This book is dedicated to our parents, William and Marabelle Sultz and Jacob Jay and Marie Young. Guiding these warm, loving, and dignified people through the health care system during the last years of their lives taught us more about the feats, functions, and foibles of medical care than all the research conducted, literature read, and services administered.
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Foreword

The Patient Protection and Affordable Care Act proposed by President Obama and passed by Congress early in 2010 has the potential to bring about major changes in the tradition-bound and health insurance company-dominated United States health care system. Unlike the opponents of health care reform, respected economists and system analysts from independent organizations and major universities predict that this legislation will provide tools to improve the quality and lower the costs of medical care. Whether the vested interests in the current U.S. health system’s status quo will resist or accept the changes contained in the new legislation is a matter of conjecture.

In this period of speculation and turmoil in the health care delivery system, the seventh edition of Health Care USA has heightened significance. The text offers a clear overview of the health care industry and the issues that surround it. It describes the changing roles of the system’s components as well as the technical, economic, political, and social forces responsible for those changes. Students of health care and related professions as well as neophyte practitioners need a broad understanding of the reformed U.S. health care system. Critical insights into diverse health care topics and issues are necessary to function effectively, and to relate intelligently, to the various segments of the health care sector.

In this edition, as in previous ones, the authors have meticulously screened vast amounts of new information and included the most critical points to update this work. This text continues to retain its balanced population perspective, allowing the reader to understand the forces driving rapid changes in the organization and financing of health care as well as the changes themselves.
The breadth of this book is ambitious, as is necessary for any text in a course that attempts to analyze the complex structures, processes, and relationships of health care in the United States. The authors have crafted an exceptionally readable text by integrating the diverse subject matter and presenting it in appropriate depth for an introductory course on this topic. Because a “population” rather than an “individual” health care perspective is the direction of the reformed delivery system, the authors’ public health orientation makes this text particularly valuable. Their combined experience in the public health and medical care fields has allowed them to interpret health care developments with objectivity. It is an important feature in an introductory text that strives toward analysis of evidence, not advocacy, thereby allowing the formulation of one’s own position.

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Acknowledgments

Because one of us has an academic base as a professor emeritus of social and preventive medicine and a former academic dean, and the other has served in a variety of executive positions in voluntary agencies, hospitals, a managed care organization, and in her own consultant business and executive director of a regional public health organization, we bring different experiences to our interpretations of health care developments. When we taught together, as we often did, our students were at first amused and then intrigued by the differences between academic and applied perspectives. They learned, by our willingness to debate the merits of different interpretations of the same information, to appreciate that health care is fraught with variance in understandings, dissonance in values, and contradictions in underlying assumptions.

We are grateful therefore to the students in the Schools of Medicine, Public Health and Health Professions, Management, Law, and Millard Fillmore College of the University at Buffalo and Canisius College who contributed to our knowledge and experience by presenting challenging viewpoints, engaging us in spirited discussions, and providing thoughtful course evaluations. Over the years, their enthusiasm for the subject stimulated us to enrich our coursework constantly in an effort to meet and exceed their expectations.

We acknowledge with our sincerest gratitude Susan V. McLeer, MD, MS, Professor and Chair of the Department of Psychiatry, Drexel University College of Medicine, Philadelphia, Pennsylvania, who contributed the chapter on mental health services. A consummate clinician and academician, Dr. McLeer provided an exceptionally clear and insightful overview of the complex issues and service responses that characterize the field of mental health.
We are grateful to Michel Ibrahim, MD, PhD, Professor, Johns Hopkins Bloomberg School of Public Health and Dean and Professor Emeritus of the School of Public Health at the University of North Carolina at Chapel Hill who encouraged us to write this book and has contributed the “Foreword” to each edition.

We also thank Ebrahim Randeree, MBA, PhD(ABD), Assistant Dean, College of Communication & Information, The Florida State University, who gave us the benefit of his expertise and experience in the fast growing field of health information technology.

We also appreciate those who helped turn teachers into authors by providing the necessary editing, literature searches, word processing, and other support services. The early editions of this book benefited from the library and information science expertise of Karen Buchinger, and the literary competence and editing skill of Alice Stein. All manuscripts of the seven editions of this book were word processed for submission to our publisher by Sharon Palisano. Each edition was produced with unparalleled attention to every aspect of the publisher’s requirements. We are extremely grateful for her meticulous attention to the details of these very large texts.

We also wish to recognize the important contributions of our publisher’s staff who encourage our efforts, help shape the results, and motivate us to improve the book’s utility to its users. To each of you we offer our profound thanks.
About the Authors

Harry A. Sultz, DDS, MPH, is Professor Emeritus of Social and Preventive Medicine at the University at Buffalo School of Medicine and Biomedical Sciences and Dean Emeritus of its School of Health Related Professions. He has also served as Adjunct Professor at the School of Law; Adjunct Professor, Health Systems Management, School of Management; and Clinical Assistant Professor, Department of Family Medicine.

Dr. Sultz has written six previous books, contributed chapters to several other books for professional audiences, and published numerous articles for medical and allied health journals. An epidemiologist, health care services planner, and researcher, he established and, for 26 years, directed the Health Services Research Program of Buffalo’s School of Medicine. His extensive research experience serves as background for the various editions of this book and for the courses that he taught about health care and health policy. He also has long service as an expert consultant to several governmental and voluntary agencies and institutions.

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President of a corporate training and development organization; as Executive Vice President of a not-for-profit organization dedicated to advancing the joint interests of a major teaching hospital and a health maintenance organization; and as the Vice President for Research and Development for a teaching hospital system and Executive Director of its health, education, and research foundation.
Introduction

In spite of its long history and common use, the U.S. health care system has been a complex puzzle to many Americans. Medical care in the United States is an enormous $2.5 trillion industry. It includes thousands of independent medical practices and partnerships and provider organizations; public and nonprofit institutions such as hospitals, nursing homes, and other specialized care facilities; and major private corporations. In dollar volume, the U.S. health care industry is second only to the manufacturing sector. For personal consumption, Americans spend more only on food and housing than they do on medical care. Furthermore, health care is by far the largest service industry in the country. In fact, the U.S. health care system is the world’s eighth largest economy, second to that of France, and is larger than the total economy of Italy. More intimidating than its size, however, is its complexity. Not only is health care labor intensive at all levels, but also the types and functions of its numerous personnel change periodically to adjust to new technology, knowledge, and ways of delivering health care services.

As is frequently associated with progress, medical advances often create new problems while solving old ones. The explosion of medical knowledge that produced narrowly defined medical specialties has compounded a long-standing shortcoming of American medical care. The delivery of sophisticated high-tech health care requires the support of an incredibly complicated infrastructure that allows too many opportunities for patients to fall through the cracks between its narrowly defined services and specialists. In addition, our system has proven to be inept in securing even a modicum of universal coverage. Currently, over 47 million Americans are uninsured.

The size and complexity of health care in the United States contributes to its long-standing problems of limited consumer access, inconsistent
quality, and uncontrolled costs. In addition, the U.S. health care system has done little to address the unnecessary and wasteful duplication of certain services in some areas and the absence of essential services in others.

These problems have worried this country’s political and medical leaders for decades and have motivated legislative proposals that are aimed at reform by eight U.S. presidents. President Clinton’s National Health Security Act of 1993 produced an unusually candid and sometimes acrimonious congressional debate. Vested interests advocating change and those defending the status quo both lobbied extensively to influence public and political opinion. In the end, the stakeholders in the traditional system convinced a public—apprehensive about more governmental control over personal health services—that the Clinton plan was too much, too liberal, and too costly, and it was therefore defeated.

President Obama’s 2009 proposal for a major reform of the U.S. health care system produced an even more boisterous response by those with vested interests in the status quo. Led by the lobbyists of the insurance and pharmaceutical industries who envision constraints on their long history of unlimited profits, opponents of expanding the role of government, and supported by folks frightened of change or the scare tactics of reform opponents, the debate has been partisan and vigorous.

As 2009 ended, both houses of Congress had passed landmark, but somewhat different, health care reform bills by the slimmest of margins. In March 2010 the two versions of health care reform legislation were reconciled, signed by President Obama, and the long-awaited health care reform movement is underway. In subsequent chapters the proposed legislative changes are described.

Regardless of the forthcoming governmental intervention, health care is already undergoing a revolution. Health care reform has been occurring as a market-driven, not a policy-driven, phenomenon. In a world of accelerating consolidation to achieve even higher standards of effectiveness and economy, there has been a surge of health care facility and service mergers and acquisitions, new programs, new names, and new roles that signal the onset of fundamental changes throughout the system. Hospitals are competing for patients, clinics have sprung up in shopping plazas, and physicians are creating larger and larger group practices.

The practice of medicine, long a cottage industry that valued individual entrepreneurship and control, has undergone dramatic change and
Physicians have been most affected. Physicians who cherished the individual autonomy and privileged position afforded them now face the vexing oversight of case and utilization management, practice guidelines, critical pathways, and clinical report cards. Unfortunately, the loss of professional control has also been accompanied by the loss of control over the allocation of health care dollars. The result has been a substantial decrease in annual physician incomes. Insurers have controlled health costs by arbitrarily refusing reimbursement for certain medical procedures and reducing payments for others.

This book is intended to serve as a text for introductory courses on the organization of health care for students in schools of public health, medicine, nursing, dentistry, and pharmacy and in schools and colleges that prepare physical therapists, occupational therapists, respiratory therapists, medical technologists, health administrators, and a host of other allied health professionals. It provides an introduction to the U.S. health care system and an overview of the professional, political, social, and economic forces that have shaped it and will continue to do so. Because the complex health care system in the United States is in a state of rapid change, this book is updated every two years to keep its readers abreast of new developments.

To facilitate its use as a teaching text, this book has been organized into a succession of chapters that both stand alone as balanced discussions of discrete subjects and, when read in sequence, provide incremental additions of information to complete the reader's understanding of the entire health care system. Although decisions about what subjects and material were essential to the book's content were relatively easy, decisions about the topics and content to be left out were very difficult. The encyclopedic nature of the subject and the finite length of the final manuscript were in constant conflict.

Thus the authors acknowledge in advance that nurses, dentists, pharmacists, physical and occupational therapists, and others may be disappointed that the text contains so little of the history and the political and professional struggles that characterize the evolution of their important professions. Given the centrality of those historical developments in students' educational preparation, it was assumed that appropriate attention to those subjects, using books written specifically for that purpose, would be included in courses in those professional curricula. To be consistent
with that assumption, the authors tried to include only those elements in
the history of public health, medicine, and hospitals that had a significant
impact on how health care was delivered.

The authors made a similar set of difficult decisions regarding the
depth of information to include about specific subjects. Topics such as
epidemiology, history of medicine, program planning and evaluation,
quality of care, and the like each have their own libraries of in-depth texts
and, in many schools, dedicated courses. Thus it seemed appropriate in a
text for an introductory course to provide only enough descriptive and
interpretive detail about each topic to put it in the context of the overall
subject of the book.

This book was written from a public health or population perspective
and reflects the viewpoint of its authors. Both authors have public health
and preventive medicine backgrounds and long histories of research into
various aspects of the health care system, have planned and evaluated
innovative projects for improving the quality and accessibility of care in
both the public and voluntary sectors, and have served in key executive
positions in the health field.

The authors have used much of the material contained in Health Care
USA: Understanding Its Organization and Delivery to provide students,
consumers, and neophyte professionals with an understanding of the
unique interplay of the technology, workforce, research findings, financ-
ing, regulation, and personal and professional behaviors, values, and
assumptions that determine what, how, why, where, and at what cost
health care is delivered in the United States. In this seventh edition, as in
each previous edition, we have included important additions and updates
to provide a current perspective on the health care industry’s continuously
evolving trends.

The authors hope that as this book’s readers plan and expand their edu-
cational horizons and, later, their professional experiences, they will have
the advantage of a comprehensive understanding of the complex system
in which they practice.

Reference

New to the Seventh Edition

In addition to updating all key financial, utilization, and other data with the latest available information, the seventh edition provides the following “new information.”

Chapter 2: Benchmark Developments in U.S. Health Care

• Discussion of the growing influence of pharmaceutical and insurance companies on the costs and procedures of medical practice
• Public health's response to possible 2009–2010 swine flu epidemic
• Additional state legalization of physician-assisted suicide
• Obama administration's effort to complete a major reform of the U.S. health care system

Chapter 3: Hospitals: Origin, Organization, and Performance

• 2008–2010 economic recession effects on financial condition of hospitals
• New efforts of hospitals to reduce hospital-borne infections
• Updated information on hospital pharmaceutical and surgical errors
• New governmental effort to computerize hospital and pharmaceutical records
Chapter 4: Ambulatory Care

- Changes in physician office practice patterns
- New section describing the “patient-centered medical home”
- Updated trend in “urgent care center” growth and certification and continuing proliferation of retail clinics as a force in ambulatory care
- New information about the Federal Stimulus Package to increase numbers and size of federally qualified health centers

Chapter 5: Medical Education and the Changing Practice of Medicine

- New exposure of exorbitant payments to physicians to allow drug companies to ghost write medical journal articles and issue misleading reports on the safety and effectiveness of clinical trials

Chapter 7: Financing Health Care

- Latest national health expenditure data trends and projections and new graphic on national health expenditure data
- New comparison data between the U.S. and other developed countries’ health expenditures in relation to population health status
- Information on new federal initiatives to combat fraud
- New data on health insurance coverage and costs
- New “disease management” initiatives by health plans
- New Medicare cost and quality initiatives
- Updates on Maine, Massachusetts, and Vermont universal coverage efforts

Chapter 9: Mental Health Services

- New data on prevalence, treatment, and diagnoses in the primary care sector
- Provisions of the 2008 Mental Health Parity and Addiction Equity Act
- Reports on two new, recent studies on states’ Medicaid cost burden relative to the American Recovery and Reinvestment Act of 2009, noting funding reductions for psychiatric and behavioral health services, with accompanying new graphics
• Recent states’ legislative activity relative to mental health insurance parity
• 2009 survey report from 50 states on effectiveness of services for the seriously mentally ill

Chapter 10: Public Health and the Role of Government in Health Care

• New changes in governmental cost and structure of its health service organizations
• 2009 public health’s response to the swine flu epidemic in the context of epidemic preparedness

Chapter 12: Future of Health Care

• Updates on increasing difficulty smaller employers face in providing health insurance for employees
• New report on tax-favored health savings accounts, up 35% over the previous year
• New predictions about hospitals’ competition with physician-owned facilities and privately owned diagnostic and ambulatory surgery centers
• New description of the Obama Health Reform Plan, questioning its survival in light of partisan political and popular opposition
• New summary on three states’ successful implementation of universal health care reform legislation and the likelihood that other states will follow