

Concentration of Potentially Preventable Spending Among High-Cost Medicare Subpopulations

SYNOPSIS

A large share of Medicare spending is generated by a relatively small group of patients with expensive medical needs. These patients, many of whom are frail and elderly, account for the vast majority of potentially preventable Medicare spending. Interventions targeting the health conditions of these patients could significantly reduce avoidable expenditures in Medicare.

THE ISSUE

Little is known about what portion of the spending high-need, high-cost patients incur may be preventable. For a Commonwealth Fund–supported study, researchers used Medicare claims data to determine the share of spending that is potentially preventable across different groups of high-cost Medicare patients, how this spending differs by care setting, and which conditions drive most of the spending.

KEY FINDINGS

- ▶ In 2012, 4.8 percent of total Medicare spending was potentially preventable. High-cost patients accounted for 73.8 percent of this amount.
- ▶ Frail elderly patients generated a disproportionate share of potentially preventable Medicare spending. These patients accounted for only 4 percent of the total Medicare population but were responsible for 43.9 percent of potentially preventable spending. The average frail elderly Medicare patient generated \$6,593 in potentially preventable spending in 2012.

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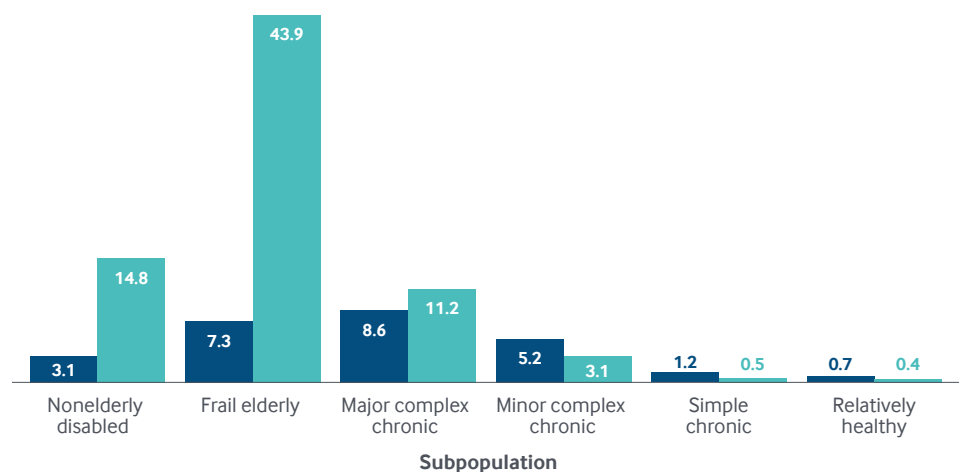
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Proportion of Total Potentially Preventable Spending, by High-Cost Subpopulation

Total potentially preventable spending, percent

● Non-high-cost ● High-cost



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▶ Most potentially preventable spending by frail elderly Medicare patients is for health care provided in inpatient settings and skilled nursing facilities. Much of the preventable inpatient spending by this group was related to treatment for heart failure, pneumonia, urinary tract infections, diabetes complications, and dehydration.

THE BIG PICTURE

Clinical leaders and policymakers may be able to make significant gains in reducing potentially preventable spending by focusing on the subgroup of frail elderly patients. The researchers' findings highlight the need to understand and mitigate the health consequences of frailty, particularly as the U.S. population grows older. Other gains in reducing potentially preventable spending could be made by targeting nonelderly disabled patients with conditions related to asthma, diabetes, mental illness, and substance abuse.

ABOUT THE STUDY

The researchers used a sample of 2012 Medicare claims to identify the costliest 10 percent of patients. The researchers then identified potentially preventable spending by totaling costs for avoidable emergency room visits and costs for certain conditions incurred within 30 days after hospitalization.

Our work suggests that simple interventions in the outpatient setting, such as close management of heart failure and prevention of urinary tract infections, may substantially reduce unnecessary spending.

THE BOTTOM LINE

The highest-cost patients — predominantly the frail elderly — are generating most of Medicare's potentially preventable spending. Targeting these individuals for care management interventions could make a significant dent in this spending.

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This summary was prepared by Joel Dodge.