Chapter 1
The American Healthcare System

ABSTRACT
This chapter provides an overview of the American healthcare system in terms of cost, quality, access, and convenience. Problems that have resulted in an unsustainable, inefficient, oversized, fragmented, and provider-centric system are discussed. While cost of care per capita and as a percentage of the Gross Domestic Product is much higher than in other countries, quality of care measured in terms of life expectancy at birth, infant mortality rates, and preventable mortality rates is questionable. The U.S. is the only developed country that does not provide coverage to 99.9% of its citizens. A large number of uninsured patients are expected to receive coverage under various provisions of the Patient Protection and Affordable Care (PPACA), but many others will remain uninsured or underinsured. Moreover, problems in hospital emergency rooms such as overcrowding, long wait times, ambulance diversions, patient boarding, and patients leaving without being seen by a provider are addressed. The author predicts that these problems will only be exacerbated by the expected shortage of physicians and other primary care providers.

Seeing modern healthcare from the other side, I can say that it is clearly not set up for the patient. It is frequently a poor arrangement for doctors as well, but that does not mitigate how little the system accounts for the patient’s best interest. Just when you are at your weakest and least able to make all the phone calls, traverse the maze of insurance, and plead for health-care referrals is that one time when you have to because your life may depend on it.—Ross I. Donaldson, 2009

INTRODUCTION
The American healthcare system lags behind systems of other developed countries on important measures of cost, quality, access and convenience. These problems have resulted in an unsustainable, inefficient, oversized, fragmented and provider-centric system that rewards treatment over prevention and quantity over quality. In this chapter, we review the evidence on the deficiencies in the healthcare
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1. COSTS

The United States (U.S.) spends more per capita on healthcare services than any other country in the world. In fact, its annual spending is two and a half times the average for OECD (Organization for Economic Co-operation and Development) countries. In 2010, the U.S. spent $8,233 on healthcare per capita, whereas the second and third highest-spending countries, Norway and Switzerland, spent only $5,388 and $5,270, respectively (OECD, 2012). Healthcare expenditures constituted 17.9% of the Gross Domestic Product (GDP) in the U.S. in 2010, about one and a half times as much as any other country, and nearly twice the OECD average. From 2011 till 2021, national health spending is projected to grow at an average rate of 5.7% annually and the health share of GDP to increase to 19.6% (Keehan et al., 2012). Compared to the average spending in Switzerland, Canada, Germany, France and Japan, the U.S. spends 168% more on hospitals/nursing homes, 236% more on ambulatory healthcare, 155% more on pharmaceutical and medical goods, and 296% more on public health and administration (OECD, 2012). About 45% of healthcare expenditures in the United States are in the form of public coverage programs, mainly Medicare and Medicaid. Medicare is the federal government’s health program for people over the age of 65, while Medicaid is a joint federal-state program for the poor.

2. QUALITY

The numerous deficiencies in the primary healthcare system contribute to negative outcomes in all aspects of health in the U.S. For example, the U.S. lags behind other rich countries on important general health measures. Life expectancy at birth in the U.S. is 78.6 years, compared to 80.7 years in the United Kingdom, 80.9 years in Canada, 82 years in France and 83 years in Japan (World Bank, 2013). Infant mortality rate in the U.S. is 6 per 100,000 live births, compared to 4/100,000 in the United Kingdom, 5/100,000 in Canada, 3/100,000 in France, and 2/100,000 in Japan (World Bank, 2013).

Some have suggested that this is more related to obesity rates, income inequality, and homicide and car accident rates, rather than the healthcare system itself. For example, obesity rates have increased substantially over the past 20 years and are highest in the U.S. compared to other countries. In 2010, 36% of adults and 35% of children were overweight or obese. Nonetheless, a study that compared deaths that could be prevented by the healthcare system found that the U.S. had around 84,000 preventable deaths and ranked last out of 16 countries examined (Mahon & Fox, 2011). Other studies of preventable deaths in OECD countries concluded that the U.S. has more preventable deaths than the United Kingdom, Canada, Western Europe and the
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