



Quantifying National Spending on Wellness and Prevention

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Outline

- Background
- Methods
- Emerging Results
- Discussion

Background

Altarum Institute

- A nonprofit, health systems research institution headquartered in Ann Arbor, Michigan
- More than 60 years of history serving government clients at federal, state, and local levels
- Both a research institution and a consulting firm
 - There is no “endowment” business model
 - Contract revenues fuel mission achievement and research agenda
 - Internally funded research and development (IRAD) program helps to identify areas in which to focus and to establish foundation for research in these areas

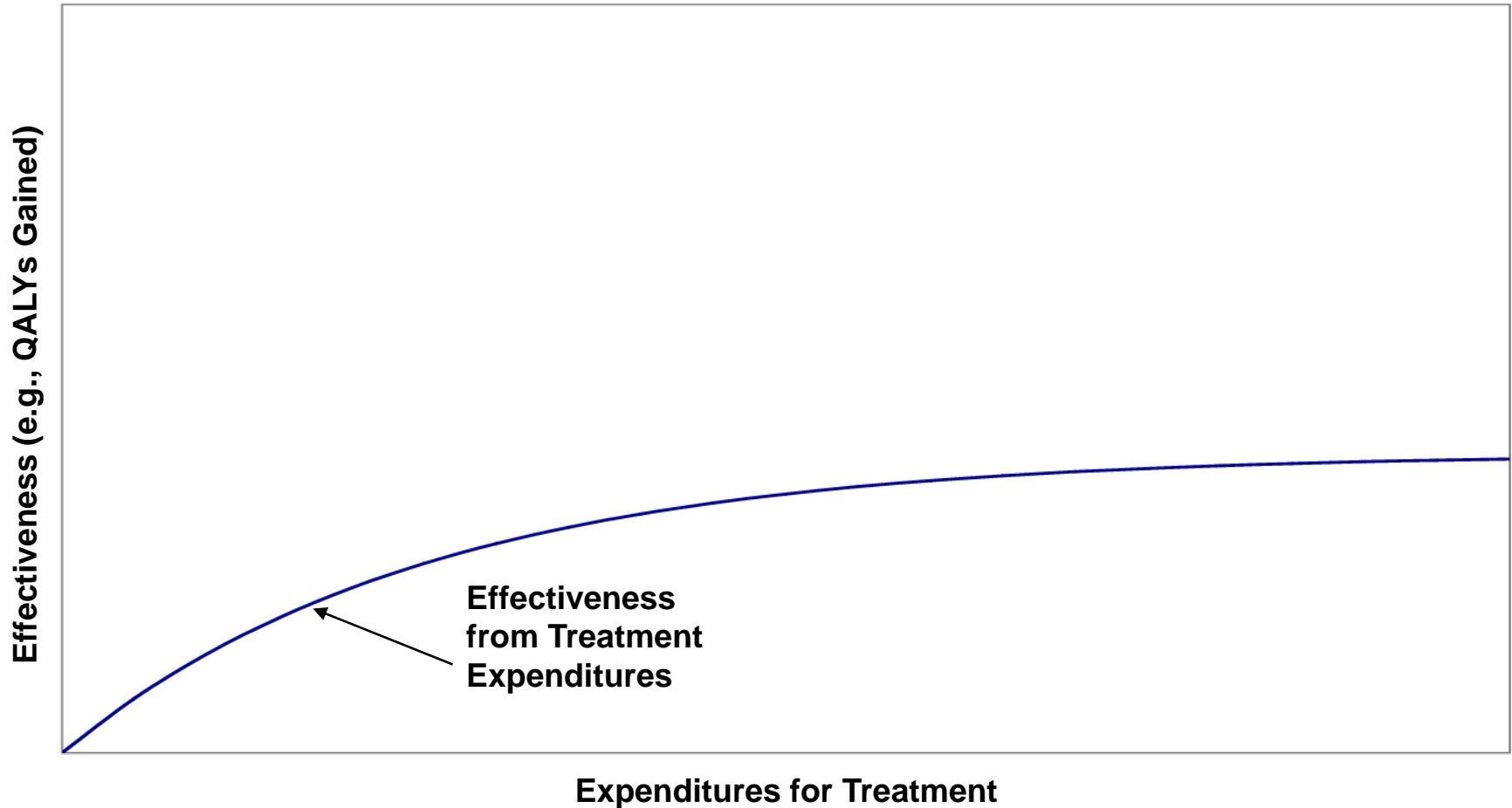
Background

The Problem

- One such area: perceived need to transition from a culture of treatment of disease to one of disease prevention
- As a first step, need metrics and methods to measure spending on prevention
 - To understand distribution of funds
 - To promote discussion regarding amount that should be spent on prevention
- National Health Expenditure Accounts (NHEA) do not identify spending for prevention
- Previous Altarum research broke out NHEA by medical condition
- An IRAD project extends this research to identify spending for prevention

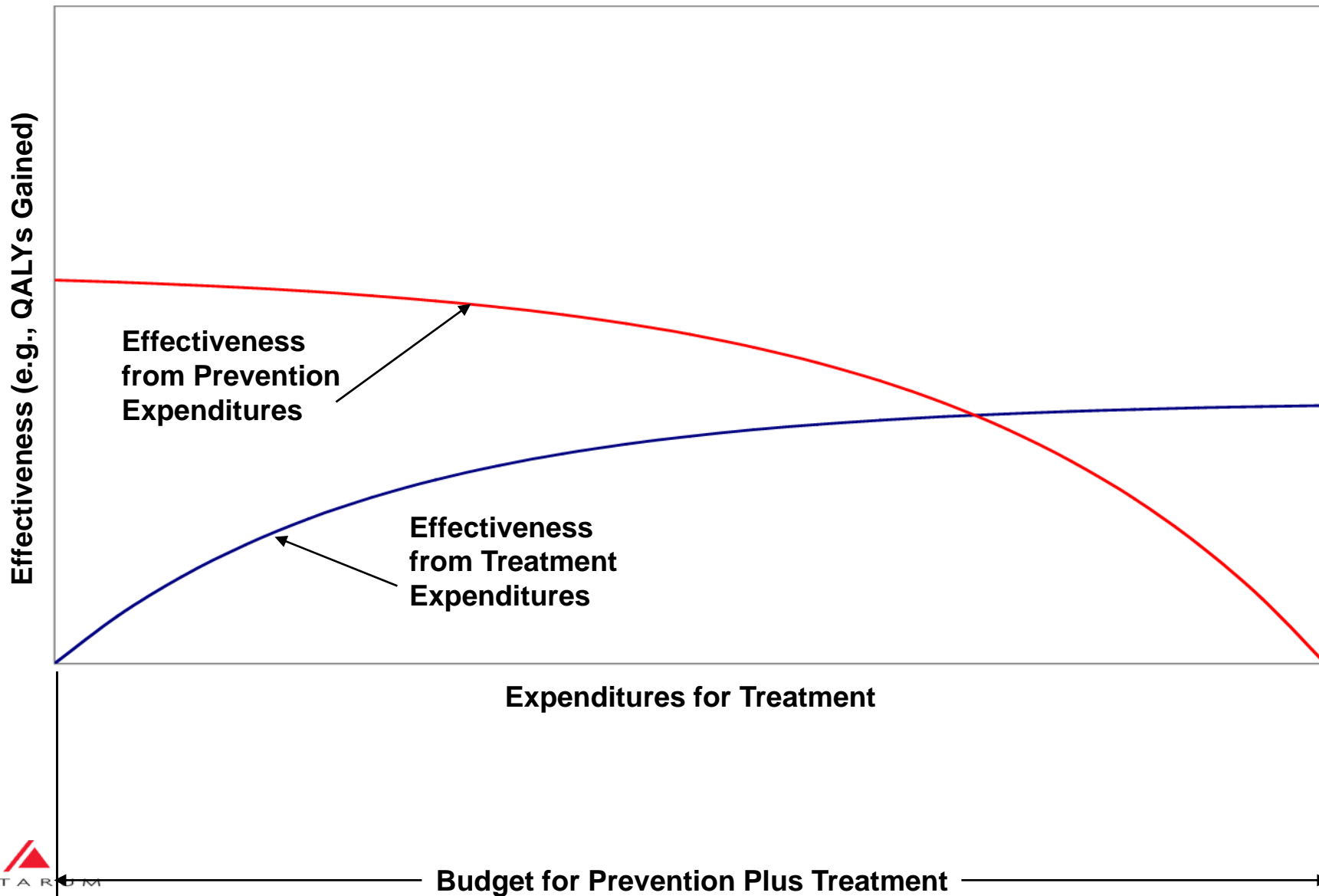
Background

Our Hypothesis



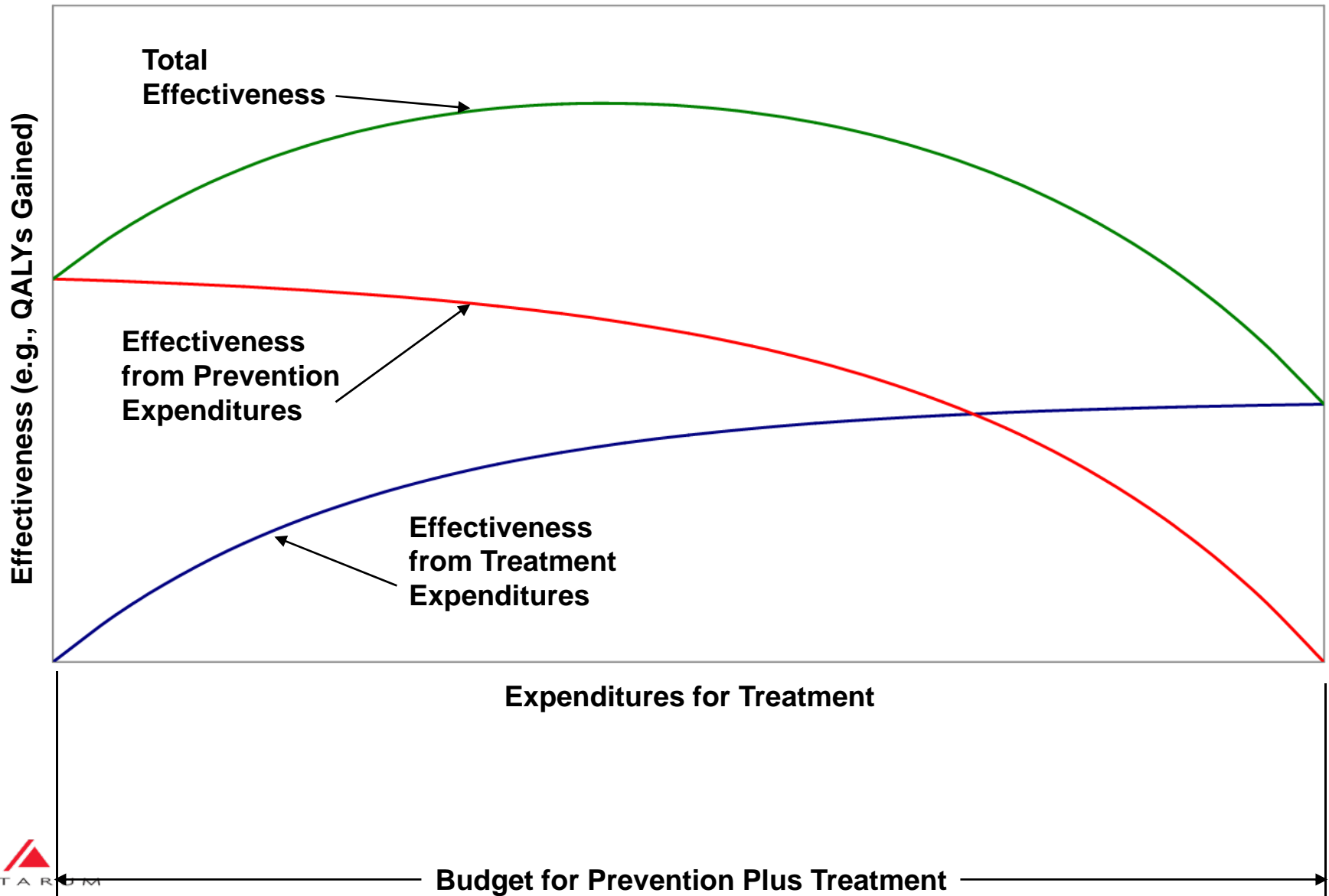
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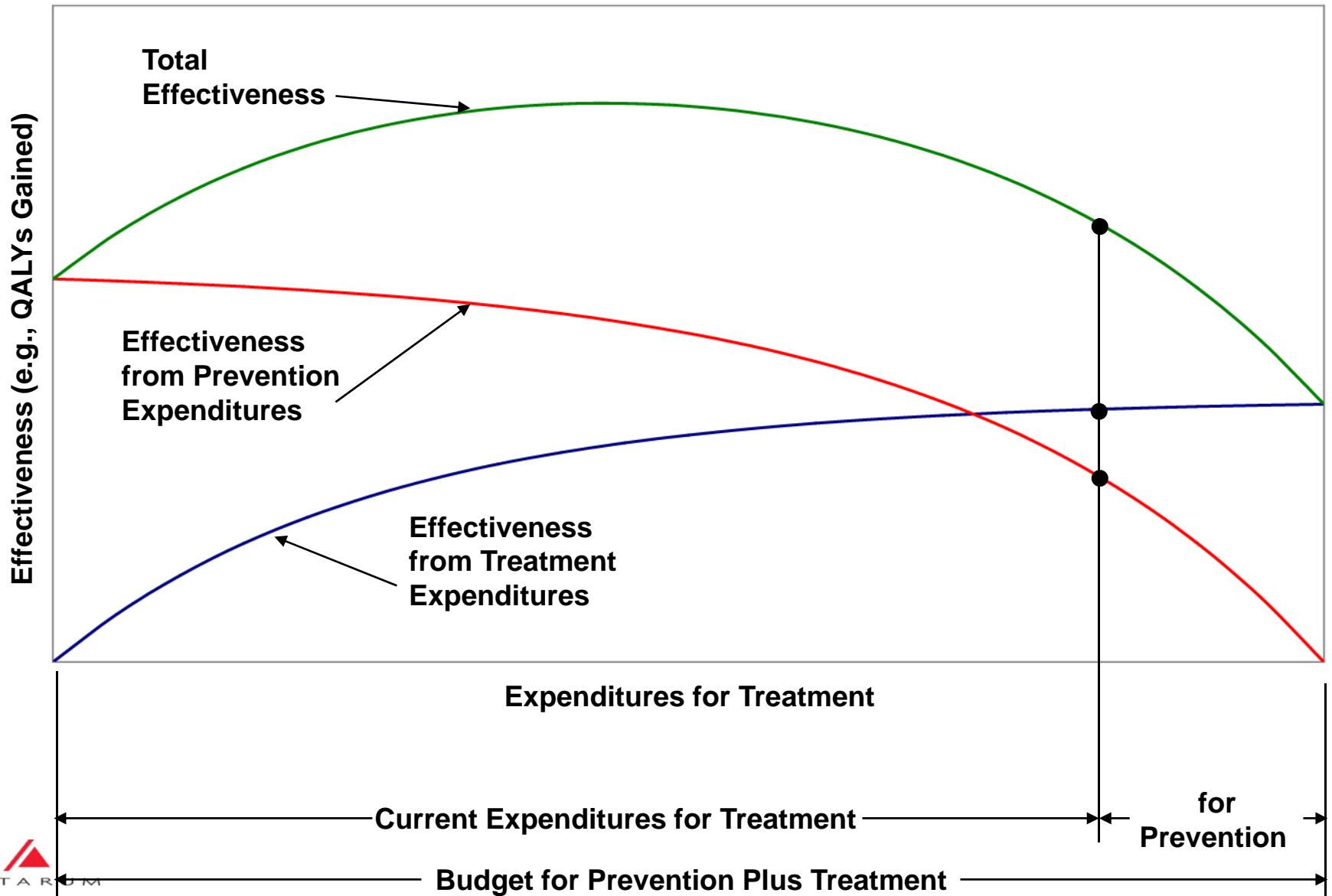
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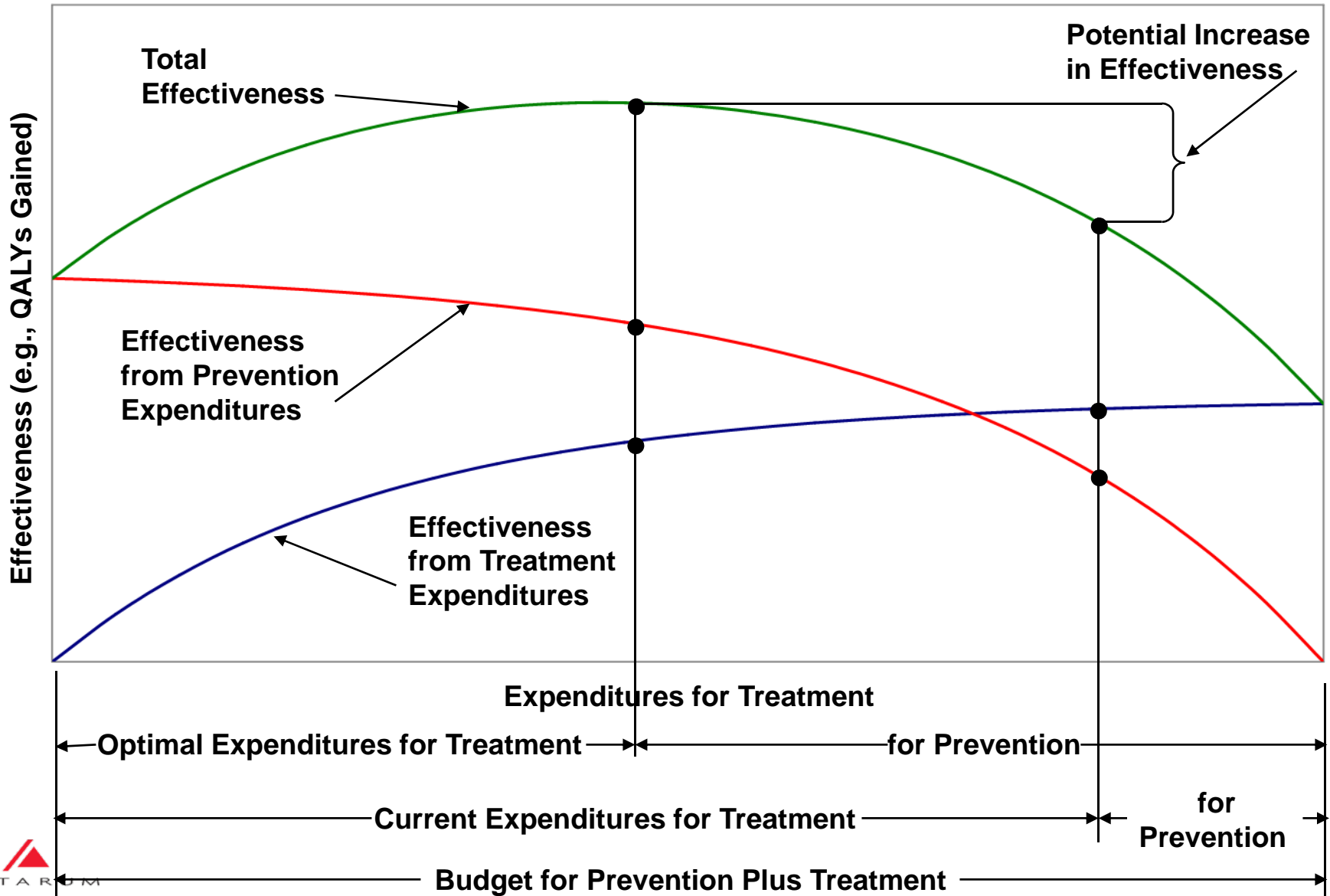
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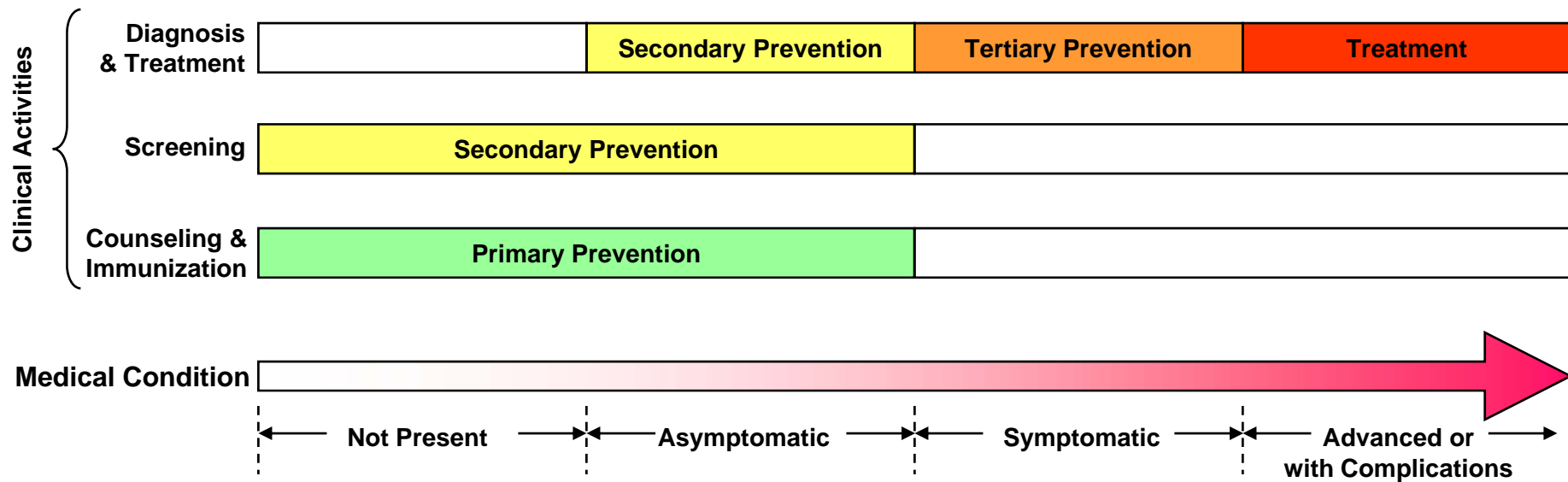


Background

What Is Prevention?

- **Primary prevention** – interventions to prevent occurrence of disease or disability
- **Secondary prevention** – interventions to detect and arrest disease or disability in early asymptomatic stages
- **Tertiary prevention** – interventions to prevent progression of disease or disability in persons with symptomatic illness or injury

Background Definitions



Background

Previous Estimates

- “For many years, approximately 96% of expenditures on health in the United States were for medical care rather than public health”
- “Efforts to control the underlying causes of preventable death ... are severely underfunded, representing less than 5% of total health spending.”
- “The US spends only an estimated 1 to 3 percent of national health expenditures on preventive health care services and health promotion”
- “The US spends 97 cents on curative treatment for every 3 cents spent on prevention”
- “Only 3% of health care expenditures go toward disease prevention”
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- **⋮**

Background

Thoughts About Previous Estimates

- These quotations suggest spending on prevention is on the order of 3-5% of US health care expenditures
- But these (and other) estimates
 - Use inconsistent (and sometimes imprecise) language to describe what they are measuring
 - Rely on research conducted by others whose methods and data are not documented

All of these quotations rely on a 15-year-old study that is no longer available except in executive summary

How was prevention defined?

How was the estimate derived?

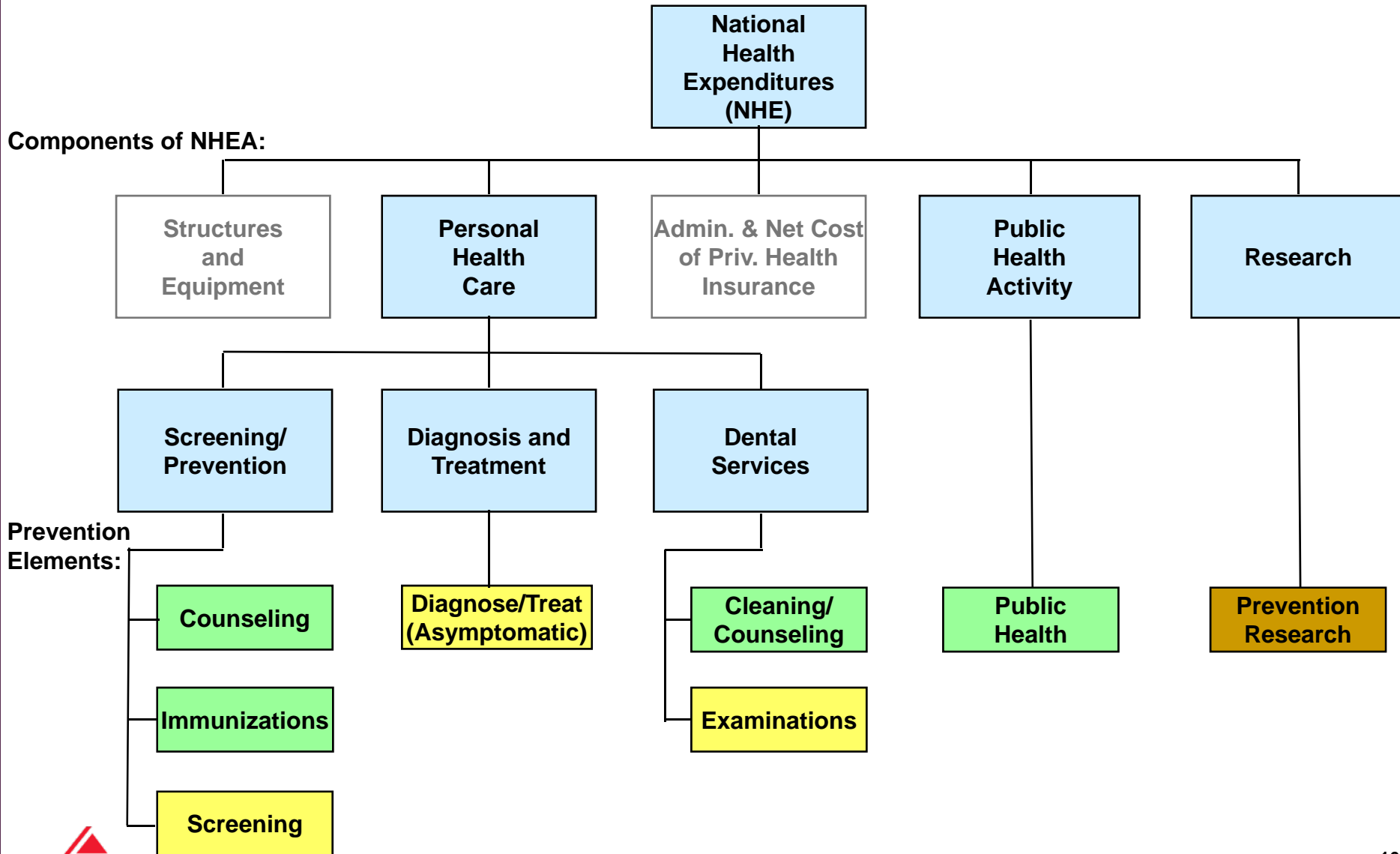
Methods

Approach

- Develop estimates that are consistent with the NHEA
- Use precise definitions
- Incorporate an open description of methods
- Provide a time series of annual estimates
- Subdivide estimates into components to allow for alternative concepts of what constitutes prevention
- Focus on primary and secondary prevention

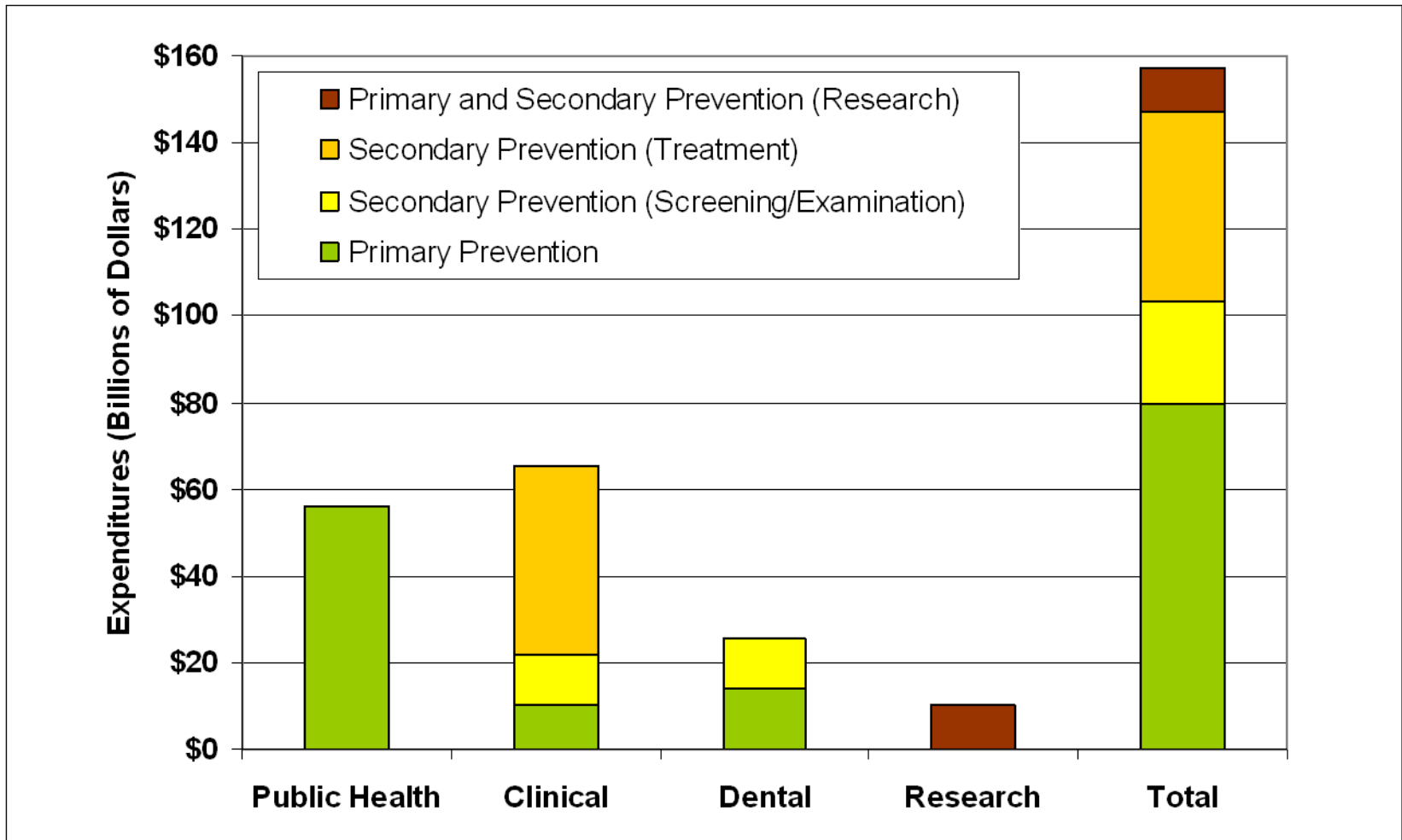
Methods

Overall Approach



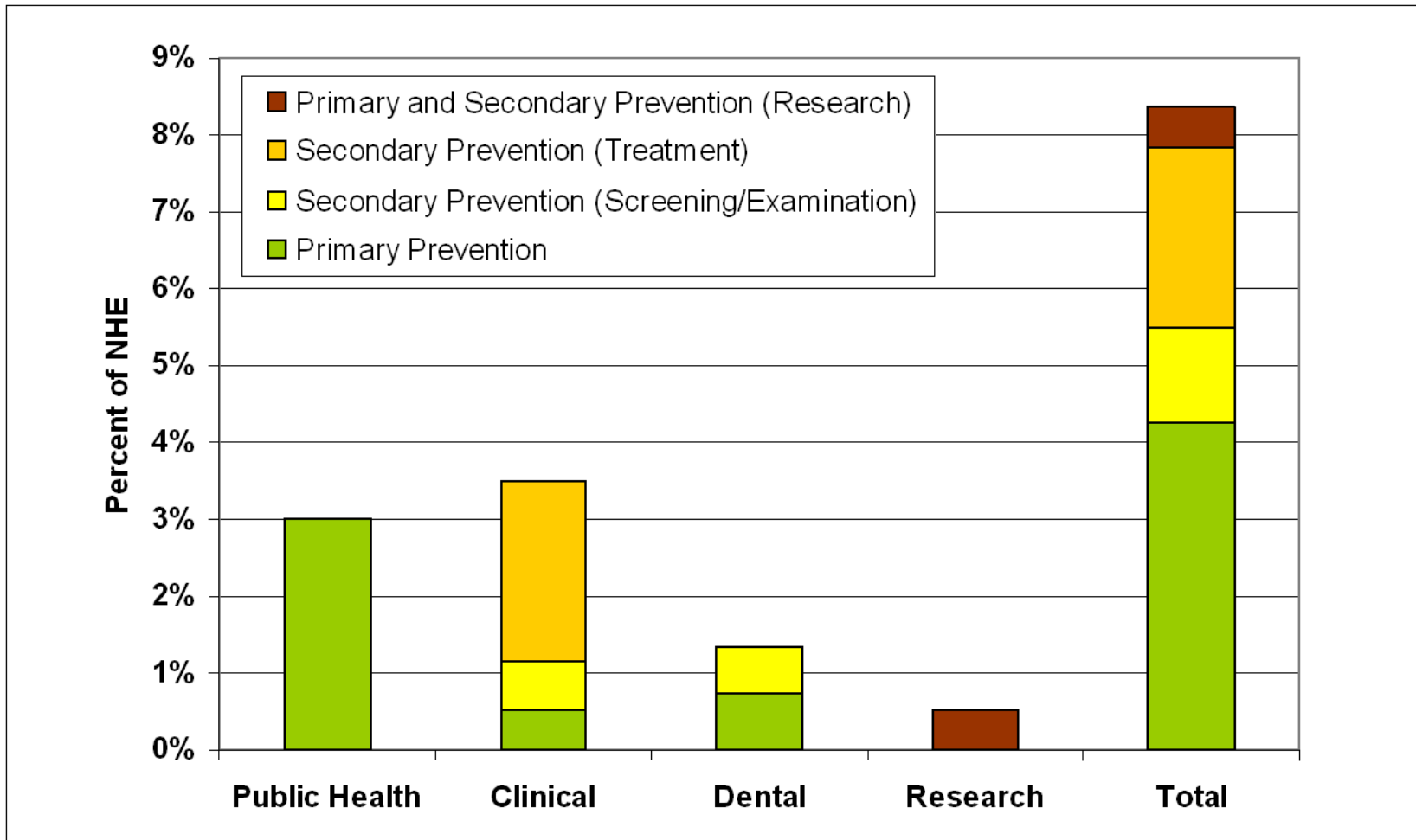
Emerging Results

2004 Expenditures (Billions of Dollars)



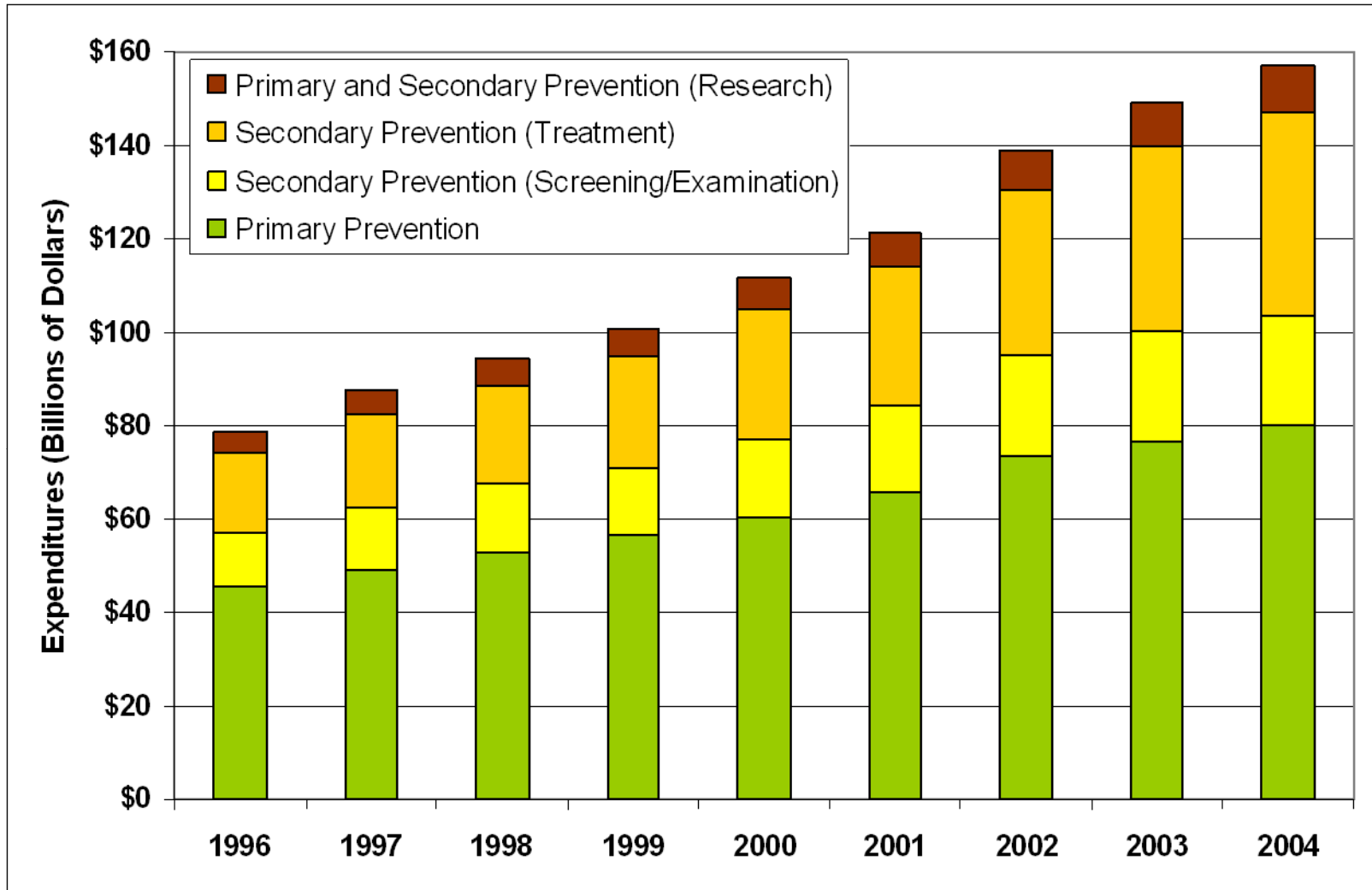
Emerging Results

2004 Expenditures (Percent of NHE)



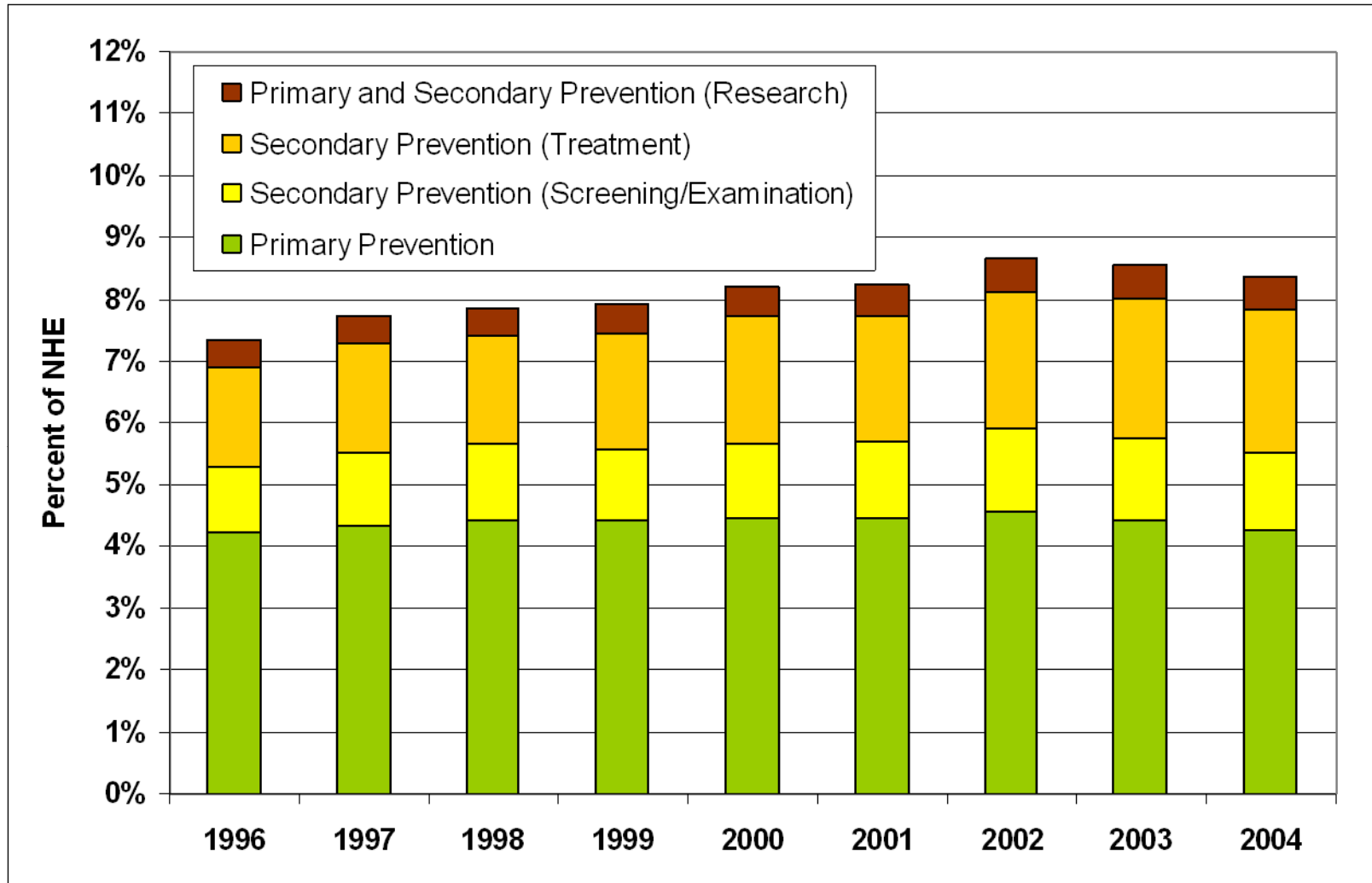
Emerging Results

Annual Expenditures (Billions of Dollars)



Emerging Results

Annual Expenditures (Percent of NHE)



Discussion

Expenditures on Prevention

- Estimates of expenditures on prevention depend on definitions:

	Expenditures in 2004 (billions)	Percent of 2004 NHE
Public Health	\$ 56.1	3.0%
Primary Prevention	\$ 80.0	4.3%
Primary Prevention Excluding Dentistry	\$ 66.1	3.5%
Clinical Preventive Services (excluding dentistry)	\$ 65.6	3.5%
Clinical Preventive Services Excluding Treatment	\$ 21.9	1.2%
All Elements of Prevention	\$ 157.1	8.4%

- Followed a period of steady growth over previous 8 years
- Findings should contribute to ongoing discussion of prevention expenditures:
 - Are based on precise definitions
 - Use methods that can be easily understood and verified
 - Allow tailoring estimates to include components consistent with a particular policy discussion

Discussion

Caveat

We are still developing expenditure estimates for some immunizations, screenings, and asymptomatic disease treatments that are not included in the figures presented here

Discussion

Next Steps

- Refine existing estimates
- Extend estimates beyond expenditures included in NHEA
- Summarize current knowledge of cost-effectiveness of the components of prevention expenditures
- Examine impact of reimbursement policies and other incentives on the quantity of preventive services provided