Are We Getting Good Value for Our Health Care Dollar?

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What Is Our Goal?

To purchase the best health care?

or

To purchase the best health?

Ten Leading Causes of Death in the U.S., 2000

Heart disease	710,760
Cancer	553,091
Stroke	167,661
Chronic obstructive pulmonary disease	122,009
Unintentional injuries	97,900
Diabetes	69,301
Pneumonia/influenza	65,313
Alzheimer disease	49,558
Kidney disease	37,251
Septicemia	31,224
Other diseases	499,283

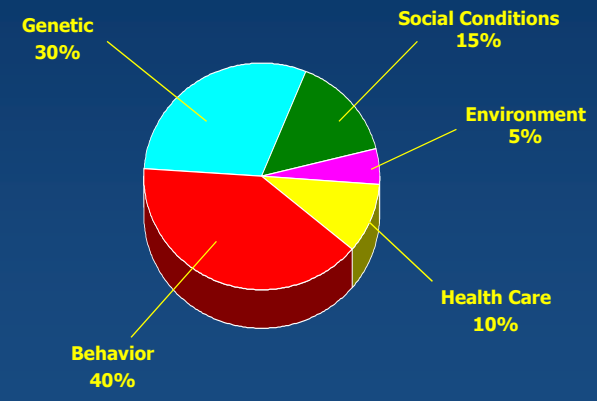
Mokdad, AH, et. al.

Actual Causes of Death, 2000

Tobacco use	435,000
Poor diet and physical inactivity	(400k)112,000
Alcohol consumption	85,000
Certain infections	75,000
Toxic agents	55,000
Motor vehicles	43,000
Firearms	29,000
Sexual behavior	20,000
Illicit drug use	17,000

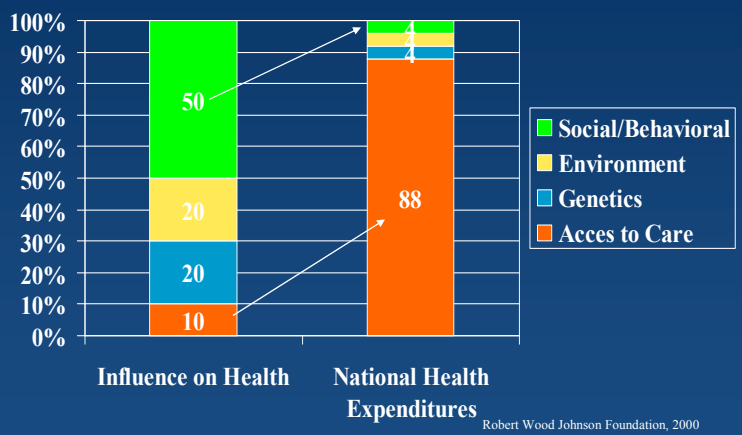
Mokdad, AH, et. al.

What Determines How Healthy We Are?



Source: McGinnis JM, Russo PG, Knickman, JR. Health Affairs, April 2002.

Where Does the Money Go?



Robert Wood Johnson Foundation, 2000

What Do We Get for Our Health Care Dollar in the U.S.?

- U.S. spends more than twice as much on health care per capita as other industrialized countries ($6,037 vs. $2,632 in 2004)
- Americans spend 15% of GDP on health care compared to a median of 9% in other developed countries (2004)
- Health care costs continue to rise
- How much is enough?
- What should we expect for this investment?

Possible Measures of Value for Our Health Care Spending

- Health status
- Access
- Quality
- Satisfaction

U.S. Health Outcomes Better in Some Cases

- Life expectancy at age 80
- Survival of very low birth weight infants
- Survival after heart attack, breast cancer
- Waiting time for complex procedures
- Availability of high technology services

Health Status: United States vs. 29 Other OECD Countries

Health Status Measure	U.S.A.	U.S. rank in OECD (30)	Best rank of OECD
Infant Mortality (deaths in first year of life/1000 live births/2002)			
All races	6.8	25	Iceland (2.7)
Whites only	5.7	22	
Maternal Mortality 2001 (deaths per 100,000 births)			
All races	9.9	22	Iceland (0)
Whites only	7.2	19	

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Health Status: United States vs. 29 Other OECD Countries (cont'd)

Health Status Measure	U.S.A.	U.S. Rank in OECD (30)	Best Rank of OECD
Life Expectancy from birth (y)			
All Women	80.1	22	Japan (85.3)
White women	80.5	19	
All men	74.8	22	Sweden (78.4)
White men	75.3	19	
Life expectancy from age 65/-2004*			
All women, years	19.8	10	Japan (23)
White women, years	19.8	10	
All men, years	16.8	9	Iceland (18.1)
White men, years	16.9	9	

**** Data missing for six (6) countries***

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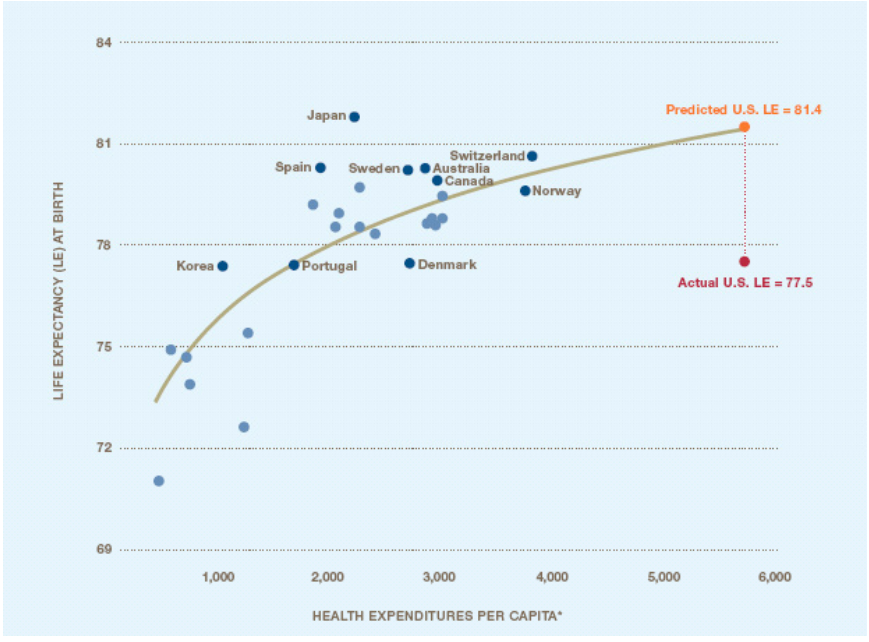

Prepared for the Robert Wood Johnson Foundation by the Center on Social Disparities in Health at the University of California, San Francisco.
Source: OECD Health Data 2007.
Does not include countries with populations smaller than 500,000. Data are for 2003.
*Per capita health expenditures in 2003 U.S. dollars, purchasing power parity

We spend twice as much per person on health care

But…

Health outcomes in the US rank in bottom third

Possible Measures of Value for Our Health Care Spending

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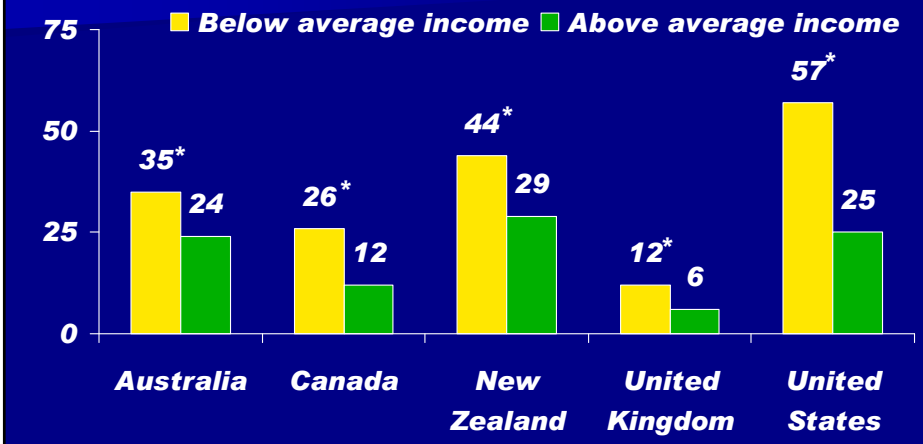
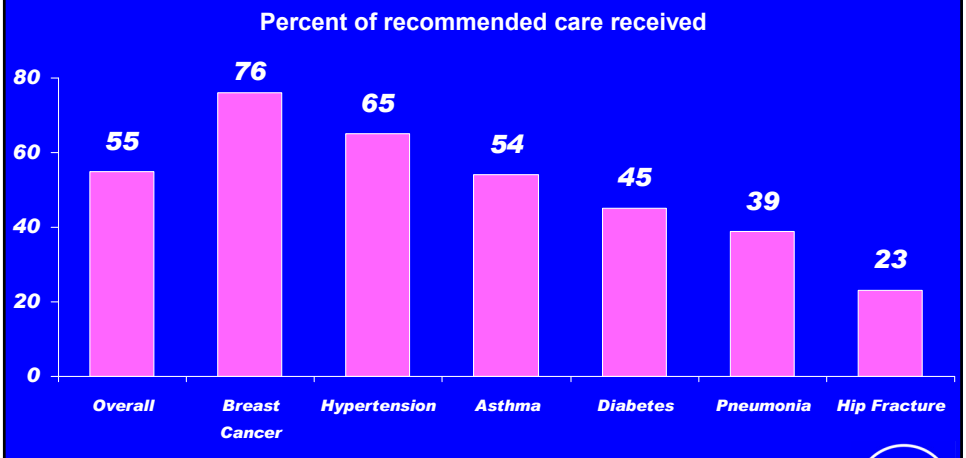
Went Without Needed Care Due to Costs, by Income



†Access problems include: Had a medical problem but did not visit a doctor; skipped a medical test, treatment, or follow-up recommended by a doctor; or did not fill a prescription because of cost
*Significant difference between below average and above average income groups within country at p<.05
Source: Commonwealth Fund 2004 International Health Policy Survey

U.S. Adults Receive Half of Recommended Care, and Quality Varies Significantly by Medical Condition



Source: E. McGlynn et al., "The Quality of Health Care Delivered to Adults in the United States," *The New England Journal of Medicine* (June 26, 2003): 2635–2645.

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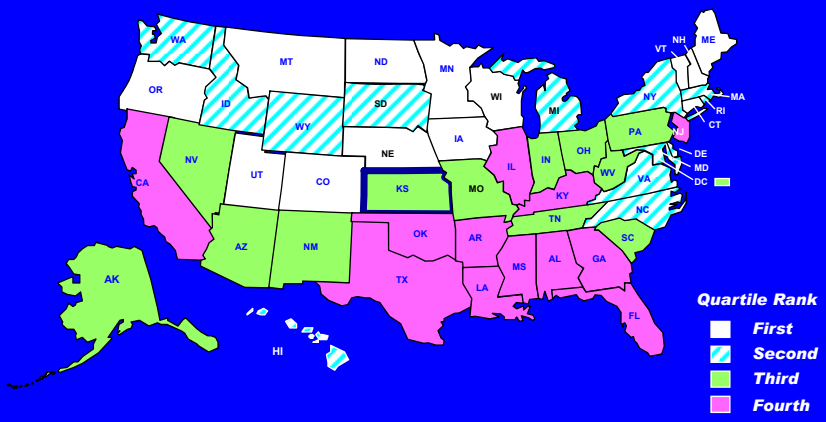
Provision of Appropriate Care
Performance on Medicare Quality Indicators
2000–2001



Note: State ranking based on 22 Medicare performance measures.

Source: S.F. Jencks, E.D. Huff, and T. Cuerdon, "Change in the Quality of Care Delivered to Medicare Beneficiaries, 1998–1999 to 2000–2001," Journal of the American Medical Association 289, no. 3 (Jan. 15, 2003): 305–312.

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Quality of Care in US Compared to Other Countries

	AUS	CAN	NZ	UK	US
Medical mistake in care	13	15	14	12	15
Wrong medication/dose	10	10	9	10	13
Lab error	14	18	14	11	23
Any of above	27	30	25	22	34

Source: 2004 Commonwealth Fund International Health Policy Survey.

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Opportunities Exist for Enhanced Doctor–Patient Communication and Interactions

Percent saying doctor:	AUS	CAN	NZ	UK	US
Always listens carefully	71	66	74	68	58
Always explains things so you can understand	73	70	73	69	58
Always spends enough time with you	63	55	66	58	44

Source: 2004 Commonwealth Fund International Health Policy Survey.

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Does More Spending Mean Better Health?

- When it comes to achieving better medical outcomes, how much you spend matters a great deal less than what you buy (Dartmouth study, 2006)
- Put more simply, the benefits of health spending depend on how one spends the money (Garber, 2006)

Why Is U.S. Medical Care So Costly?

- Physician supply? No (but specialty % very high)
- Fee for service payment valuations? Yes
- Health worker incomes? Yes
- Hospital supply/length of stay? No
- Proportion intensive care beds? Yes
- Rate of expensive procedures, and technology in general? Yes, in spades!

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Why Is U.S. Medical Care So Costly (Part 2)?

- Practice style variations? Yes
- Administrative costs? Yes
- Malpractice, including defensive medicine? Yes
- Aging population? Not really
- Higher prices for prescription drugs? A little bit
- Patient demand? Yes
- Lack of cost competition? Yes
- Low investment in IT? Maybe

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What Is Our Goal?

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Where do we go from here?

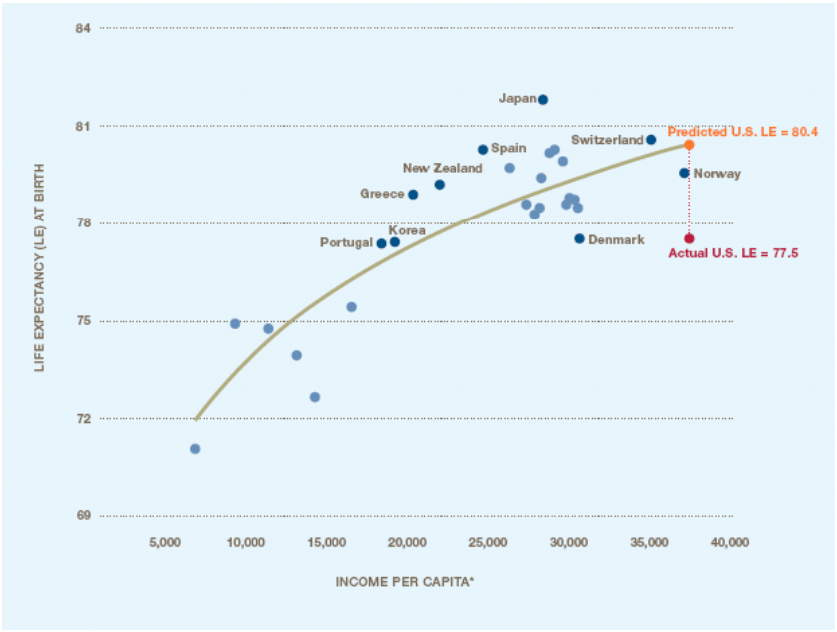
- Market-based solutions
- Emphasize role of consumers
- Improve the health care system
- Maintain focus on employer-based insurance system
- Increased government participation
- Single-payer health system

Are any of these enough?

- Role of chronic disease
- Social determinants framework
  - Early childhood imperative
- Comprehensive health care reform
  - Typically means universal health insurance
  - May mean universal access to health care
- Emerging calls for "transformational change" of the health system

What Will "Transformation" Look Like?

- Redirection of spending within health care to –
  - Primary care and prevention
  - Effective treatments
  - Population-based programs
- Redirection of spending outside of health care to –
  - Child and youth development and education
  - Economic development/poverty reduction
  - Promotion of healthier homes, neighborhoods, schools and workplaces



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*Per capita Gross Domestic Product in 2003 U.S. dollars, purchasing power parity

Transformative Change

- Major reform demands long range vision
  - What we want to accomplish in 20 years
- Criteria should not just be about short-run cost, but rather long-term investment
- Willingness to take on vested interests
- Criteria in a democracy needs to consider
  - Values
  - Science/ evidence
  - Social goals
  - Economics

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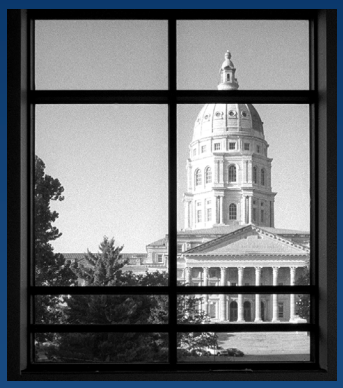

Information for policy makers. Health for Kansans.