

Making Health Care More Affordable: A Bipartisan Reform Agenda for Chronic Disease Prevention and Management

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Health Care Reform Debate in 2009

- Largely unsuccessful in enacting reforms nationally for the past 60 years
- Many lessons from our last national effort in 1993-94
- ***THIS TIME WE NEED A:***
 - New message
 - New strategy
 - A bipartisan approach

System Reforms

- Need to make health insurance more affordable for the 250 million Americans who have it
- 96% of those who voted in 2006 had health insurance
- Their top concern and anxiety was over the cost of health care and whether their employer (or the state) was going to continue to provide coverage



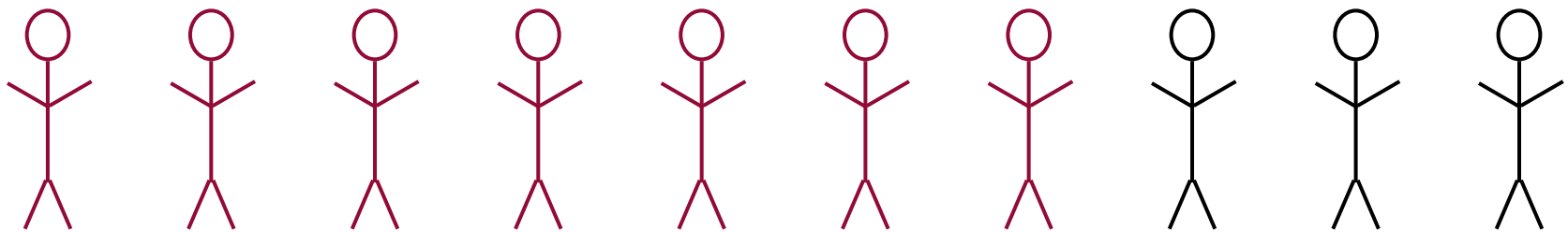
Six Unhealthy Truths Tell the Story of the Rise of Chronic Disease and Its Impact on Health and Health Care in the U.S.

Truth #1: Chronic diseases are the #1 cause of death and disability in the U.S.



133 million Americans, representing 45% of the total population, have at least one chronic disease

Chronic diseases kill more than 1.7 million Americans per year, and are responsible for 7 of 10 deaths in the U.S.



Truth #2: Patients with chronic diseases account for 75% of the nation's health care spending

During 2005, the U.S. spent almost \$2 trillion on health care

Of every dollar spent...



...75 cents went towards treating patients with one or more chronic diseases

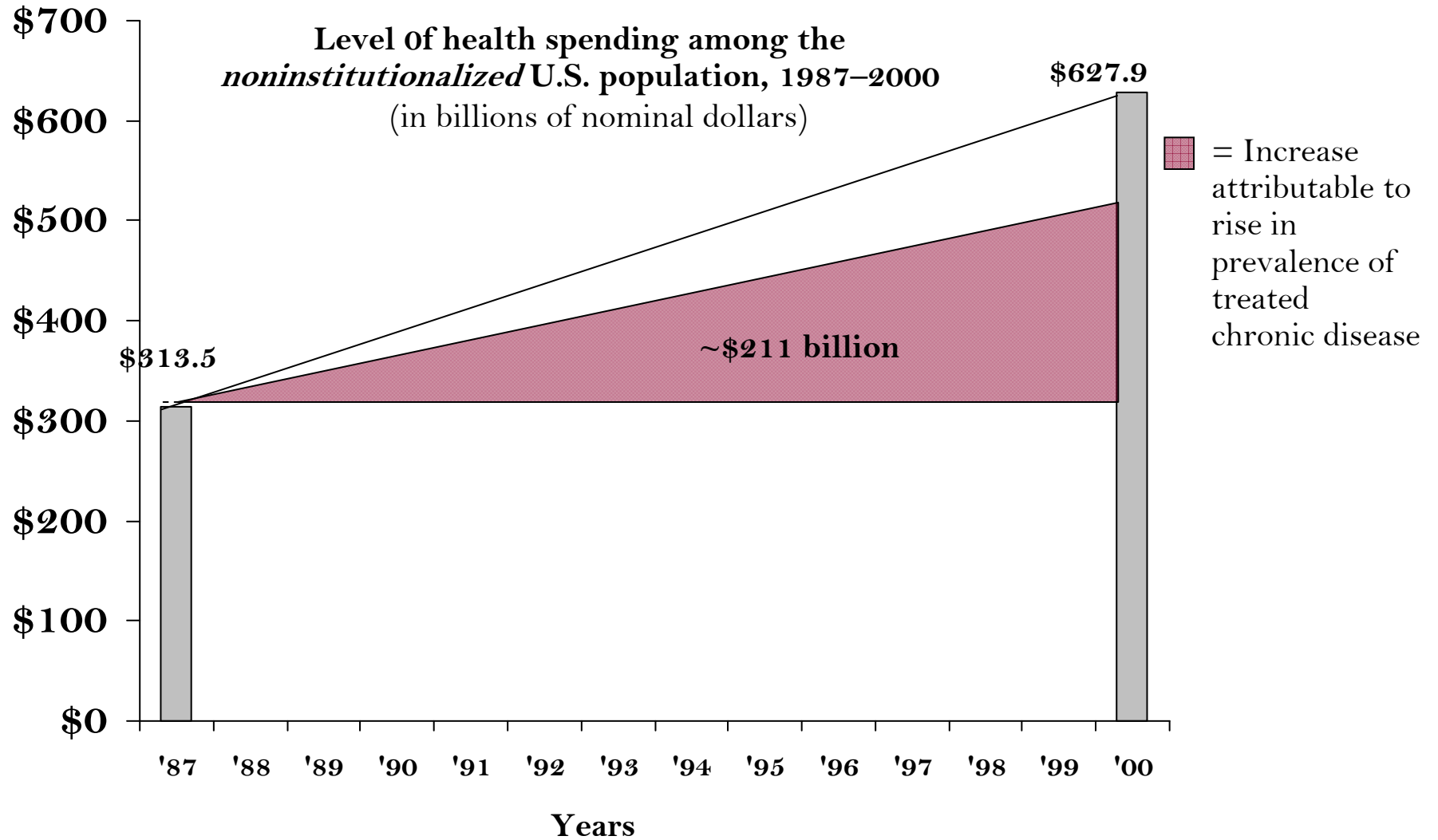
In public programs, treatment of chronic diseases constitute an even higher portion of spending:

More than **96 cents** in Medicare... ...and **83 cents** in Medicaid

“The United States cannot effectively address escalating health care costs without addressing the problem of chronic diseases.”

— Centers for Disease Control and Prevention

Truth #3: Two-thirds of the increase in health care spending is due to increased prevalence of treated chronic disease



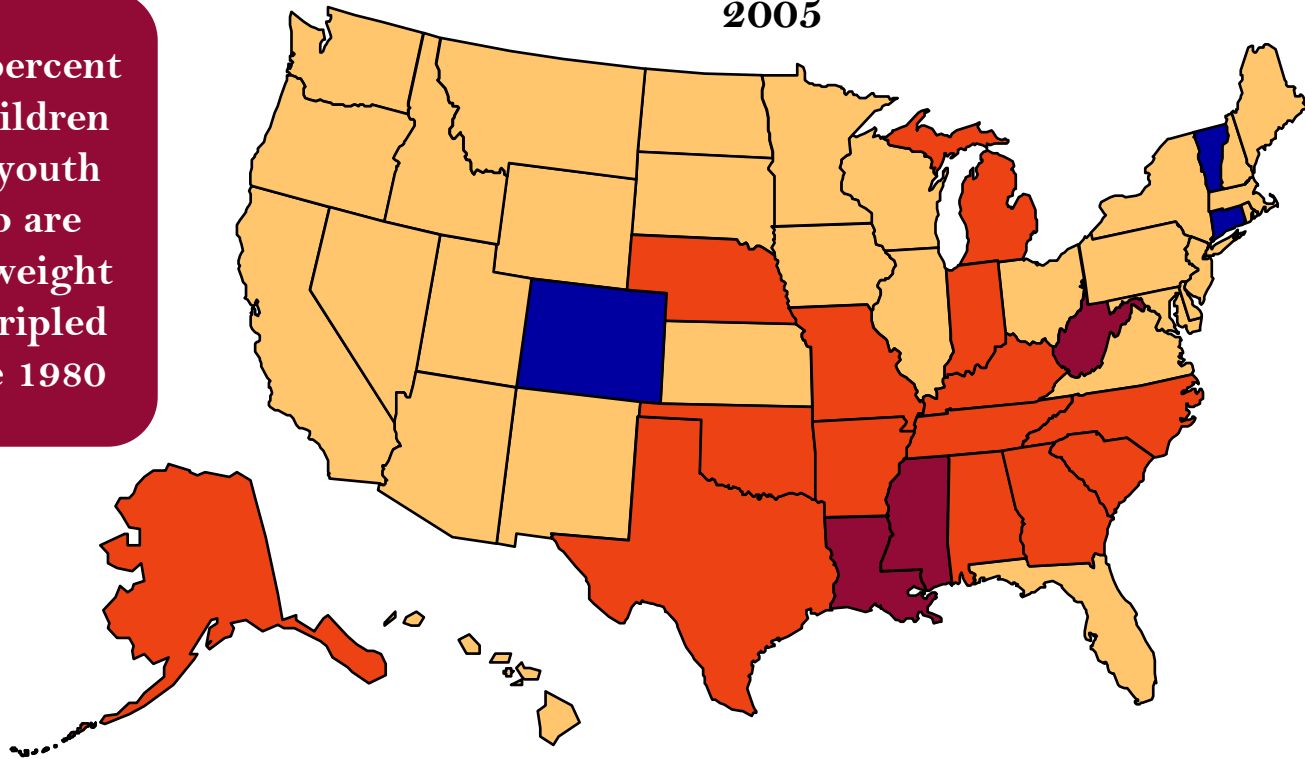
Percent of Adult Population Treated, By Medical Condition, 1987-2005: Rapid Rise in Disease Prevalence

<u>Medical Condition</u>	<u>1987 %</u>	<u>2005 %</u>
Mental Disorders	5.5%	18.8%
Hyperlipidemia	1.5%	14.4%
Hypertension	13.6%	22.0%
Diabetes	4.0%	8.0%
Pulmonary Conditions (OPD, Asthma)	9.5%	18.4%
Lupus/Other Related	4.85	6.0%
Arthritis	7.8%	13.6%
Back Problems	5.4%	13.2%
Upper GI	3.8%	10.7%
Heart Disease	8.1%	9.5%

Truth #4: The doubling of obesity between 1987 and today accounts for nearly 30% of the rise in health care spending

Percent of U.S. Adults Who are Obese*
2005

The percent of children and youth who are overweight has tripled since 1980



If the prevalence of obesity was the same today as 1987, health care spending in the US would be 10 percent lower per person—about \$200 billion less

*BMI ≥30, or ~ 30 lbs overweight for 5' 4" person

Truth #5: The vast majority of cases of chronic disease could be better prevented or managed

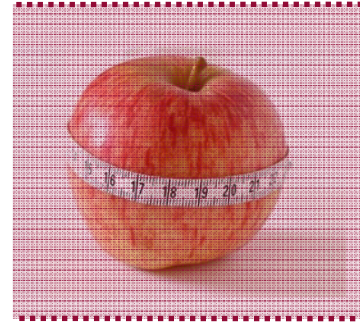
- The Centers for Disease Control and Prevention (CDC) estimates...

- 80% of heart disease and stroke
- 80% of type 2 diabetes
- 40% of cancer

...could be prevented if only Americans were to do three things:

- ✓ Stop smoking
- ✓ Start eating healthy
- ✓ Get in shape

- Management of chronic disease could also be significantly improved: Chronically ill patients receive **only 56%** of the clinically recommended preventive health care services



But—won't this simply add to costs since healthy people live longer?

- **NO**
- Two recent US studies from Rand and the University of Florida found that the lifetime costs of normal weight adults/those with no comorbidities were 15 to 40% LESS than obese adults/those with multiple comorbid chronic conditions.

Truth #6: Many Americans are unaware of the extent to which chronic disease harms their health – and their wallets

National survey conducted in April 2007 on Americans' views of chronic disease and its impact on health and spending

Percent of Americans who believe chronic disease is responsible for the following percent of death and health spending in the U.S.

Percent answering:	Death	Spending
Less than 10%	3	6
10% but less than 20%	8	8
20% but less than 30%	14	12
30% but less than 40%	15	10
40% but less than 50%	15	12
50% but less than 60%	12	11
60% but less than 70%	7	9
70% but less than 80%	8	7
80% but less than 90%	4	3
90% to 100%	3	4
Not sure	10	18

Two in three Americans, underestimate the magnitude of the problem:

That chronic diseases represent more than 70% of the deaths in the U.S. and more than 70% of health care costs

National and State Health Care Reform Options

■ **What can the states do?—Make health care more affordable**

- Build integrated chronic care delivery models across the state (along same lines as North Carolina and Vermont—using community care teams)
- Create a statewide wellness benefit initially targeting adults 50+, would include health risk appraisal, physical exam, risk stratification and care plans
- Create financial incentives for patients to enroll (no co-pays for clinically recommended prevention and maintenance care)
- Accelerate the diffusion of EHR and HIT into physicians' offices
- Develop new approaches with the private sector and Medi-Cal to reduce administrative costs and simplify the system

What can the Federal Government Do?

- **Provide federal funds to expand health insurance coverage to reduce or eliminate the number of uninsured**
- **Create an independent clinical effectiveness capacity to develop timely new information on the effectiveness of medical interventions**
- **Provide national leadership and funding to accelerate the diffusion of HIT**



Summary

- These changes require fundamental restructuring of the U.S. health care delivery system
- Must attack key drivers of rising spending, which requires a broader set of policy options.
- Need to focus on improving care for chronically ill patients
- Develop national strategy for addressing rise in treated disease prevalence
- Devote resources to developing effective health promotion, wellness programs for use in schools, and the worksite