Essentials of the U.S. Health Care System

Third 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, Fifth Edition*, which has been widely used for teaching both undergraduate and graduate courses. While retaining the main themes of the larger book, this version covers the essential elements of U.S. health care but leaves out much of the data and technical details found in the expanded version. It has an easier-to-read format that is intended for two main audiences: junior college students taking a basic course in U.S. health care, and students 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. 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. “Major Characteristics of U.S. Health Care Delivery” (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, the United Kingdom, and Germany. “Foundation of U.S. Health Care Delivery” (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. “Historical Overview of U.S. Health Care Delivery” (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 non-human—employed in delivering health care. “Health Care Providers and Professionals” (Chapter 4) addresses the roles played by some of the major types of personnel in health care delivery. It 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. “Technology and Its Effects” (Chapter 5) discusses medical technology and the various issues related to its development and dissemination. “Financing and Reimbursement Methods” (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.

The next group of chapters describe the system processes, beginning with outpatient and primary care services (discussed in Chapter 7). Hospitals are the focus of the next chapter. “Managed Care and Integrated Systems” (Chapter 9) examines managed care, which has revolutionized health care delivery in the United States, as well as the different types of arrangements found in integrated organizations. “Long-term Care Services” (Chapter 10) explores the meaning and scope of long-term care and provides an overview of community-based and institution-based long-term care services. “Populations with Special Health Needs” (Chapter 11) highlights vulnerable populations and their special health care needs. This chapter also includes a section on mental health.

The next two chapters deal with the main outcomes of the health care system and the ways in which those outcomes are addressed through health policy. The main outcomes associated with health care are presented in (Chapter 12), “Cost, Access, and Quality.” “Health Policy” (Chapter 13) gives an overview of health policy, including the major participants in its development and the process by which it is created, in the United States. “The Future of Health Services Delivery” (Chapter 14) explores the future of health care in the United States in the context of health reform, conflicting issues of cost and access, implications of global occurrences for public health, and technological innovations.
NEW IN THE THIRD EDITION

This third 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 following:

- Integrated delivery systems, long-term care delivery systems, public health systems, and updated health care systems of selected countries ("Major Characteristics of U.S. Health Care Delivery")
- Healthy People 2020 and examples of policy, community, and health care interventions ("Foundation of U.S. Health Care Delivery")
- Delivery of mental health in asylums and national health care in the context of the Patient Protection and Affordable Care Act of 2010 (ACA of 2010) ("Historical Overview of U.S. Health Care Delivery")
- Public health professionals ("Health Care Providers and Professionals")
- Promotion of electronic health records under the American Recovery and Reinvestment Act of 2009 and expanded information on remote health services ("Technology and Its Effects")
- Summary of the ACA of 2010 as it pertains to health insurance, expanded information on employer-based health insurance, expanded information on Medicare Advantage (Part C), and an overview of the Outpatient Prospective Payment System (OPPS) for freestanding clinics ("Financing and Reimbursement Methods")
- Updated community health center information, alternative medicine, and the medical home concept ("Outpatient Services and Primary Care")
- Information on critical access hospitals, academic medical centers, and the Magnet Recognition Program of the American Nurses Association ("Hospitals")
- The Centers for Medicare and Medicaid Services (CMS) star rating system for Medicare Advantage plans and an introduction to accountable care organizations ("Managed Care and Integrated Systems")
- New census data on racial/ethnic minorities, and the relationship between the uninsured and the ACA of 2010 ("Populations with Special Health Needs")
- Access to care and the ACA of 2010, and new quality initiatives ("Cost, Access, and Quality")
• Health policy and the ACA of 2010, smoking and tobacco use, cost-containment strategies, and comparative international health policies ("Health Policy")

• Health care reform and its future; the changing needs of the U.S. population and the challenges posed by cost, access, care delivery, and workforce issues; and global threats and the imperative of international cooperation ("The Future of Health Services Delivery")
**About the Authors**

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**Douglas Singh,** PhD, MBA retired from Indiana University–South Bend, where he taught graduate and undergraduate courses in health care delivery, policy, finance, and management in the School of Business and Economics and in the Department of Political Science. He also taught in the School of Business at Andrews University. Dr. Singh’s background includes health services research, publishing, business consulting, and 14 years in senior management positions in the U.S. health care industry.
Acknowledgments

We gratefully acknowledge Sylvia Shi for creating the cartoons for this book. We are also grateful for the valuable assistance of Sarika Rane, Kyle Callahan, Eun hee Cho, and Hannah Sintek from Johns Hopkins University. Of course, all errors and omissions remain the responsibility of the authors.

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List of Abbreviations

ACA of 2010  Patient Protection and Affordable Care Act of 2010
ACO  Accountable care organization
ADLs  Activities of daily living
AHA  American Hospital Association
AHRQ  Agency for Healthcare Research and Quality
AIDS  Acquired immunodeficiency syndrome
ALOS  Average length of stay
AMA  American Medical Association
AMC  Academic medical center
AOA  American Osteopathic Association
APC  Ambulatory payment classification
CAH  Critical access hospital
CBO  Congressional Budget Office
CCRC  Continuing-care retirement community
CDC  Centers for Disease Control and Prevention
CEO  Chief executive officer
CHIP  Children’s Health Insurance Program
CMS  Centers for Medicare and Medicaid Services
CPI  Consumer price index
CPOE  Computerized physician-order entry
CPT  Current procedural terminology
DHHS  Department of Health and Human Services
DME  Durable medical equipment
DRG  Diagnosis-related group
EBM  Evidence-based medicine
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<tr>
<td>EHR</td>
<td>Electronic health record</td>
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<tr>
<td>ESRD</td>
<td>End-stage renal disease</td>
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<td>FDA</td>
<td>Food and Drug Administration</td>
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<td>FPL</td>
<td>Federal poverty level</td>
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<td>GDP</td>
<td>Gross domestic product</td>
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<td>HDHP</td>
<td>High-deductible health plan</td>
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<td>HEDIS</td>
<td>Healthcare Effectiveness Data and Information Set</td>
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<td>HHRG</td>
<td>Home health resource group</td>
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<td>HI</td>
<td>Hospital insurance (in Medicare)</td>
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<td>HIPAA</td>
<td>Health Insurance Portability and Accountability Act</td>
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<td>HIV</td>
<td>Human immunodeficiency virus</td>
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<td>HMO</td>
<td>Health maintenance organization</td>
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<td>HRA</td>
<td>Health reimbursement arrangement</td>
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<td>HSA</td>
<td>Health savings account</td>
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<td>HTA</td>
<td>Health technology assessment</td>
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<td>IADLs</td>
<td>Instrumental activities of daily living</td>
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<td>ICF/MR</td>
<td>Intermediate care facility for the mentally retarded</td>
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<td>IDS</td>
<td>Integrated delivery system</td>
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<td>IHR</td>
<td>International Health Regulations</td>
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<td>IPA</td>
<td>Independent practice association</td>
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<td>IT</td>
<td>Information technology</td>
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<td>JCAHO</td>
<td>Joint Commission on Accreditation of Healthcare Organizations; now known as The Joint Commission</td>
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<td>LPN</td>
<td>Licensed practical nurse</td>
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<td>LTC</td>
<td>Long-term care</td>
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<td>LTCH</td>
<td>Long-term care hospital</td>
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<td>LVN</td>
<td>Licensed vocational nurse</td>
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<td>MA-PD</td>
<td>Medicare Advantage Prescription Drug Plan</td>
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<td>MCO</td>
<td>Managed care organization</td>
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<td>MMA</td>
<td>Medicare Prescription Drug, Improvement, and Modernization Act</td>
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<td>MRI</td>
<td>Magnetic resonance imaging</td>
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<td>MSA</td>
<td>Metropolitan statistical area</td>
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<td>NCQA</td>
<td>National Committee for Quality Assurance</td>
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<td>NF</td>
<td>Nursing facility (certification)</td>
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<td>NIH</td>
<td>National Institutes of Health</td>
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<td>OASIS</td>
<td>Outcomes and Assessment Information Set</td>
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<td>OPPS</td>
<td>Outpatient prospective payment system</td>
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<td>PDP</td>
<td>Stand-alone prescription drug plan</td>
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<td>PERS</td>
<td>Personal emergency response system</td>
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<td>PHO</td>
<td>Physician–hospital organization</td>
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<td>PMPM</td>
<td>Per member per month</td>
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<td>POS</td>
<td>Point-of-service (plan)</td>
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<td>PPO</td>
<td>Preferred provider organization</td>
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<td>PPS</td>
<td>Prospective payment system</td>
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<td>R&amp;D</td>
<td>Research and development</td>
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<td>RBRVS</td>
<td>Resource-based relative value scale</td>
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<td>RHS</td>
<td>Remote health services</td>
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<td>RN</td>
<td>Registered nurse</td>
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<td>RUG</td>
<td>Resource utilization group</td>
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<td>SARS</td>
<td>Severe acute respiratory syndrome</td>
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<td>SMI</td>
<td>Supplementary medical insurance (in Medicare)</td>
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<td>SNF</td>
<td>Skilled nursing facility</td>
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<td>SSI</td>
<td>Supplemental Security Income</td>
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<td>UCR</td>
<td>Usual, customary, and reasonable (charges)</td>
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<td>VA</td>
<td>Department of Veterans Affairs</td>
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