Complexities of Healthcare Finance – An Overview of the U.S. Market

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Objective

- ➤ Provide overview of U.S. healthcare market with special focus on financial issues
- Demonstrate/Document/Illustrate how complexity contributes to:
 - Higher costs
 - Fraud/inefficiency
 - Unacceptable clinical results
 - Competitive disadvantage





USA – A Unique Situation

Only industrialized/developed country without universal healthcare coverage or insurance

Country	Healthcare Cost (% of GDP)	Healthcare Cost (per capita)	Expenditure on Medicine (per capita)
USA	16.4%	\$8,713	\$1,026
OECD Countries (Average)	8.9%	\$3,453	\$515
Mexico	6.2%		
Canada	10.2%		
Netherlands/Sweden/Switzerland (Average)	11%		

Note – Data is for year 2013 Source – OECD Publication Health at a Glance, 2015



Some Disturbing Features of U.S. Healthcare



- > 59% of patients have problems paying for healthcare
- > 33% delay seeking healthcare
- ➤ High level of obesity with record number of people with:
 - Opioid addiction
 - High blood pressure
 - Diabetes
- Unnecessary Surgery



Healthcare Coverage In USA

- ➤ Age 65 and older (53 Million)
- ➤ Medicare (1965)
 - Funded thru payroll taxes
 - Covers 80% of costs
 - Patients pay a small premium
 - Many have to have supplemental insurance
- ➤ Most employed people (155 Million)
 - Employer based insurance
 - Percent of insurance premium paid by employees (increasing)
- ➤ Low Income Groups & Children's Health Insurance
 - Medicaid/A joint program of federal government and state government





Concerns & Inequities

- Variation from State to State
- Average Medicare Reimbursement (Per Patient)

• Anchorage, Alaska \$ 6,724

Miami, Florida \$13,596

- Rising Insurance Premiums
- Payment Schedule

Medicare: 14 Days

• Medicaid: 45 Days (most states)

• Commercial: 45 Days

- Private Pay Insurance Market (Oligopoly)
 - United Healthcare
 - Blue Cross Blue Shield
- Reimbursement Rate and Lobbying
- > Technology





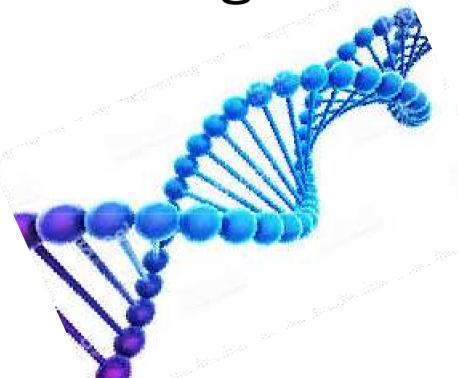
Affordable Care Act (Obamacare)

- ➤ An Attempt to Change the Landscape
 - Patients' rights and new consumer protections
 - Improving quality and lowering costs
 - Increasing access to affordable care
- > Some Key Provisions
 - Pre-existing condition
 - Results vs. reimbursement
 - Individual mandate
 - Reducing number of people without insurance
- Preliminary Successes
 - Healthcare cost inflation has been cut in half
 - 16 Million now have coverage





Looking to the Future



- > US Election
- Uncertainty of ACA
- Business Accountability
- Planning Strategy

Hope is <u>not</u> a good strategy

