



# CHANGING THE U.S. HEALTH CARE SYSTEM

*Key Issues in Health Services, Policy, and Management*

**RONALD M. ANDERSEN**  
**THOMAS H. RICE**  
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**EDITORS**



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Editors

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Foreword by Abdelmonem A. Afifi

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# **CHANGING THE U.S. HEALTH CARE SYSTEM**

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To the late Samuel J. Tibbitts and to Audrey Tibbitts, whose generosity made this work possible, we dedicate *Changing the U.S. Health Care System*.

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## FOREWORD

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**T**he book you hold in your hand is a gift.

With his wife, Audrey, the late Samuel J. Tibbitts gave a generous gift to the Department of Health Services in the UCLA School of Public Health to commission a study of key issues in health policy and management challenging the American health care system. The leadership, scholarship, and charity exhibited by Sam in making this gift typified Sam's life in a number of ways.

Sam changed the health care system in California and the nation, perhaps in more ways than anyone else of his generation. After receiving a B.S. degree in Public Health from the University of California, Los Angeles in 1949 and an M.S. degree in Public Health/Hospital Administration from the University of California, Berkeley in 1950, Sam pioneered the development of integrated health care delivery and financing systems, a career course which culminated in the 1988 creation of the nonprofit UniHealth America, where he was chairman of the board until his death in 1994. Along the way, Sam founded and chaired both PacificCare Health Systems, one of the first major health maintenance organizations, and American Health Care Systems, a group of thirty-two hospital systems across the country that organized the nation's first preferred provider system, PPO Alliance. Both a leader and a scholar, Sam served as chairman of the board of trustees of the American Hospital Association and published more than one hundred articles. Sensing the need to establish a corporate conscience in a changing health care environment, Sam became founding chairman of the Guiding Prin-

ciples for Hospitals, the first program to delineate ethical and quality principles in the industry.

Even while entering the twilight of a long and storied career, Sam's concern for the future of health care remained. For that reason, he invested in the school that had nurtured him and asked the faculty to address afresh the crucial issues of cost, quality, and access to health care which now challenge the future of the United States.

The authors of this book, commissioned to guide us into an uncertain future, are gifted scholars. As dean of the UCLA School of Public Health, I have known them well and followed their research closely. Also, as a public health educator, I am keenly aware of the multidisciplinary nature of our field. To understand public health as a whole, one must have a basic level of knowledge of each of its core disciplines. But to gain a deeper understanding of public health in the United States, one needs a firm grasp of the issues facing the country in health care policy and management. Due to their complexity, discussions of these issues have been scattered in a multitude of references. To achieve Sam Tibbitts's vision, the authors sought to gather, in a single book, "a comprehensive, yet readable" account of these issues. And I believe that they have succeeded remarkably.

This book also accomplishes its self-prescribed task: "to examine where we are in achieving our country's health care goals" following the defeat by Congress in 1994 of President Clinton's comprehensive health care reform. As anticipated by Sam, the book begins by addressing three key components of health care policy: improving access, controlling costs, and ensuring quality. An early chapter notes that access to health care has always been a focus in the health care reform debate, and concludes that "the United States cannot escape the need for fundamental reforms that will extend coverage to its entire population." Cost, an element in the "trade-off" against adequate access and better quality, not only is the center of the ensuing debate in Congress but will continue to be a focus in health care policy making for the foreseeable future. In a separate chapter, the authors explore various ways of containing health care costs and emphasize the need for better data in order to make sensible policy decisions about alternative types of health care reform. Another chapter examines the measurement of health outcomes and health-related quality of life (HRQL), concluding that we need "careful and appropriate inclusion of HRQL outcomes in traditional health services research."

A number of subsequent chapters are devoted to segments of the population with special needs for health care. Subjects include long-term care for the elderly, provision of services for the growing HIV/AIDS community, multidisciplinary coordination of the fragmented child health care system, improvement of access to primary health care for low-income women, and the increase of services to the

growing homeless population. Various authors advance proposals that might improve the prognosis for these vulnerable populations.

The last portion of the volume contains discussions of the fundamental challenges facing health care researchers, policy makers, and managers at the turn of the century. A very basic challenge addressed in this area is determining the appropriate role of competitive markets versus the regulatory role of government. Based on the experience of the managed care market in California, it is noted that increased price competition leads to a reduction in access for the uninsured. Despite some instances in which governmental regulation appeared to be successful in controlling expenditures and improving or maintaining access, no conclusion is drawn as to which approach should be adopted. Rather, we are presented with several research questions that require further investigation, an indication of the high degree of complexity of this topic.

After examining and comparing the experiences of health care services in other nations, the last section proceeds to deal with a variety of issues ranging from the role of preventive health care to the role of public health agencies in delivering personal health services, and from the continuing issue of medical malpractice liability to the ethics of public health and health care services. The collective message sent to the reader is clear: the time for health care reform is ripe and effective research in this area is urgently needed to support this fundamental change.

This comprehensive account of important issues facing the nation in health policy and management will be a valuable asset for health care policy researchers and analysts, as well as health care services managers, health care providers, and practitioners. Moreover, students in health care policy and management or related fields will appreciate it as a guideline to many subject areas in health care today. Finally, I believe that this book can serve as a readable guide for health care professionals and policy makers to health care reform during the next decade.

In the final analysis, health itself is a gift. I commend this volume to you, sharing the hope of Sam and Audrey Tibbitts that training and discourse will result, leading to innovations in policy and management that will enable the blessings of health to be shared by all.

*April 1996*

Abdelmonem A. Afifi  
dean, and professor of biostatistics  
UCLA School of Public Health



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*April 1996*  
*Los Angeles*

Ronald M. Andersen  
Thomas H. Rice  
Gerald F. Kominski

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THOMAS H. RICE is a professor in the Department of Health Services at the UCLA School of Public Health. He is a health economist with particular interest in the health care cost containment, health insurance, and provider payment issues and in the Medicare program. Rice received his Ph.D. degree in economics at the University of California, Berkeley, in 1982. From 1979 to 1983, he was a senior health economist at the Stanford Research Institute. Between 1983 and 1991, Rice was on the faculty at the University of North Carolina School of Public Health. He spent the 1989–1990 academic year as a visiting senior analyst at the Physician Payment Review Commission. In 1988, he received the Association for Health Services Research Young Investigator Award, which is given to the outstanding health services researcher in the United States aged thirty-five or under. In 1992, he received the Thompson Prize from the Association of University Programs in Health Administration, awarded annually to the outstanding health services researcher in the country aged forty or under. Rice is currently editor of the journal *Medical Care Research and Review*.

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