

What Are Politicians and Policy Makers Failing to Ask About the Healthcare Crisis?

The National Congress on Healthcare Reform
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Shannon Brownlee

Visiting Scholar, NIH Dept. of Bioethics

Author: *Overtreated: Why Too Much Medicine is Making Us Sicker and Poorer*

shannon.brownlee@comcast.net

Unasked Questions

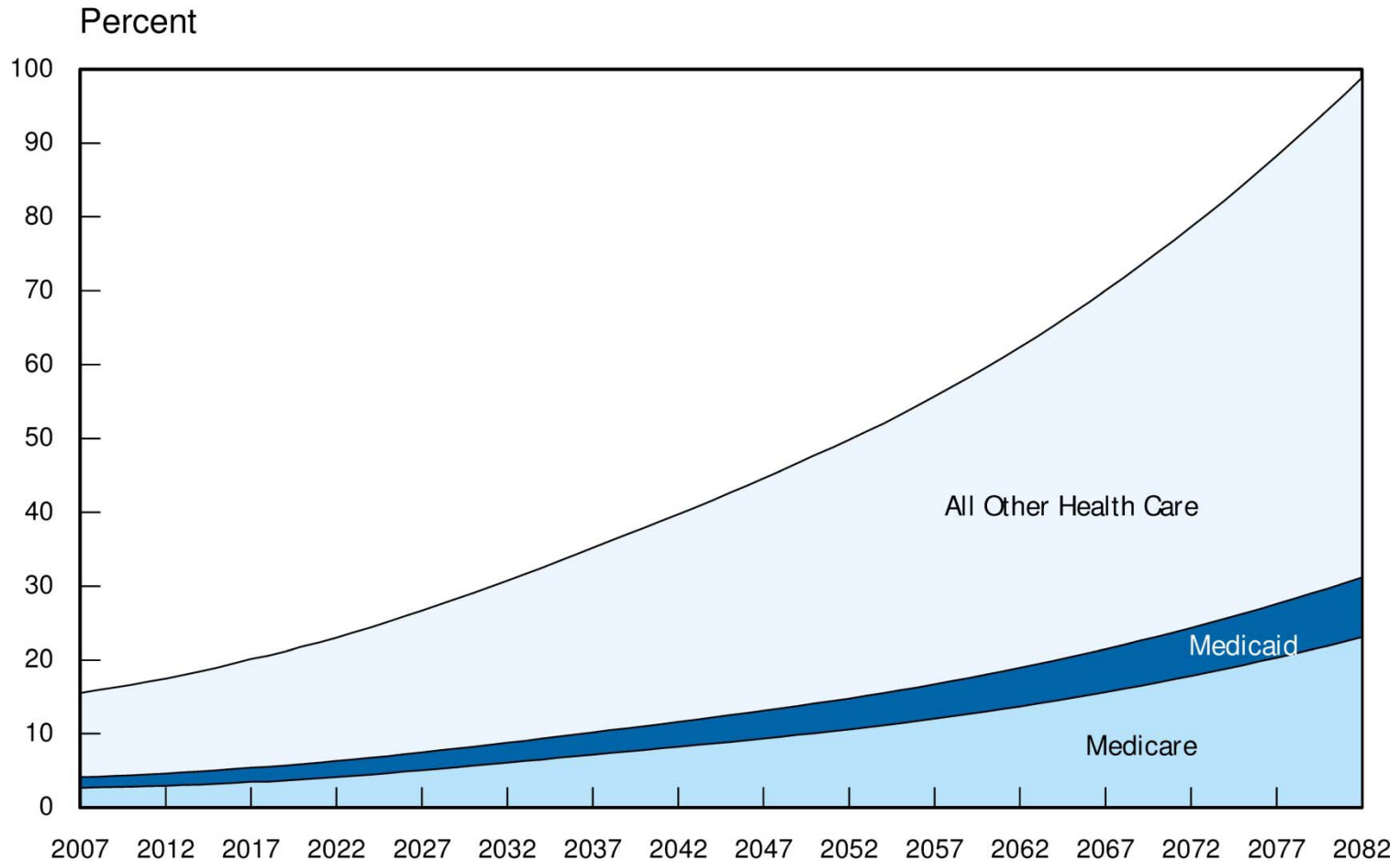
1. Why is our care so expensive?
2. Why don't we get better outcomes?
3. Can we improve quality and outcomes without spending even more?

Answers we already have

1. Covering everybody is the right thing to do.
2. Rising healthcare costs hurt the economy.
3. Poor value for the dollar
 - Highest per capita spending in the world
 - Worst health statistics

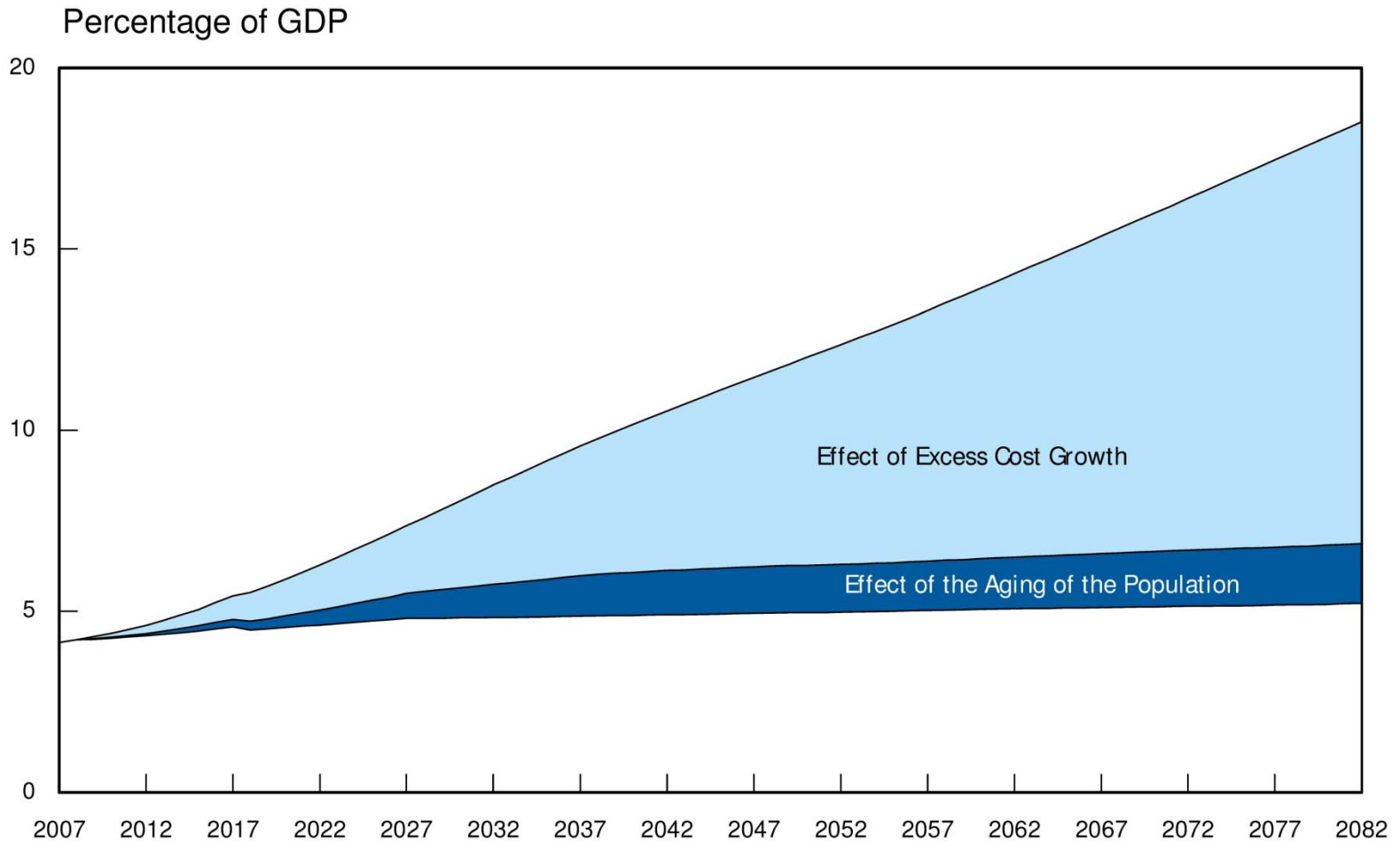


Spending on Health Care as a Percentage of Gross Domestic Product Under an Assumption That Excess Cost Growth Continues at Historical Averages



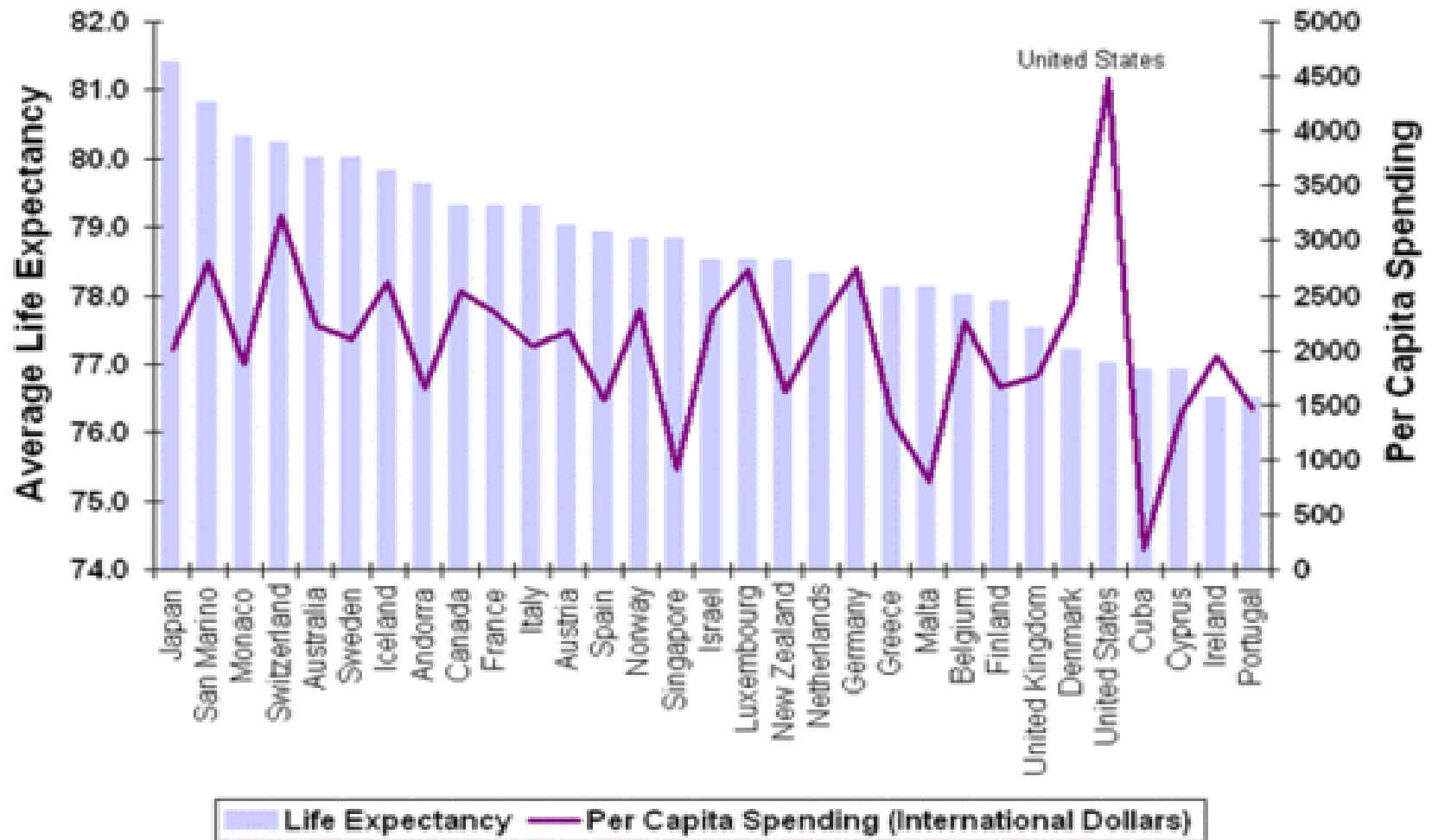


Sources of Growth in Projected Federal Spending on Medicare and Medicaid



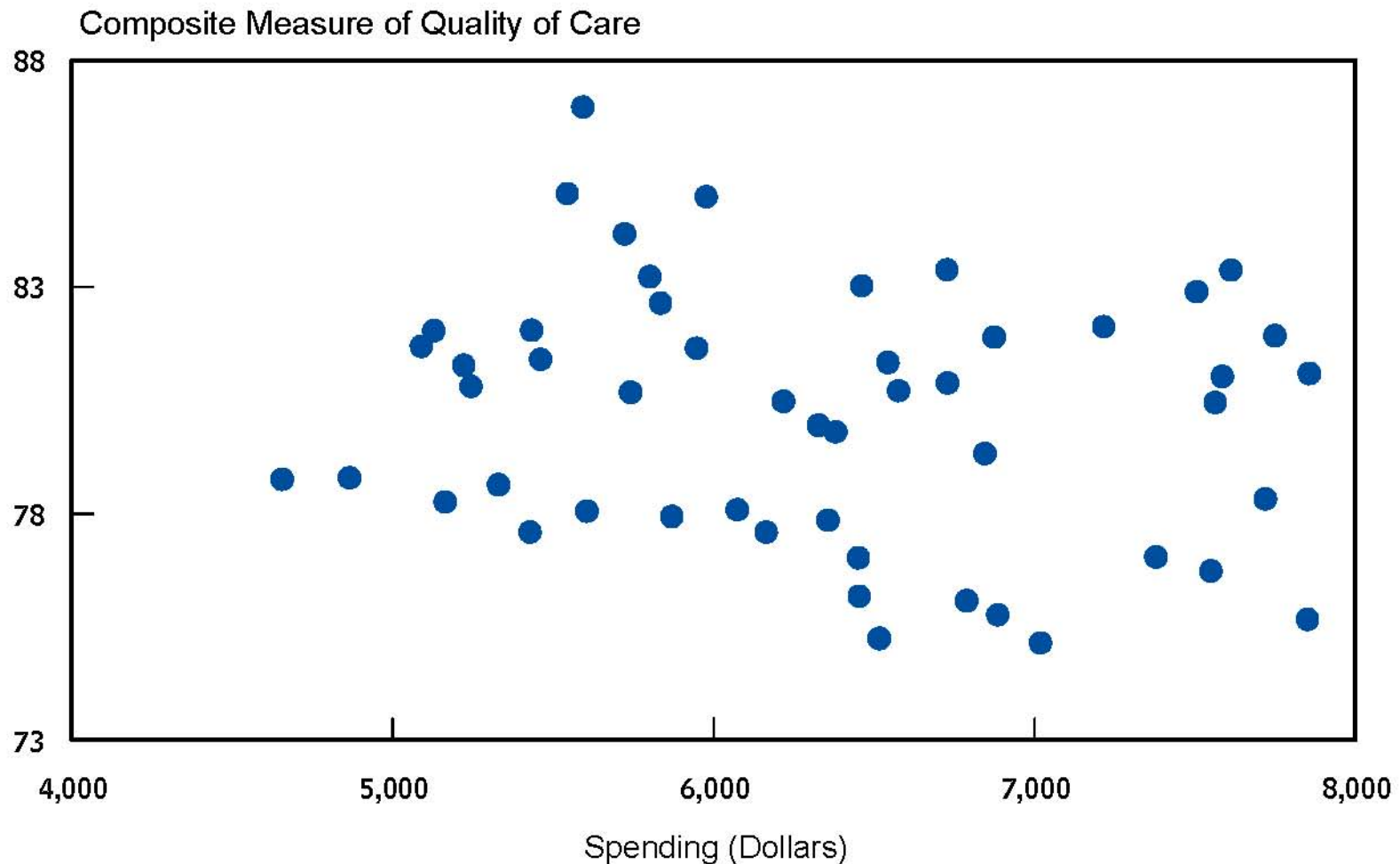
Poor Value for the Dollar

The Cost of a Long Life





The Relationship Between Quality and Medicare Spending, by State, 2004

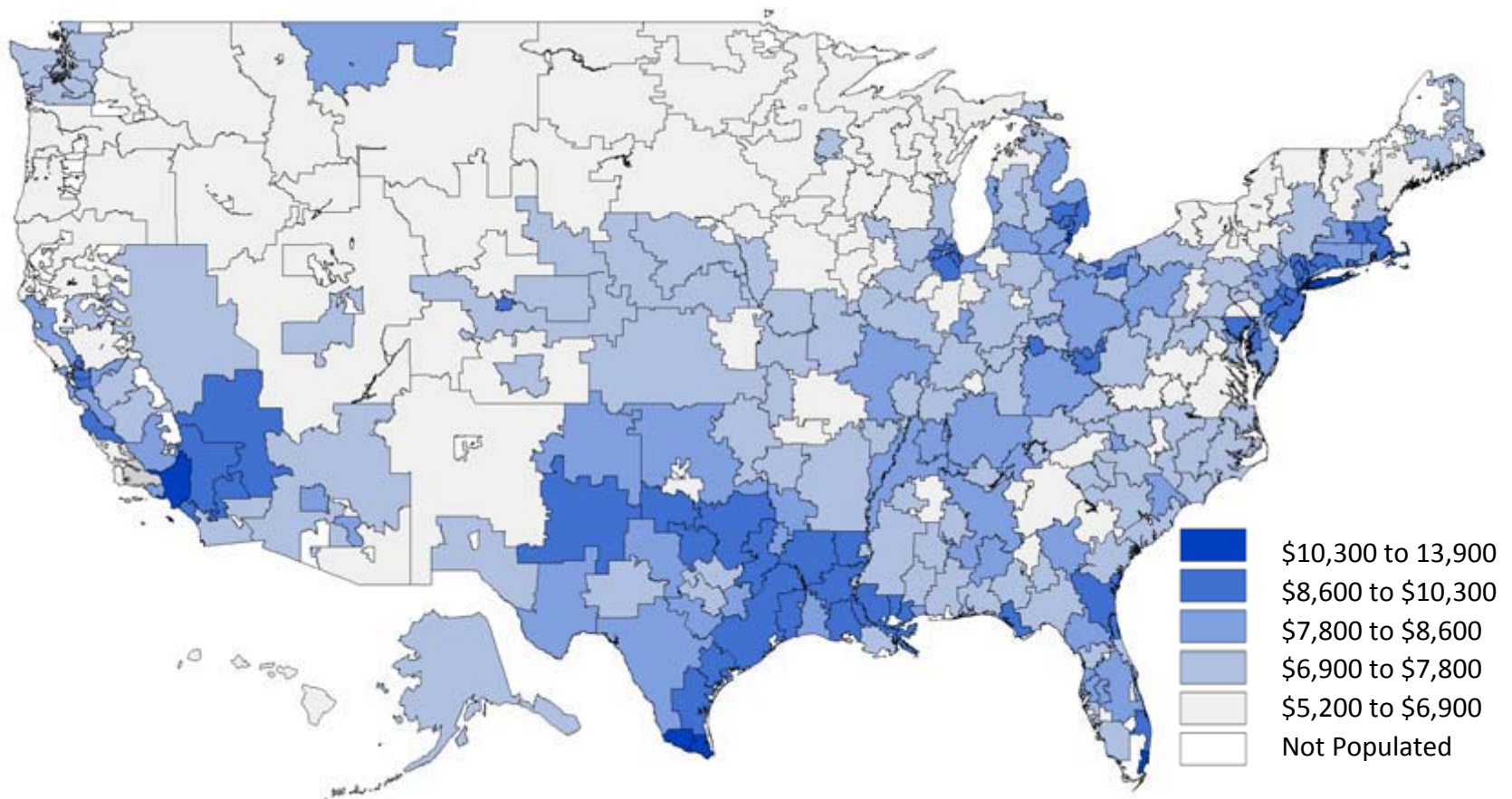


Source: Data from AHRQ and CMS.

Unasked Questions

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Medicare Spending per Beneficiary in the United States, by Hospital Referral Region, 2005

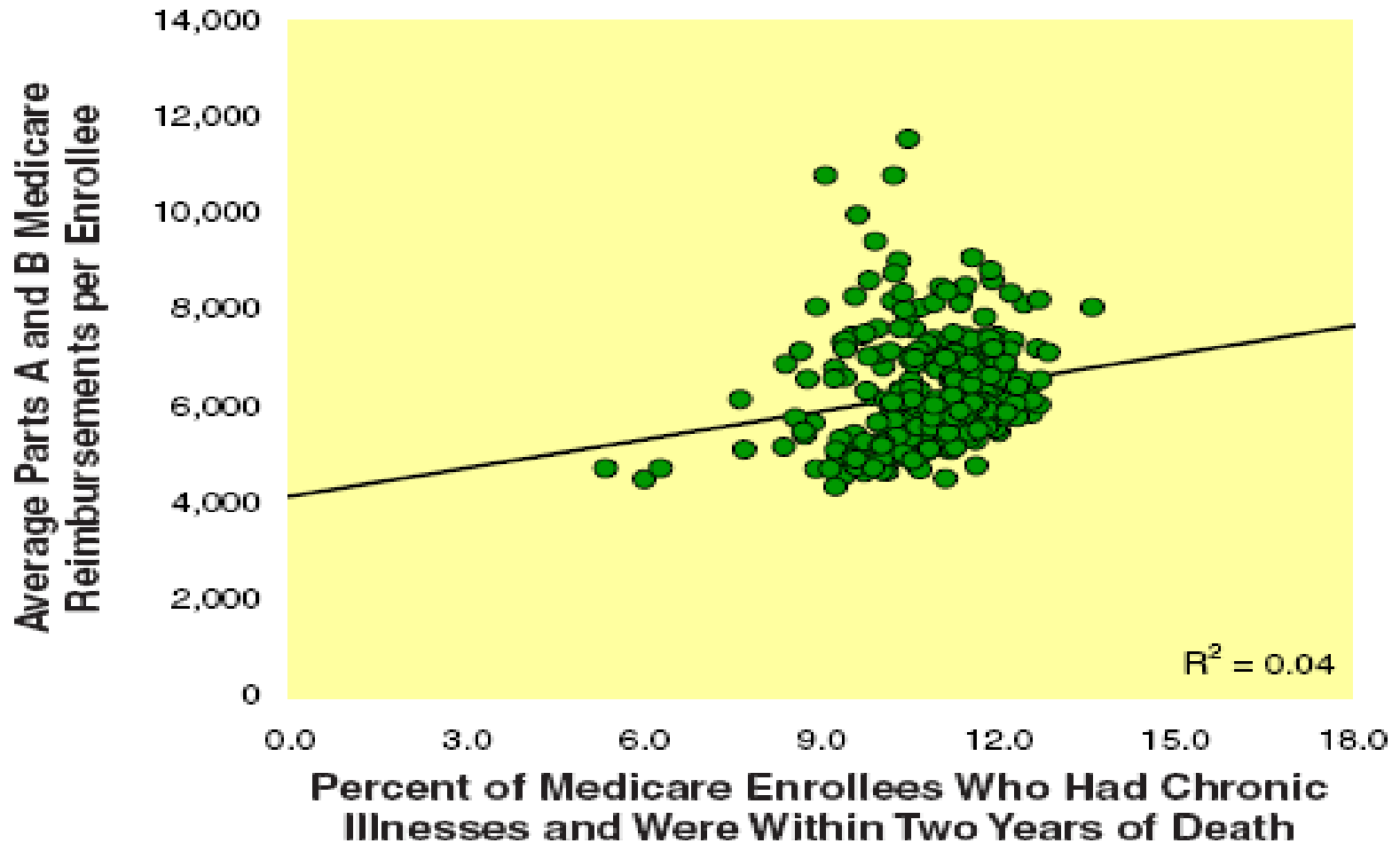


Source: Congressional Budget Office based on data from the Centers for Medicare and Medicaid Services.

Note: The data are for Medicare spending per beneficiary in the fee-for-service program, adjusted for age, sex, and race. The geographic unit is the hospital referral region, as defined by the Dartmouth Atlas of Health Care.

“Our patients are sicker.”

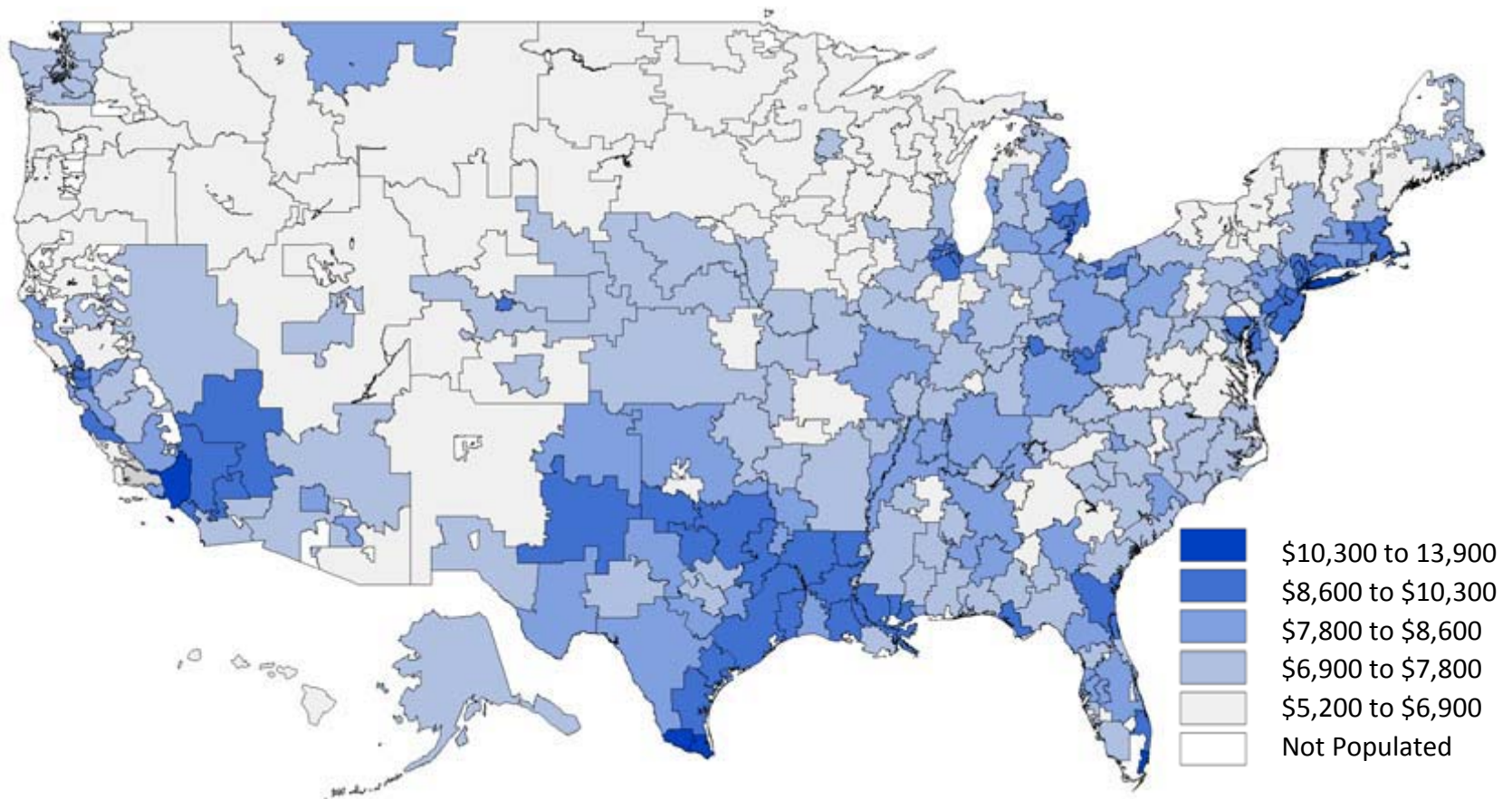
Relationship Between Prevalence of Severe Chronic Illness and Medicare Parts A and B Reimbursements per Enrollee (2000-01)



Source: 2006 Dartmouth Atlas

Note: Each dot represents Medicare spending in a single hospital referral region.

Medicare Spending per Beneficiary in the United States, by Hospital Referral Region, 2005



Source: Congressional Budget Office based on data from the Centers for Medicare and Medicaid Services.

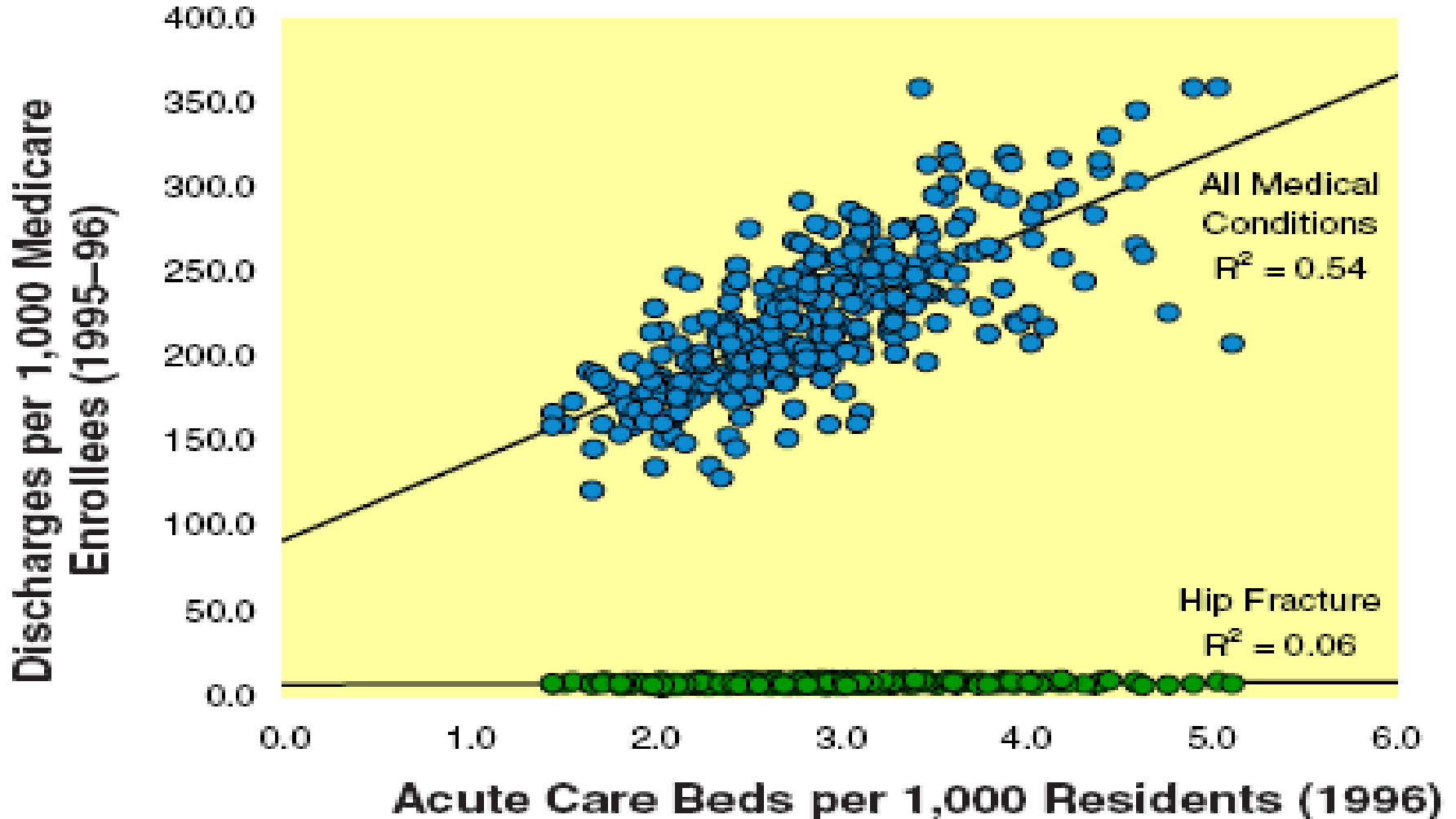
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UTILIZATION
DRIVES SPENDING

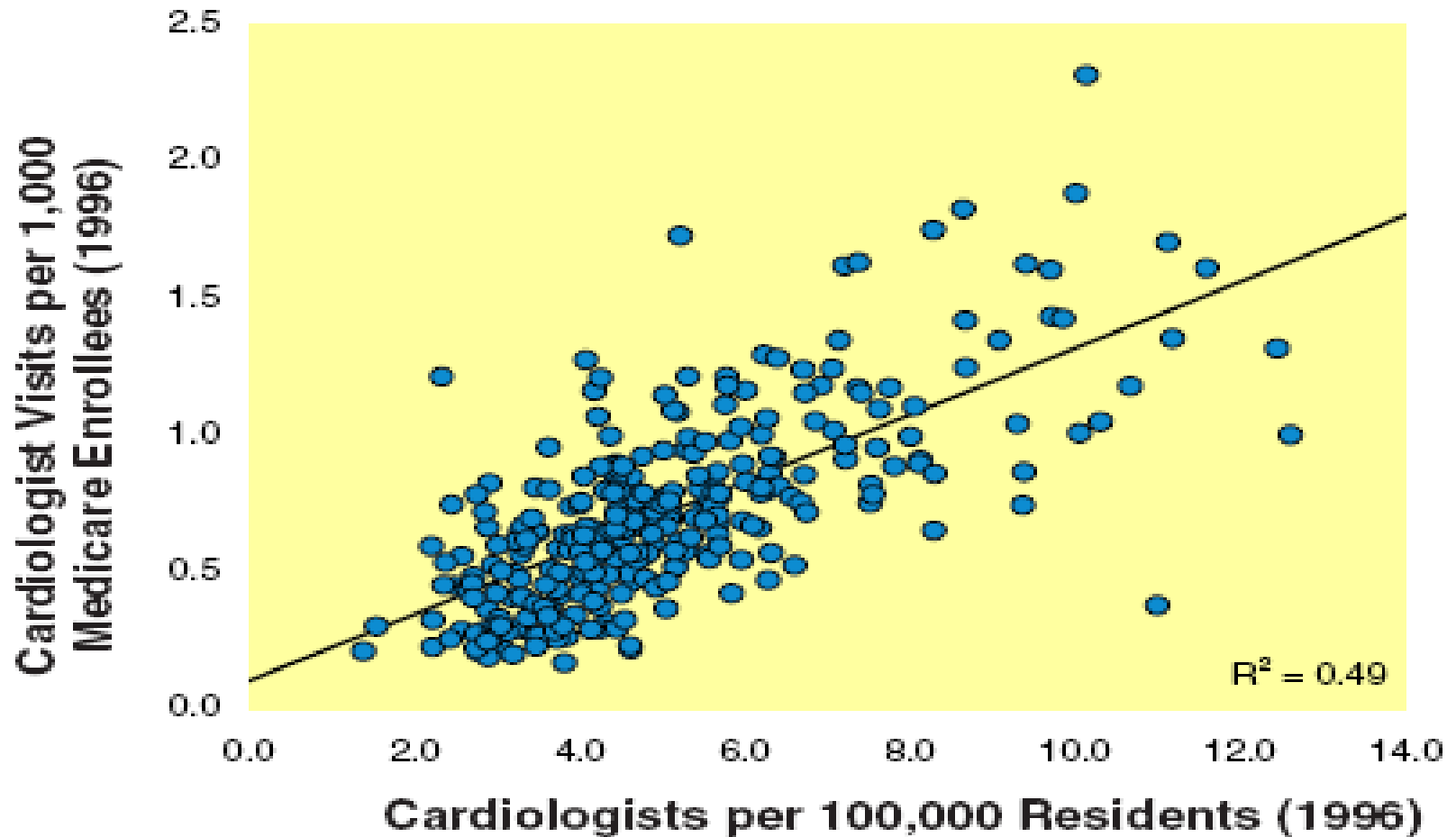
WHAT DRIVES UTILIZATION?

1. *Defensive medicine*
2. *Patient demand*
3. *New technology*
4. *Local practice patterns*
5. ***LOCAL CAPACITY***

The Association Between Hospital Beds per 1,000 Residents (1996) and Discharges per 1,000 Medicare Enrollees (1995-96)



The Association Between the Supply of Cardiologists per 100,000 Residents and Visits to Cardiologists per 1,000 Medicare Enrollees (1996)

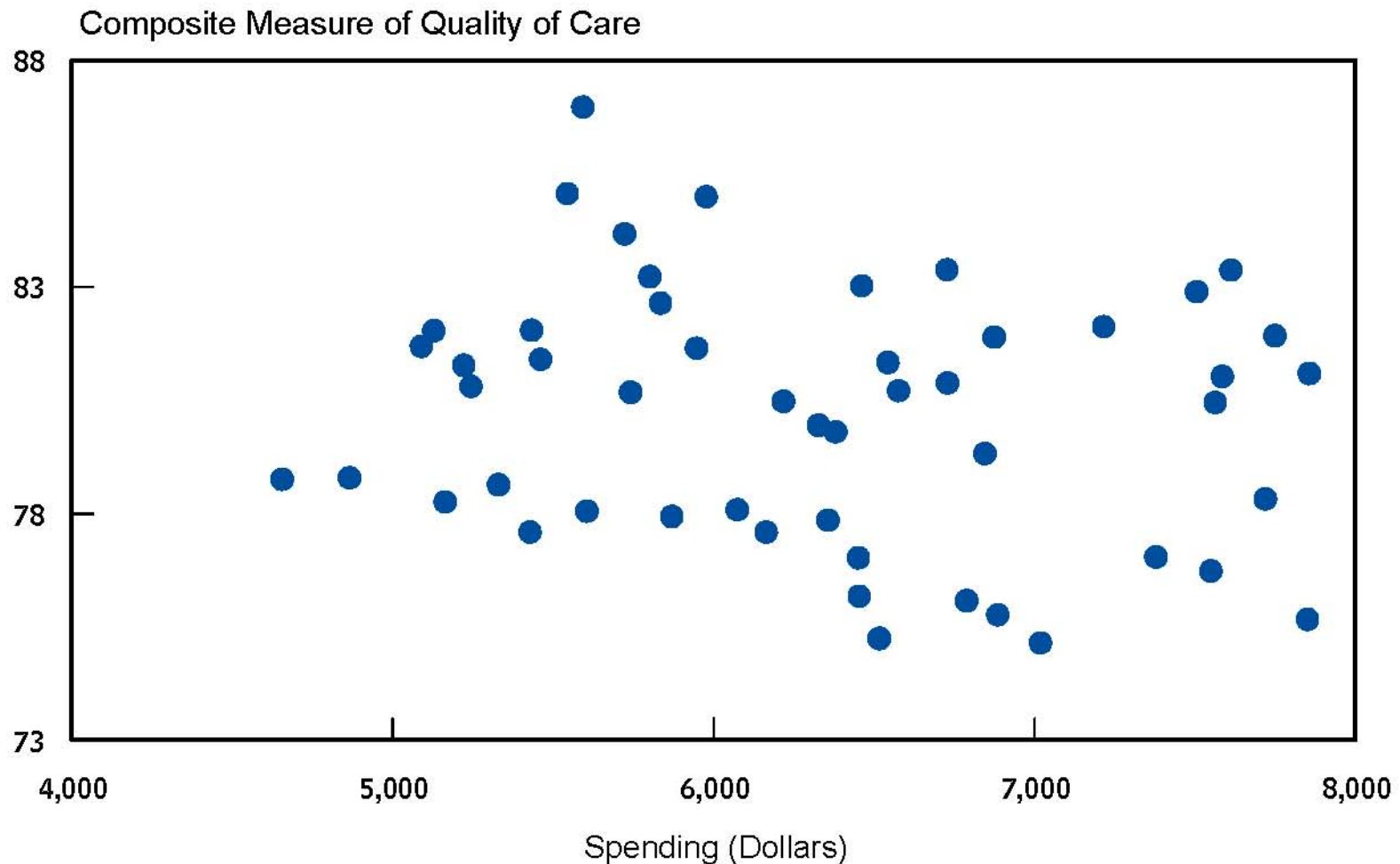


Two More Questions

1. IS HIGHER SPENDING (and higher utilization) BUYING BETTER CARE?
2. IS MORE CARE BETTER?



The Relationship Between Quality and Medicare Spending, by State, 2004



Source: Data from AHRQ and CMS.

Is more care better?

Are we getting better outcomes in regions of the country that are delivering more care?

What do higher spending and more care buy us?

1. Lower quality
2. Same volume of elective surgery
3. Poor communication between physicians
4. Poor coordination of care
5. Worse access to care; longer waiting times
6. Lower patient satisfaction
7. Higher mortality

IMPLICATIONS

- **THE BAD** \$500 – 700 billion of unnecessary and potentially harmful care
- **THE GOOD** We can cut costs without rationing.

Unasked Questions

1. How can we reduce the volume of unnecessary care?
 - Do NOT increase physicians workforce (particularly specialists)
 - Give up on (SGR)

Unasked Questions

2. How can we improve coordination and quality of care?

- Look to organized group practices: Mayo, Geisinger, Kaiser
- EMRs are part of the answer
- So is better medical evidence

The Most Important Question of All

**HOW DO WE RE-DESIGN
THE DELIVERY SYSTEM?**

(It's the delivery system, stupid)