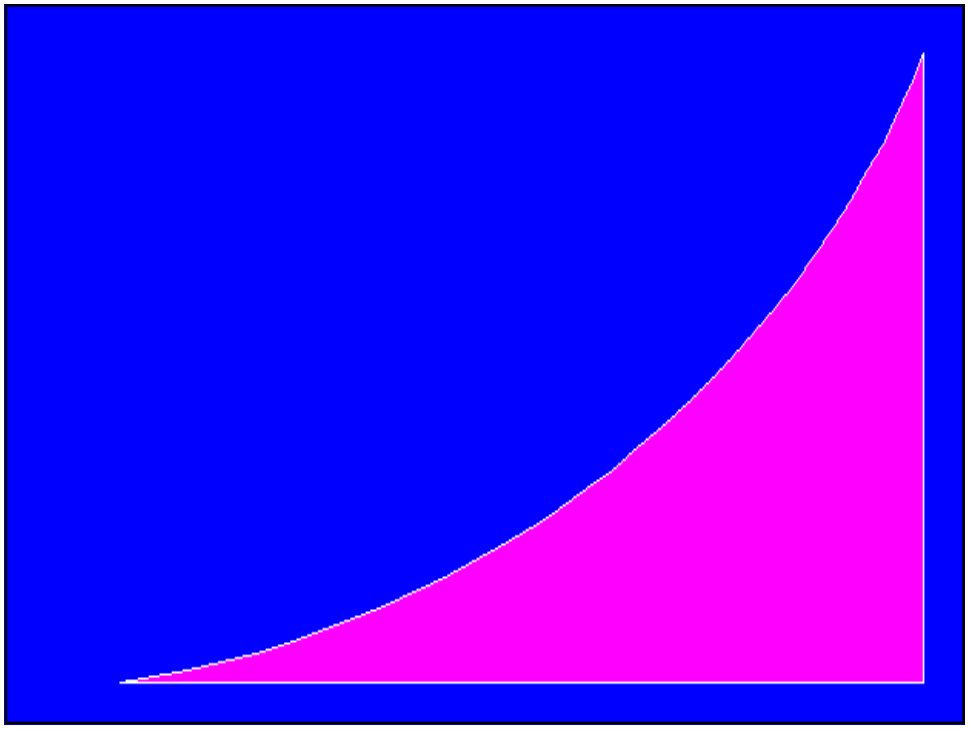
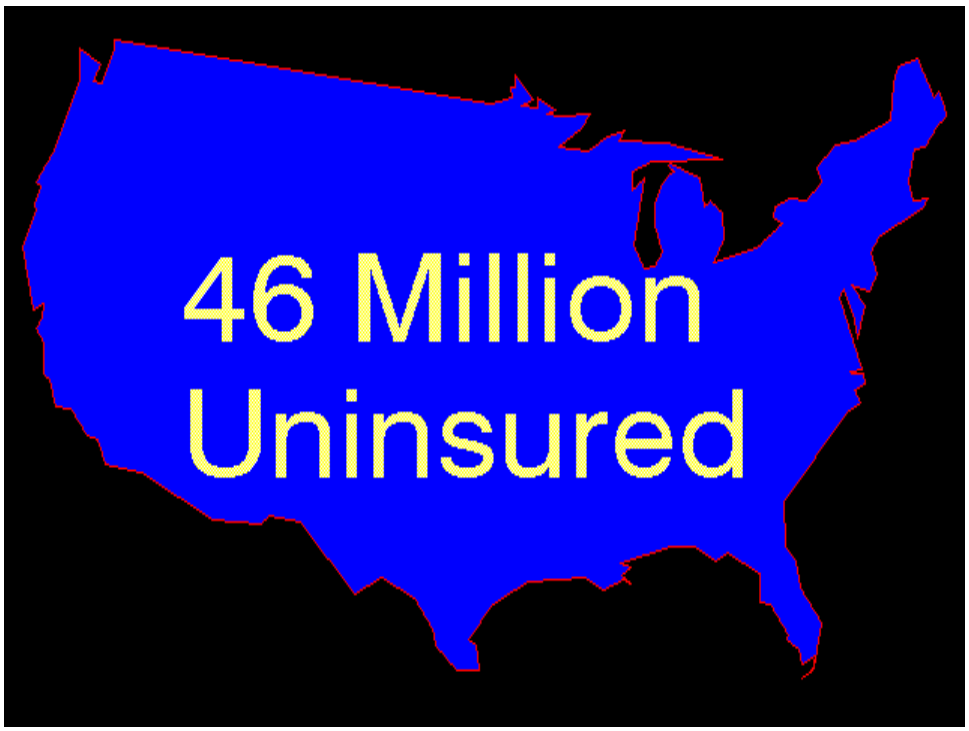
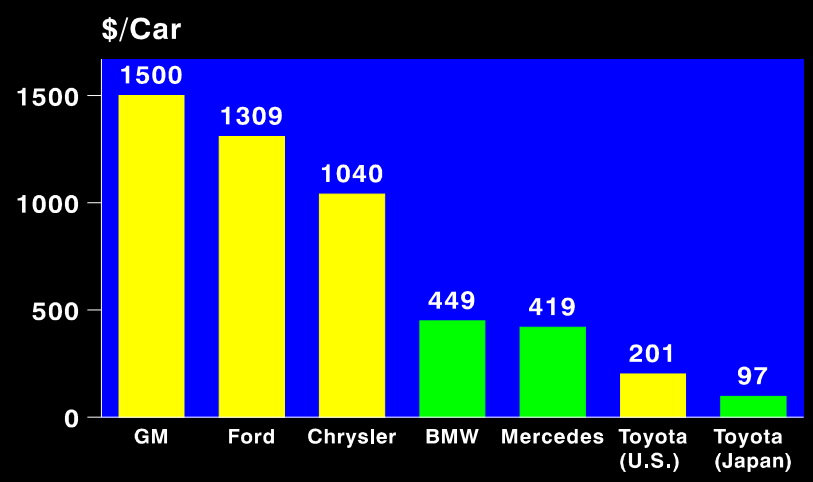



46 Million
Uninsured

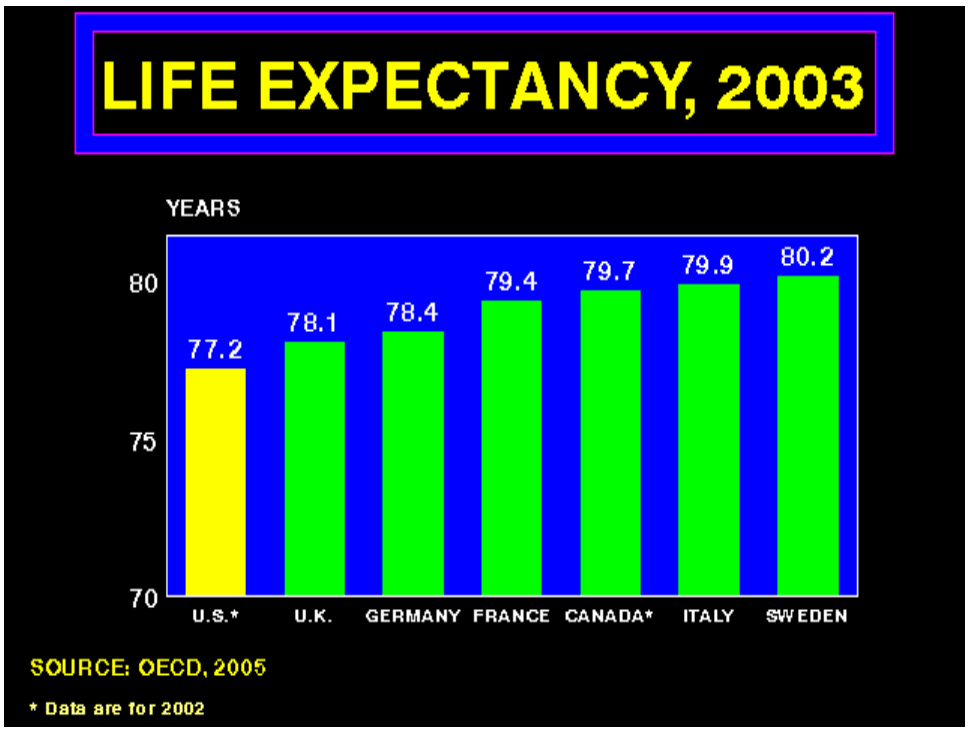
Globalization

Healthcare Costs Per Car



Source: Modern Healthcare 10/24/05:14

Covers 38% of employees



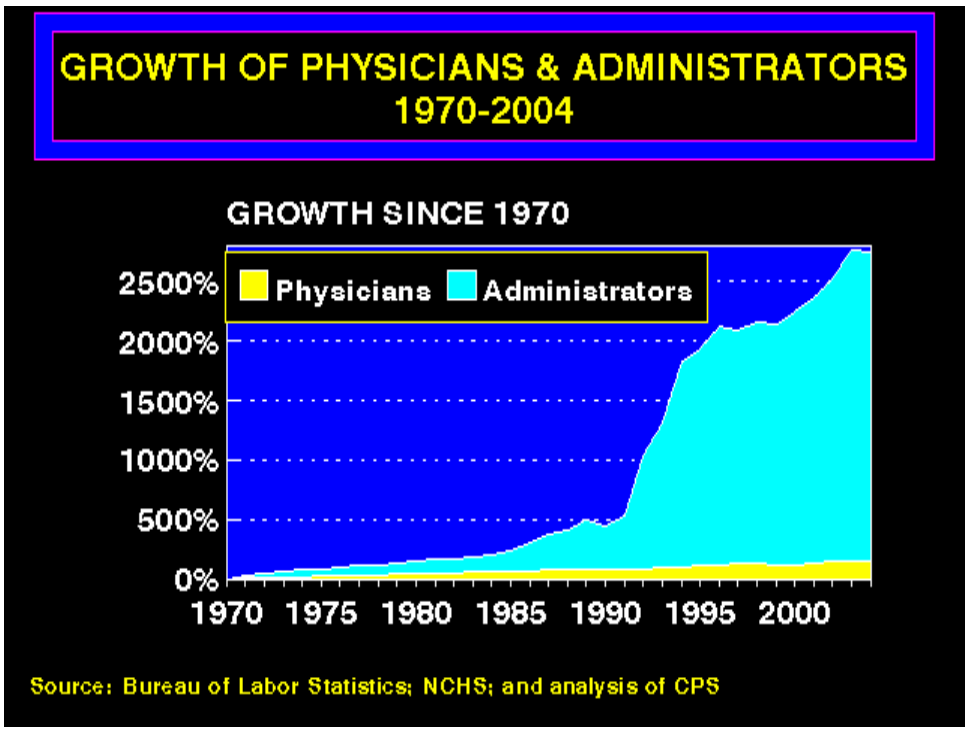
18,314 Adult Deaths Annually Due to Uninsurance

Age Group	Deaths
25-34	1,930
35-44	3,431
45-54	4,734
55-64	8,219
Total	18,314

Source: Care Without Coverage. Institute of Medicine, 2002

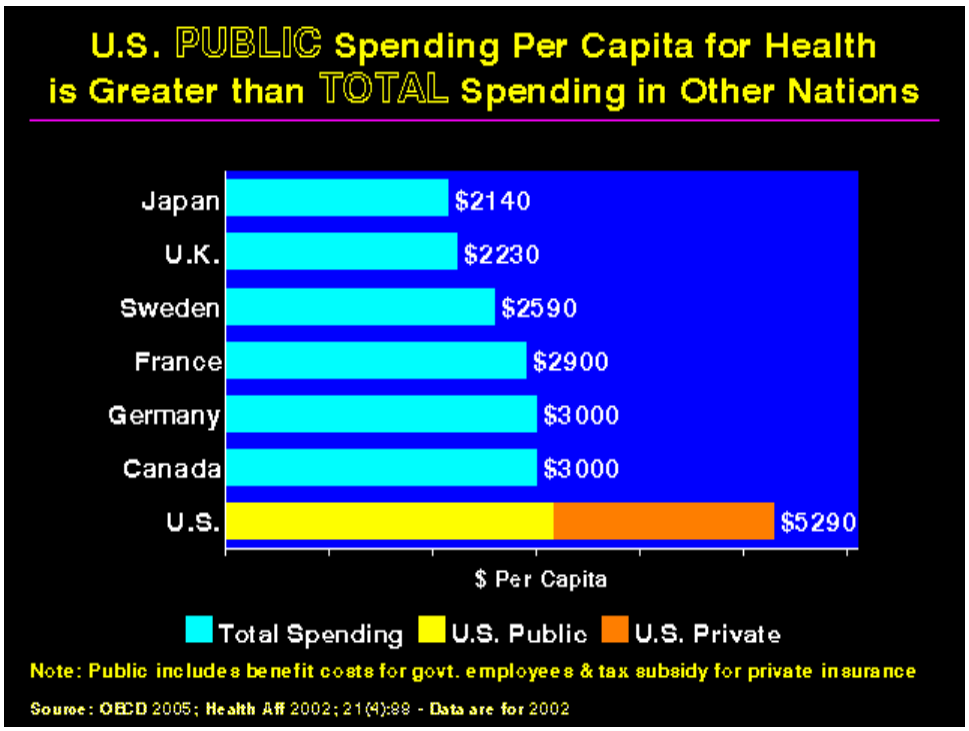
Under-insurance

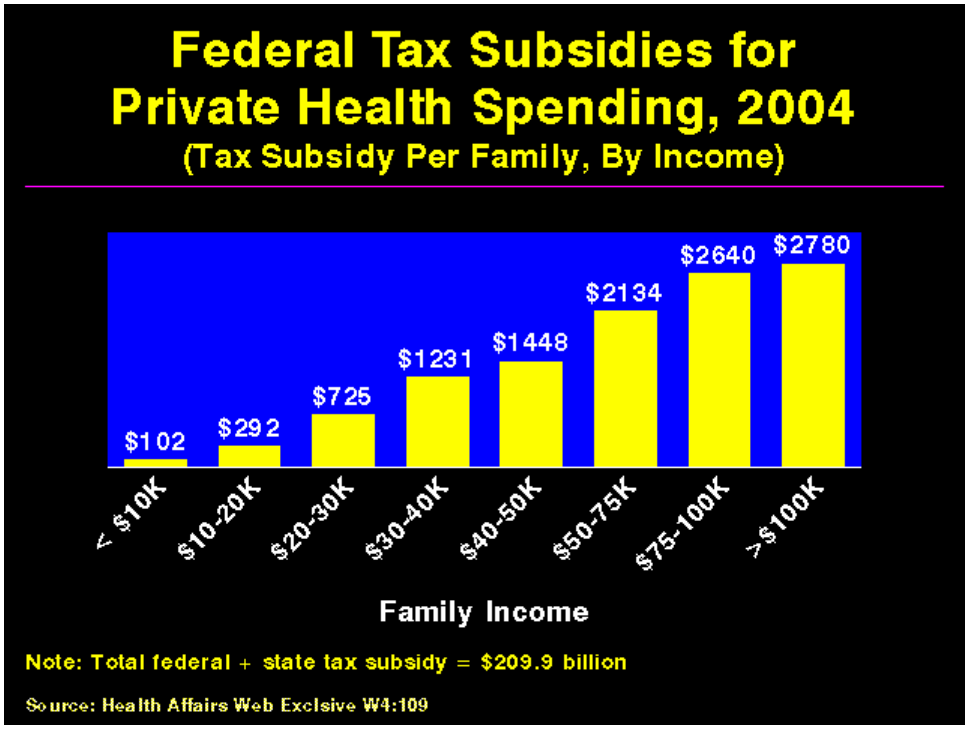
- 76% of persons bankrupted by medical illness had health insurance at the onset of the illness that bankrupted them

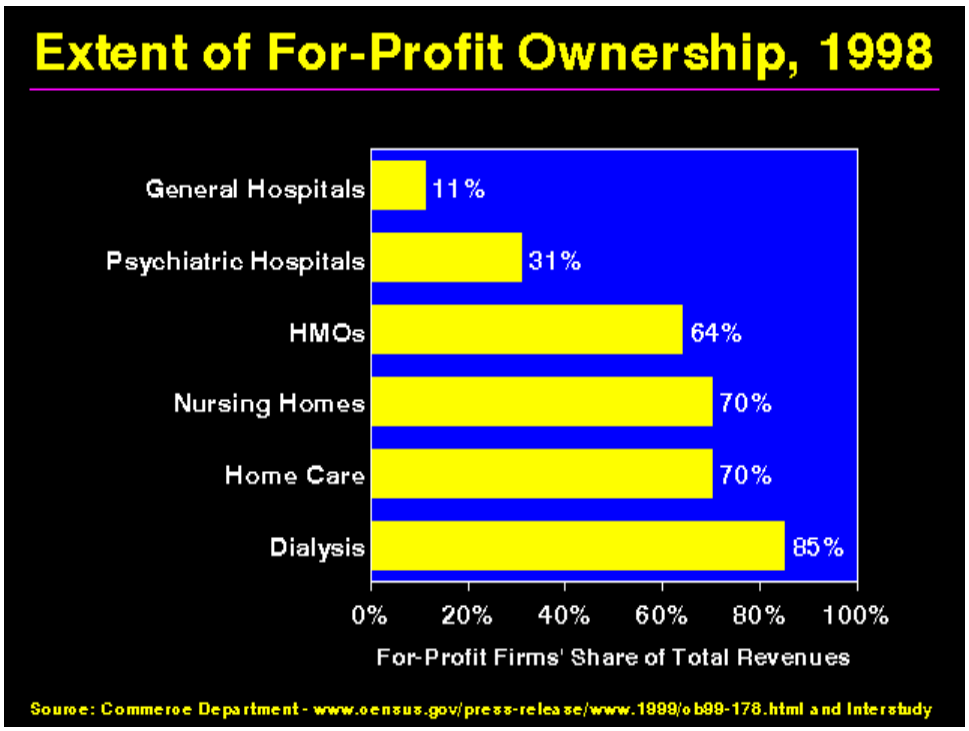


Not a Free Market

- The U.S. health system is a publicly-funded, for - profit system. Market reforms in Europe would imitate the U.S. health system.

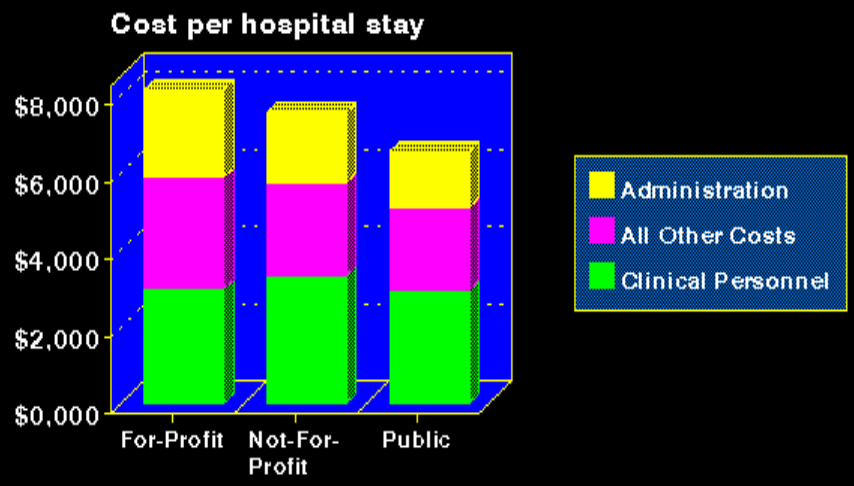



Federal Tax Subsidies for
Private Health Spending, 2004
(Tax Subsidy Per Family, By Income)
$102
$292
$725
$1231
$1448
$2134
$2640
$2780
< $10K
$10-20K
$20-30K
$30-40K
$40-50K
$50-75K
$75-100K
>$100K
Family Income
Note: Total federal + state tax subsidy = $209.9 billion
Source: Health Affairs Web Exclsive W4:109


Extent of For-Profit Ownership, 1998
General Hospitals
11%
Psychiatric Hospitals
31%
HMOs
64%
Nursing Homes
70%
Home Care
70%
Dialysis
85%
0%
20%
40%
60%
80%
100%
For-Profit Firms' Share of Total Revenues
Source: Commerce Department - www.census.gov/press-release/www.1999/cb99-178.html and Interstudy

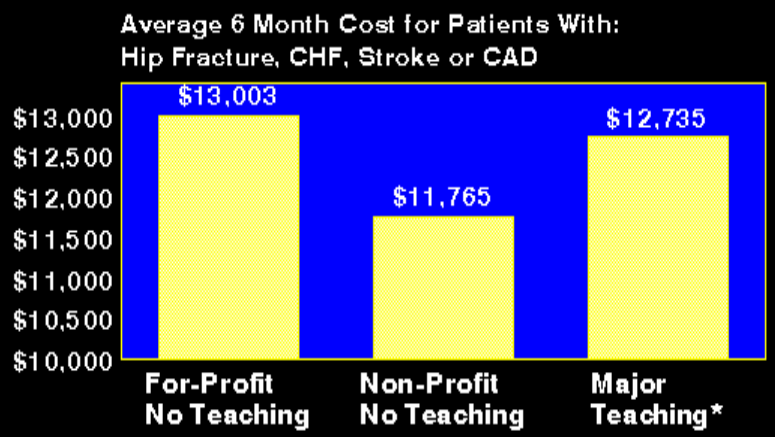
Why Are For-Profit Hospitals Costlier?

Higher Administrative and Non-Personnel Costs



Source: Woolhandler & Himmelstein - NEJM 3/13/97 - Analysis of data from 5201 acute care hospitals
Note: Costs are for FY 1994, adjusted for hospital case mix and local wages

Patients At For-Profit Hospitals Cost Medicare More



* 85.5% Non-Profit, 14.3% Government, 0.2% For-Profit
Source: NEJM 1999; 340:286

For-Profit Hospitals Cost 19% More

Source: CMAJ 2004;170:1817

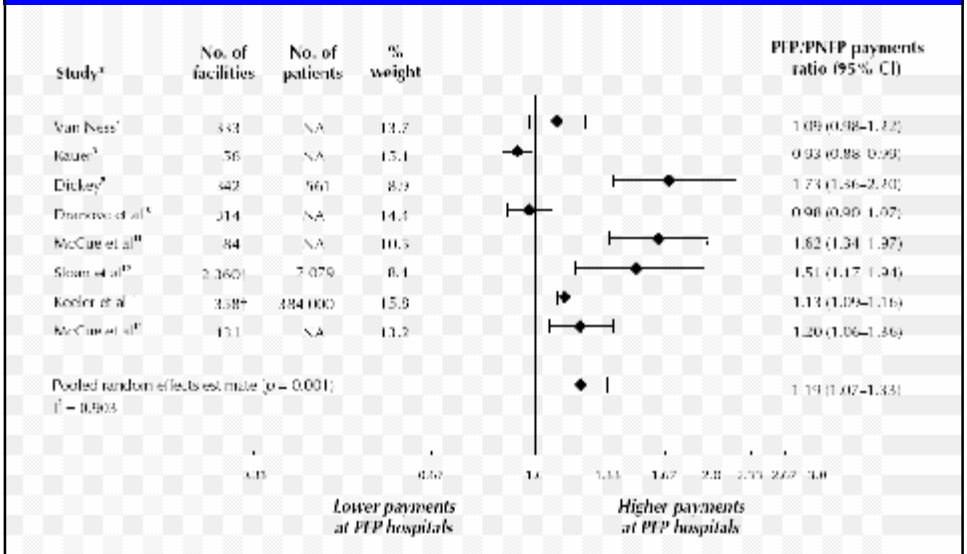
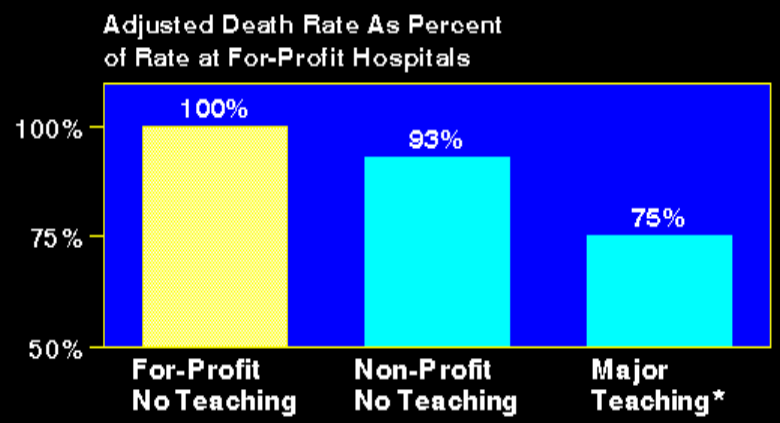


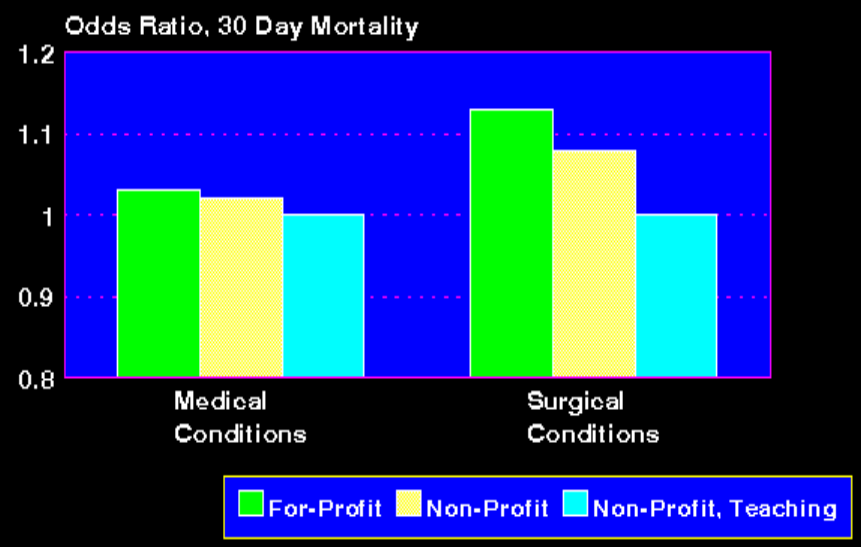
Fig. 2: Relative payments for care at private for-profit (PFP) and private not-for-profit (PNFP) hospitals. Note: CI = confidence interval. *The studies are in chronological order by midpoint of the data collection period. †Approximation from investigator.

Death Rates are Higher at For-Profit Hospitals



* 85.5% Non-Profit, 14.3% Government, 0.2% For-Profit
Source: NEJM 1999; 340:293

For-Profit Hospitals: Higher Mortality



Source: Medical Care 2000; 38:231
Note: Study of 16.9 million Medicare patients, adjusted for: year, demographics, comorbidities

For-Profit Hospitals' Death Rates are 2% Higher

Study	No. of hospitals	No. of patients	% weight
Shortell[12]	651	144 159	1.43
Keeler[13]	226	4937	0.04
Hartz[14]	2368	3 107 616	11.38
Manheim MI[15]	1252	1 537 660	9.78
Manheim IS[16]	1612	2 221 593	2.39
Kahn[18]	2580	3 353 676	12.34
Pilcrle[17]	3482	4 529 206	14.11
Mukamel[19]	1653	5 293 812	17.31
Bond[20]	3224	4 210 468	12.06
Yuan Medical[21]	3316	7 386 000	11.90
Yuan Surgical[21]	3316	4 396 000	5.05
Lansky[22]	798	16 983	0.00
MacMillan[23]	2075	181 369	1.48
Sloan[24]	2360	7079	0.03
Totals	26 399	36 402 558	100.00

Random effects pooled estimate

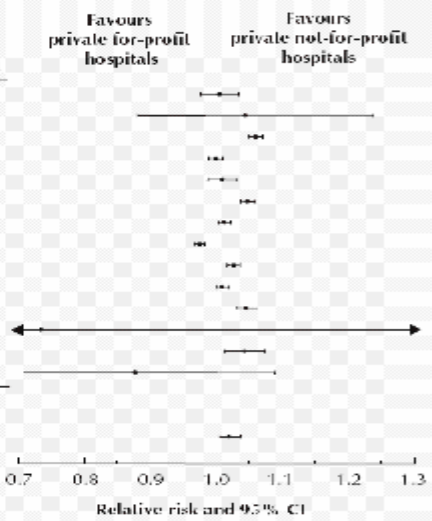
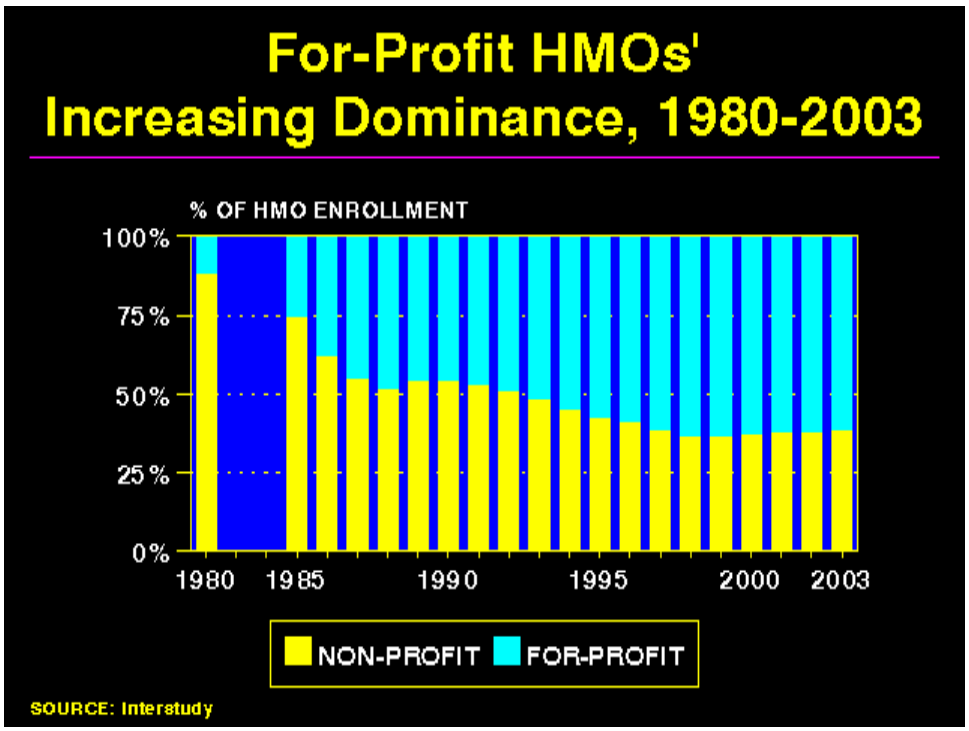


Fig. 2: Relative risk of hospital mortality for adult patients in private for-profit hospitals relative to private not-for-profit hospitals. CI = confidence intervals.

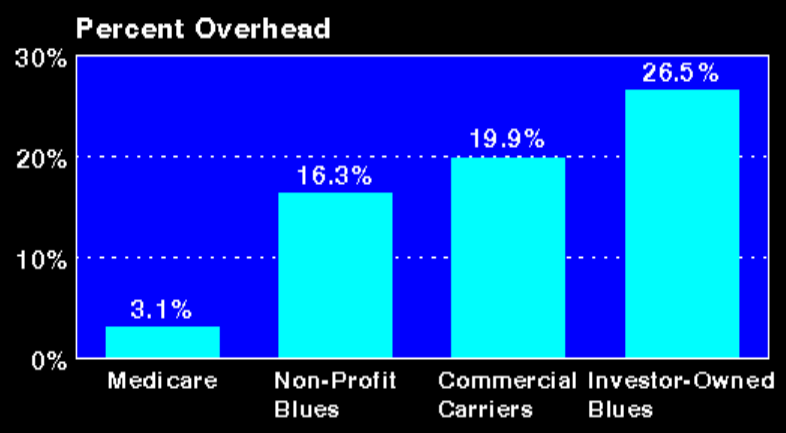
Public Funding for HMOs

- The U.S. government's Medicare program (which insures all elderly Americans) currently pays private HMO's 111% of the cost of caring for patients under traditional Medicare.



Private Insurers' High Overhead

Investor-Owned Plans are Worst



Source: Schramm, Blue Cross Conversion, Abell Foundation, and CMS

U.S. HEALTHCARE: Physician Gag Clause

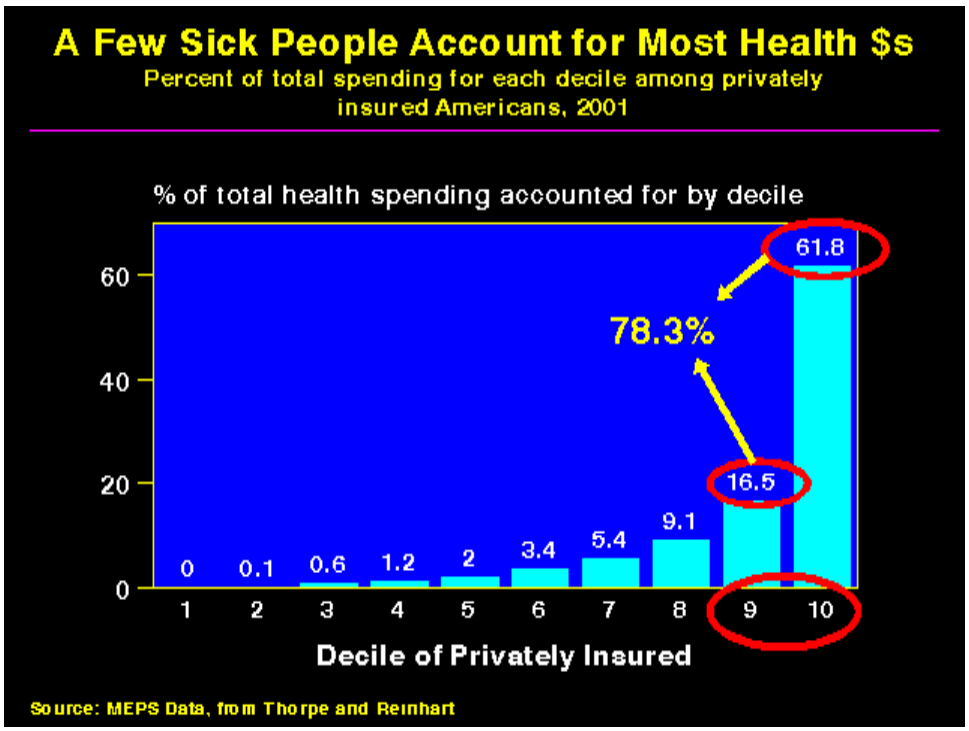
"Physician shall agree not to take any action or make any communication which undermines or could undermine the confidence of enrollees, potential enrollees, their employers, their unions, or the public in U.S. Healthcare or the quality of U.S. Healthcare coverage."

"Each physician must be supportive of the philosophy and concept of U.S. Healthcare."

"Physician shall keep the Proprietary Information [payment rates, utilization review procedures etc.] and This Agreement strictly confidential."

Source: U.S. Healthcare 1994 Physician Contract

NOW TRY IT AGAIN WITH YOUR LEFT EYE...
H
ELP
YOURHMO
ISHOLDING
MEHOSTAGE!

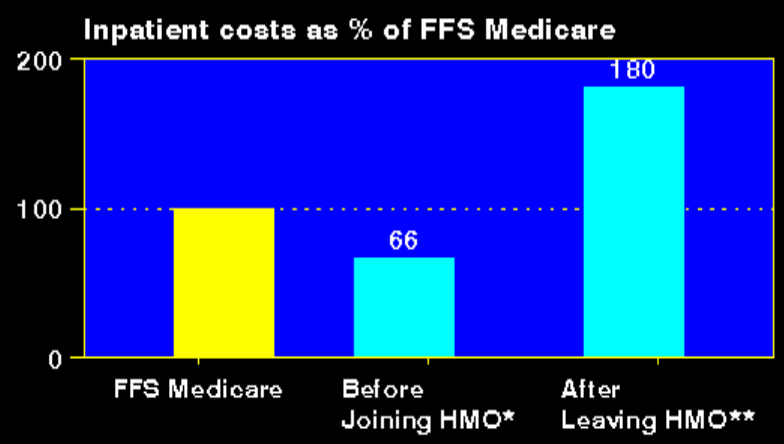

A Few Sick People Account for Most Health $s
Percent of total spending for each decile among privately insured Americans, 2001
% of total health spending accounted for by decile
60
40
20
0
0
0.1
0.6
1.2
2
3.4
5.4
9.1
16.5
61.8
78.3%
1
2
3
4
5
6
7
8
9
10
Decile of Privately Insured
Source: MEPS Data, from Thorpe and Reinhart

Doctors Urged to Shun the Sick

- "We can no longer tolerate patients with complex and expensive to treat illnesses being encouraged to transfer to our group"

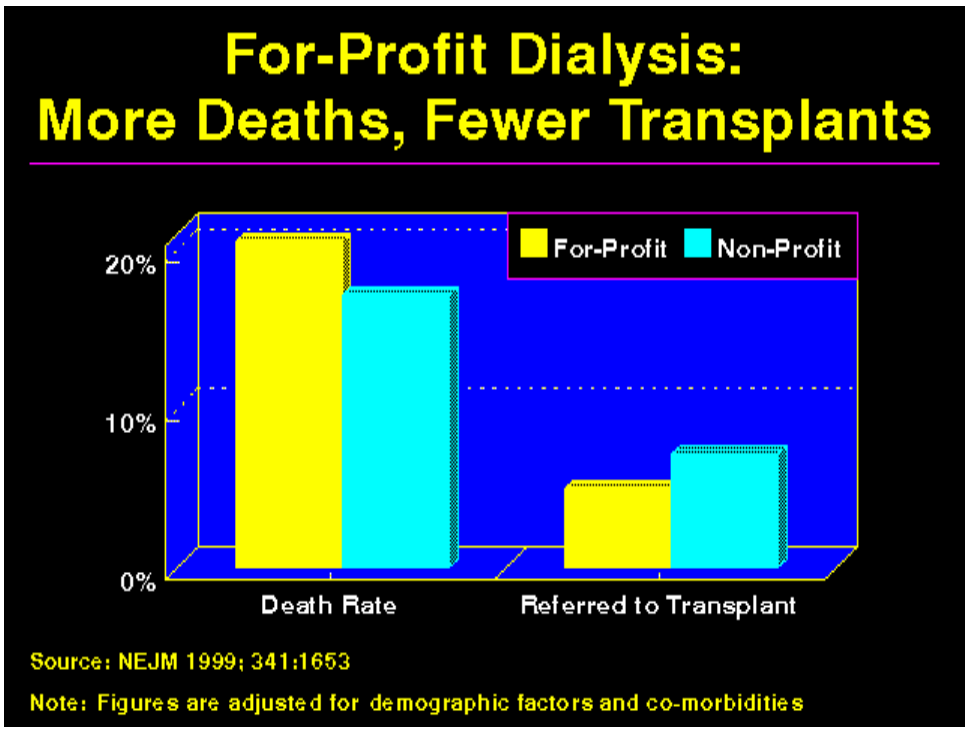
- Source: memo from head of California university hospital

Medicare HMOs: The Healthy Go In, The Sick Go Out

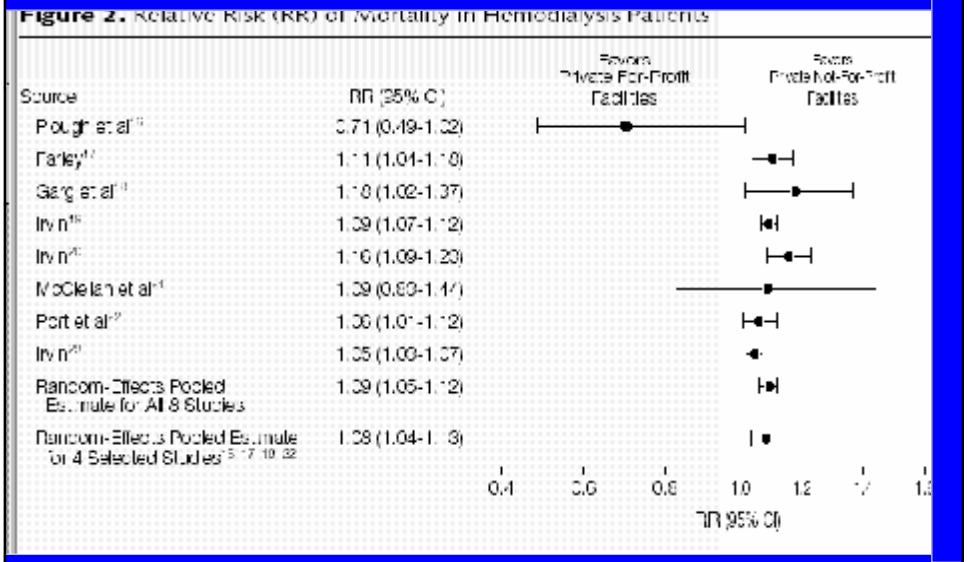


* Data are for 12 month period before joining HMO
** Data are for 3 month period after leaving HMO
Source: N Engl J Med 1997; 337:169

©Cartoonbank.com
"I wish I could help you. The problem is that you're too sick for managed care."

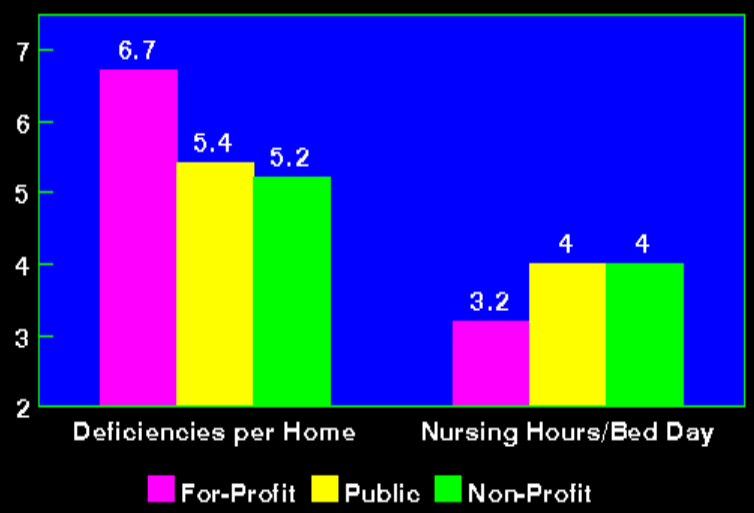

For-Profit Dialysis:
More Deaths, Fewer Transplants
For-Profit
Non-Profit
20%
10%
0%
Death Rate
Referred to Transplant
Source: NEJM 1999; 341:1653
Note: Figures are adjusted for demographic factors and co-morbidities

For-Profit Dialysis Clinics' Death Rates are 9% Higher



Source: JAMA 2002;288:2449

For-Profit Nursing Homes: More Quality Deficiencies, Less Nursing Care



Source: Harrington, Woolhandler, Mullan, Carrillo & Himmelstein - Unpublished analysis of 1997 OSCAR data on 13,941 nursing homes

Investor-Owned Care
Summary of Evidence

- **Hospitals:** Costs 3%-11% higher, fewer nurses, higher overhead, death rates 6%-7% higher, fraud
- **HMOs:** Higher overhead, worse quality, collaboration with tobacco industry
- **Dialysis:** Death rates 20% higher, less use of transplants & peritoneal dialysis, fraud
- **Nursing Homes:** More citations for poor quality, fraud
- **Rehab Hospitals:** Costs 19% higher

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