



**How to Drive Down Healthcare Costs:  
The Case for a New  
Population Health Agenda**  
Julie Louise Gerberding, M.D., M.P.H  
March 8, 2016

# Conflicts of Interest / Interests

- Executive Vice President, Merck & Co., Inc
- Board Co-Chair, Sanofi Pasteur Merck Sharp & Dohme (SPMSD) Vaccines Joint Venture
- Associate Adjunct Professor of Medicine (Infectious Diseases), University of California, San Francisco
- Trustee, Case Western Reserve University
- Board Member, MSD Wellcome Trust Hilleman Laboratories Joint Venture
- Board Member, Accordia Global Health Foundation
- Board Member, National Association of City and County Health Officials (NACCHO) Foundation
- Executive Committee and Health Section Board Member, BIO



# Objectives

- Assess the potential causes of the “health disadvantage” experienced in America relative to other high income countries.
- Discuss the opportunities and limits of the Affordable Care Act in closing the health gap.
- Motivate private sector leadership actions that will help improve population health in worksites and communities, and inform local, state, and national policies.

# United States National Health Performance among 34 OECD\* Countries

- Life expectancy: 26<sup>th</sup>
- Infant mortality: 31<sup>st</sup>
- Low birth weight: 28<sup>th</sup>
- Maternal mortality: 25<sup>th</sup>

*Source : OECD at a glance 2009: OECD Publishing*

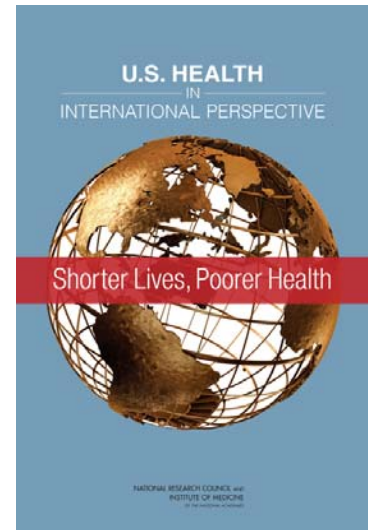
\* OECD = Organization for Economic Cooperation and Development

# America's Health Disadvantage: Shorter Lives & Poorer Health

## Nine Areas of U.S. Differentiation from other High Income OECD Countries\*

- Adverse birth outcomes
- Injuries and homicides
- Adolescent pregnancy and STDs
- HIV / AIDS incidence
- Drug-related mortality
- Obesity and diabetes
- Heart disease
- Chronic lung disease
- Disability

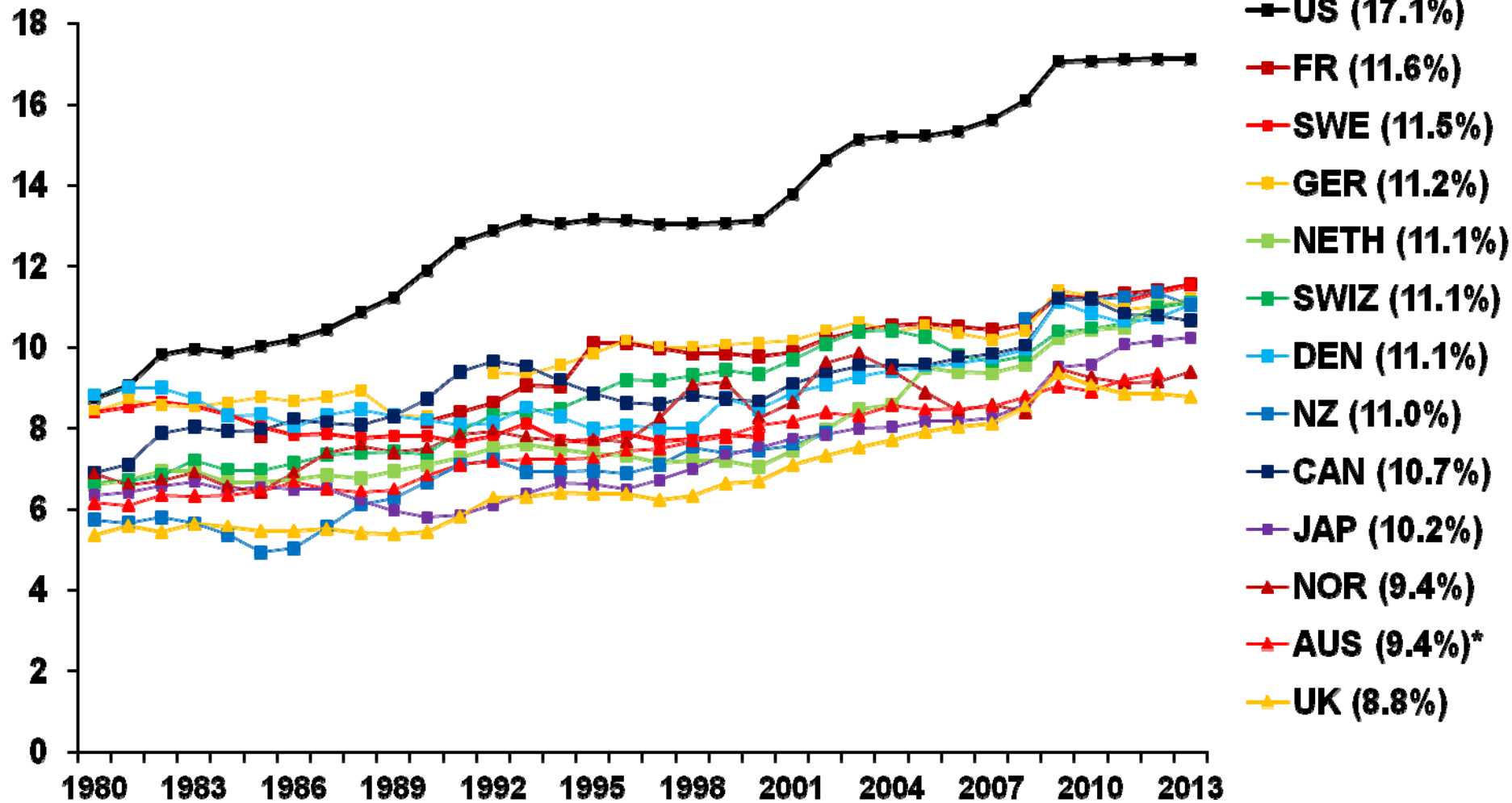
\* Australia, Austria, Canada, Denmark, Finland, France, Germany, Italy, Japan, Norway, Portugal, Spain, Sweden, Switzerland, the Netherlands, the United Kingdom



**Health disadvantaged** is defined by the IOM in this report as a condition of relative inferiority, reflecting the unfavorable health outcomes in the United States compared with those in other high-income countries. The term is not meant to imply that the United States, among the wealthiest countries in the world, is *disadvantaged*, i.e., “lacking in the basic resources or conditions (as standard housing, medical and educational facilities, and civil rights) believed to be necessary for an equal position in society” (Merriam-Webster Dictionary, 2012).

# Health Care Spending as a Percentage of GDP, 1980–2013

Percent



\* 2012.

GDP refers to gross domestic product. Dutch and Swiss data are for current spending only, and exclude spending on capital formation of health care providers.

Source: OECD Health Data 2015.

# Why is the U.S. a “Health Disadvantaged” Country Even Though We Spend the Most on Healthcare?

## Hypothesis: Healthcare System Issues

- ✓ Our healthcare system is inefficient and encourages unneeded, redundant, and expensive care.
- ✓ The quality of care some people receive is suboptimal.
- ✓ Many people lack insurance and can't access primary care services or pay for medicines.

# Affordable Care Act: October 1, 2013





# Why is the U.S. a “Health Disadvantaged” Country?

## Hypothesis: Public Health System Issues

- ✓ Our public health system is not adequately resourced to accomplish its mission.
- ✓ The public health system is fragmented and not optimally equipped to utilize the resources it does receive.
- ✓ The public health system is not adequately linked to the healthcare delivery system.
- ✓ The public health workforce capacity is not adequate to meet current and future needs.

# 2015: Centennial Anniversary of the Welch-Rose Report

INSTITUTE OF HYGIENE

Being a Report by  
Dr. William H. Welch  
and Wickliffe Rose

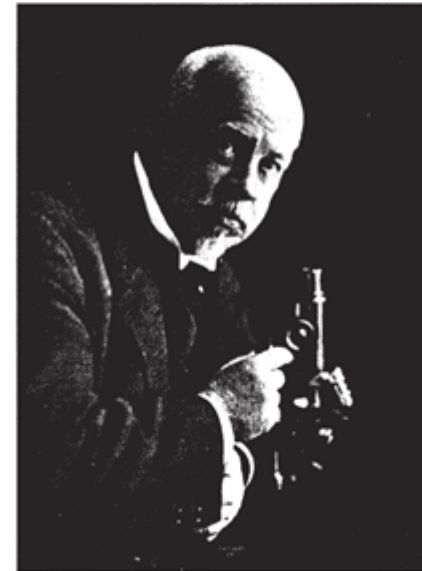
to the

General Education Board  
Rockefeller Foundation

Submitted in 1915

THE WELCH-ROSE REPORT:  
A PUBLIC HEALTH CLASSIC

DELTA OMEGA HONORARY PUBLIC HEALTH SOCIETY



Dr. William Welch: Founded John's Hopkins School of Public Health  
Mr. Wickliffe Rose: led the Rockefeller Foundation Research Institute

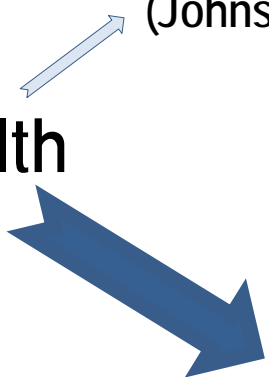
# Welch-Rose Outcome: The "Great Divide"



## Health Protection

(Johns Hopkins School of Hygiene & Public Health)

Assuring People's Health



## Disease Care

(Johns Hopkins School of Medicine)



# Welch-Rose Outcome: The "Great Divide"

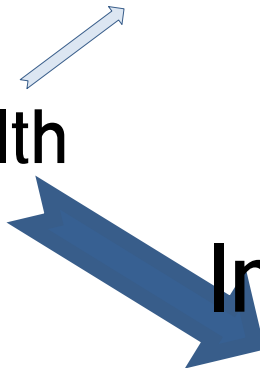
**GOVERNMENTAL  
PUBLIC HEALTH  
SYSTEM**

Population Health Protection

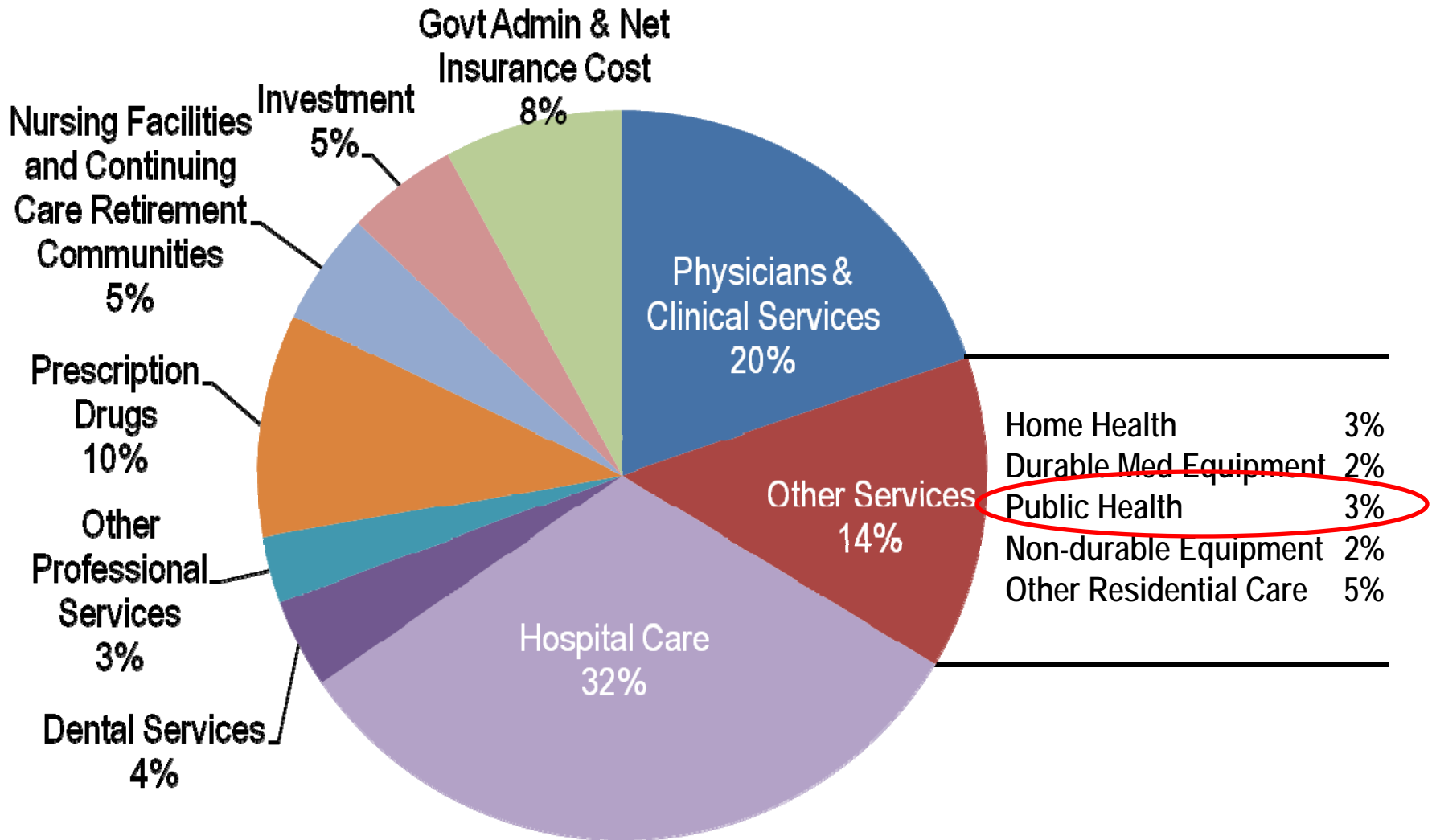
Assuring People's Health

**Individual Disease Care**

**HEALTHCARE  
DELIVERY  
SYSTEM**



# The Nation's Health Dollar (\$3.0 Trillion): Where it Went in Calendar Year 2014



Sum of pieces may not = 100% due to rounding

Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group

# Why is the U.S. a “Health Disadvantaged” Country?

## Hypothesis: Individual Behaviors

- ✓ People do not have healthy lifestyles and are at high risk for chronic diseases.
- ✓ Specific behaviors are known to be linked to preventable causes of mortality:
  - Tobacco use
  - Alcohol and drug use
  - Poor diet
  - Sexual Practices
  - Inactivity
  - Injurious Behaviors

# Select Population Health Outcomes and Risk Factors

	Life exp. at birth, 2013 <sup>a</sup>	Infant mortality, per 1,000 live births, 2013 <sup>a</sup>	Percent 65+ with 2 or more chronic conditions, 2014 <sup>b</sup>	Obesity rate (BMI>30), 2013 <sup>a,c</sup>	Percent age 15+ daily smokers, 2013 <sup>a</sup>	Percent age 65+
<b>Australia</b>	82.2	3.6	54	28.3 <sup>e</sup>	12.8	14.4
<b>Canada</b>	81.5 <sup>e</sup>	4.8 <sup>e</sup>	56	25.8	14.9	15.2
<b>Denmark</b>	80.4	3.5	—	14.2	17.0	17.8
<b>France</b>	82.3	3.6	43	14.5 <sup>d</sup>	24.1 <sup>d</sup>	17.7
<b>Germany</b>	80.9	3.3	49	23.6	20.9	21.1
<b>Japan</b>	83.4	2.1	—	3.7	19.3	25.1
<b>Netherlands</b>	81.4	3.8	46	11.8	18.5	16.8
<b>New Zealand</b>	81.4	5.2 <sup>e</sup>	37	30.6	15.5	14.2
<b>Norway</b>	81.8	2.4	43	10.0 <sup>d</sup>	15.0	15.6
<b>Sweden</b>	82.0	2.7	42	11.7	10.7	19.0
<b>Switzerland</b>	82.9	3.9	44	10.3 <sup>d</sup>	20.4 <sup>d</sup>	17.3
<b>UK</b>	81.1	3.8	33	24.9	20.0 <sup>d</sup>	17.1
<b>United States</b>	<b>78.8</b>	<b>6.1<sup>e</sup></b>	<b>68</b>	<b>35.3<sup>d</sup></b>	<b>13.7</b>	<b>14.1</b>

<sup>a</sup> OECD Health Data 2015.

<sup>b</sup> hypertension or high blood pressure, heart disease, diabetes, lung problems, mental health problems, cancer, and joint pain/arthritis. Source: Commonwealth Fund International Health Policy Survey of Older Adults, 2014.

<sup>c</sup> DEN, FR, NETH, NOR, SWE, and SWIZ based on self-reported data; all other countries based on measured data.

<sup>d</sup> 2012. <sup>e</sup> 2011.

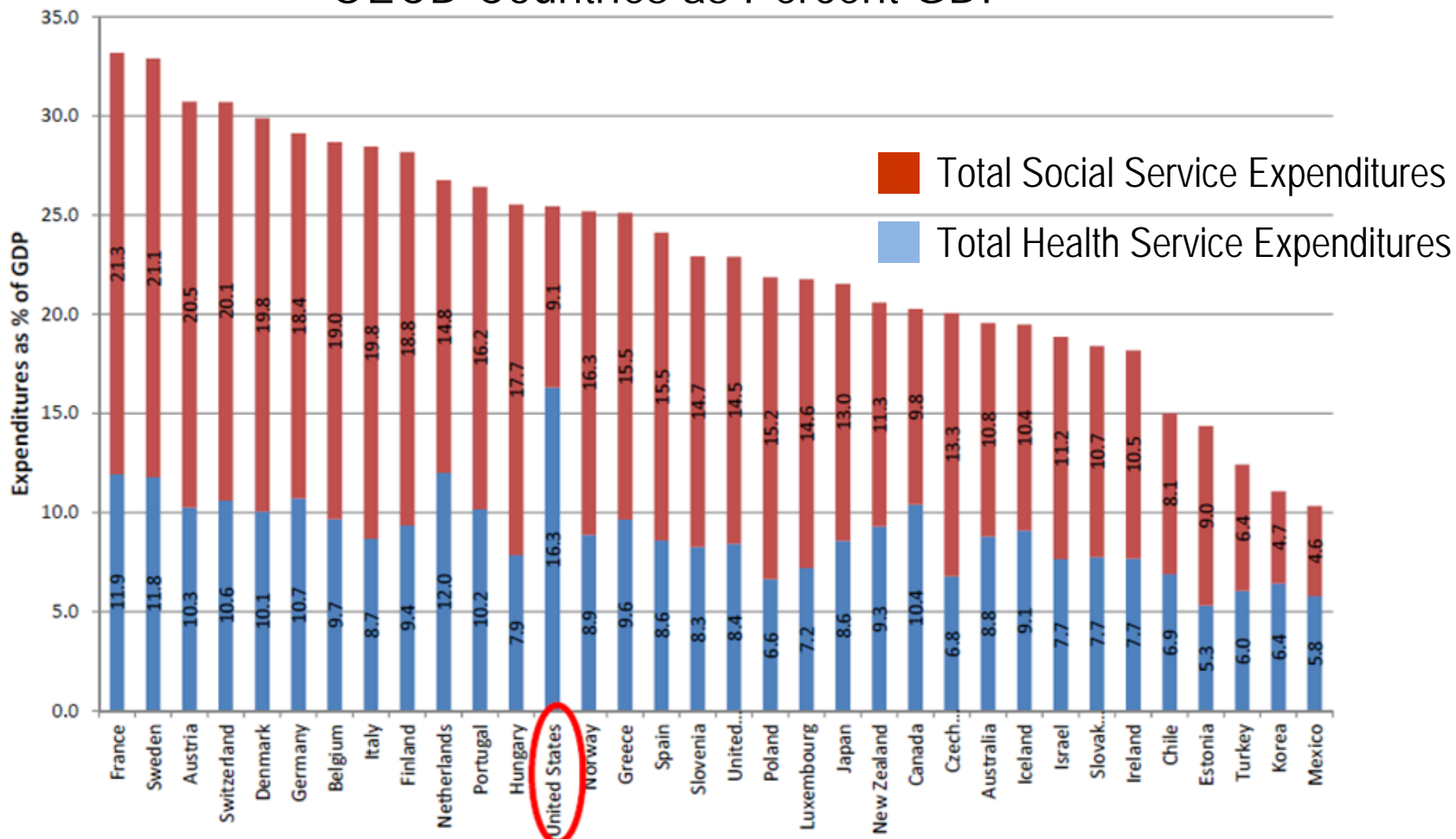
# Why is the U.S. a “Health Disadvantaged” Country?

## Hypothesis: Social Factors

- ✓ Worsening social conditions in the United States:
  - Poverty
  - Lowering educational attainment
  - Child poverty
  - Single parent households
  - Divorce
  - Incarceration



# Healthcare Expenditures Compared to Social Care Expenditures in OECD Countries as Percent GDP



In OECD, for every \$1 spent on health care, about \$2 is spent on social services  
 In the US, for \$1 spent on health care, about 55 cents is spent on social services

GDP refers to gross domestic product.

Source: OECD 2009; E. H. Bradley and L. A. Taylor, *The American Health Care Paradox: Why Spending More Is Getting Us Less*, Public Affairs, 2013.

# Why is the U.S. a “Health Disadvantaged” Country?

## Hypothesis: Physical and Social Environment Factors

- ✓ The built environment deters health protection and promotion activities and encourages unhealthy choices and exposures.
- ✓ The social environment induces segregation and inequities that foment stress, injuries, and violence.

“We have to ensure that families have the internal resources to raise kids, but also that families live in communities where there’s access to exercise and good food. These are not what people traditionally think of as health interventions—but they are the things that shape lifetime health.”

Deborah Allen

Director, Child, Adolescent, and Family Health

Boston Public Health Commission

# Built Environment

Then



Estelline, South Dakota USA  
(Google Earth)

Now



Urban America

# School Lunch

## Then (20 years ago)



210 Calories  
2.4 ounces



85 Calories  
6.5 ounces



**628 Calories** <sup>333 calories</sup>

## Now



610 Calories  
6.9 ounces



250  
Calories  
20 ounces



590 calories

**1850 Calories**



# Family & Adult Role Models

Then



Now



# America's Health Disadvantage: Determinants of Shorter Lives & Poorer Health

Healthcare System  
Challenges

Public Health  
System  
Challenges

Individual Health  
Behaviors

Economic and  
Psychosocial  
Factors

Physical & Social  
Environment

Policies & Culture

- Uninsured populations, financial barriers to care, a shortage of primary care providers, and potentially important gaps in the quality of care.
- Public health system is insufficiently resourced to assure effective health protection and coordinate an integrated social safety network.
- Higher prevalence of unhealthy behaviors involving caloric intake, sedentary behavior, drug use, unprotected sex, driving without seatbelts, and firearms.
- Lags in educational achievement, high income inequality and poverty rates and lower social mobility than most other high-income countries.
- Obesogenic built environment that discourages physical activity and access to healthy foods, and they also live in more racially segregated communities .

# Affordable Care Act: October 1, 2013



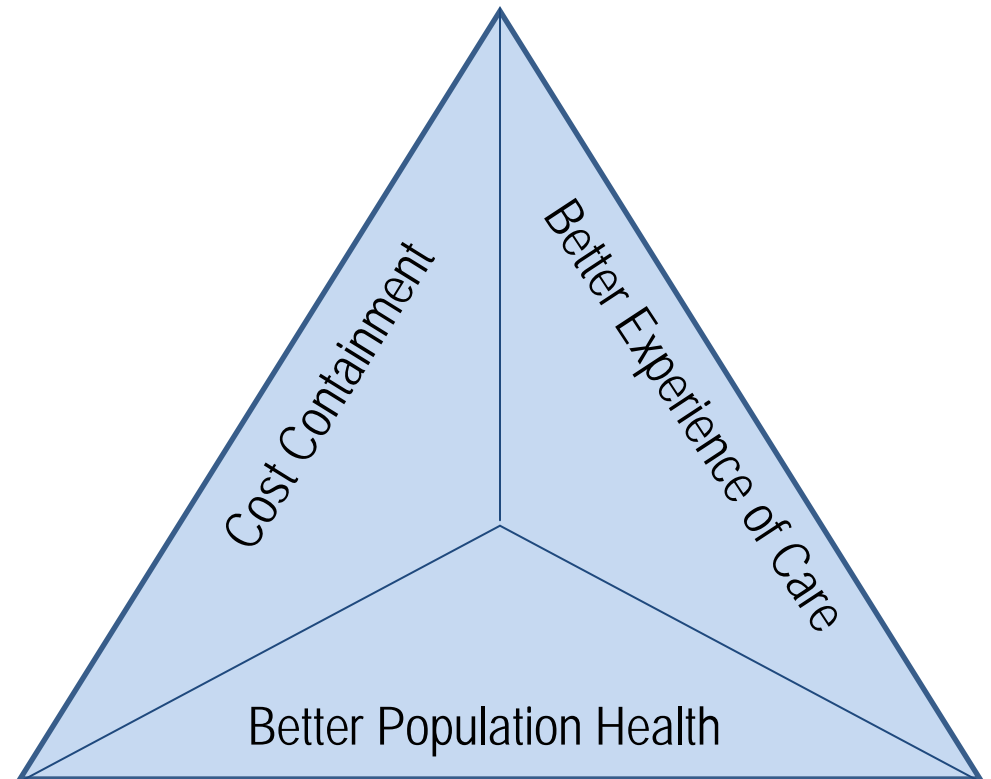
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PPACA (Consolidated)

Sec. 4001

**TITLE IV—PREVENTION OF CHRONIC DISEASE AND IMPROVING PUBLIC HEALTH**

**Subtitle A—Modernizing Disease Prevention and Public Health Systems**



## The Triple Aim



# Population Health in the ACA

## Expanded insurance coverage

Individual mandate

Medicaid expansion

State insurance exchanges

Community health centers

## Improved quality of care

National Strategy for Quality  
Improvement

CMS Center for Medicare and Medicaid  
Innovation

Patient-Centered Outcomes Research  
Institute

## Enhanced prevention and health promotion

Incentivize providers to have accountability  
for population health outcomes

Expanded primary care training

Mandated prevention services without cost-  
sharing

Annual Medicare wellness visit

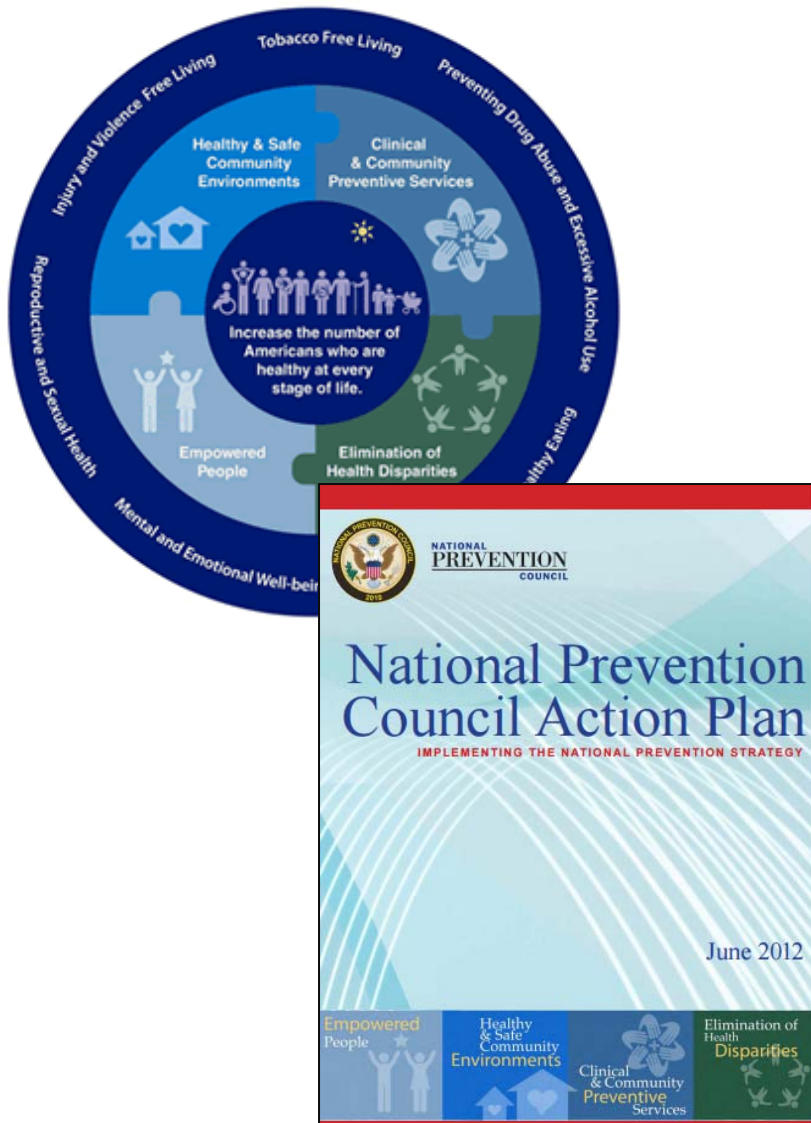
## Community and population-based activities

National Prevention, Health Promotion and  
Public Health Council

Prevention and Public Health Strategy and  
Fund

Workplace wellness grants and insurance  
discounts

# National Prevention Council Strategy and Action Plan



## Seven Priorities

- Tobacco Free Living
- Preventing Drug Abuse and Excessive Alcohol Use
- Healthy Eating
- Active Living
- Injury and Violence-Free Living
- Reproductive and Sexual Health
- Mental and Emotional Well-being

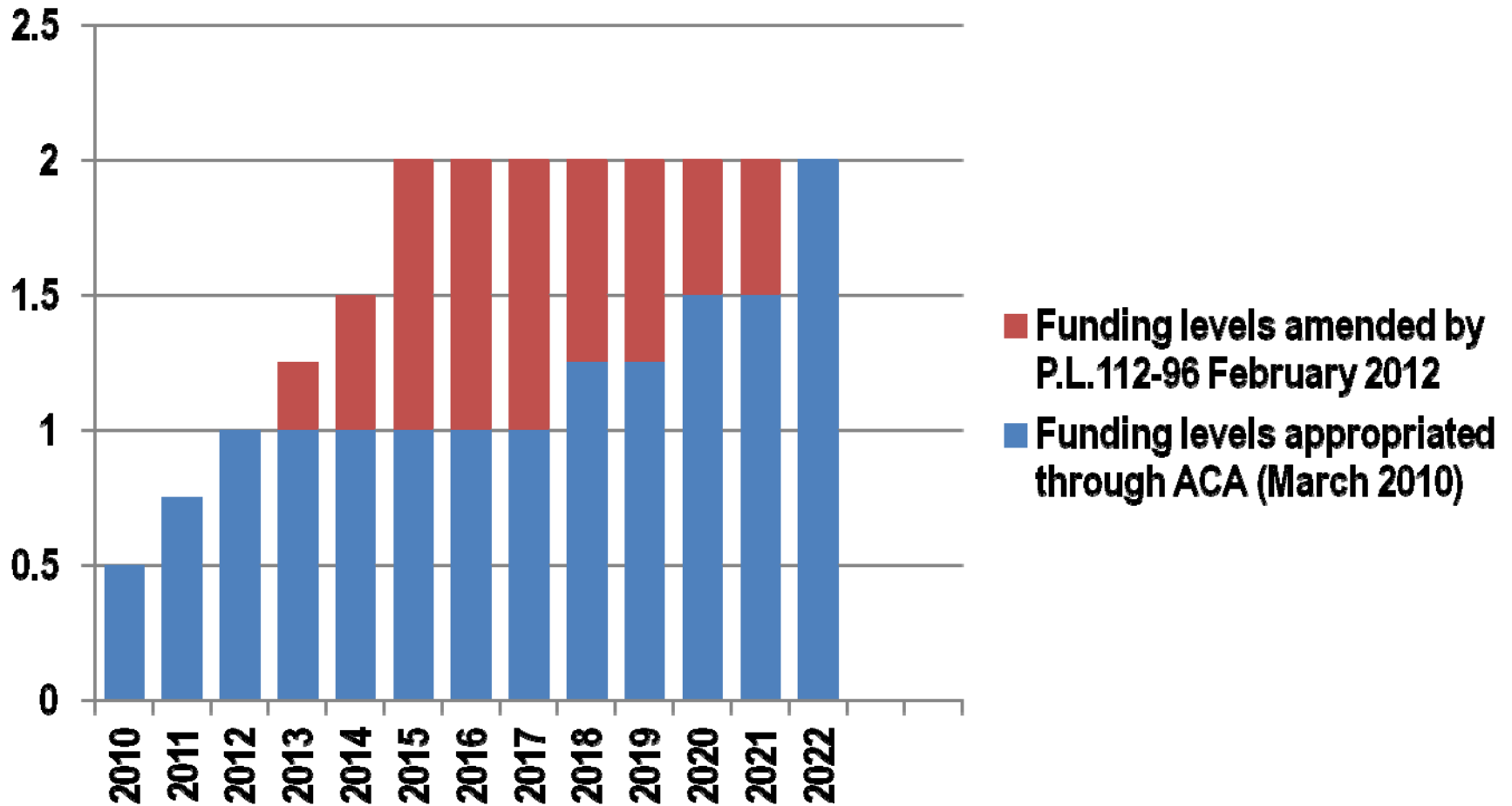
# Community Health Needs Assessments and Implementation Plans



Under the ACA, the IRS requires as a condition of tax exempt status that not-for-profit health systems must meet 3 statutory requirements:

- 1) Conduct a Community Health Needs Assessment;
- 2) Adopt an implementation strategy for meeting the community health needs that are identified in the assessment;
- 3) Create transparency by distributing the report widely to the public.

# Prevention Fund Annual Allocations as Enacted and after Reduction Under P.L. 112-96



Source: Affordable Care Act, P.L. 112-96

“Human health is fundamentally a national asset, which means that spending on the promotion and protection of health is more like a fruitful investment than a consumption expenditure.”

David Bloom

Clarence James Gamble Professor of Economics and Demography

T. H. Chan School of Public Health

Harvard University

Source: Harvard Public Health Fall 2102 issue

The most powerful opportunity for stopping the growth in the cost of healthcare in the United States is to create more health in the population.

- Health does not happen just in the doctor's office or the ACO.
- Health happens in our homes, schools, worksites, and communities.
- We don't invest enough in protecting the health of our population – promoting good healthstyles, preventing disease, injury, and disability, and preparing for new health threats.
- We are not investing in things that create health and wellbeing.
- We need to create a holistic health system that creates more HEALTH and HEALTH EQUITY!

Private sector leaders, especially those in the health sector, have a unique opportunity - and responsibility - to catalyze progress toward better population health.

# Leadership Mindset

	<u>Fix Problem</u>	<u>Create Solution</u>
Approach	Health reform	System transform
Driver	Cost	Health
Goal	Access to affordable care	Population health / health equity
Emphasis	Disease, treatment, services	Healthstyle, health-in-all places
Measures	Quality, cost, morbidity, burden	Health, value, happiness, empowerment



# Walk Your Talk

Set the tone at the top  
Tobacco-free "me"  
Tobacco-free work-sites  
Cessation benefits for employees



# Engineer Health “Defaults” in Your Workplace and Home

- Nudge healthy food choices
- Nudge physical activity
- Incentivize wellness in benefits designs
- Engage families



# Catalyze Alliances in Community Health Networks

- Meet your public health leaders and engage.
- Commit your leadership, personal time, and resources to supporting priority community efforts and motivate workers to do the same.
- Put "health" on the Chamber agenda.



# Advocate for Health in all Places and All Policies

## Forty percent of people with access to trails report using them Walking trails improve community fitness

**B**UILDING community walking trails can lead to more exercise among residents and reach people who may otherwise be inactive, a study found.

Researchers examining the effect of walking trails in rural Missouri counties found that half of users surveyed said they had increased their walking since the trails were improved or built. Walkers with a high school education or less were more than twice as likely to have increased their walking since they began using the



A graphic with a dark teal background. It features several white icons: a puzzle piece, a house with a heart, a flower, a leaf, a group of people, a graduation cap, a bus, and a sun. The text "HEALTH IN ALL POLICIES" is written in white, bold, uppercase letters in the center.



**POLICY OPTIONS TO IMPACT SOCIAL DETERMINANTS OF HEALTH**



# Find Shared Value: Population Health Opportunities

**Diabetes  
Prevention**

**Maternal Health &  
Infant Survival**

**Cancer Prevention &  
Early Detection**

**Antimicrobial  
Stewardship**

**Population Vaccine  
Coverage**

# Objectives

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- Motivate private sector leadership actions that will help improve population health in worksites and communities, and inform local, state, and national policies.



*"Never doubt that a small group of thoughtful committed citizens can change the world. Indeed it's the only thing that ever has."*

*- Margaret Mead -*