In the Literature

HEALTH SPENDING IN OECD COUNTRIES IN 2004: AN UPDATE

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Higher health care prices and higher gross domestic product (GDP) per capita have been proffered as likely reasons that the United States spends more on health care than the 29 other member countries of the Organization for Economic Cooperation and Development (OECD). A Commonwealth Fund-supported study posits another possible explanation: higher prevalence of obesity-related chronic disease in the U.S. than in those other industrialized nations.

"If the United States and other OECD countries do not address the growing prevalence of chronic disease, then their health care systems will have difficulty improving the quality of care and controlling health care spending," write Gerard F. Anderson, Ph.D., and Bianca K. Frogner, of Johns Hopkins University, and Uwe E. Reinhardt, of Princeton University, in "Health Care Spending in OECD Countries in 2004: An Update," (*Health Affairs*, Sept./Oct. 2007). Using 2004 OECD health spending data, the analysis highlights the burden of chronic disease, which makes up 80 percent of most OECD countries' health care use.

The Big Picture

Continuing a long-term trend, in 2004, the U.S. spent more per capita and a greater percentage of GDP on health care than all other OECD countries. Per capita spending in the U.S. was $6,102, compared with $2,522 in the median OECD country. Furthermore, the U.S. spent 15.3 percent of GDP on health care; only seven other countries spent more than 10 percent of their GDP on health care.

Noting that the average annual real growth rate for U.S. health care spending per capita between 1994 and 2004 was similar to the OECD median, the authors note that this suggests all the recent U.S. initiatives to control health care spending have merely brought spending increases in line with those of other OECD countries.

Despite higher spending, the availability of health care resources and the actual use of services in the U.S. were below most industrialized countries. The U.S. had fewer physicians, nurses, hospital beds, doctors' visits, and hospital days per capita than the median OECD country. It also had lower per capita utilization rates for physicians' visits and acute care bed days, as well as a lower average length of inpatient stay. This means U.S. prices for health resources are higher than other OECD countries, the authors say.

Rising Chronic Disease

Over the past century, acute and infectious diseases have become less prevalent in industrialized countries while chronic disease has become more prevalent. Chronic disease and mortality were high in the U.S. compared with other OECD countries, which the authors suggest "may be associated with the fact that a large proportion of the U.S. population was overweight or obese."

Recent studies confirm the rise in chronic disease. One found that Americans were more likely to have hypertension, diabetes, and arthritis than Canadians, while another found that Americans in late

middle age were less healthy in seven categories of chronic disease than comparable English people.

Five of the most common chronic diseases—including diabetes, chronic lower respiratory disease, heart disease, hypertension, cancer, and HIV infection—are responsible for approximately half to two-thirds of deaths in most high-income countries. The combined share of the five diseases is highest in the U.S., accounting for about two-thirds of all deaths in the country.

The U.S., however, does not necessarily have the highest mortality rates for all chronic diseases. A comparison of Australia, Germany, the U.K., and the U.S. shows that while the U.S. had the highest mortality rate for ischemic heart disease, Germany had the greatest mortality rate from cardiovascular disease, and German and U.K. rates for cancer were slightly greater than U.S. rates. Deaths resulting from HIV infection represent a small portion of all deaths overall across the four countries.

Behavioral factors including alcohol consumption, tobacco consumption, and obesity increase the risk of developing chronic diseases. The U.S. had high obesity rates in 2004, but alcohol and tobacco consumption rates were below the OECD median. However, as the authors note, "tobacco consumption statistics could be misleading in terms of their impact on health status; studies suggest that the effect of smoking is often not apparent for many decades."

"Policymakers in the United States and in other countries have begun to pay greater attention to chronic disease," the authors note. "It is becoming an increasingly financial burden in the United States, particularly as the U.S. baby-boomer population ages."

Selected Causes of Death as Percentage of All Causes of Death in High-Income Countries, 2004

Cause of death	High-income countries	Australia	Germany	U.K.	U.S.
HIV infection	0.3	0.1	<0.1	0.1	0.7
Diabetes mellitus	3.0	2.7	2.9	1.1	3.1
Chronic lower respiratory disease	6.4	4.4	0.6	4.5	5.1
Cerebrovascular disease	9.5	9.1	8.4	10.3	6.3
Ischemic heart disease	17.0	18.5	18.7	18.0	27.2
Malignant neoplasm	26.2	28.7	25.6	26.2	23.1

Notes: The U.K. defines its chronic disease category "bronchitis, emphysema, and other chronic obstructive pulmonary disease," rather than "chronic lower respiratory disease." U.K. statistics include only England and Wales. High-income countries' data are from 2005.

Source: G. F. Anderson, B. K. Frogner, and U. E. Reinhardt, "Health Spending in OECD Countries in 2004: An Update," *Health Affairs,* Sept./Oct. 2007 26(5):1481–89.