicine
PharmD  Doctor of Pharmacy
OD  Doctor of Optometry
PhD  Doctor of Philosophy
PsyD  Doctor of Psychology
DPM  Doctor of Podiatric Medicine
DC  Doctor of Chiropractic
RN  Registered Nurse
BSN  Bachelor of Science in Nursing
ADN  Associate’s Degree in Nursing
LVN  Licensed Vocational Nurse
NCQA  National Committee for Quality Assurance
HEDIS  Healthcare Effectiveness Data and Information Set
LPN  Licensed Practical Nurse
APN  Advanced Practice Nurse
CNS  Clinical Nurse Specialist
CRNA  Certified Registered Nurse Anesthetist
NP  Nurse Practitioner
CNM  Certified Nurse-Midwife
PA  Physician Assistant
AAPA  American Academy of Physician Assistants
PT  Physical Therapist
MHA  Master of Health Administration
MHSAS  Master of Health Services Administration
MBA  Master of Business Administration
MPH  Master of Public Health
MPA  Master of Public Administration
NAB  National Association of Boards of Examiners of Long-Term Care Administrators
MRI  Magnetic Resonance Imaging
HIPAA  Health Insurance Portability and Accountability Act
FDA  Food and Drug Administration
AHRQ  Agency for Healthcare Research and Quality
HIV  Human Immunodeficiency Virus
CMS  Centers for Medicare and Medicaid Services
SNF  Skilled Nursing Facility
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<tbody>
<tr>
<td>SCHIP</td>
<td>State Children’s Health Insurance Program</td>
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<td>CPT</td>
<td>Current Procedural Terminology</td>
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<td>DRG</td>
<td>Diagnosis Related Group</td>
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<td>APC</td>
<td>Ambulatory Payment Classification</td>
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<td>IPA</td>
<td>Independent Practice Association</td>
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<td>POS</td>
<td>Point-of-Service</td>
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<td>PHO</td>
<td>Physician-Hospital Organization</td>
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<td>LTC</td>
<td>Long-Term Care</td>
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<tr>
<td>IADL</td>
<td>Instrumental Activities of Daily Living</td>
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<td>PERS</td>
<td>Personal Emergency Response System</td>
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<td>CCRC</td>
<td>Continuing Care Retirement Community</td>
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<td>PRO</td>
<td>Peer Review Organization</td>
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<td>CON</td>
<td>Certificate of Need</td>
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<td>PORT</td>
<td>Patient Outcome Research Team</td>
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<tr>
<td>MSA</td>
<td>Medical Savings Account</td>
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<td>EPA</td>
<td>Exclusive Provider Organization</td>
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<td>RUG</td>
<td>Resource Utilization Group</td>
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<td>HHRG</td>
<td>Home Health Resource Group</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>CPI</td>
<td>Consumer Price Index</td>
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<tr>
<td>ED</td>
<td>Emergency Department</td>
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