

# HSCC 311

## Systems and Trends in Health Care Delivery

Evolution of Medicine and  
Delivery of Medical Services

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## Objectives

- Upon completion of this lecture, the participant should be able to:
  - describe the historical phases of the evolution of health care delivery
  - identify advances in health care delivery
  - identify the components of the health care system
  - Describe the evolution of medical insurance
  - Identify problems surrounding cost, access, and quality of health care

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## Historical Phases

Pre-industrial Era

Post-industrial Era

Late 20<sup>th</sup> to early 21<sup>st</sup> Century

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## Pre-industrial America

- Applied science research
- Competition among providers
- Primitive medical procedures
- Disorganized medical education

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## Post-industrial America

- Private practice
- Worker's compensation
- Medical education reform
- Specialization
- Private health insurance

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## Medical Advances: Up To the Turn of the Century

1. Hospital Locus
2. Roles and Relationships Defined
3. Expectations and Satisfaction
4. Incubating Problems

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## Governmental Intervention

- Market restriction
- Hospital licensure

## System Advances (From the 1900's)

- Component expansion and systemization
- Technology driven

## Proliferation of Services

- Services within the system:
  - Recipients
  - Providers
  - Payers

## Recipients

- Those who receive services
- and
- Those who should receive services, but don't

## Providers

- Animate and inanimate
- Specialized
- Depersonalized
- Capitalized

## Payers

- Not a provider or a recipient
- Do not really pay

## Evolution of Medical Insurance

- Blanket policies
- Great Depression

## 1920's and Hospital Plans

- Private and commercial insurance
- Baylor Hospital, 1929
  - Blueprint for modern health insurance

## Problematic Features of Early Hospital Plans

- Unlimited coverage
- Hospital-based
- Service-type of policy
  - hospital unaccountability
  - physician unaccountability
  - patient insulation and unaccountability

## 1930's Company Plans

- Marriage of the Labor Movement and health insurance
- Insurance policies were offered by individual companies
- Social Security Act, 1935
  - Taxing potential through payroll

## 1940's Proliferation

- Women entering the workforce
- Rationing, wage and price controls
- Fringe benefits

## Results of Company Plans

- Pass-on costs or revenue reduction
- Insulation
- Reduction in choice by payers
- Cherry picking

## Results in the Development of Medical Insurance

- Increased access
- Exposing shortcomings of the system
- Increased impatience
- Victims of their own success

## Major Problems & Goals

- 3 Ongoing Problems
  - Access
  - Quality
  - Cost

## Quality

- American Medical Education
- Flexnor Report (1910)
  - Education reform
  - Established early criteria for professions
- Quality was left up to the professions

## Access

- Strategy:
  - Provide funds
- Purpose:
  - Increase access
- Route:
  - Social Security, 1935
  - Vender Amendment Acts, 1945
  - Hill-Burton Act, 1946
  - Kerr-Mills Act, 1960
  - Medicare/Medicaid, 1965

## Social Security Act, 1935

- Title V
  - Maternal and child care

## Vender Amendment Acts, 1945

- Doctor and hospital services
  - Bona fide poor

## Hill-Burton Act, 1946

- Built new facilities
- Funds for facility construction

## Kerr-Mills Act, 1960

- Medical Assistance Act
  - Federal grants
  - Elderly and indigent

## Public Law 89-97

- Governmental responsibility to provide health care to elderly and poor
- Title XVIII
  - Medicare
- Title XIX
  - Medicaid

## Cost

- Government restricted the market
- Public Health Service Act (1961)
- Professional Standards Review Organizations Act (1972)
- National Health Planning & Resources Development Act
- Tax Equity and Fiscal Responsibility Act (1982)

## Public Health Service Act, 1961

- Networking to eliminate duplication

## Professional Standards Review Organizations

- States will be divided
- Standard of care evaluation

## National Health Planning & Resources Development

- Reviewed facilities and services

## Tax Equity & Fiscal Responsibility Act, 1972

- Diagnostic Related Groups
- Determines reimbursement

## Recent Evolutions & 21<sup>st</sup> Century

- System driven by economics
- Financial incentives
- New diseases
- Bioterrorism
- Aging population
- Medical technology
- Internet
- Immigrants
- Electronic medical records

## In Conclusion. . .