
OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM

TO: BOYD
FROM: RILEY
SUBJECT: SUMMARY OF "HEALTH AND HEALTH CARE 2010"
DATE: 3/29/00
CC: FILE

Health and Health Care 2010: The Forecast, The Challenge singles out the following trends most likely to influence America's health and the health care delivery system 2000 – 2010.

Legislation: Major government reform is unlikely due to a lack of support for large-scale social programs targeting the poor or uninsured. Government legislation in 2 significant areas will have some impact on mainstream health care system: 1) legislative outcomes as a result of backlash against managed care will result in more regulation of health plan activity (disclosure rules, mandates for clinical protocols, and medical records privacy laws); and, 2) Medicare recipients will not be in traditional fee-for-service program, but in HMOs, preferred provider organizations (PPOs) or some other organized health plan arrangement. Forecast for continued incremental program change directed primarily at providers with little direct effect on beneficiaries.

Demographics: Americans will be getting older, living longer and be more ethnically and racially diverse. The burden of disease will shift towards chronic illnesses that stem from behavior. The population will be better educated. Access to health care will remain tiered: "empowered tier" (discretionary income, educated and use technology); "worried consumers" (access to some health insurance, but little or no choice of plans); and "excluded consumers" (uninsured, Medicaid recipients, no access to market-based insurance).

Payers & Health Care Costs: Health care now at about 14% of gross demand product (GDP), with forecast for moderate but consistent increase in cost of health care. Will account for 15% of GDP by 2005. Businesses and government will use strategies (reducing coverage, passing on costs of health care premiums to beneficiaries, increasing restrictions on access to care via financial disincentives for utilization) to repress large cost increases.

Health Plans & Insurers: By 2005, HMOs will capture the majority of the commercial market and more than 25% of the Medicare market. Health insurance market will be mix of different health plan models, with the following 4 dominant "intermediary" models by 2005: the case manager, the provider partner, the high-end fee-for-service (FFS) broker and the safety-net funder. These will keep costs from exploding again like from 1960 to 1990.

Hospitals and Physicians: Although physicians are still central figures in health care, the current oversupply of doctors and the emergence of new health care provider roles will bring about more physicians' groups (6 or fewer). Hospitals will continue to be difficult to shut down and surplus of beds will contribute to a buyer's market. Anticipate further reduction of 130,000 beds by 2005.

Medical & Information Technologies: *Medical technology* (both devices & pharmaceuticals) will continue to be a major drive of the health care system w/ most interesting new technologies including: rational drug design, advances in imaging, minimally invasive surgery, genetic mapping & testing, gene therapy, vaccines, artificial blood & transplantation of tissues/organs from animals into humans. Although health care has not made significant use of *information technology* that other industries have, it will in next 7-12 years, especially in 4 main areas of: automation of basic business processes, clinical information interfaces, data analysis, and telehealth.

Care Processes & Medical Management: 2 significant issues in future of medical management: 1) debate over which care processes are used, and 2) need to reduce variations in practice, thereby reducing costs and improving clinical outcomes. In the interim, disease and demand management programs for the well population will be commonplace.

Public Health: National public health concerns will be embedded in the global context of threats and opportunities. Public health will continue to be underfunded and marginalized, with efforts to address these problems being largely incremental. National public health policy will be generally piecemeal, with dynamic state-level actions generating enough momentum to reignite federal comprehensive health care reform debate. Emphasis that managed care places on prevention help us to decrease harmful. View of health encompass mental, social and spiritual well-being, as well as equal applicability to all.

Scenarios: 3 scenarios to describe how the health care landscape might evolve:

Stormy Weather Scenario: Pressures from rising costs, dissatisfied providers and patients, marked inequality of access to care, greedy profit takers, and repeated health care scandals accumulate. None of the fundamental problems of cost, quality or access are addressed in a meaningful way. RESULT: health care spending is almost 1/5 of GDP, with 65 million (22% of population) uninsured

The Long & Winding Road Scenario: Incrementalism reigns. As costs get pushed down in area, they pop up in another, but the system is able to respond rapidly and to keep costs in balance. RESULT: health care spending is about 16% of gross domestic spending, with 47 million (16% of population) uninsured.

The Sunny Side of the Street: Hard work pays off in form of a sustainable, efficient health care system. Competition helps drive excess capacity out of the system. Health plans and providers put in place information and management systems that can take the health care system through the next 2 decades. RESULT: health care spending is about 15% of gross domestic spending, with 30 million (10% of population) uninsured.

Robert Wood Johnson Foundation awards to Mississippi (Total: \$1,405,474)

1998 (\$25,000)

All Saints Episcopal Church, Tupelo, \$25,000 (18 months): Faith in Action: Replication of the Interfaith Volunteer Caregivers Program

1997 (\$349,943)

Alcorn State University's School of Nursing, Lorman, \$299,943 (3 years): training for caregivers/companions for rural Mississippians

Living Independence for Everyone (LIFE), Jackson, \$25,000 (18 months): Faith in Action: Replication of the Interfaith Volunteer Caregivers Program

We Care Mission, Morton, \$25,000 (18 months): Faith in Action: Replication of the Interfaith Volunteer Caregivers Program

1996 (\$1,030,531)

MHA Health, Research and Educational Foundation, Inc., Jackson, \$200,000 (3 years): Colleagues in Caring: Regional Collaboratives for Nursing Work Force Development Program

University of Mississippi Medical Center, Jackson, \$163,006 (2 years): Minority Medical Faculty Development Program

University of Southern Mississippi, Hattiesburg, \$162,571 (1year): technical assistance for a community health advisor network in the southeastern United States

Living Independence for Everyone (LIFE), Jackson, \$25,000 (18 months): Faith in Action: Replication of the Interfaith Volunteer Caregivers Program

Department of Mental Health, Jackson, \$100,000 (1 year): Mental Health Services Program for Youth Replication

University of Southern Mississippi's Institute for Disability Studies, Hattiesburg, \$379,954 (3 years): Improving systems of care for chronically ill Mississippians