Changes In Health Care Essay, Research Paper

In today’s society, public perception of the U.S. health care system is widespread. Many people are satisfied with the advancements that we have made in the medical community. Less than one hundred years ago, health care was non-existent. Today, it is one of the leading industries in our country and worldwide. However, many people criticize where health care is going. They believe that doctors are giving up quality care and replacing it with the quantity served. This paper will describe the changes that have occurred and are occurring in the US health care system. Beginning with the health care environment, we will see that although we are downsizing some subdivisions, at the same time we are increasing access to health care by providing a variety of different services. Next, the rapid increase in medical insurance since the mid-1900s will be discussed. Medicare and Medicaid were created under the Social Security Act. Since then, medical care to elderly and to the poor in our community has improved drastically. Finally we will discuss why the public perception of a growing medical community is sometimes negative. There are steps that need to be taken to keep the pace of change in our health care system to match the changing needs of our community.

Health Care Environment

Although the American public and Congress resisted the health care reforms proposed by President Clinton in the failed Health Security Act of 1993, market forces continue to alter the health care environment with remarkable rapidity. With consumers, employers, government, and commercial payers intensifying their demands for lower costs, higher quality, better access, and more information about outcomes, most hospitals have undertaken a series of competitive efforts to retain and, if possible, improve their market positions. Many have engaged in mergers and consolidations intended to effect economies of scale and place them in a better position to negotiate with managed care organizations and other payers. Others, in communities with excess hospital capacity, have either closed or been converted to other uses, such as ambulatory or long-term care facilities.

Between 1980 and 1993, approximately 1,000 hospitals closed in the United States, and hospital admissions declined by 11 percent. Although this may seem strange with an increasing population base, major hospitals are now being supplemented by smaller ambulatory and nursing facilities. The decline in hospital admissions is a blessing to many who have become accustomed to waiting long periods of time for medical care. Furthermore, with an increasing number of medical services occurring in ambulatory settings, hospitals are facing the need to reduce inpatient capacity and refocus their service efforts on intensive care and other inpatient essentials. The major reformation of the hospital industry has been a formidable challenge to traditionally conservative hospital executives, boards of trustees, and medical staffs steeped in their long-standing institutional cultures. Many find it difficult to comprehend the inevitability of health care system shifts and the magnitude of the organizational changes that will be required for institutional survival.

Health Insurance

The transformation of hospitals from simple, charitable institutions to complex, technical organizations was accompanied by a parallel growth of private hospital insurance. The percentage of the United States population with hospital insurance grew from 9 percent in 1940 to over 74 percent in 1986 (Stevens, 324). This change is outstanding. Medical insurance should be made available by most employers, and in today’s job market it is becoming a commonplace. By the 1960s, billions of dollars were flowing into hospitals from insurance companies, such as Blue Cross/Blue Shield, medical society plans, and others sponsored by unions, industry, physicians, and cooperatives. The availability of hospital insurance removed an important cost constraint from hospital charges. The availability of insurers to cope with ever-rising hospital costs by distributing relatively small premium increases over large numbers of subscribers opened the floodgates to hospital admissions. Expanding hospital services and relatively unrestrained reimbusrment rates created an inflationary spiral that was to persist for decades.

In addition, medical advances and medical specialization encouraged hospitalization, and the hospital industry expanded to meet the demand. Following World War II, the American Hospital Association convinced Senators Lister Hill and Harold Burtons to sponsor legislation that provided federal monies to the states to survey hospitals and other health care facilities and to plan and assist construction of additional facilities and to plan and assist construction of additional facilities. The Hill-Burton Act was signed as Public Law 79-75 in 1946 and became a major influence in the expansion of the hospital industry (Stevens, 399).

Medicare and Medicaid

In 1966, the hospital industry was the recipient of another major legislative contribution to its fiscal well-being by the passage of Medicare, Title VIII of the Social Security Act. The legislation provided the growing population of American over age 65 with significant hospital and medical benefits. In one decisive legislative action, the large population of elderly, the age group most likely to need hospitalization, were assured of hospital care, and the hospitals were assured that they would be reimbursed on the basis of “reasonable costs.” The companion program, Medicaid, Title IX of the Social Security Act, was established at the same time to support medical and hospital care for persons classified as medically indigent. Unlike Medicare, Medicaid required states to establish joint federal-state programs that covered persons receiving public assistance and, if they wished, others of low income. Because the states had broad discretion over eligibility, benefits, and reimbursement rates, the programs developed differed widely among the 50 states.

Medicare, and to a lesser extent Medicaid, had enormous impact on hospitalization rates in the United States. In a little over 10 years after the implementation of Medicare, persons over age 65 were spending well over twice as many days in the hospital as those age 45 to 64 (Stevens, 293). This change is not promising due to the fact that although medicine is continuously getting better, with medical care becoming more accessible, people are seeking professional care for ailments that were once uncommon in the hospital. Because the rising Medicare rates became the standards for establishing hospital reimbursement rates in general, Medicare probably did more to fuel the rising costs of hospital care than any other factor.

The Medicare and Medicaid programs also had another effect. Because these programs provided government funding for the hospital care of the poor and elderly, they altered the long-standing nature of mission of hospitals by diminishing the traditional charitable or social role of those voluntary institutions. It wasn’t long after the implementation of those programs that hospitals became increasingly focused on profit, maximizing the more lucrative activities, and closing or reducing services that operated at a loss. In the 1980s, hospitals, along with most of U.S. industry, became a market-oriented and aggressively enterprising. The monetary incentives built into the Medicare system favored entrepreneurial, short-term financial interests.

Forces of Reform

The performance benchmarks of cost, quality, and access that hospitals addressed for decades with moderate enthusiasm, have now become the survival criteria for the future. Since the scientific breakthroughs and technological advancements that made hospitals the complex institutions they have become, hospital care has been both admired for its diagnostic and therapeutic accomplishments and criticized for its costly inefficiencies, duplications, and its inequities in access and quality. The sophisticated computerized clinical information systems that supported the research that focused on the cost-effectiveness or outcomes of expensive medical interventions has increasingly documented and given public recognition of system deficiencies.

The media attention to these operational deficiencies and organizational breakdowns, combined with the changing values and expectations of a better educated consumer public, has had a significant impact on public and professional perceptions of health care systems. Public confidence in the leaders of medical institutions and professions has fallen dramatically from 73 percent in the mid-1960s to 35 percent in 1988(Blendon, 3587). This change is drastic and measures need to be taken immediately to change the public’s opinion of the medical services provided.

Stephen Shortell has stated in seven steps the changes that hospitals will have to make to reposition themselves to function effectively in the futures. Those steps are:

1. becoming part of an integrated health system

2. developing new management structures

3. building capacity for population-based needs assessment

4. forgoing new relationships with physicians

5. reengineering clinical processes

6. implementing total quality management

7. focusing on outcomes (29).

In conclusion, there will be great variation in the capability of America’s thousands of hospitals to adjust to what they will interpret as radical reversals of form and function. In the new hospital market economy, however, it appears likely that the Darwinian law of nature, survival of the fittest, will determine which hospitals will remain to serve the American public in the 21st century.

Blendon, R.J. “The Public’s View of the Future of Health Care,” Journal of the American Medical Association. 259(1998):3587.

Shortell, S.M. The Future of Hospitals and Health Care Management. (Washington, DC, no date): 29.