

The Business of Health Care and Family Medicine's Role



The health care system in the United States is complex, particularly in terms of structure, financing and delivery (Figure 1). U.S. health care costs are higher than the costs in any other developed country in the world, and yet health outcomes in the United States are worse than in most other developed countries.

Figure 1. Health Care System Overview

External Forces	Health Policy	Financing of the American Health Care System	Organization and Delivery of Medical Care	Outcomes
<ul style="list-style-type: none">HistoryFinancial constraintsPolitical landscapeSocioeconomic structureConsumer preferences	<ul style="list-style-type: none">FundingCare deliveryReimbursementRegulationsFederal vs. state policy			<ul style="list-style-type: none">Health statusAccessQualityCostEquityPopulation health

Adapted from Boston University School of Public Health. Overview of the American health care system. December 12, 2014. Accessed December 15, 2023. https://sphweb.bumc.bu.edu/otlt/MPH-Modules/HPM/AmericanHealthCare_Overview/

It is important for future family physicians to understand what is driving the increased cost of U.S. health care, as well as family medicine's role in delivering effective, affordable care. Studies have shown that health care systems that spend a larger percentage of their total health care spending on primary care have better health outcomes.

What Is Driving Increased Health Care Costs in the United States?

The two primary drivers of increased U.S. health care costs are **price** and **utilization**. Contributing factors include the following:

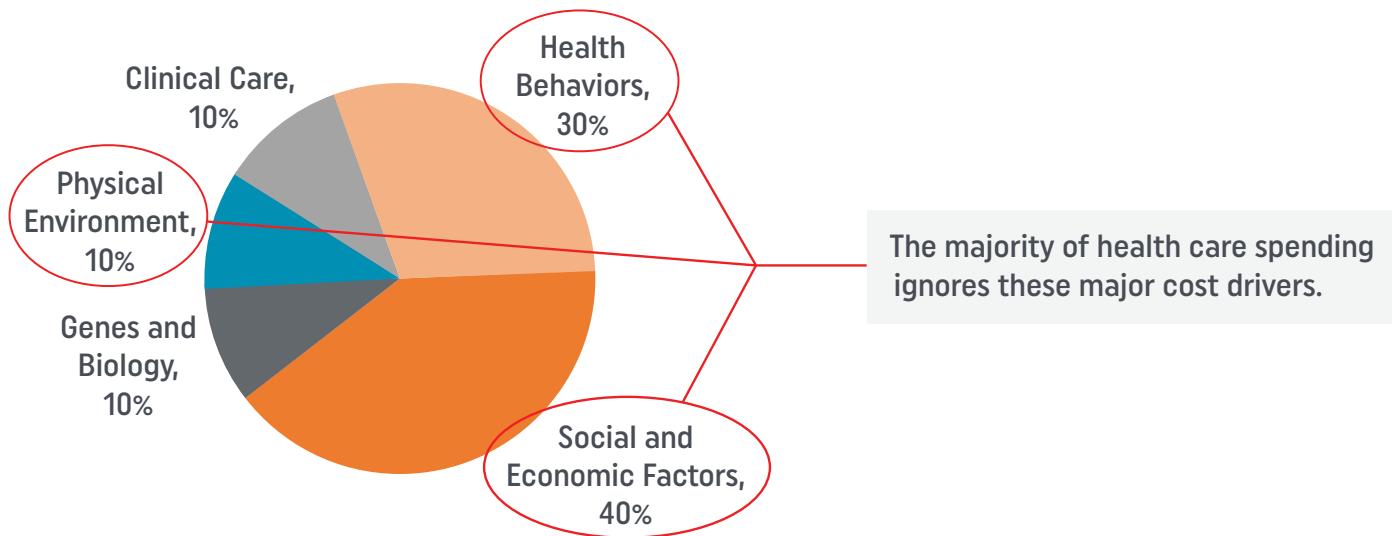
- Rising prices related to:
 - » New technology
 - » Administrative costs associated with navigating insurance and other payment systems
 - » Hospital consolidation, which results in less competition
- Lack of transparency about care or costs
- Limited or no choice of health care plan or plan structure for nearly half of Americans
- Aging population
- Increasing rates of chronic disease
- Predominant fee-for-service system that favors quantity over quality
- Unnecessary referrals to specialists for procedures and tests as protection against malpractice

By definition, family medicine is a specialty that cares for the whole person in the context of their family and their community.

Social Determinants of Health

In the United States, health is influenced heavily by social and economic factors (Figure 2). Social determinants of health, such as income level, education level, employment status and access to resources, are significant in shaping people's health outcomes. Economic factors, including the cost of health care services, insurance coverage and health care financing, also impact access to care and quality of care.

Figure 2. Determinants of Health



Adapted with permission from National Academy for State Health Policy. Six slides to help state legislators improve health. May 2019. Accessed December 15, 2023. <https://www.nashp.org/wp-content/uploads/2019/05/Six-Slides-to-Help-State-Leg-Improve-Health.pdf>

Income level is a critical social factor that affects health outcomes. People with lower incomes often face barriers to accessing services, such as inability to afford care, lack of insurance coverage and limited availability of health care facilities in underserved areas. Education level also plays a role. People who have completed a higher level of education tend to have better health outcomes and more control over decisions about their health.

Employment status and job security are closely tied to health care access because many Americans rely on employer-sponsored health insurance coverage. People who do not have stable employment or access to employer-sponsored insurance may find it challenging to obtain necessary medical care.

Social determinants of health encompass a broad range of other factors that influence well-being, including housing stability, food security, neighborhood safety and social support systems. Lack of access to safe housing, nutritious food options and violence-free environments can contribute to poor health outcomes. Addressing these social and economic factors is crucial to improving health care in the United States.

Family Physicians' Role

Family physicians play an essential role in lowering health care costs and ensuring access to care. Most health care in the United States is provided outside of the hospital, which underlines the importance of family medicine practices. Family physicians offer preventive care and early intervention, which can reduce or eliminate the need for costly hospitalizations and extensive treatment plans. Screening and lifestyle counseling can help patients maintain their health and prevent diseases. Family physicians are also skilled in serving as the main point of contact for their patients and providing comprehensive, continuous, coordinated care to minimize unnecessary referrals and expensive consultations.

In addition, family physicians manage the most complex care of any specialty, especially for patients who have co-occurring chronic conditions (Figure 3). Patients and family physicians working together to manage complex chronic conditions results in better health outcomes, increased patient satisfaction and lower costs of care.

Figure 3. Number of Diagnostic Codes Accounting for 50% of Coding Used by Physicians



Family physicians also play a key role in addressing social determinants of health to mitigate their impact on outcomes and costs. They recognize the importance of social and economic factors and advocate for their patients by connecting them with community resources and support systems.



The Future of Medicine

Many of the factors driving increased U.S. health care costs are shifting for the better. The United States has accelerated payment innovation to incentivize the value of care (i.e., payment based on health outcomes) over the quantity of care (i.e., fee-for-service payment). "Implementing High-Quality Primary Care: Rebuilding the Foundation of Health Care," a report from the National Academies of Sciences, Engineering, and Medicine, has spurred considerable action to strengthen primary care,² including the release of the first-ever national primary care scorecard to track progress toward the implementation of high-quality primary care in the United States.³ Demand for family physicians will only increase as these shifts take hold. With the right family medicine workforce, primary care in the United States will have a brighter future.

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Looking for a partner in your family medicine journey? Join the AAFP and gain access to resources designed to help you along the way, plus the support and encouragement of thousands of family physicians practicing today. Medical students join for free!

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References

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2. National Academies of Sciences, Engineering, and Medicine; Health and Medicine Division; Board on Health Care Services; Committee on Implementing High-Quality Primary Care, Robinson SK, Meisner M, Phillips RL Jr, et al., eds. Implementing high-quality primary care: rebuilding the foundation of health care. National Academies Press (US); May 4, 2021.
3. Jabbarpour Y, Petterson S, Jetty A, et al. The health of US primary care: a baseline scorecard tracking support for high-quality primary care. The Milbank Memorial Fund and The Physicians Foundation; February 22, 2023.