

HEALTH AND WEALTH: MEASURING HEALTH SYSTEM PERFORMANCE

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Senate Commerce Committee Hearing

March 12, 2008

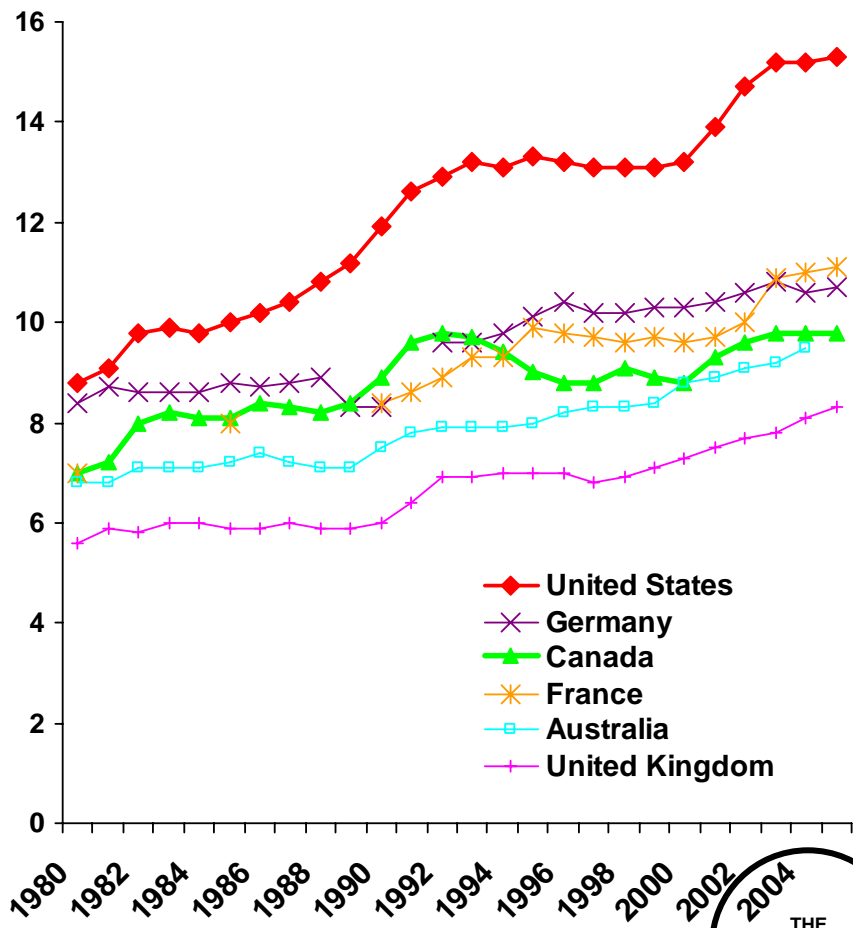
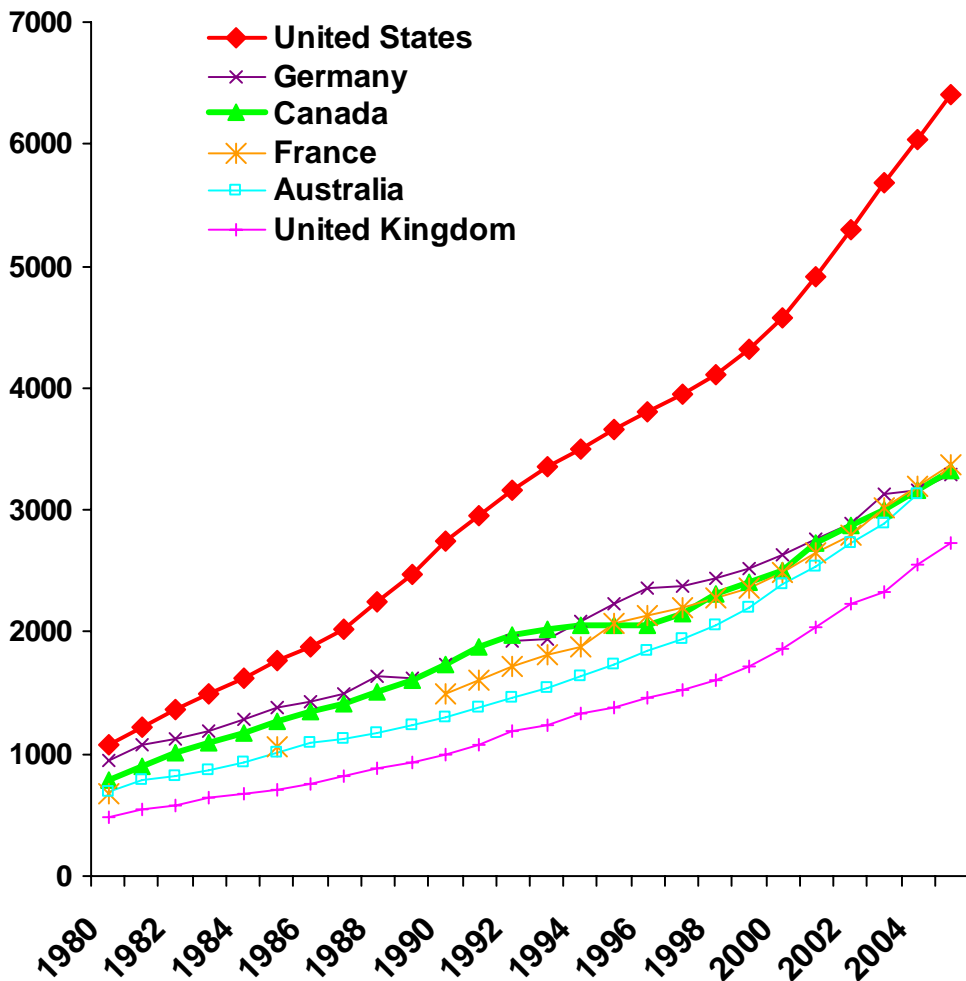
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Figure 1. International Comparison of Spending on Health, 1980–2005

Average spending on health per capita (\$US PPP)

Total expenditures on health as percent of GDP



Source: K. Davis, C. Schoen, S. Guterman, T. Shih, S. C. Schoenbaum, and I. Weinbaum, Slowing the Growth of U.S. Health Care Expenditures: What Are the Options?, The Commonwealth Fund, January 2007, updated with 2007 OECD data

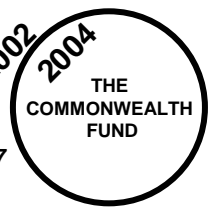
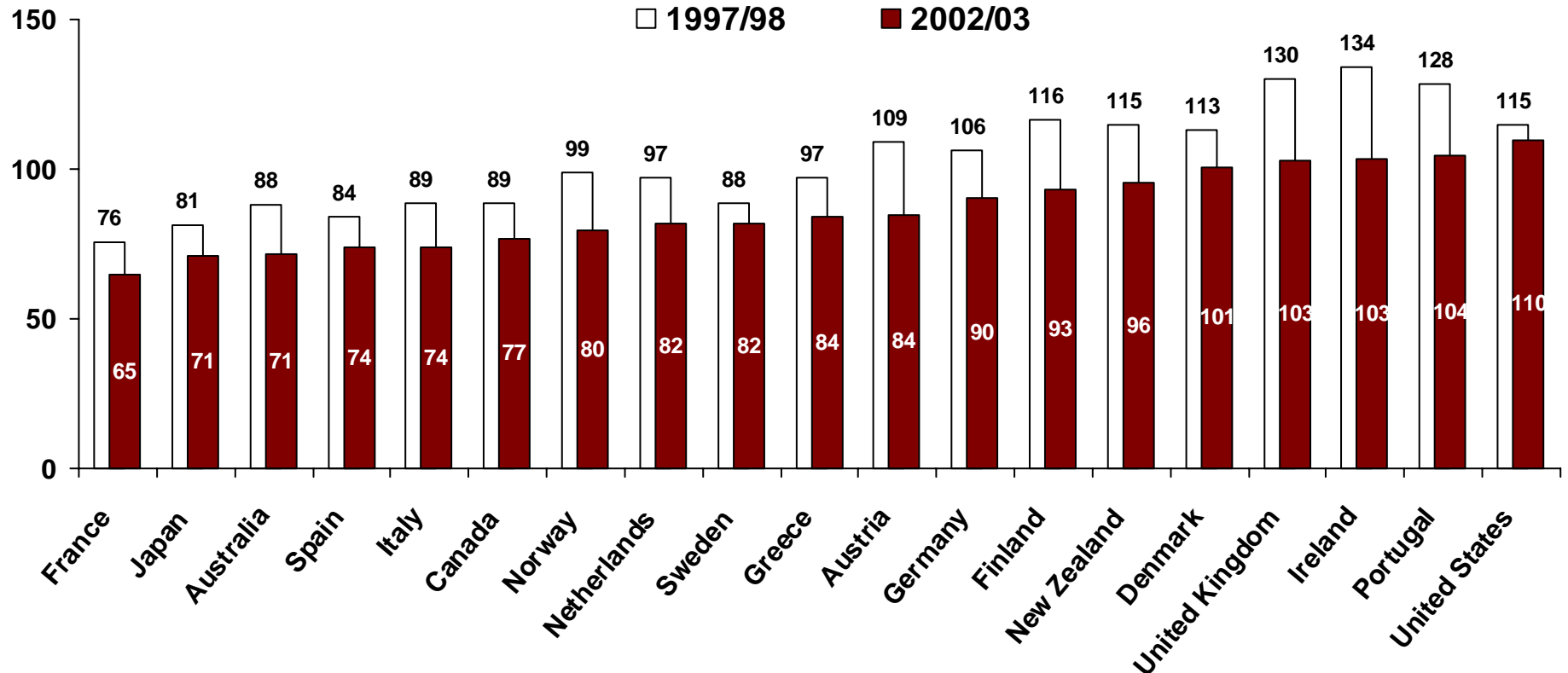


Figure 2. Mortality Amenable to Health Care

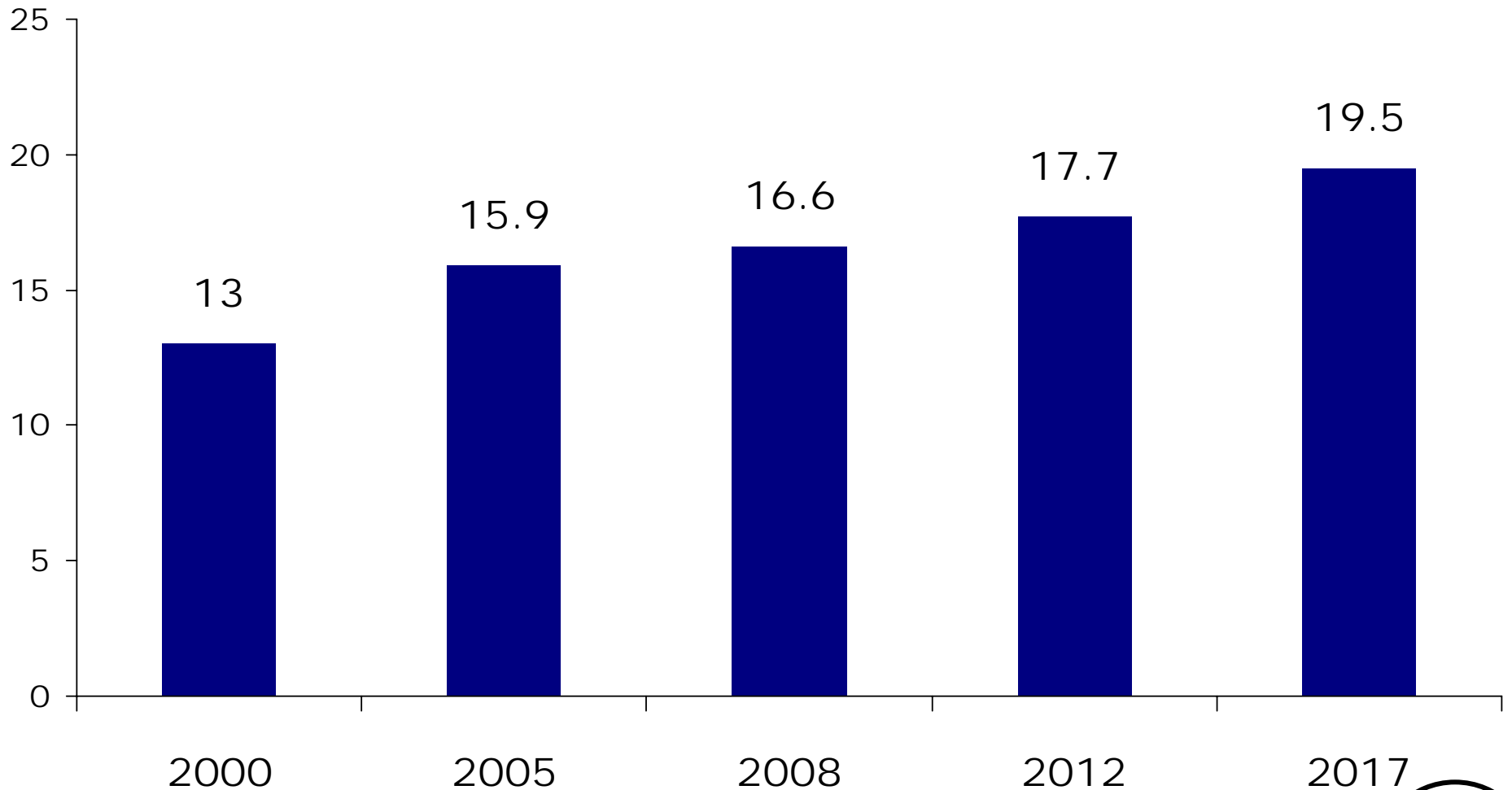
Deaths per 100,000 population*



* Countries' age-standardized death rates, ages 0–74; includes ischemic heart disease.
 See Technical Appendix for list of conditions considered amenable to health care in the analysis.
 Source: E. Nolte and C. M. McKee, Measuring the Health of Nations: Updating an Earlier Analysis, *Health Affairs*, January/February 2008, 27(1):58–71



Figure 3. National Health Expenditures as a Percentage of GDP, 2000-2017

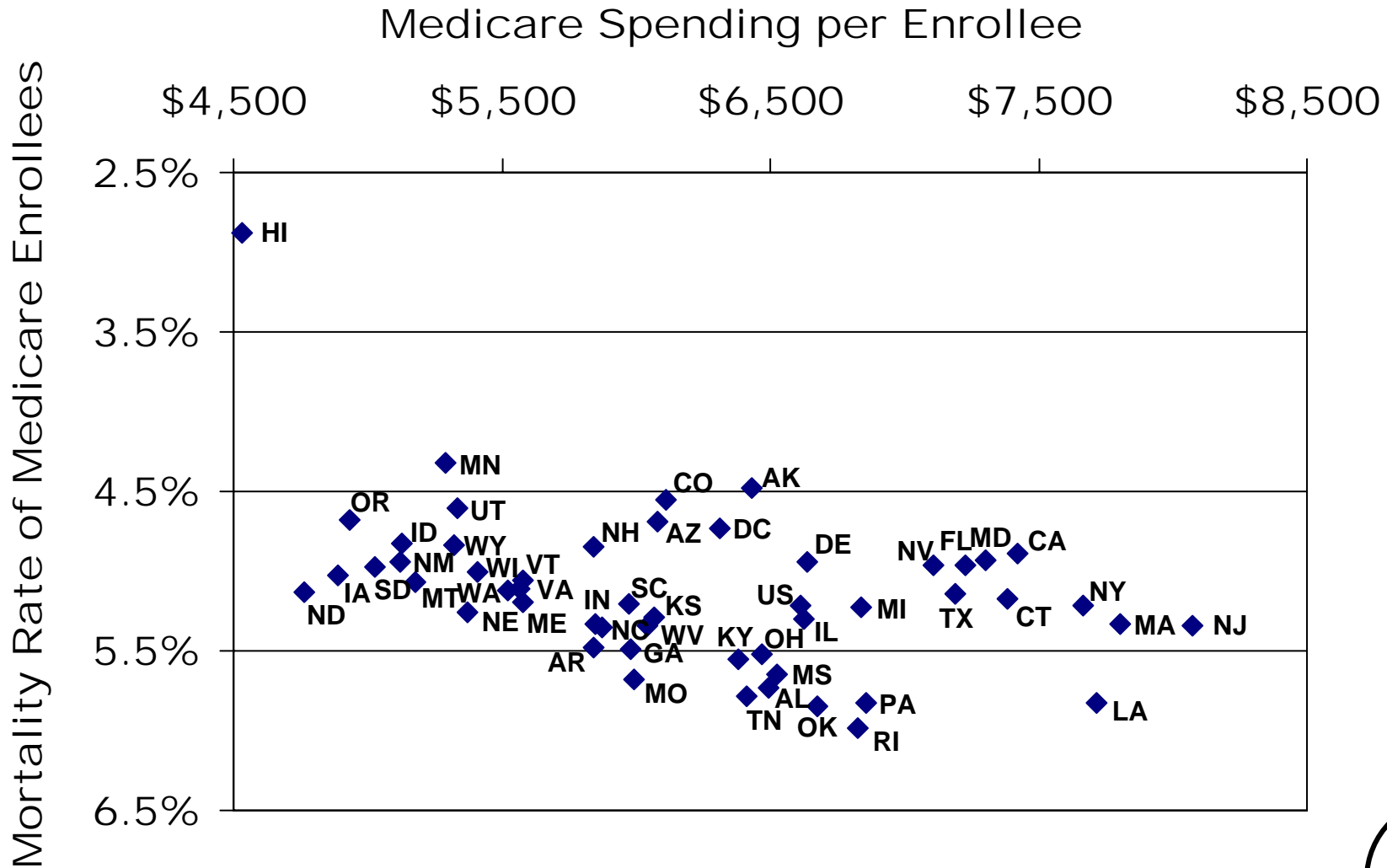


Note: Data for 2008-2017 is projected

Source: S. Keehan, et al. "Health Spending Projections Through 2017: The Baby-Boom Generation Is Coming to Medicare," *Health Affairs*, February 2008, w145-w155



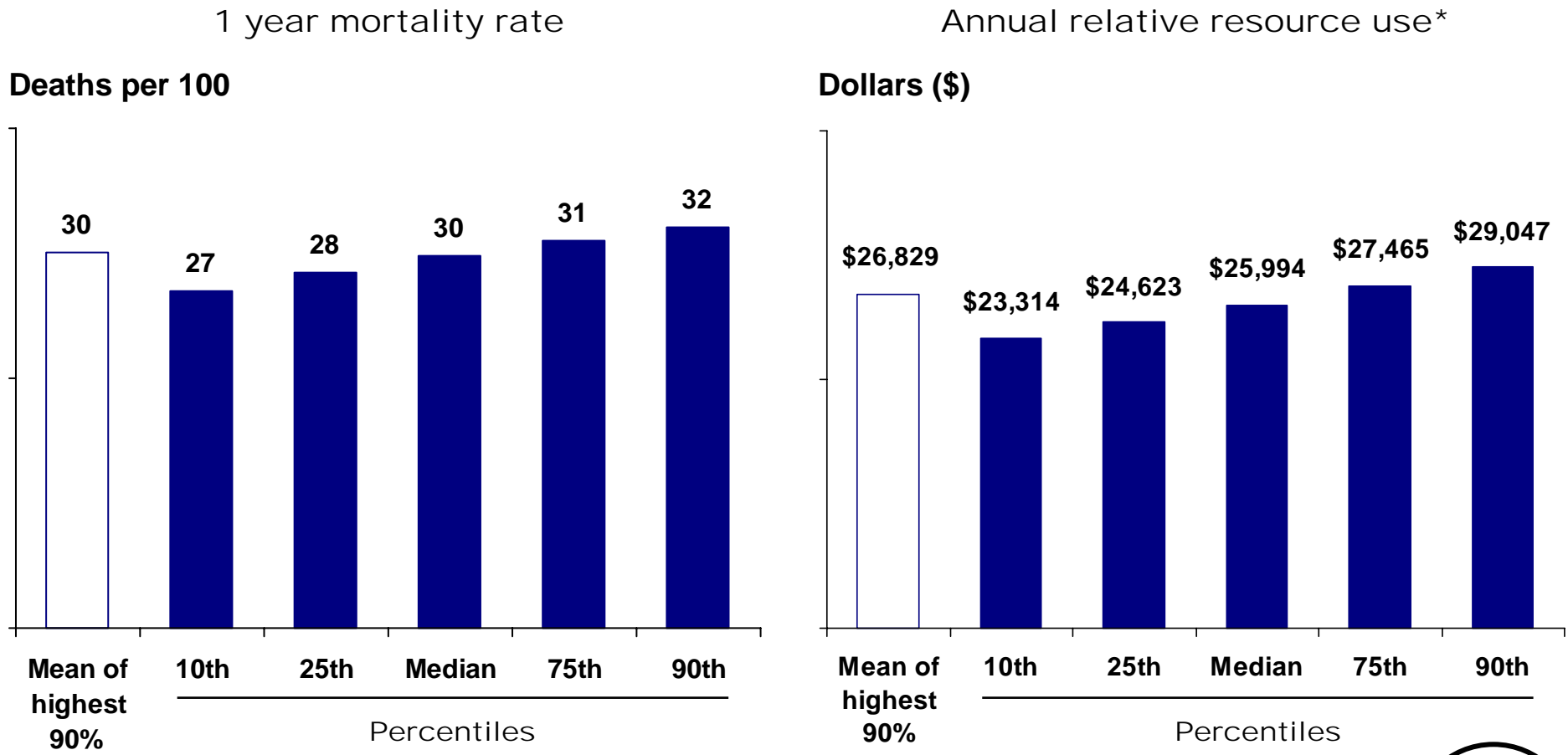
Figure 4. Medicare Spending Per Enrollee and Mortality Rate by State, 2003



Source: Data from *The Dartmouth Atlas of Health Care*, www.dartmouthatlas.org.



Figure 5. Quality and Costs of Care for Medicare Patients Hospitalized for Heart Attacks, Colon Cancer, and Hip Fracture, by Hospital Referral Regions, 2000–2002



* Risk-adjusted spending on hospital and physician services using standardized national prices.
 Data: E. Fisher and D. Staiger, Dartmouth College analysis of data from a 20% national sample of Medicare beneficiaries.



Figure 6. Fifteen Options that Achieve Savings Cumulative 10-Year Impact

Producing and Using Better Information

- **Promoting Health Information Technology** **-\$88 billion**
- **Center for Medical Effectiveness & Health Care Decision-Making** **-\$368 billion**
- **Patient Shared Decision-Making** **-\$9 billion**

Promoting Health and Disease Prevention

- **Public Health: Reducing Tobacco Use** **-\$191 billion**
- **Public Health: Reducing Obesity** **-\$283 billion**
- **Positive Incentives for Health** **-\$19 billion**

Aligning Incentives with Quality and Efficiency

- **Hospital Pay-for-Performance** **-\$34 billion**
- **Episode-of-Care Payment** **-\$229 billion**
- **Strengthening Primary Care & Care Coordination** **-\$194 billion**
- **Limit Federal Tax Exemptions for Premium Contributions** **-\$131 billion**

Correcting Price Signals in the Health Care Market

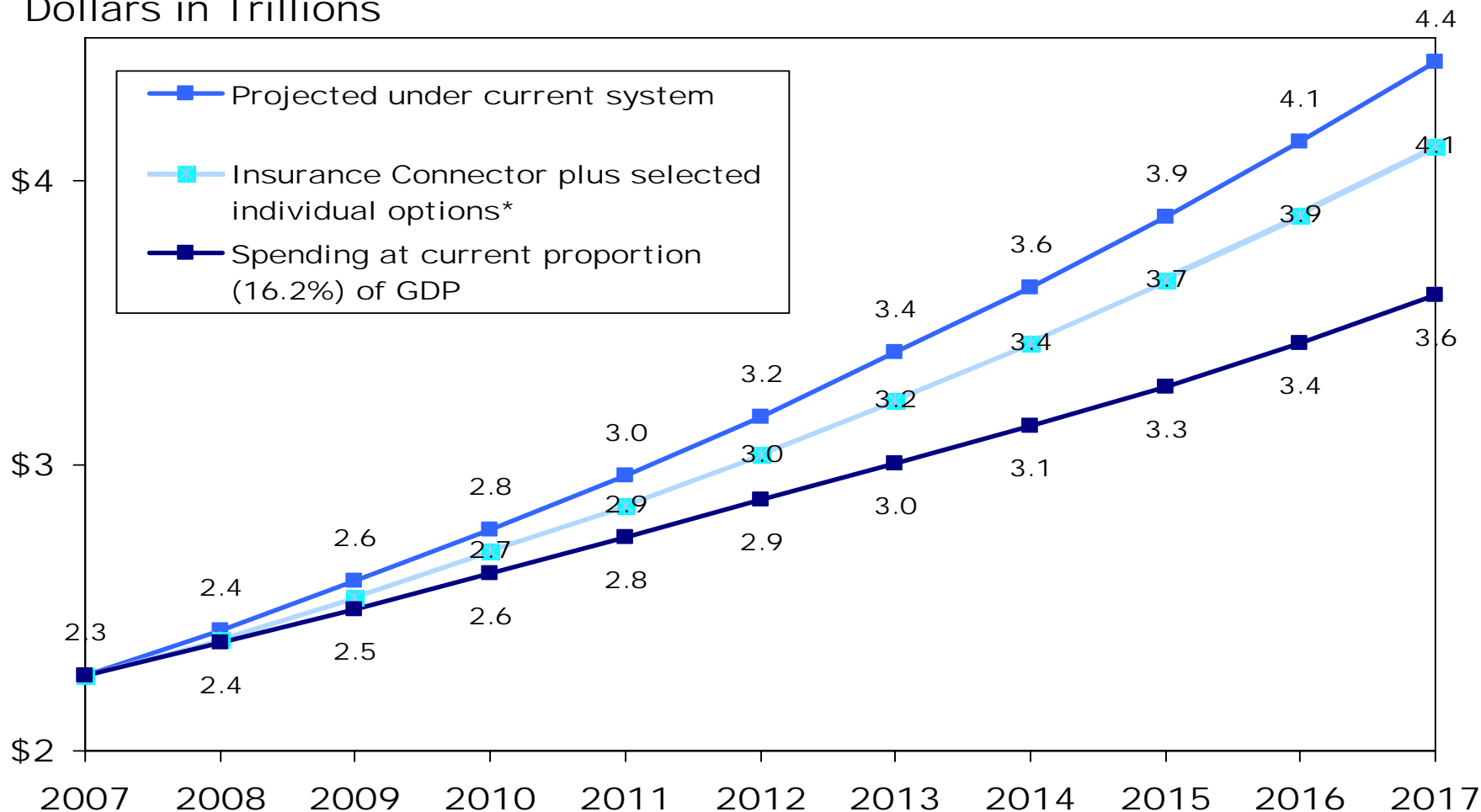
- **Reset Benchmark Rates for Medicare Advantage Plans** **-\$50 billion**
- **Competitive Bidding** **-\$104 billion**
- **Negotiated Prescription Drug Prices** **-\$43 billion**
- **All-Payer Provider Payment Methods & Rates** **-\$122 billion**
- **Limit Payment Updates in High-Cost Areas** **-\$158 billion**

Source: C. Schoen et al., *Bending the Curve: Options for Achieving Savings and Improving Value in U.S. Health Spending*, Commonwealth Fund, December 2008.



Figure 7. Total National Health Expenditures, 2008–2017 Projected and Various Scenarios

Dollars in Trillions



*Savings options include: Health Information Technology, Center for Medical Effectiveness, Public Health, Episode-of-Care, Strengthening Primary Care, Benchmark Rates, and Prescription Drug Prices.

Source: C. Schoen et al., *Bending the Curve: Options for Achieving Savings and Improving Value in U.S. Health Spending*, Commonwealth Fund, December 2008

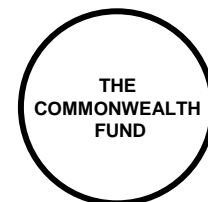
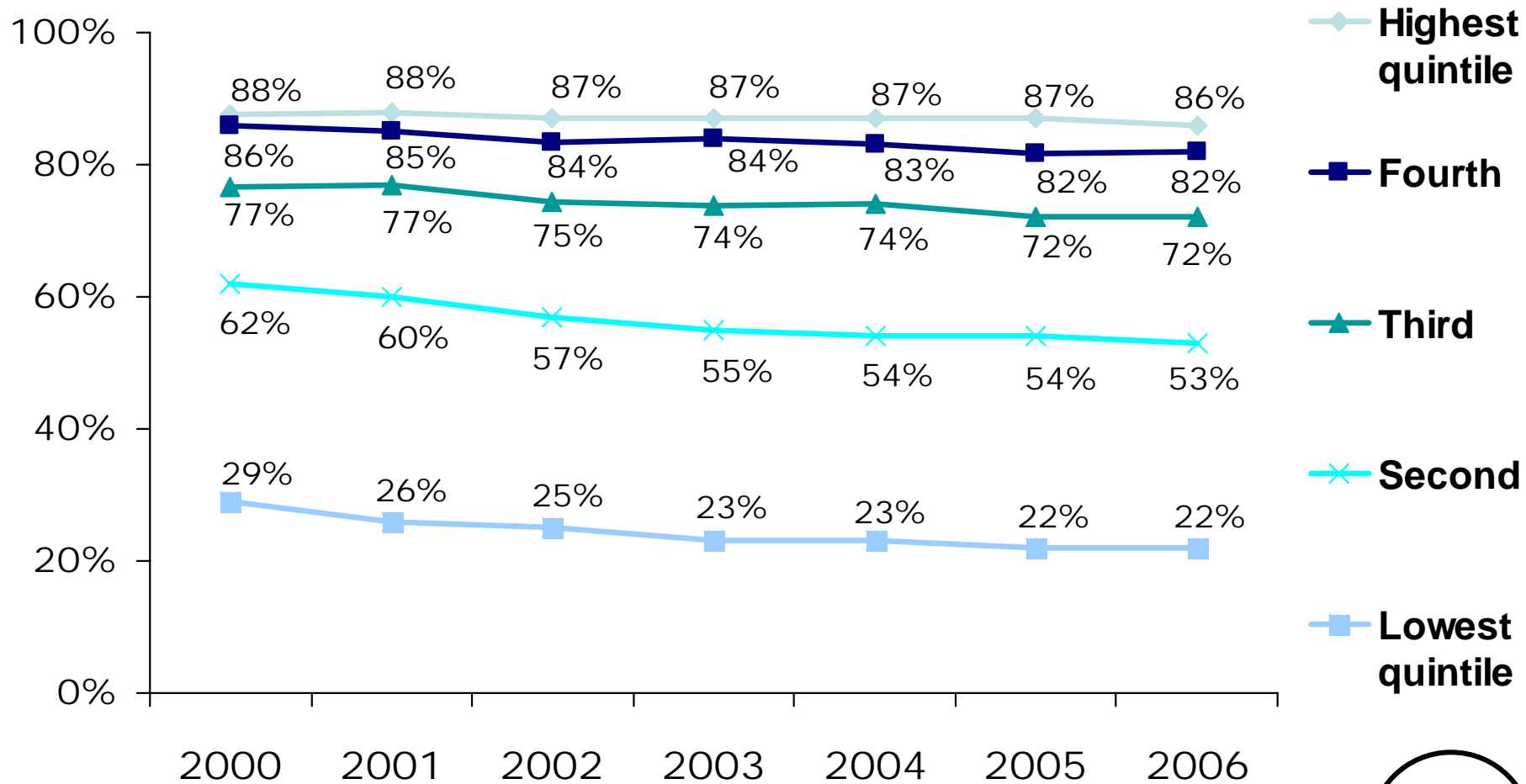


Figure 8. Employer-Provided Health Insurance, by Income Quintile, 2000–2006

Percent of population under age 65 with health benefits from employer



Source: Analysis of the March Current Population Survey, 2001-07, by Elise Gould, Economic Policy Institute, reported in S. R. Collins, C. Schoen, K. Davis, A. K. Gauthier, and S. C. Schoenbaum, *A Roadmap to Health Insurance for All: Principles for Reform*, The Commonwealth Fund, October 2007 .

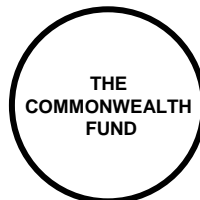


Figure 9. Health Consequences of Gaps in Health Insurance Coverage – An Update

Deaths of Adults Ages 25 – 64, 2004

1. Cancer – 164,832
2. Heart disease – 117,257
3. Unintentional injuries – 56,096
4. Suicide – 22,629
5. Uninsured – 20,000
6. Cerebrovascular disease – 19,075
7. Diabetes – 18,972
8. Chronic lower respiratory disease – 15,265
9. Chronic liver disease and cirrhosis – 17,173

Sources: U.S. Department of Health and Human Services, National Center for Health Statistics, Health, United States, 2007, Table 31, p. 186 – leading causes of deaths; S. Dorn, “Uninsured and Dying Because of It,” Urban Institute, January 2008, deaths attributable to higher risks of uninsured adults 25–54.

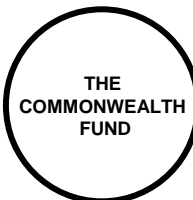
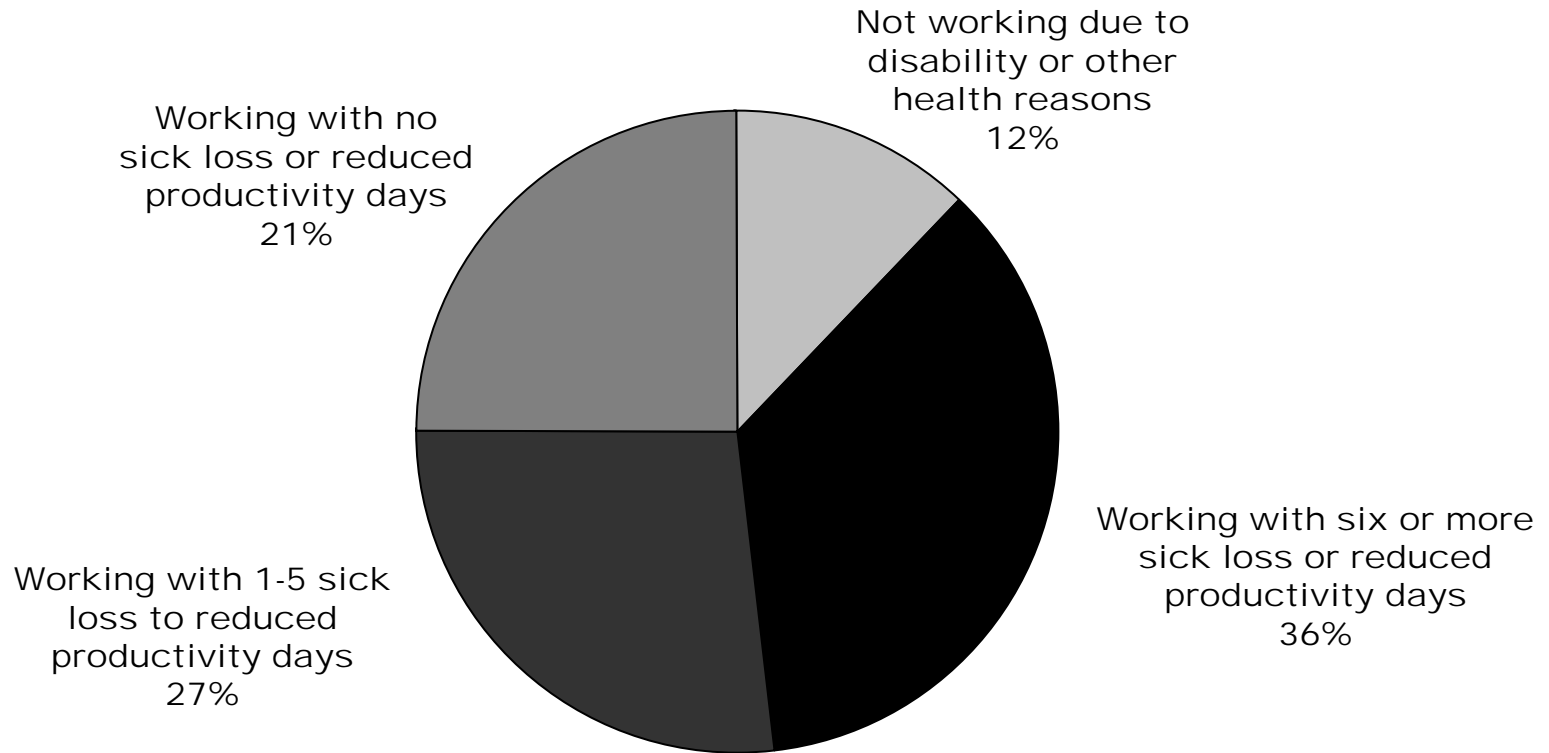


Figure 10. Majority of Americans Experience Health Problems, Sick Loss, or Reduced Productivity, All Adults Ages 19-64



Source: Karen Davis, Sara R. Collins, Michelle M. Doty, Alice Ho, and Alyssa L. Holmgren, *Health and Productivity Among U.S. Workers*, The Commonwealth Fund, August 2005

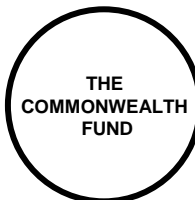
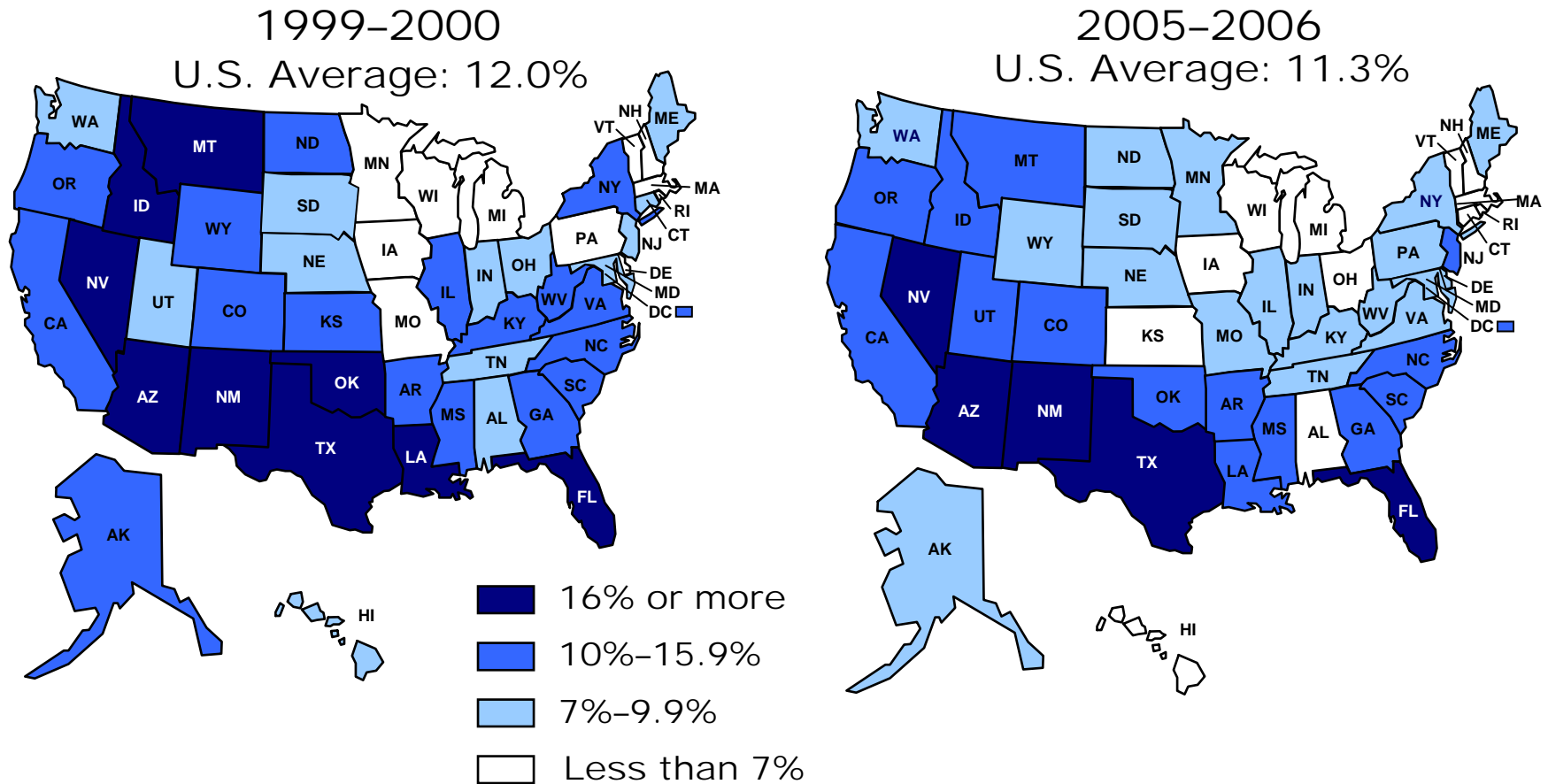


Figure 11. Percentage of Uninsured Children Has Declined Since Implementation of SCHIP, but Gaps Remain

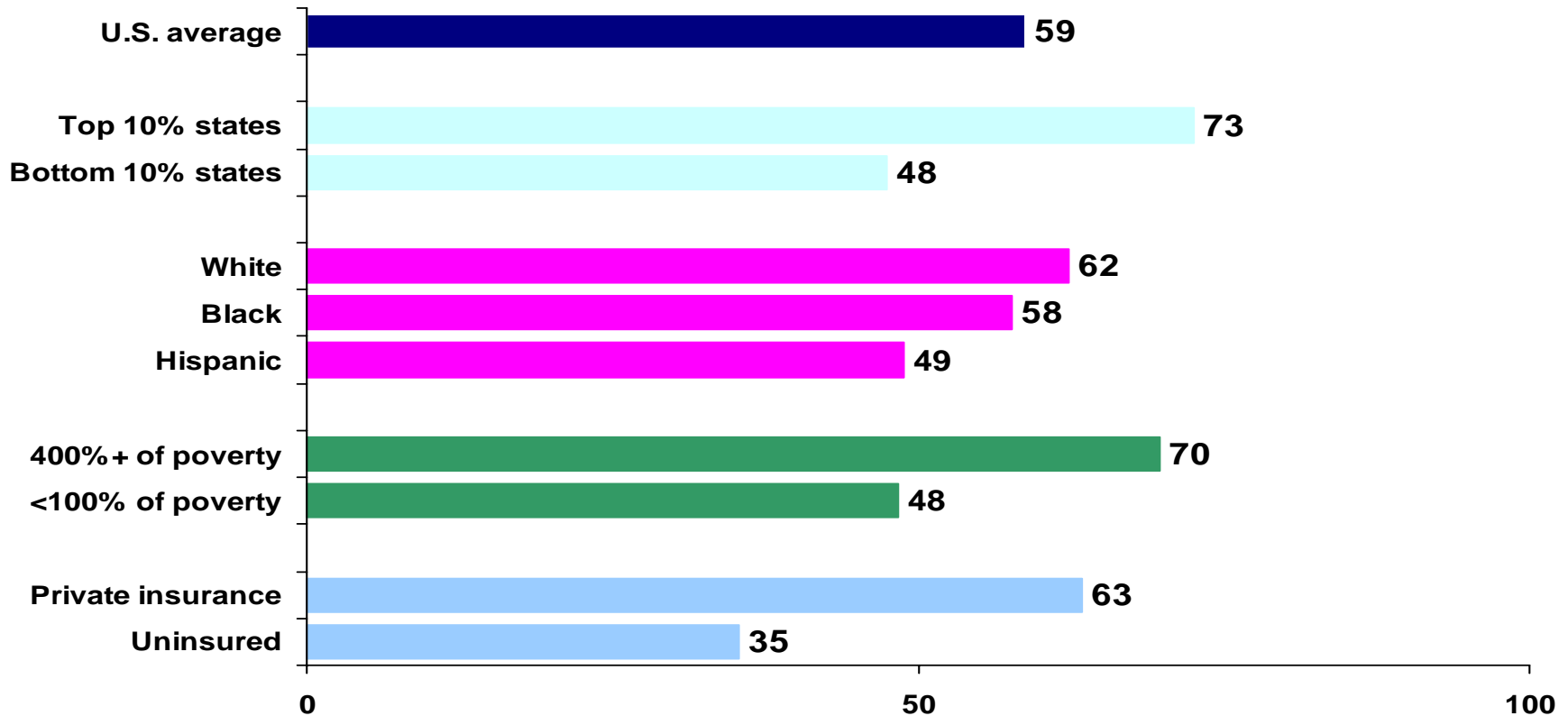


Source: J. C. Cantor, C. Schoen, D. Belloff, S. K. H. How, and D. McCarthy, *Aiming Higher: Results from a State Scorecard on Health System Performance* (New York: The Commonwealth Fund, June 2007). Updated Data: Two-year averages 1999–2000, updated with 2007 CPS correction, and 2005–2006 from the Census Bureau’s March 2000, 2001 and 2006, 2007 Current Population Surveys.



Figure 12. Preventive Care Visits for Children, by Top and Bottom States, Race/Ethnicity, Family Income, and Insurance, 2003

Percent of children (ages <18) received BOTH a medical and dental preventive care visit in past year



Data: 2003 National Survey of Children's Health (HRSA 2005; retrieved from Data Resource Center for Child and Adolescent Health database at <http://www.nschdata.org>).

Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2006.

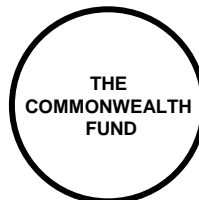


Figure 13. Five Key Strategies for High Performance

1. Extending affordable health insurance to all
2. Aligning financial incentives to enhance value and achieve savings
3. Organizing the health care system around the patient to ensure that care is accessible and coordinated
4. Meeting and raising benchmarks for high-quality, efficient care
5. Ensuring accountable national leadership and public/private collaboration

