

Health Care Financing: Implications for Workforce Expansion

9th International Medical Workforce Collaborative

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**There is no art which one government sooner
learns of another than that of draining money
from the pockets of the people.**

Adam Smith, *Wealth of Nations*, 1776.

What are the desired outcomes of medical workforce policy?

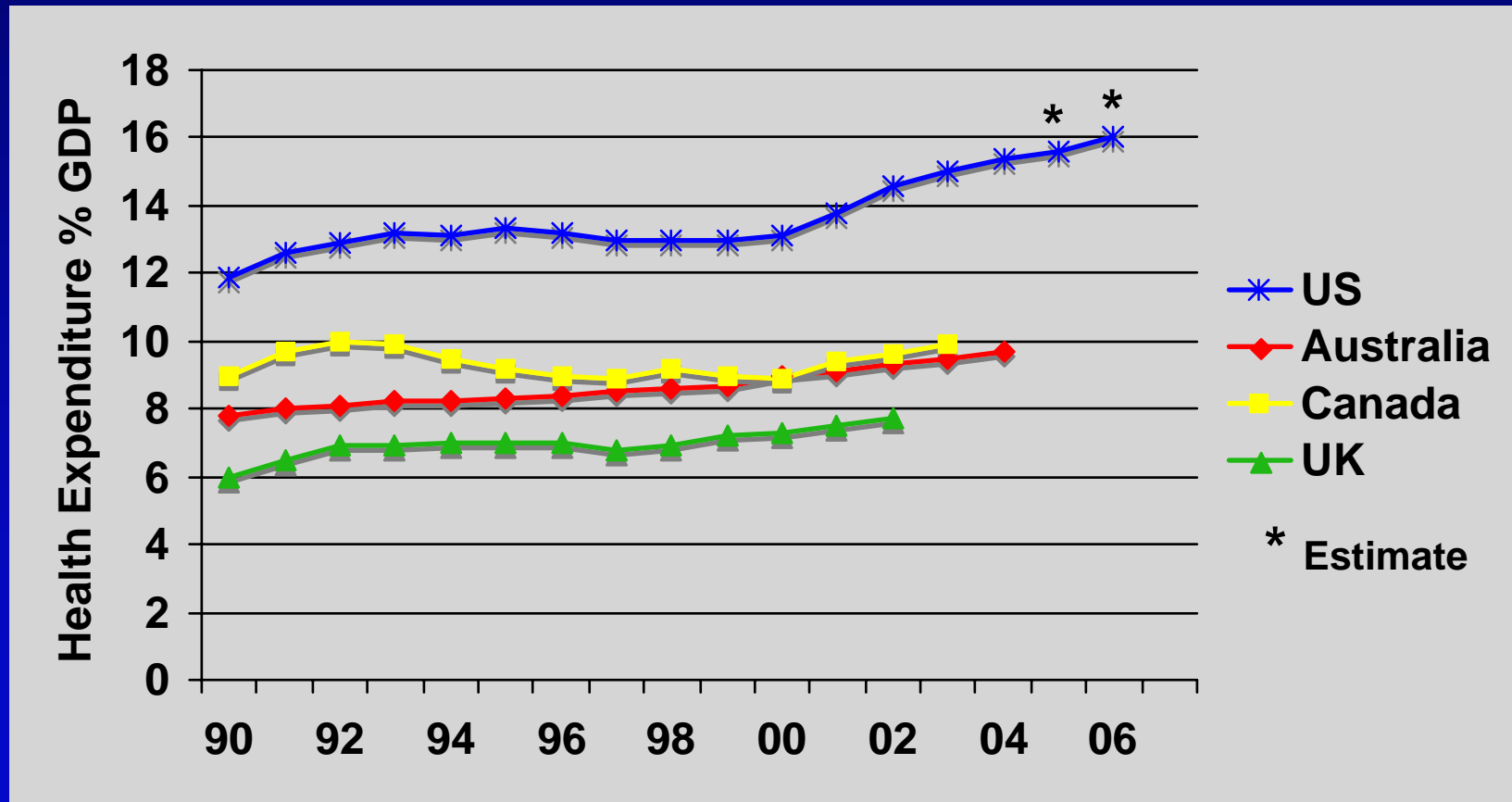
- **Access to care when it is wanted and needed.**
- **Care that is technically excellent and personally compassionate.**
- **Care that is affordable to society and to the patient.**

National Budgets - 2004

	Surplus/ Deficits	% Revenue	% GDP (2005)
Australia	\$1 billion	<+1%	+0.9%
Canada	\$7 billion	+5%	+1.2%
United Kingdom	-\$62 billion	-7.4%	-2.9%
United States	-\$476 billion	-26.6%	-4.1%

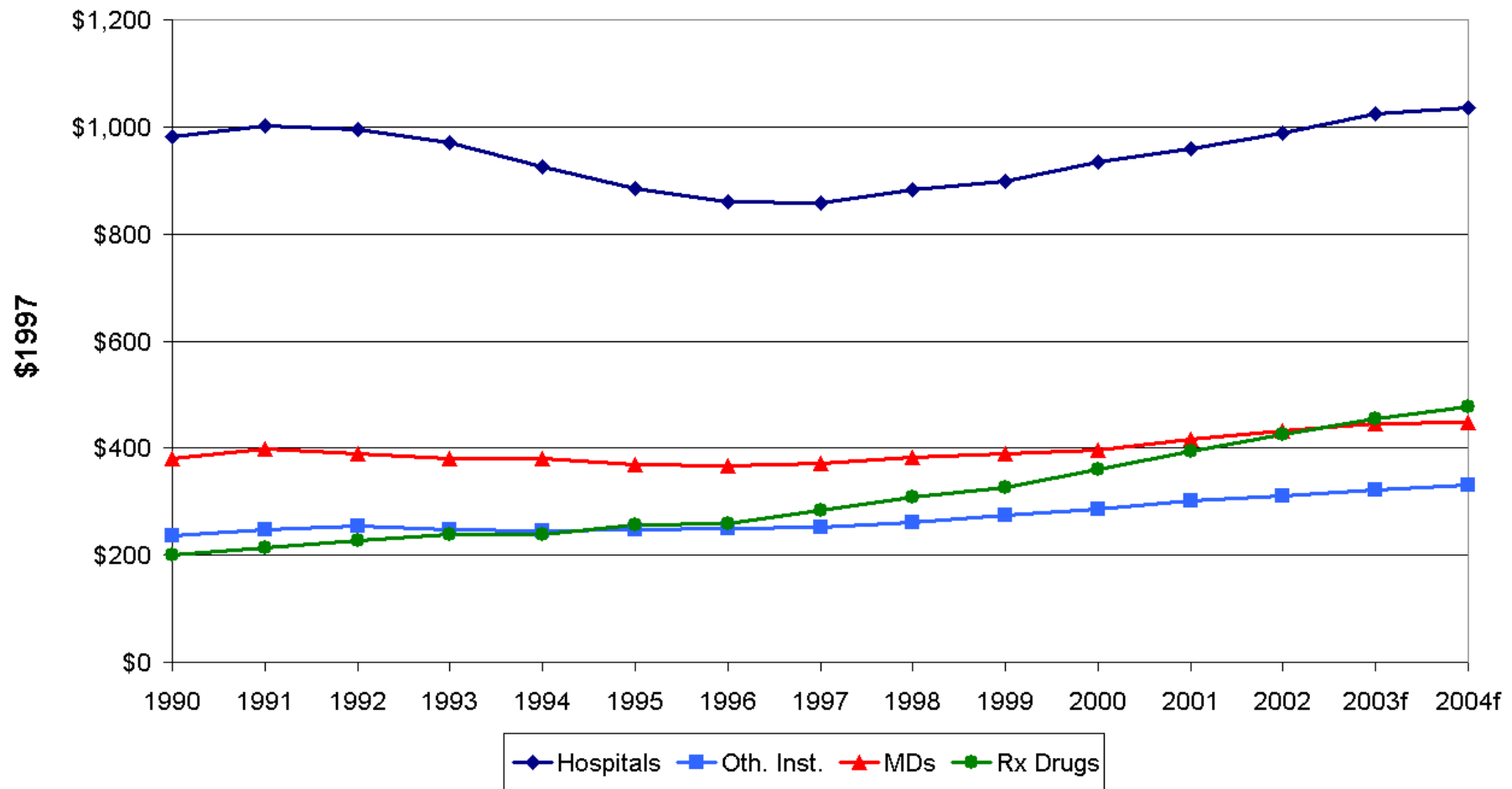
Source: OECD.

Total Health Expenditure % Gross Domestic Product

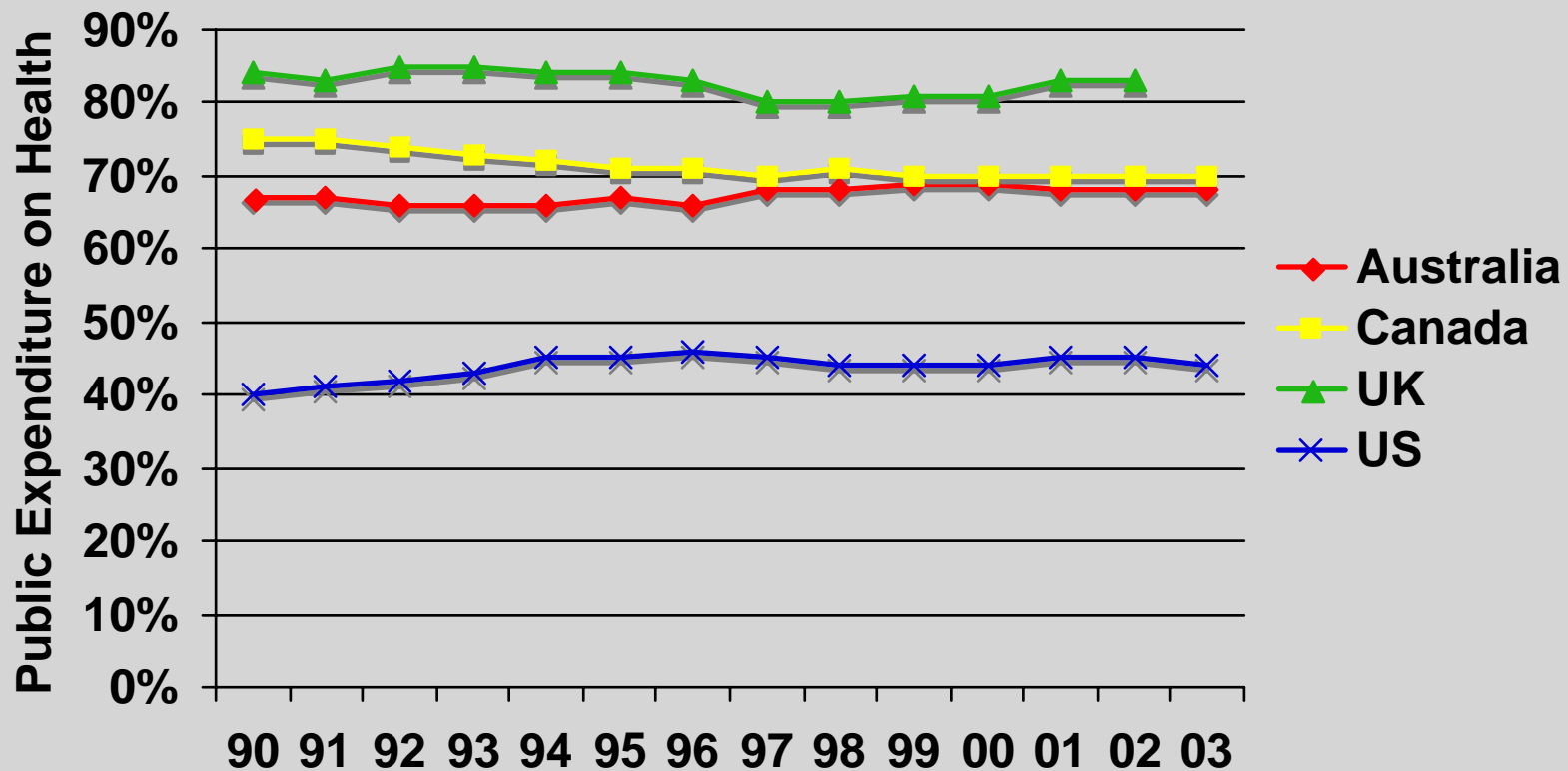


Source: OECD, Authors, and Office of the Actuary (Centers for Medicare and Medicaid).

Figure 3
Canada, Health Expenditures per Capita,
Constant \$1997, 1990-2004, Selected Components

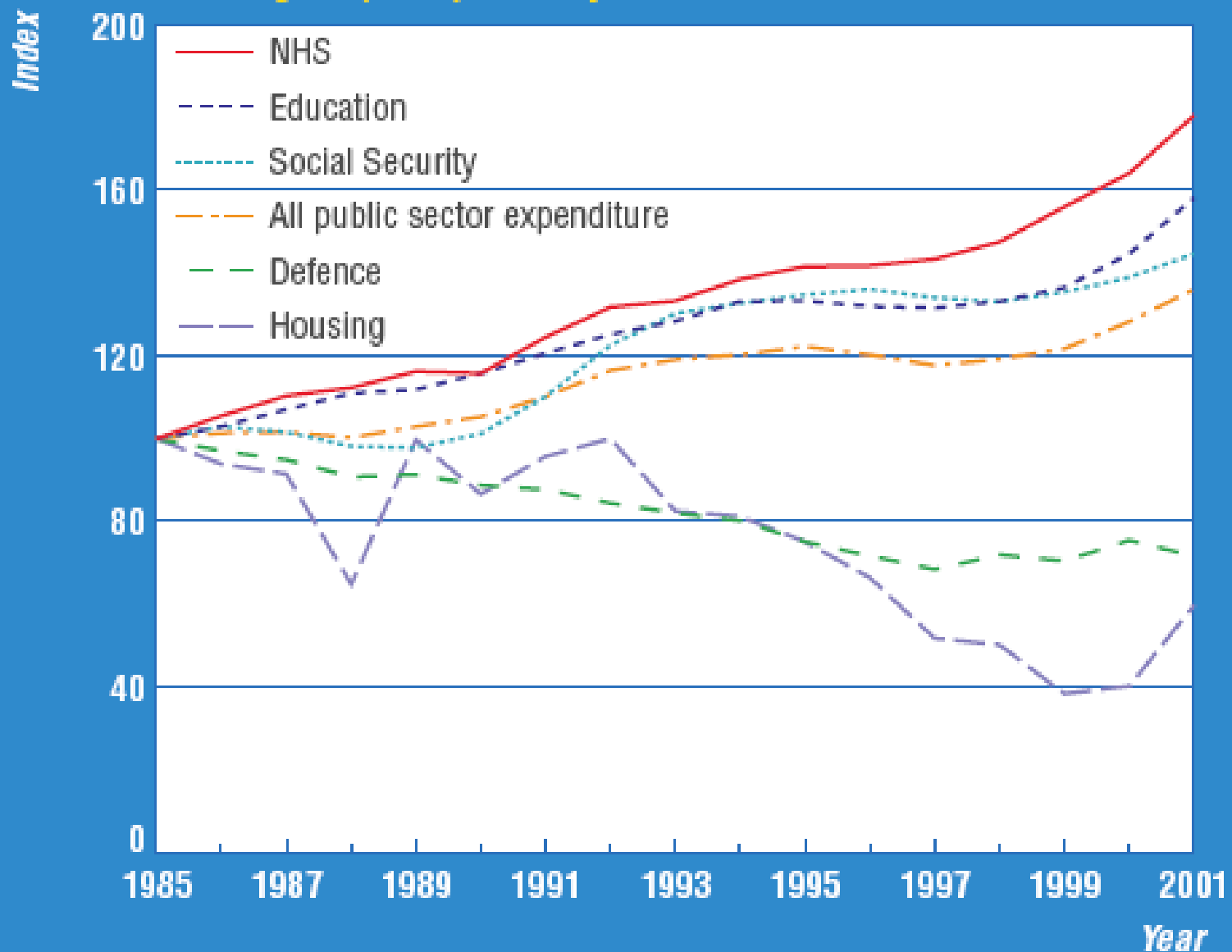


Public Expenditure on Health as % of Total Health Expenditure



Source: OECD and Authors.

Indices of UK public sector expenditure, relative to 1985 figure (=100) and adjusted for inflation



Out-of-pocket Payments as % of Total Health Expenditure

	1996	2001
Australia	17%	21%
Canada	16%	15%
United Kingdom	10%	N/A
United States	15%	15%

Source: OECD, Authors.

Expansion of Undergraduate Medical Education

- **Australia**
 - Eight new medical schools
- **Canada**
 - New rural campuses: U British Columbia, Sherbrooke
 - New medical school: Northern Ontario School of Medicine
- **United States (increased class size)**
 - Florida State
 - Marshall University
 - U of Miami, FL
 - Northeastern Ohio
 - Jefferson Med College

Undergraduate Medical Education

	Who decides on number of training slots?	Who pays?
Australia	National government	Students and state/federal governments
Canada	Provincial government	Primarily government
United Kingdom	National government	Primarily government, nominally students
United States	State governments and private medical schools	Students, state/federal governments

Medical Student Tuition in the U.S. (2003)

- **Median:**
 - \$16,322 public
 - \$34,550 private
- **Median debt (85% of students)**
 - \$100,000 public
 - \$135,000 private
- **Is there a relationship between debt and specialty choice?**

Costs of Medical Education per student in National Currencies

	Undergraduate	Post graduate
Australia	?	
Canada	\$45 - \$ 75,000	
United Kingdom	?	
United States	\$32 - \$52,000	

As we know,
There are known knowns.
There are things we know we know.
We also know
There are known unknowns.
That is to say
We know there are some things
We do not know.
But there are also unknown unknowns,
The ones we don't know
We don't know.

*Donald Rumsfeld, Secretary of Defense
Feb. 12, 2002, Department of Defense news brief*

Graduate Medical Education

	Who decides on number of training slots?	Where does training occur?	Educational Oversight	Who pays?
Australia	Australian government	Public teaching hospitals/regional training providers	Medical Schools	Primarily government
Canada	Provinces	Public teaching hospitals/community	Universities	Provincial educational, clinical sources, and visa students
United Kingdom	Department of Health	Trust hospitals, GP settings	Deaneries	Deaneries and NHS trusts
United States Source: Authors.	Each hospital	A hospital that meets program accreditation standards	Teaching hospitals are accountable to national accreditation organizations	Federal & state governments

Canadian Funding Sources for PGME

Table 1. Funding Sources for Postgraduate Medical Education	
DIRECT FUNDING	INDIRECT SOURCES*
Educational Grants from Departments of Education	Hospital and Health Board budgets from Ministries of Health
Tuition or Registration fees	Fee for Service Clinical Practice Plans
Specific Program funding from Ministries of Health	Voluntary teaching by part-time and community preceptors
Alternative Funding Plans where instituted from Ministries of Health	Alternative Funding Plans such as salaries
	Research funding
<p>* Note: Explicit and implicit indirect sources of funding are proving to be higher than direct funding for postgraduate education.</p>	

PGME Costs in the U.K.

- **50-100% physician salaries (80%)**
- **Removal expenses and study leave**
- **Training infrastructure (medical education centers and libraries)**
- **Clinical tutors, GP tutors, course organizers**
- **Deaneries for educational oversight**

Costs of Medical Education per student in National Currencies

	Undergraduate	Post graduate
Australia	?	?
Canada	\$45 - \$ 75,000	\$15.6 - \$25K + salary: \$52k
United Kingdom	?	?
United States	\$32 - \$52,000	>\$100,000 direct

What are the desired outcomes of medical workforce policy?

- **Access to care when it is wanted and needed.**
- **Care that is technically excellent and personally compassionate.**
- **Care that is affordable to society and to the patient.**

What are the trade offs in public funding of workforce expansion?

Alternative expenditures	AUS	CAN	UK	US
Decreased out-of-pocket expenses	?	?	?	?
Investments in quality	?	?	?	?
Investments in research	?	?	?	?
Expanded pharmaceutical coverage	?	?	?	?
Moderation of tax increases	?	?	?	?

The authors respond

Dr. Robert Bain (Australia)

Dr. Morris Barer (Canada)

Ms. Beverly Gainey (UK)

Dr. Atul Gover (USA)

Is there a role for private funding (e.g. students, industry) of medical education?

- What are the trends in private funding of undergraduate medical education?**
- What are the trends in private funding of post graduate medical education?**
- What are the problems and opportunities in private funding?**

Will the financing of increased rates of medical education require funding trade offs?

- Has there been any discussion about trade offs?**
- How will increased training costs affect the funding of other health care and non health care initiatives?**
- How will increased funding affect taxation?**

What have been the discussions regarding financing medical education?

- What is the point of view of elected officials?**
- What is the point of view of the medical profession?**
- What is the point of view of the education organizations?**
- Have patient and consumer groups participated in the discussions?**

What are the implications of a growing number of physicians on financing health care?