

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

Faisal Rahman, Ph.D., Founding Dean and Professor of Management
Muhammad R.K. Chishty, Ph.D., Associate Dean and Professor of Finance
Graham School of Management
Saint Xavier University, Chicago, IL, USA

E-Leader
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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

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

Hope is not a good strategy

