

International Comparisons in Healthcare Spending: Understanding the Value of US Healthcare

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Uwe Reinhardt (1937-2017)



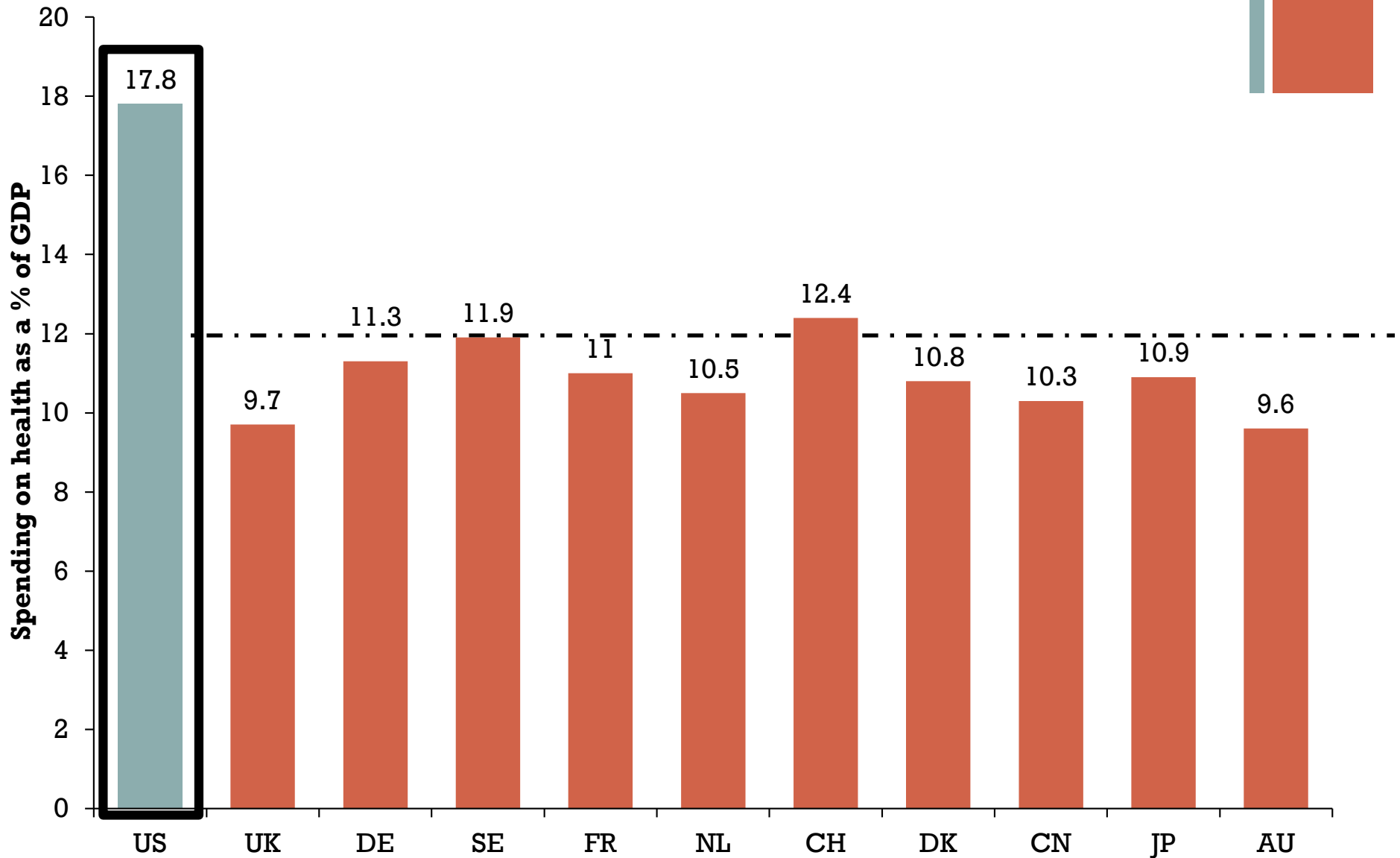
+ Agenda



- We spend a lot on healthcare
- Why do we spend so much more than others?
- Tradeoffs: what does our higher spending give us?
- What about quality and outcomes?
- How do we think about value in the international context?

+ US Healthcare spending

+ Total healthcare spending, 2016



+ Why?

+ Why so much *more*?





JAMA | Special Communication

Health Care Spending in the United States and Other High-Income Countries

Irene Papanicolas, PhD; Liana R. Woskie, MSc; Ashish K. Jha, MD, MPH

IMPORTANCE Health care spending in the United States is a major concern and is higher than in other high-income countries, but there is little evidence that efforts to reform US health care delivery have had a meaningful influence on controlling health care spending and costs.

OBJECTIVE To compare potential drivers of spending, such as structural capacity and utilization, in the United States with those of 10 of the highest-income countries (United Kingdom, Canada, Germany, Australia, Japan, Sweden, France, the Netherlands, Switzerland,

-  Viewpoint page 977 and Editorials pages 983, 986, 988, and 990
-  Animated Summary Video
-  Supplemental content and Audio
-  CME Quiz at



Comparing healthcare spending



■ Our approach:

- Compared US to 10 other very high income countries
- Data source: mostly OECD, some CMWF
- Data verified by national statistics offices and/or experts

+ Why so much *more*?



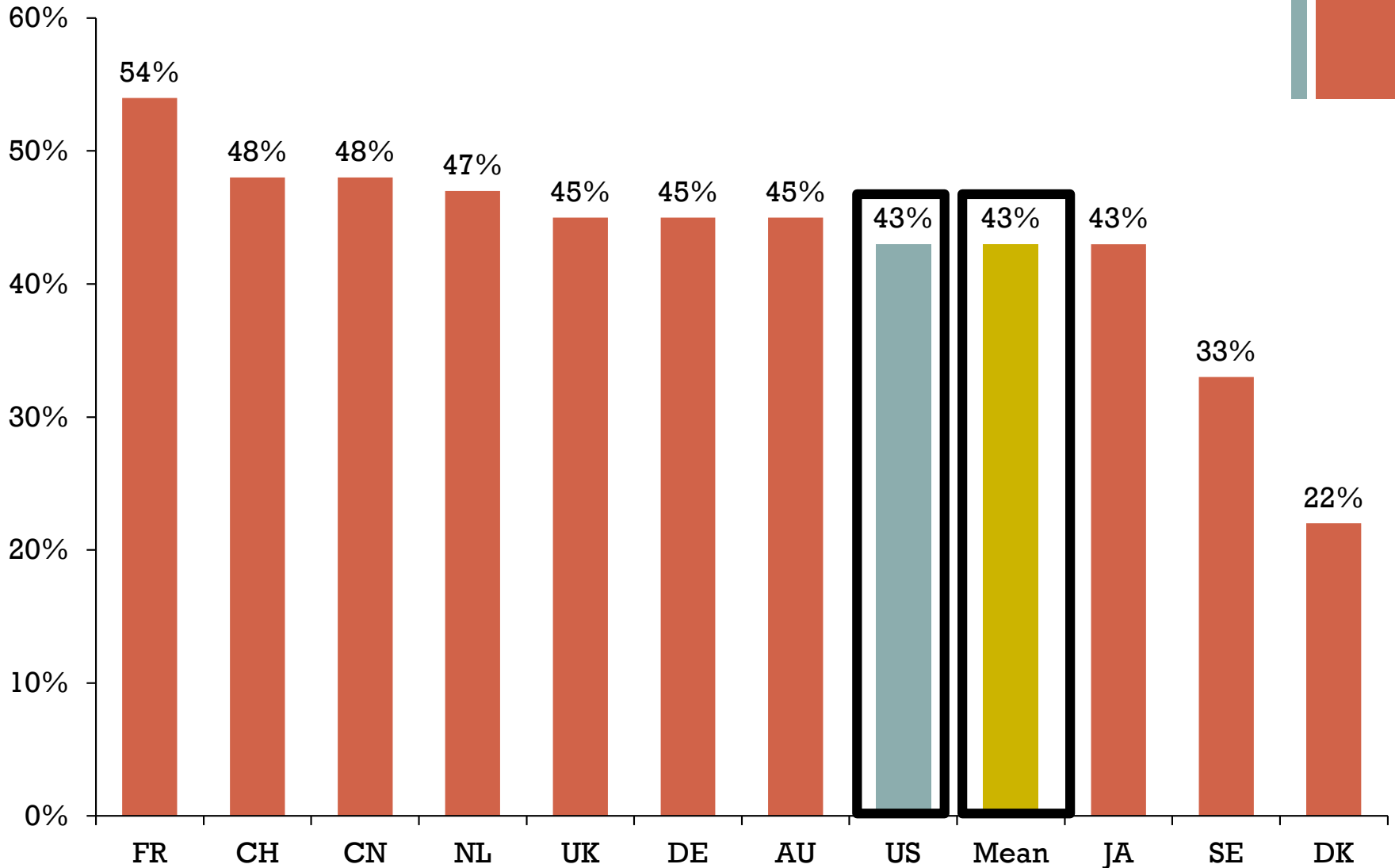
$$\text{Total Spending} = \text{Quantity} \times \text{Price}$$

+ Hypothesis #1

+ Specialist driven

Not enough primary care

+ Primary care as % of MDs



+ Hypothesis #1 Update



- It's (surprisingly) not about PC vs. specialty mix

+ Hypothesis #2

+ Our culture of overuse

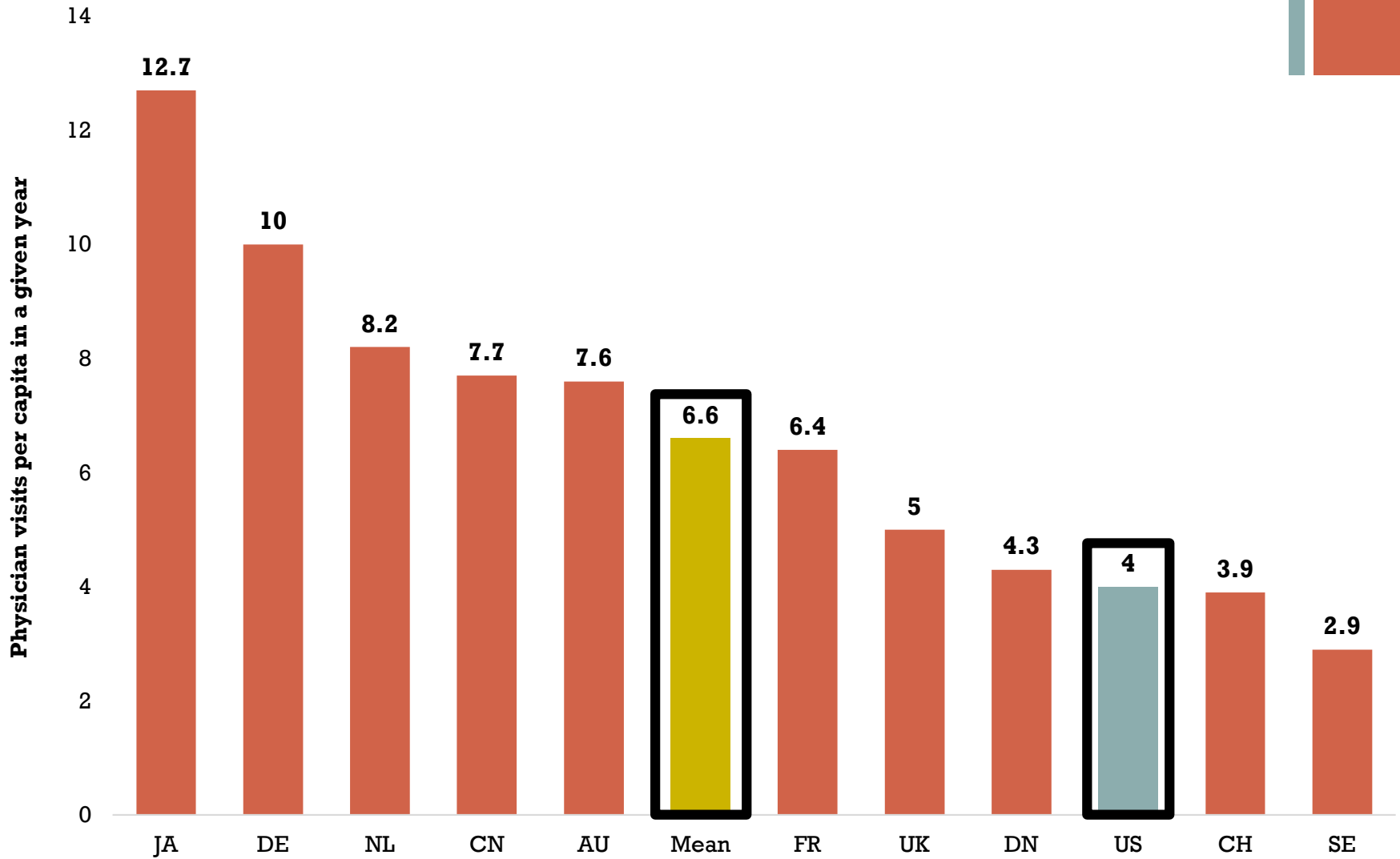


$$\text{Total Spending} = \text{Quantity} \times \text{Price}$$

+ Overutilization #1

We are quick to go to the doctor

+ Doctor visits

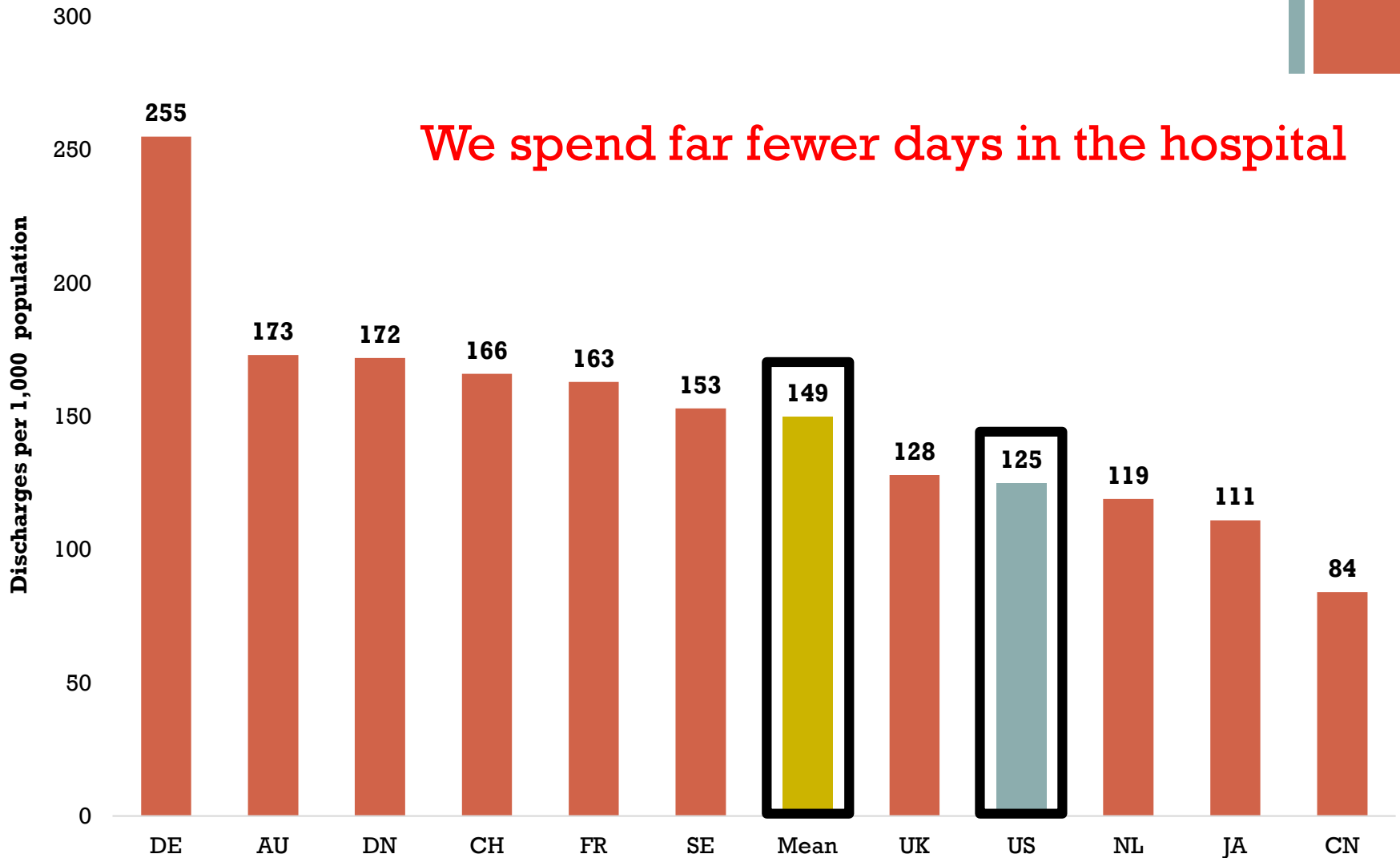


Overutilization #2



Not enough prevention and primary care leads to too many hospitalizations

+ Hospital discharges

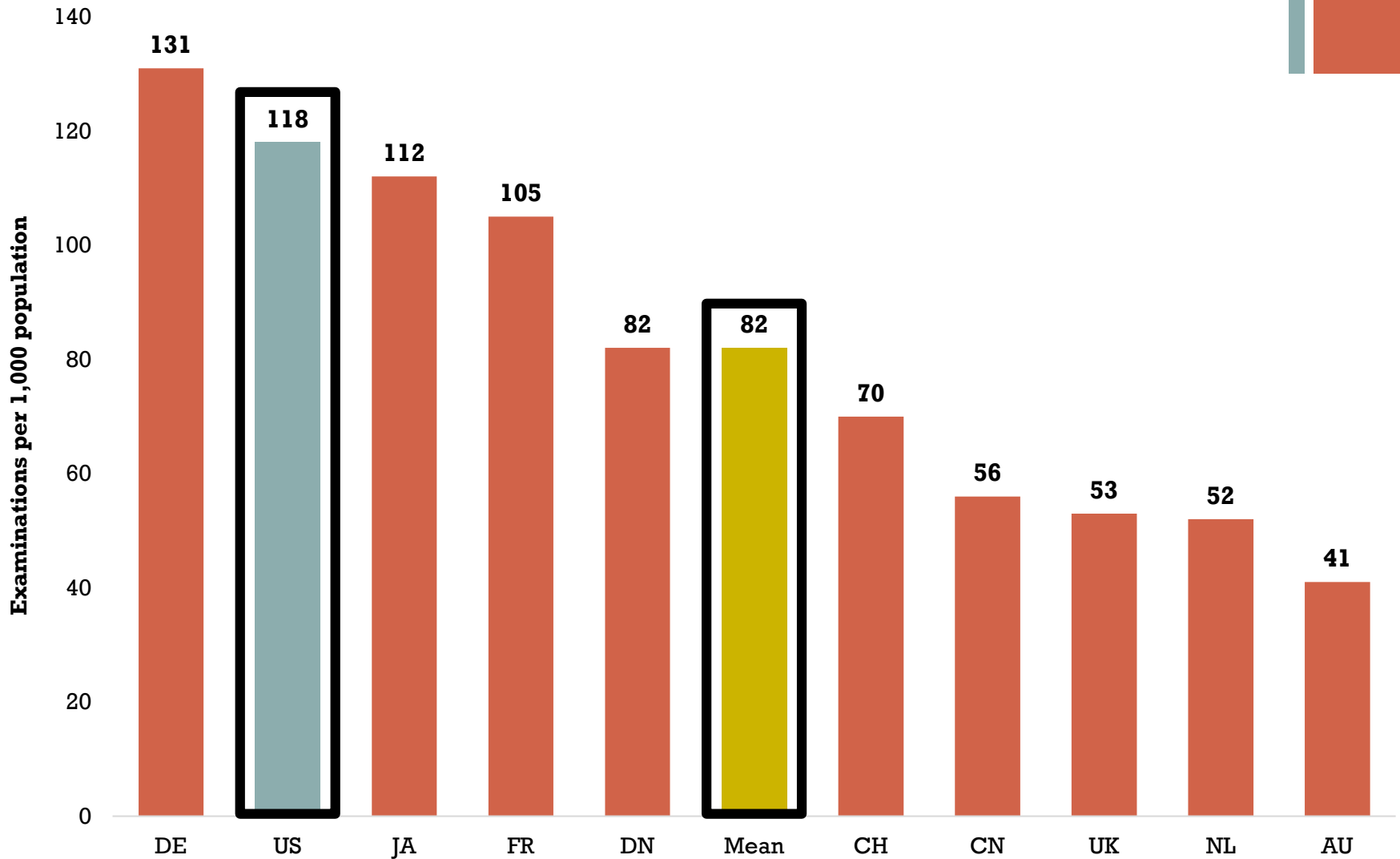


We spend far fewer days in the hospital

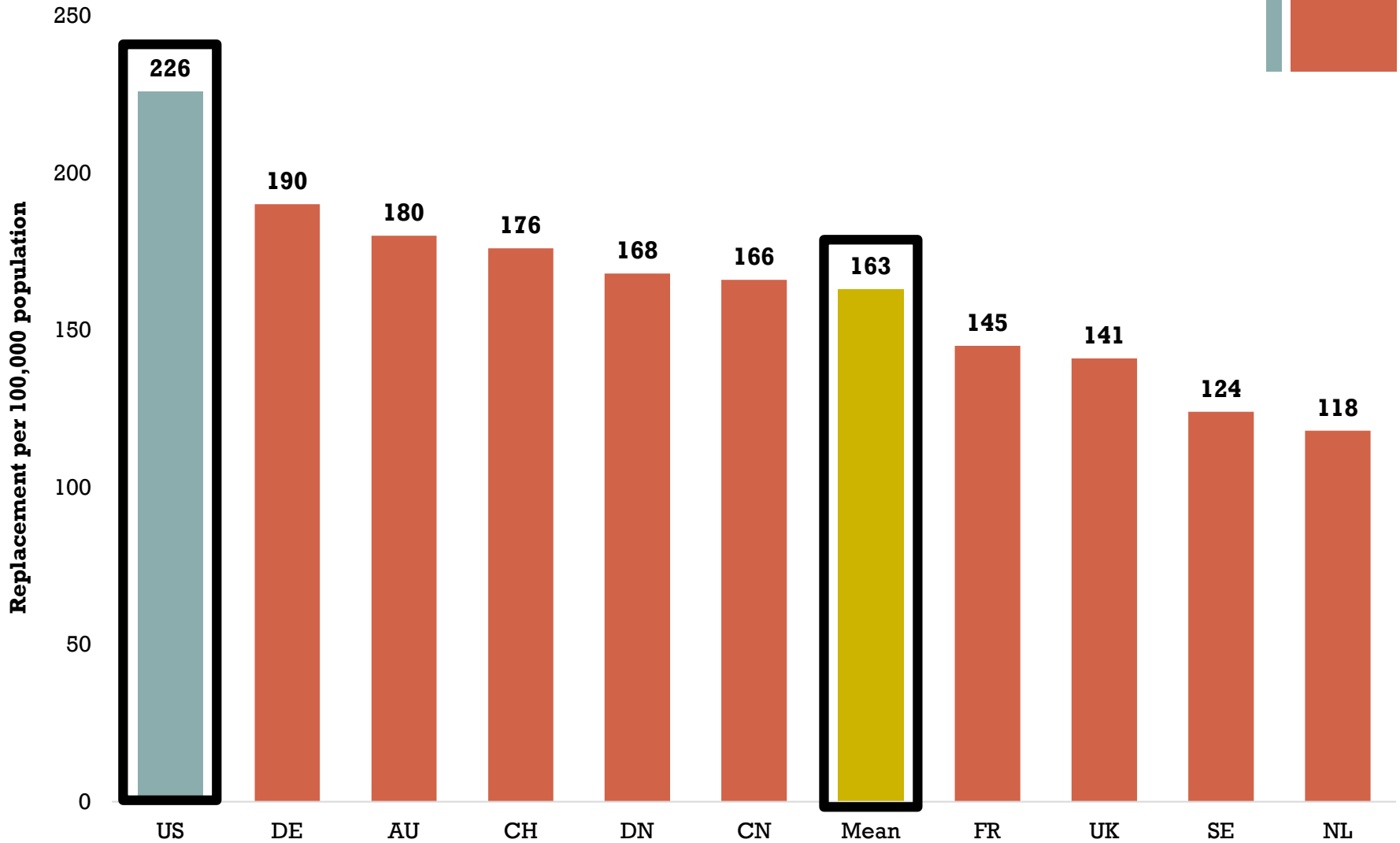
+ Overutilization #3

We use too many tests and procedures

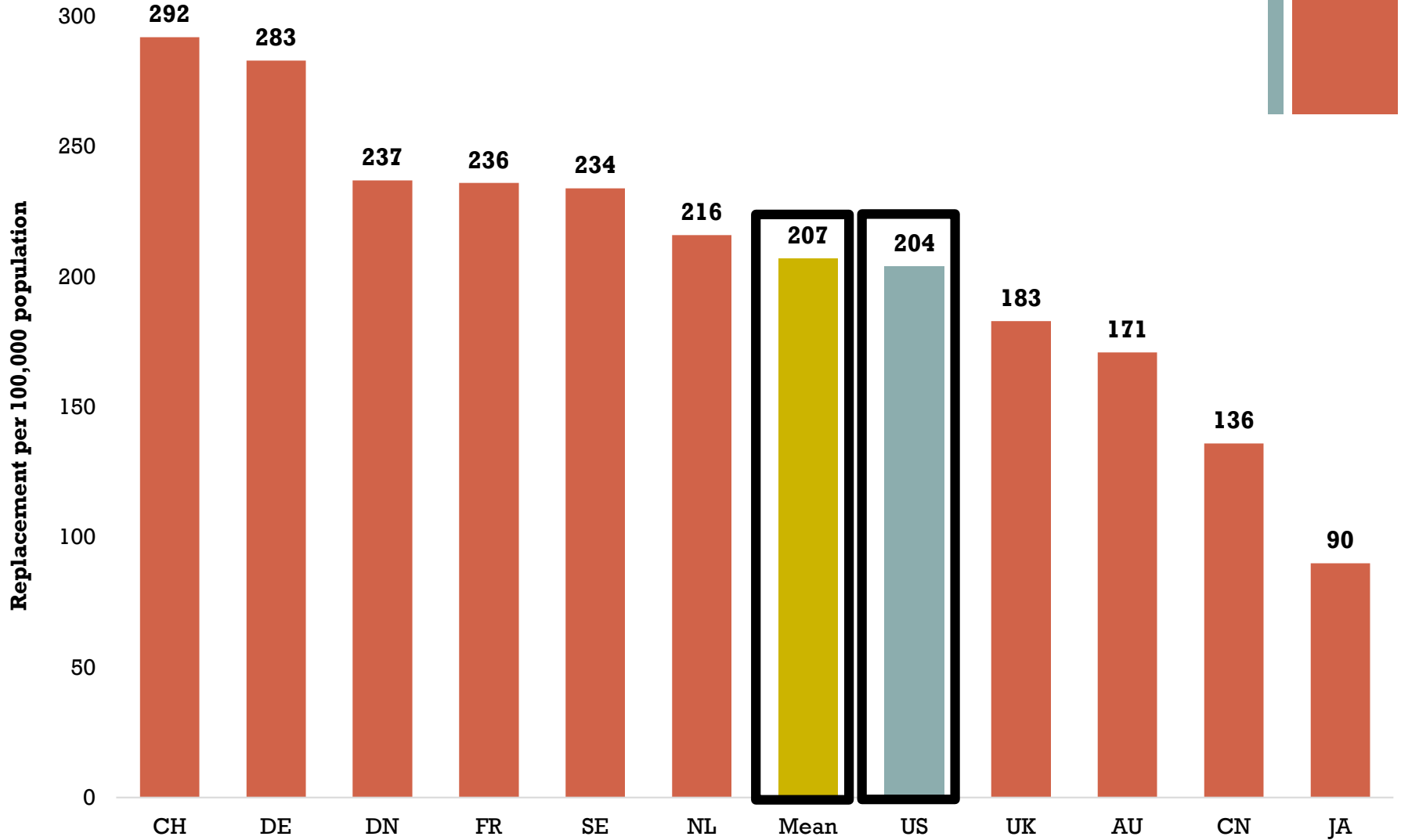
+ MRI examinations



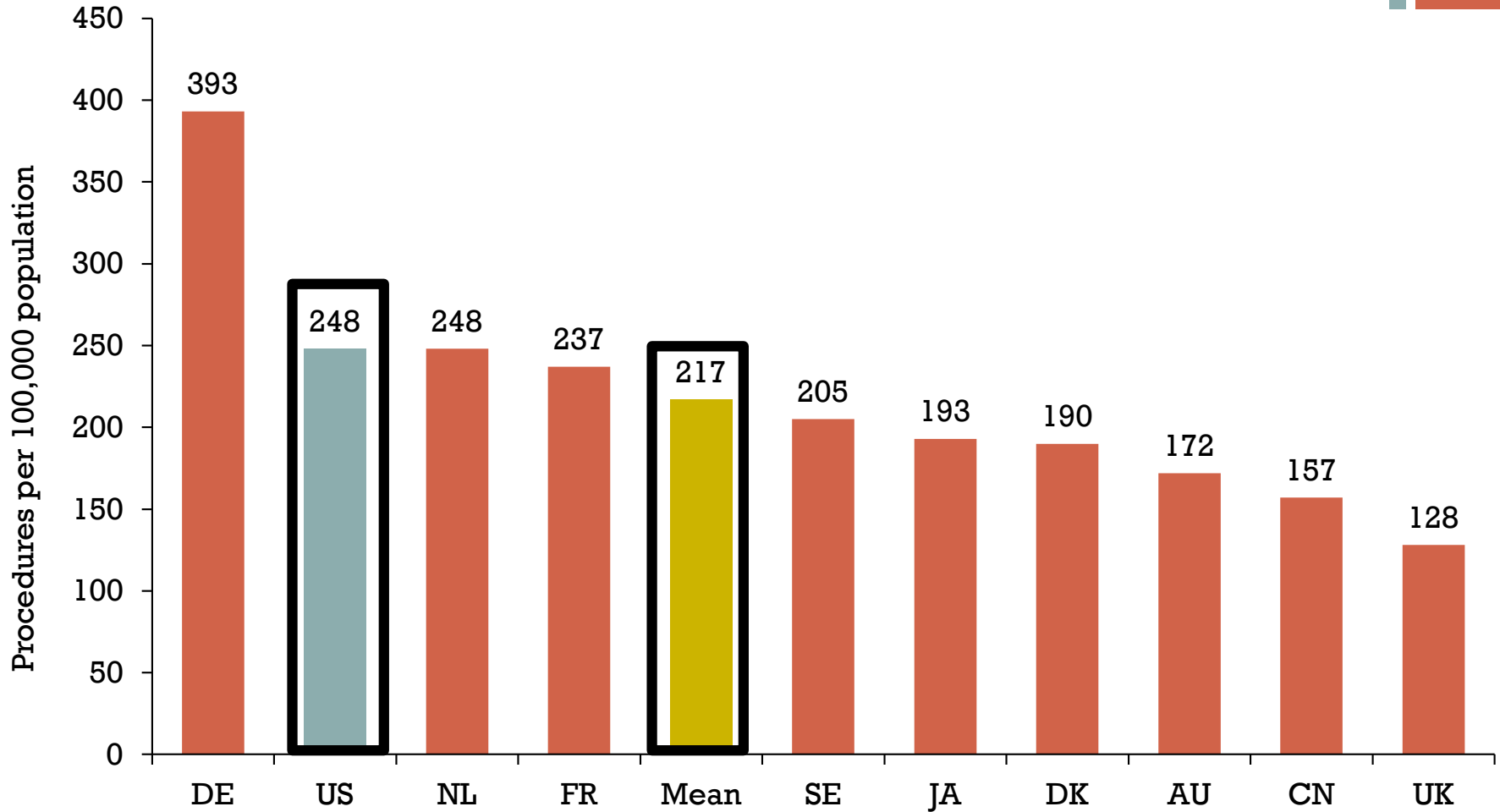
+ Total knee replacement



+ Total hip replacement



+ Coronary angioplasty



+ Hypothesis #2 Update

- Higher US costs not primarily about Utilization
- We have fewer hospitalizations, doctor visits
- Tests and Procedures a mixed bag:
 - We do a lot more MRIs, TKRs, and PTCAs
 - We do fewer hip replacements
- Bottom line:
 - We're above average on some things
 - We're below average on other things
 - On average, we are pretty average

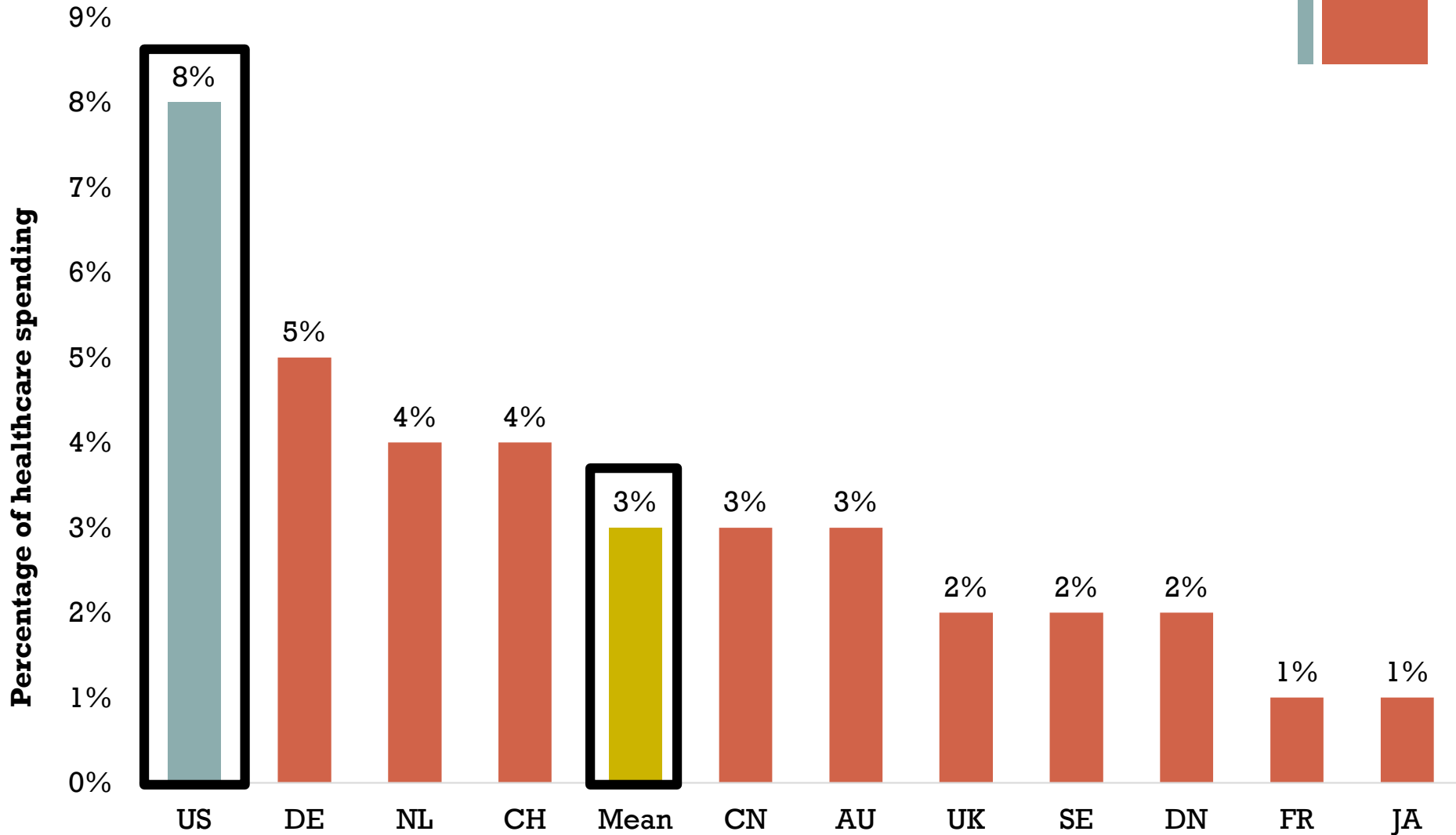
+OK – so what is it?

+ Why so much *more*?

+ Hypothesis #3

+ Administrative waste

+ Governance, administrative spending



+ Hypothesis #3 Update

- U.S. administrative spending is higher than other countries
- Higher even than countries that have largely private systems
- But that's obviously not the whole story...





$$\text{Total Spending} = \text{Quantity} \times \text{Price}$$

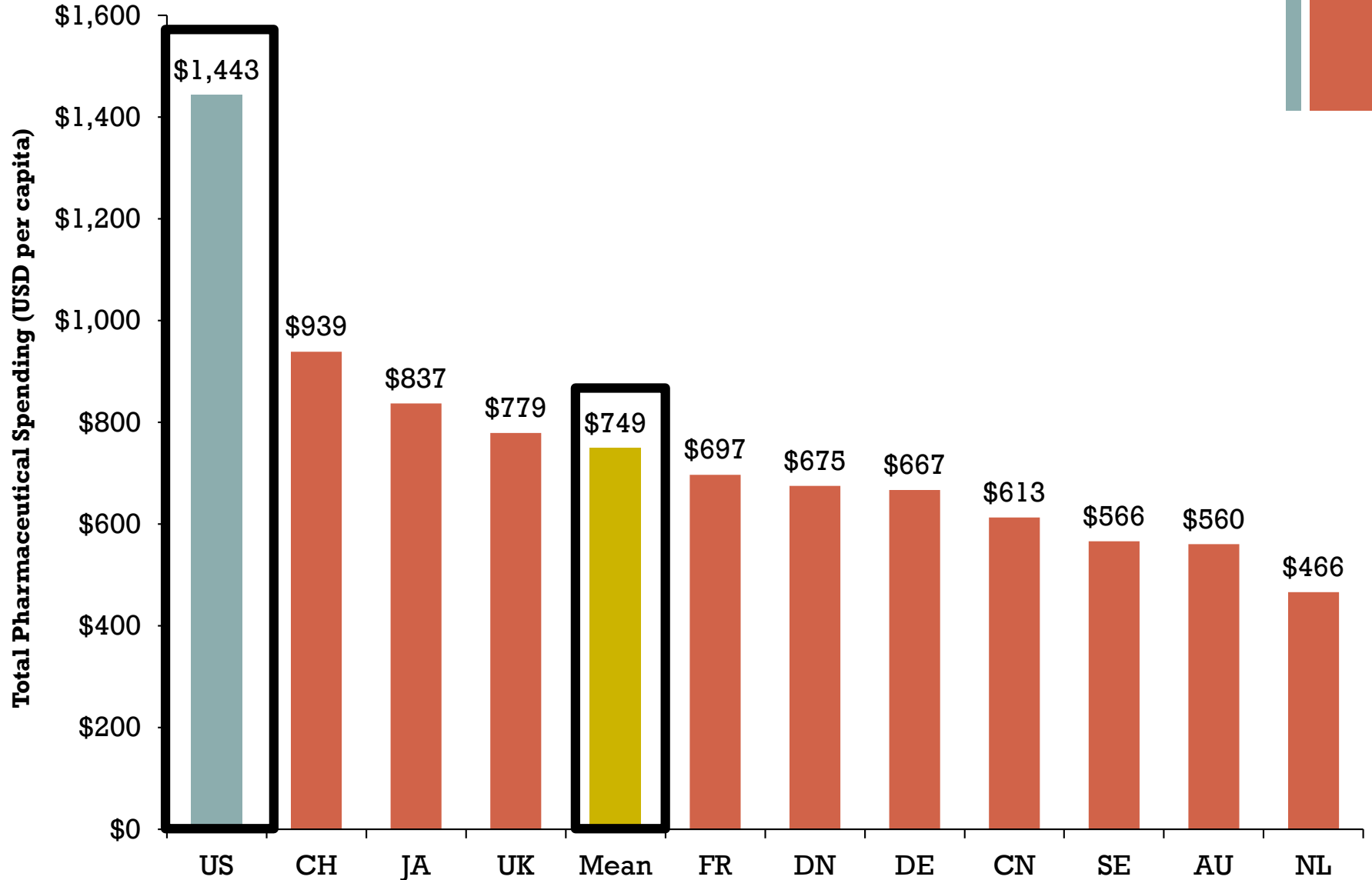
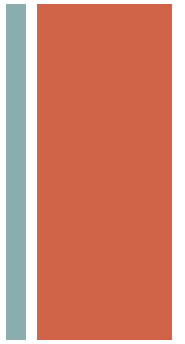
+ Hypothesis #4

+ Prices of what?

+ Pharmaceuticals!

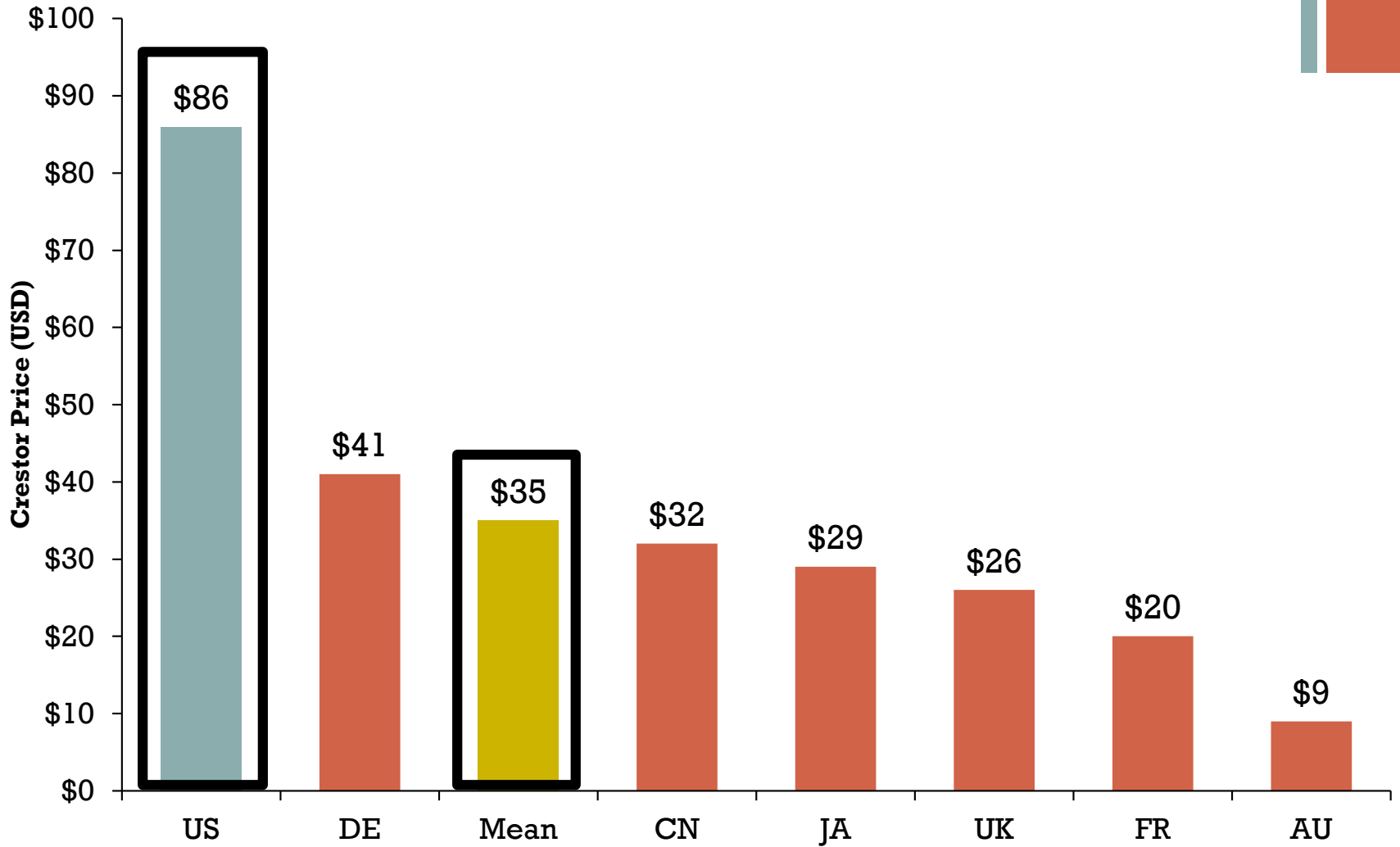


Total Spending (USD Per Capita)



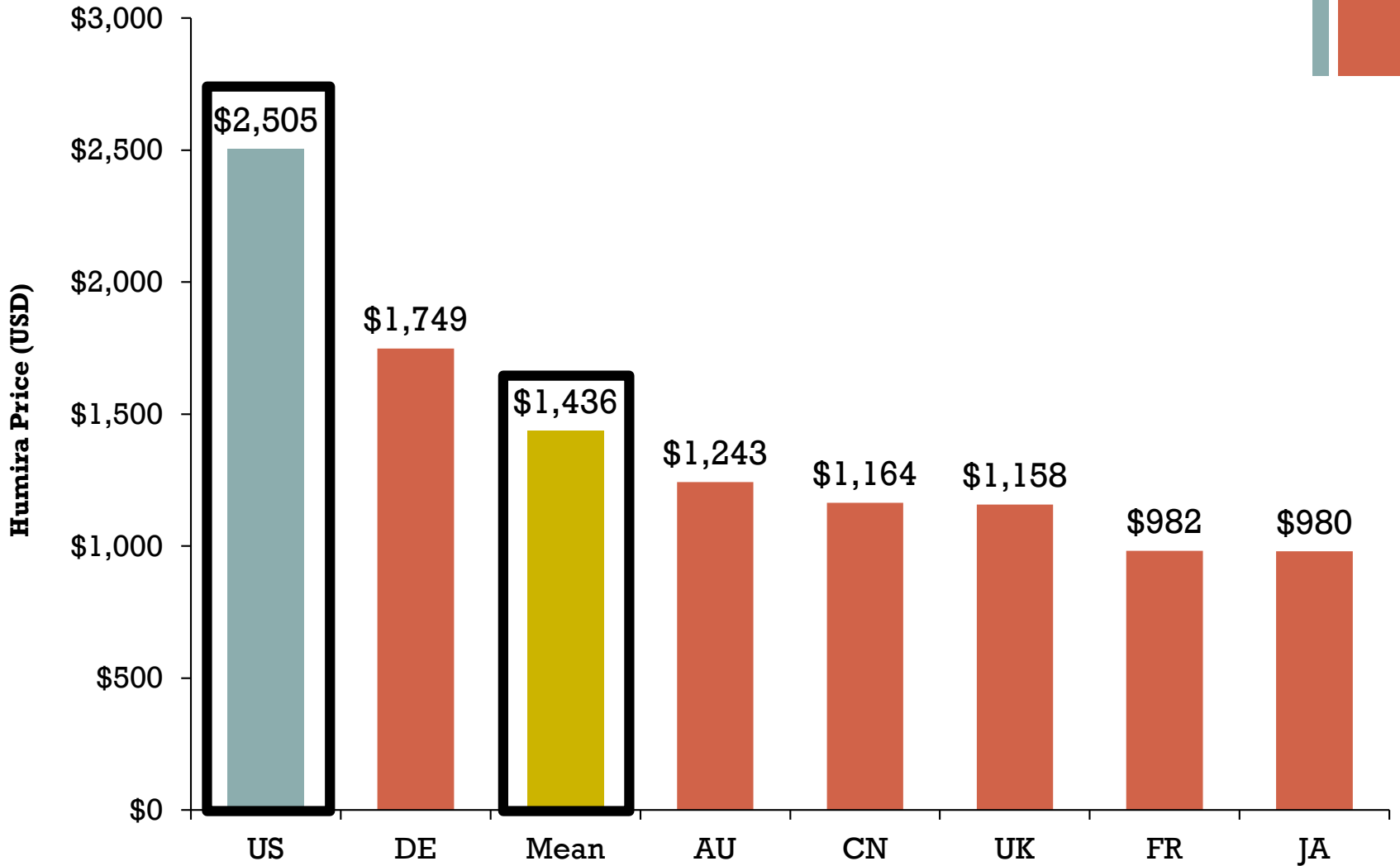


Crestor Price





Humira Price

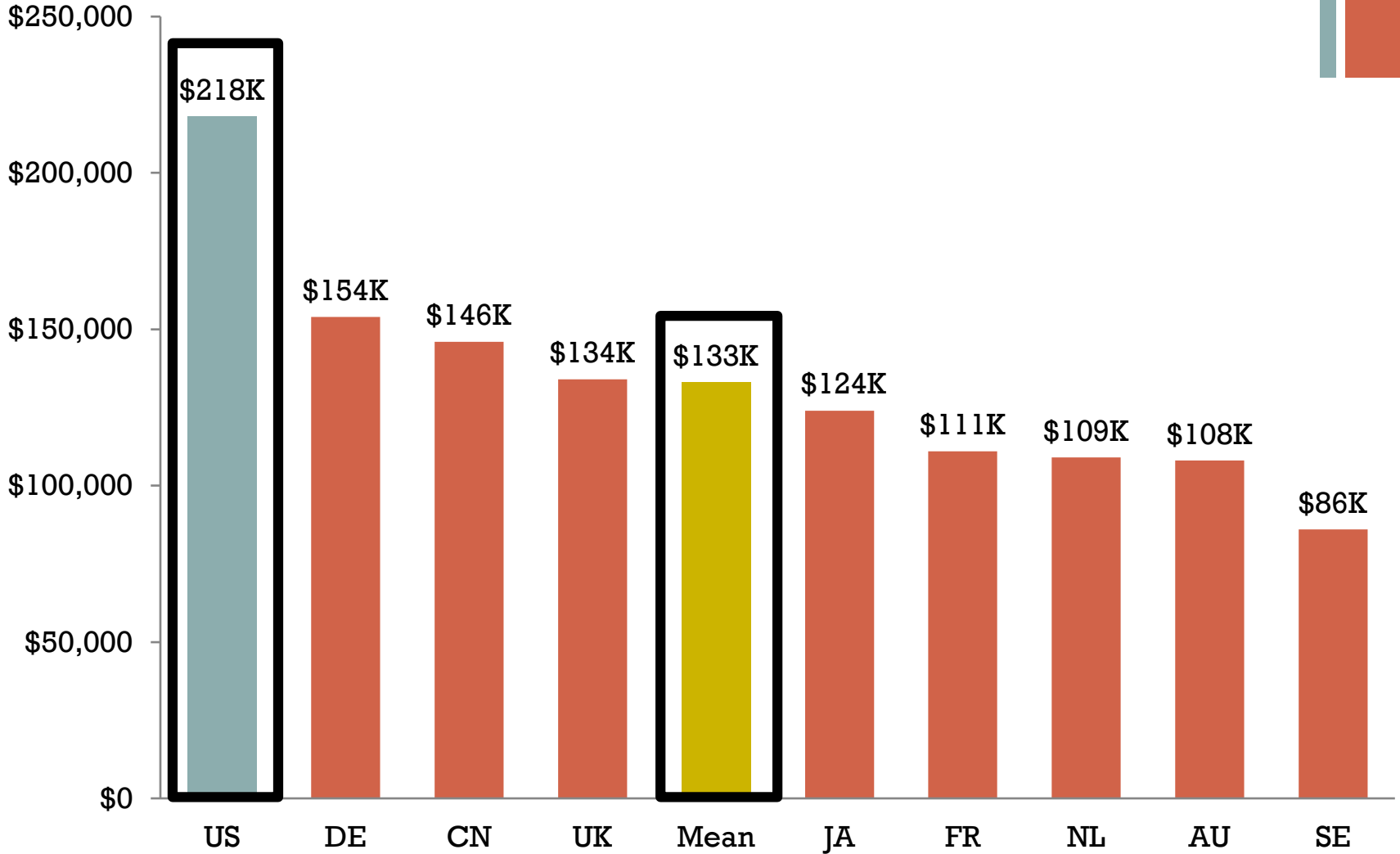


+ Pharma makes up about
15% of all HC spending

+ So that can't be the
whole story



Generalist Physician Salaries



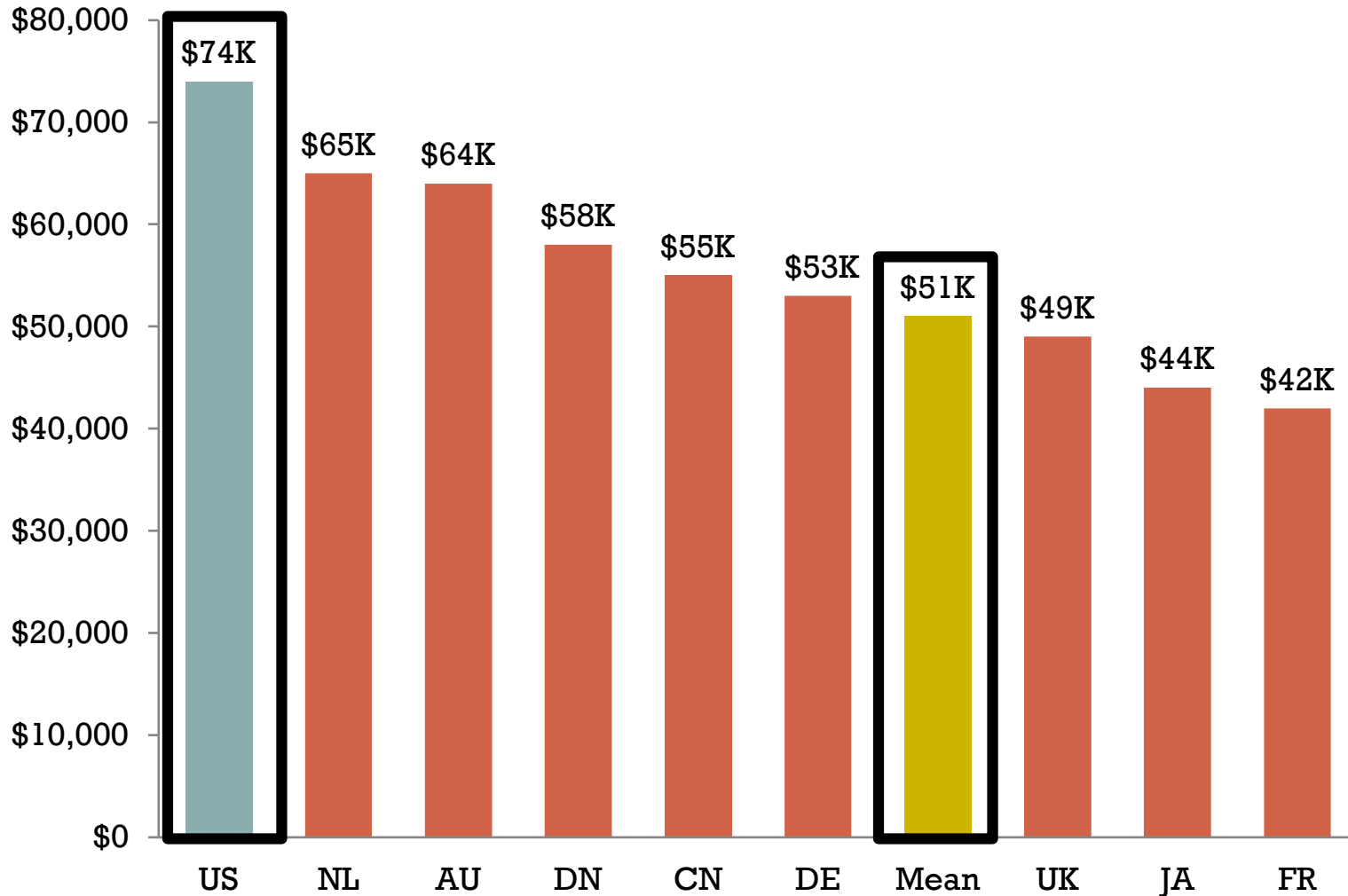


Specialist Physician Salaries





Nurse Salaries



+What about other stuff?



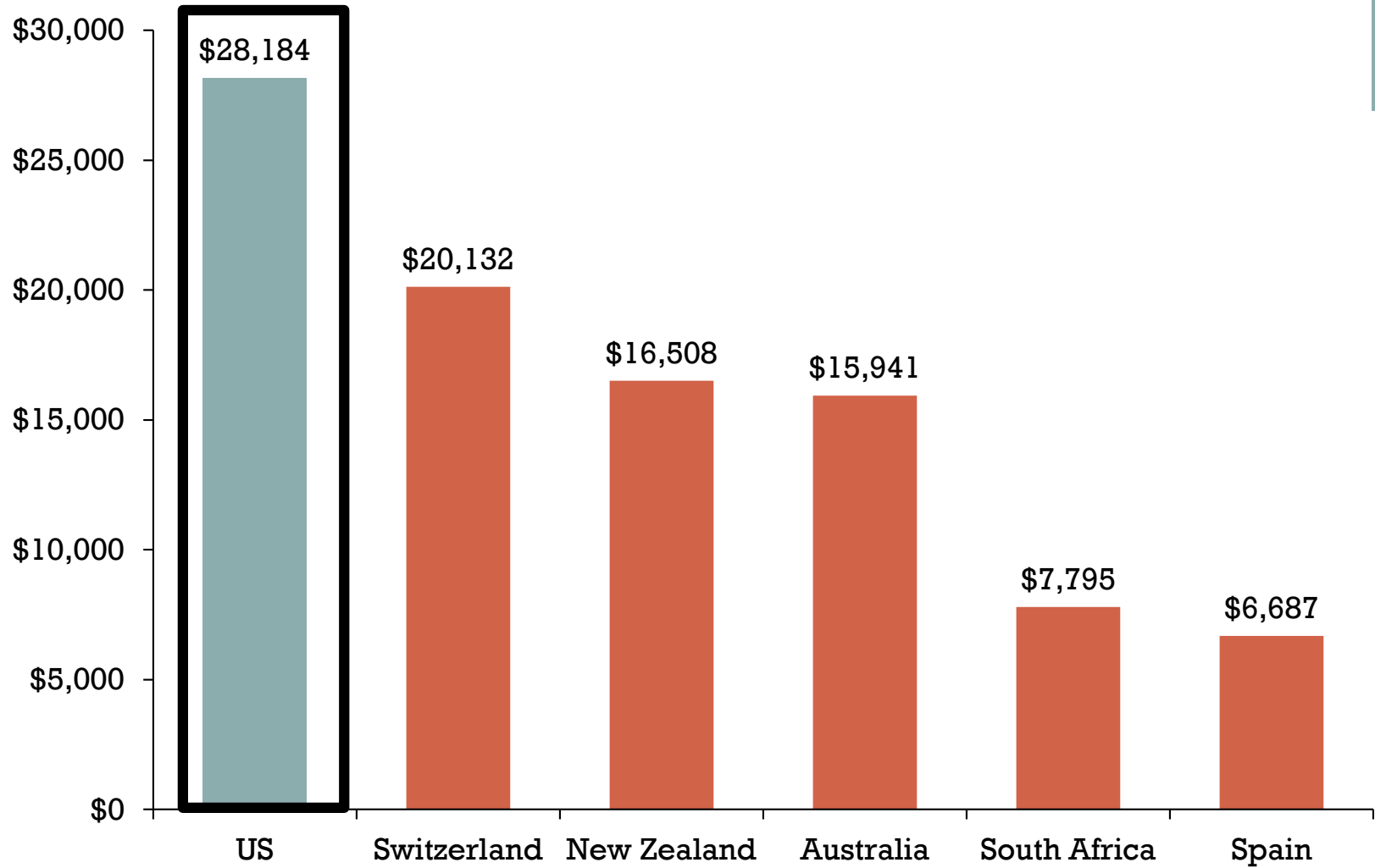
CT Scan Abdomen



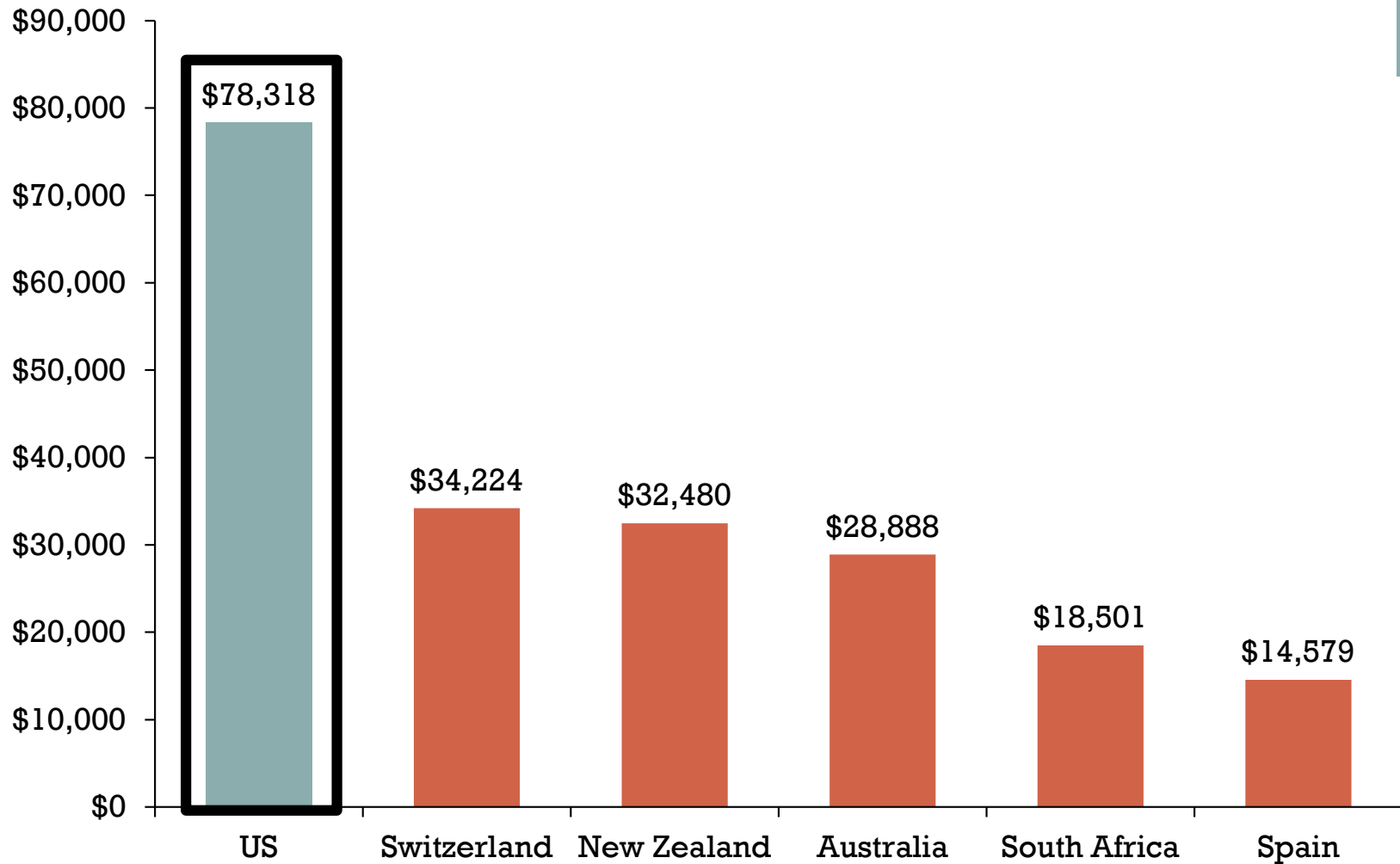
+ Appendectomy



+ Knee Replacement

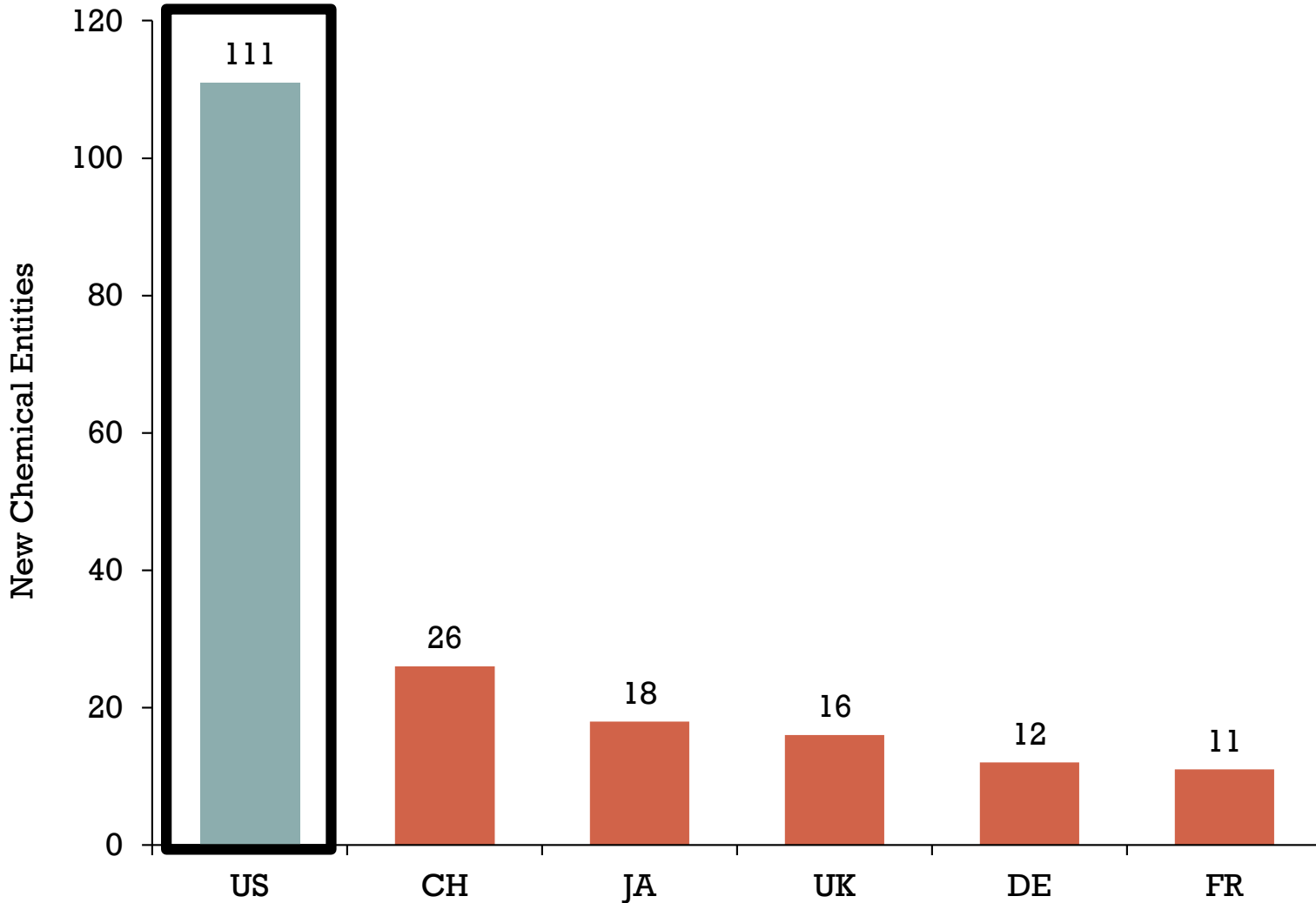


+ Bypass Surgery



+ High prices have tradeoffs

+ Pharmaceutical Innovation



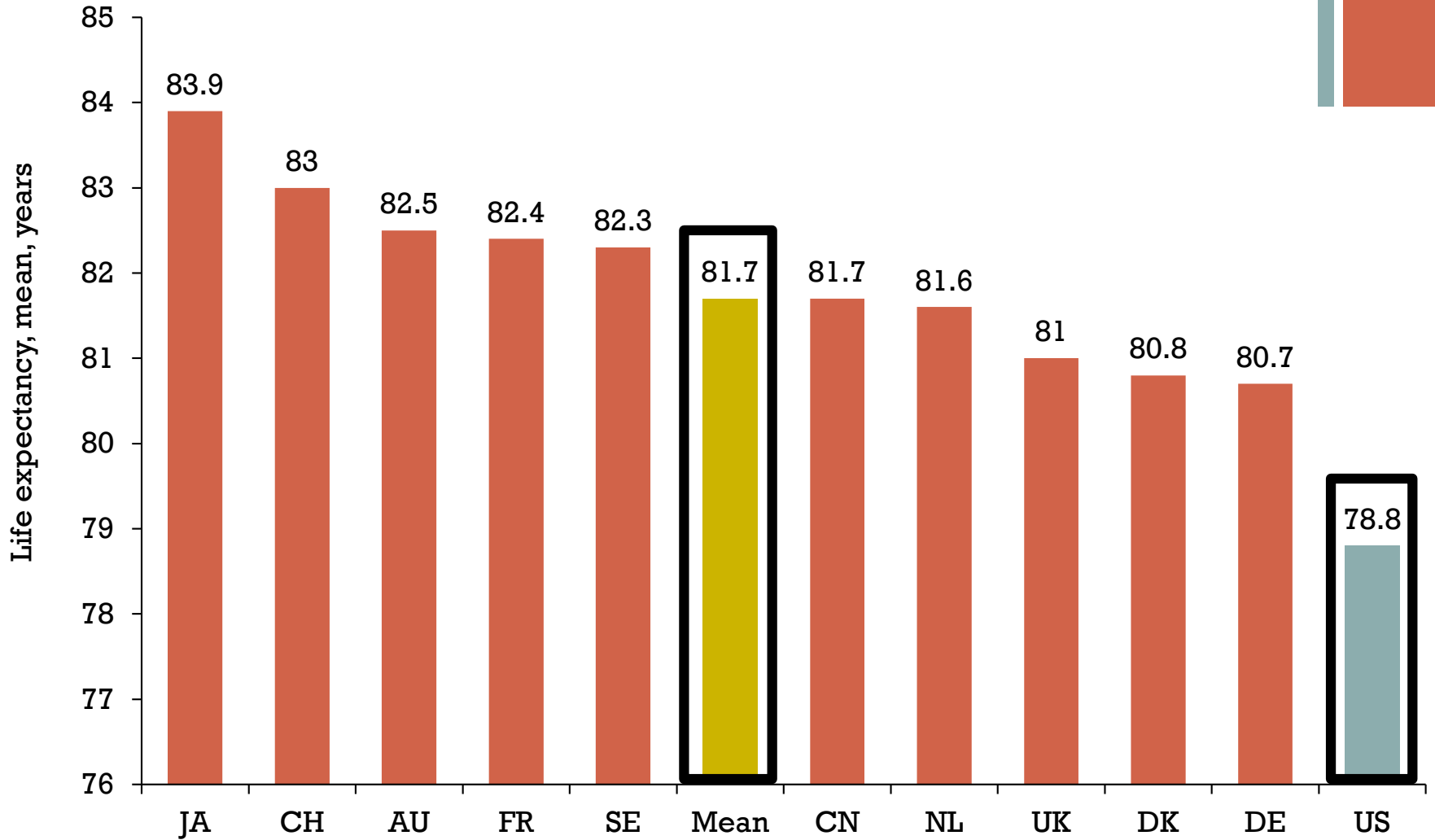
+ Other benefits of higher prices

- High-quality doctors and nurses
- Faster access to MRIs
- Nicer hospital rooms



+ What about health
outcomes?

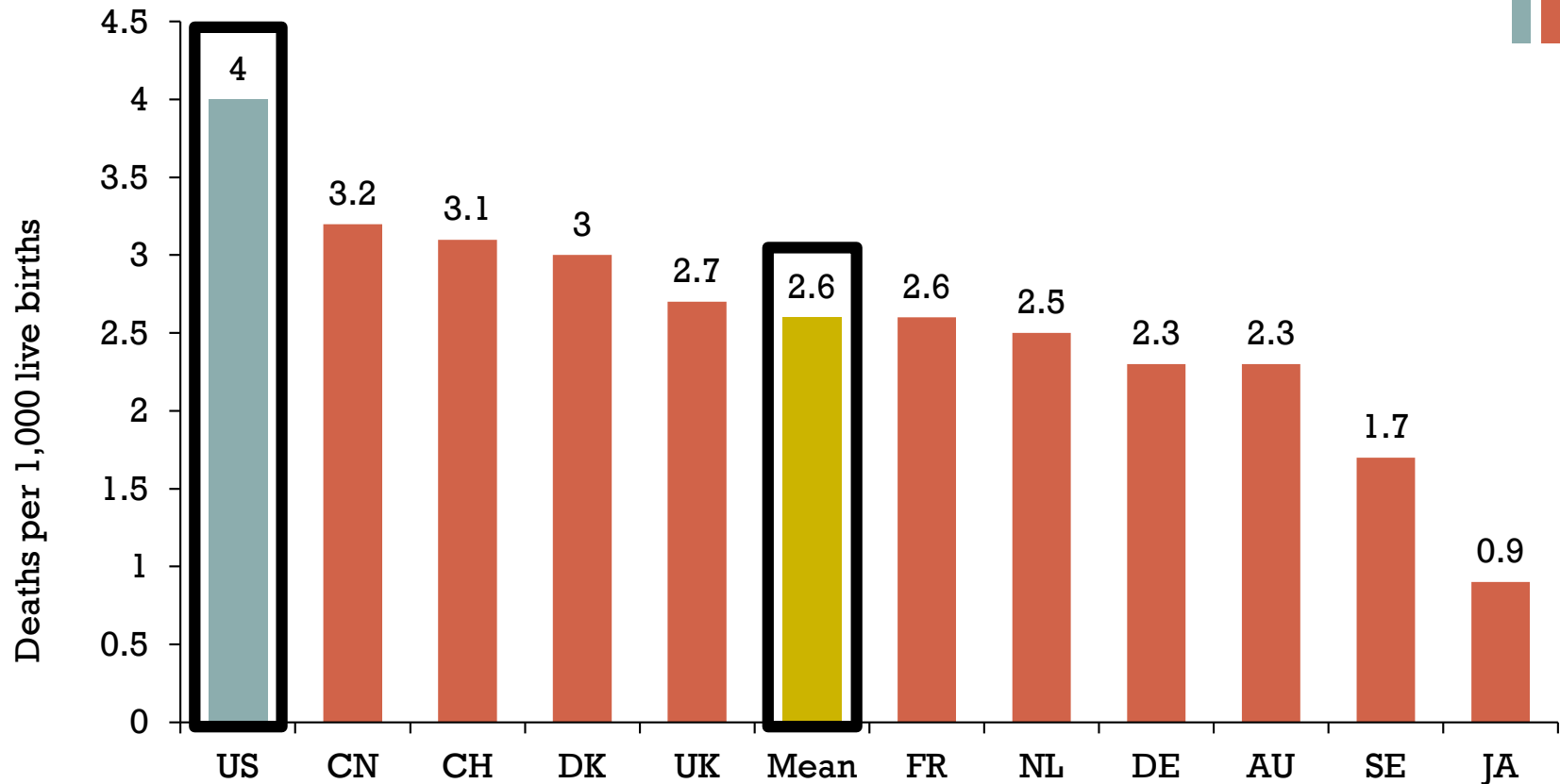
+ Life expectancy



+ Life expectancy

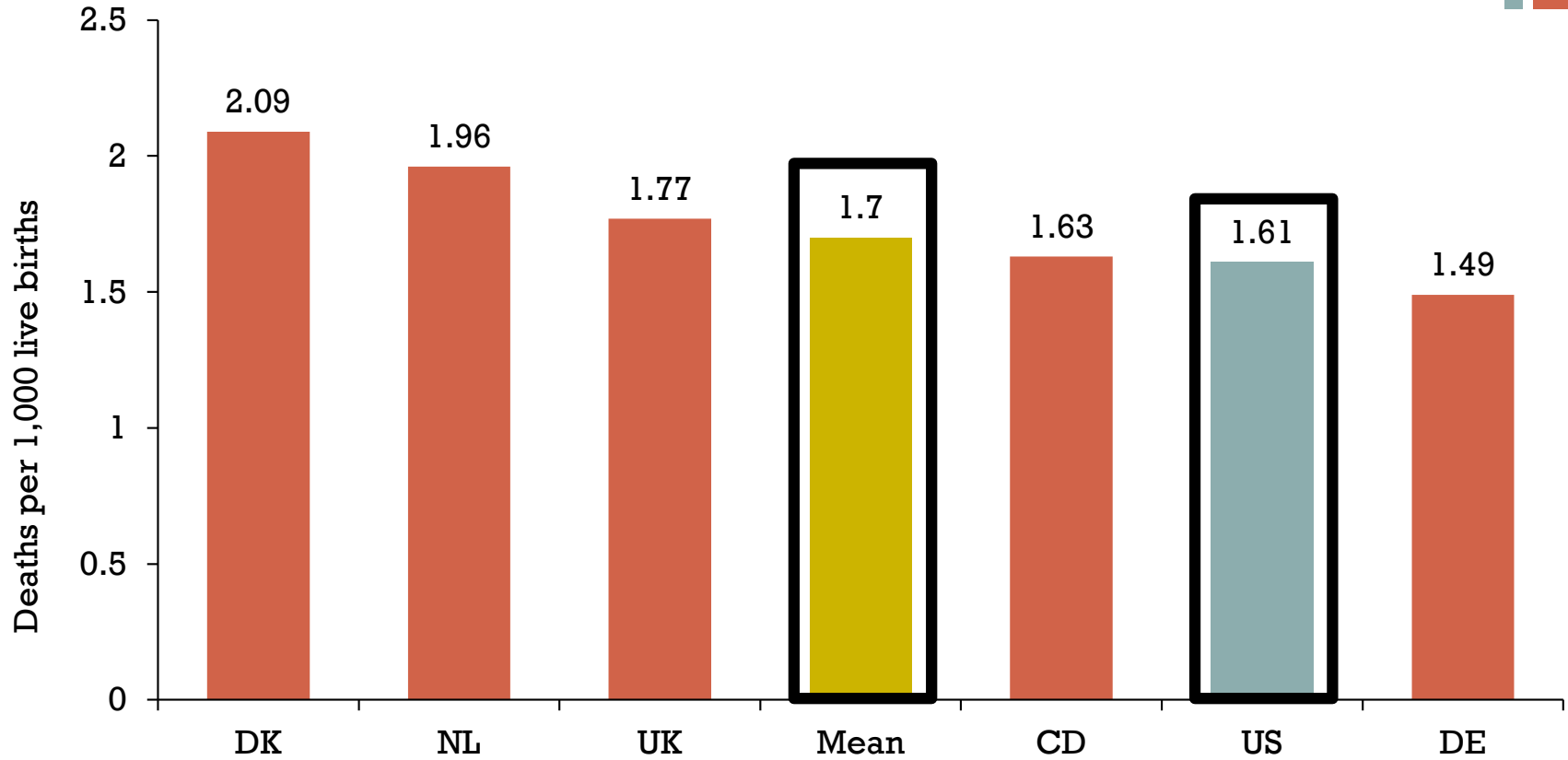


+ Neonatal mortality

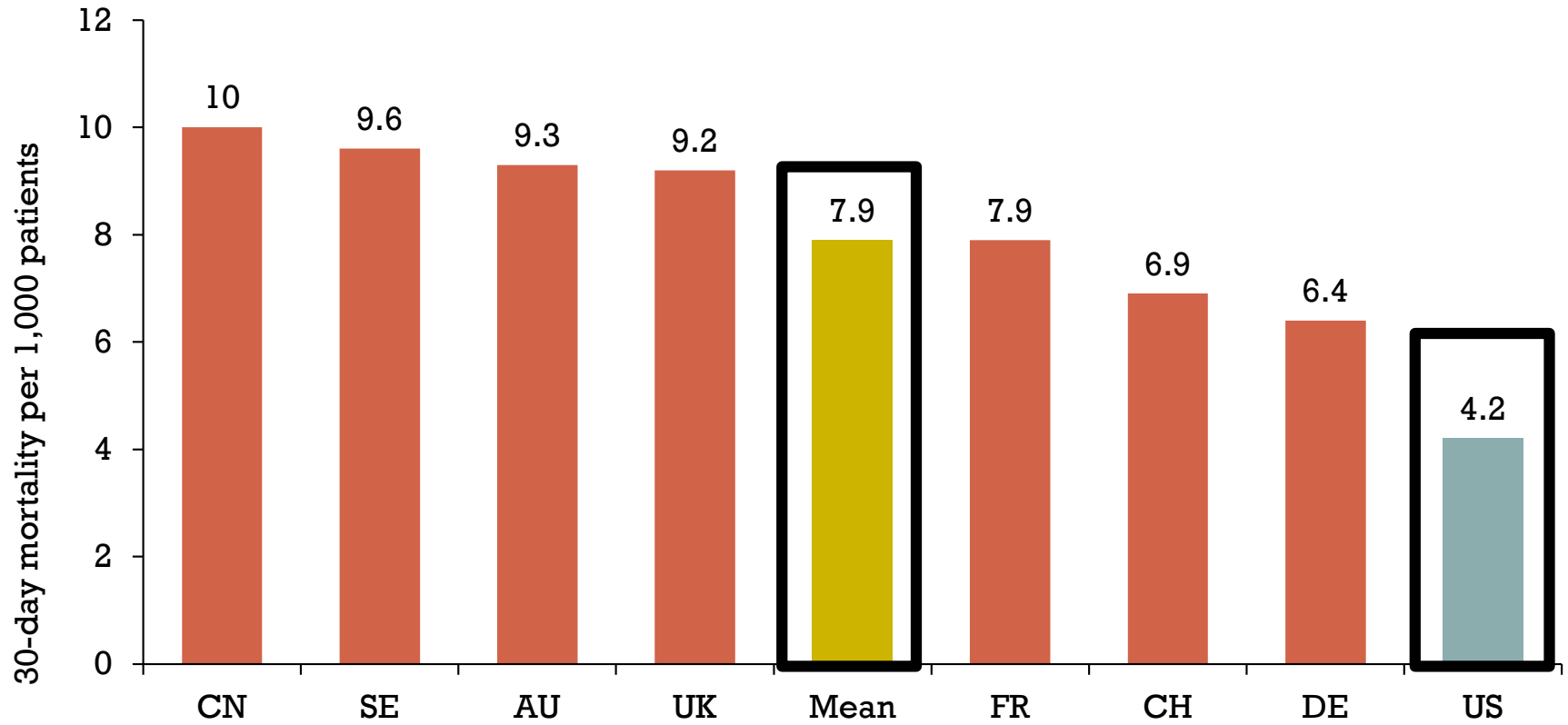




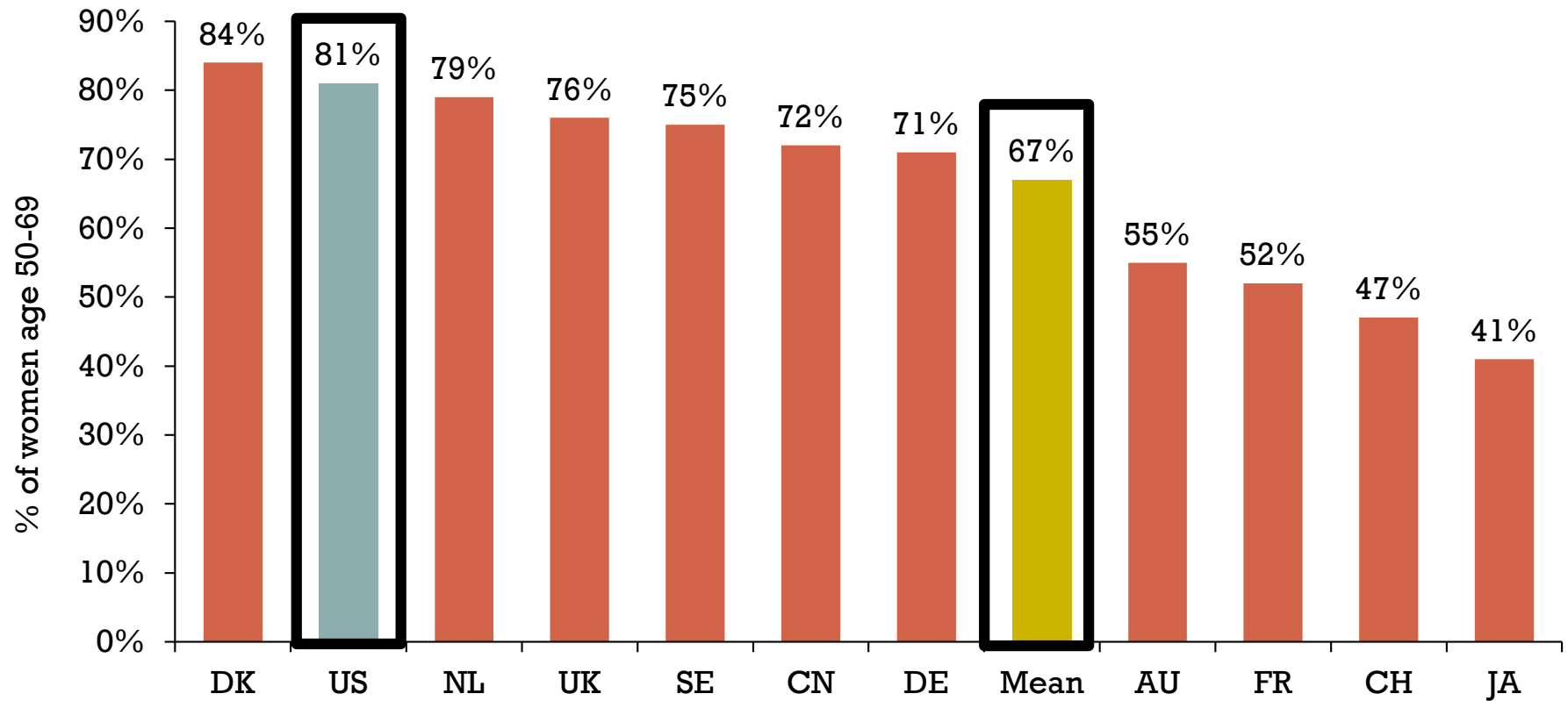
Neonatal mortality given LBW



+ 30-day stroke mortality



+ Breast cancer screening



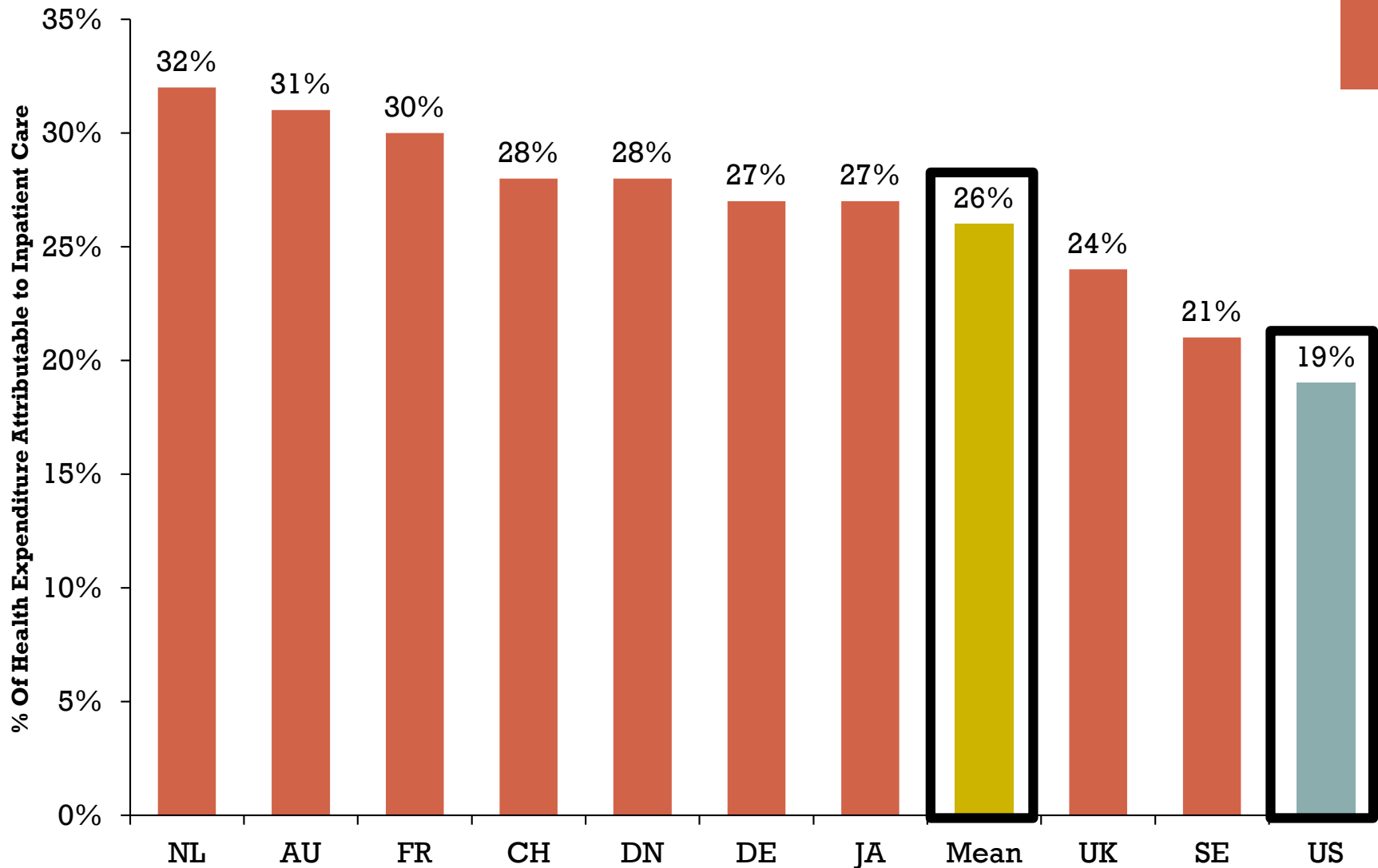
+ Summary



- High cost healthcare system
 - Driven primarily by administrative costs, prices
- Health outcomes for the population are worse
 - But if you were to get sick, good system to do it

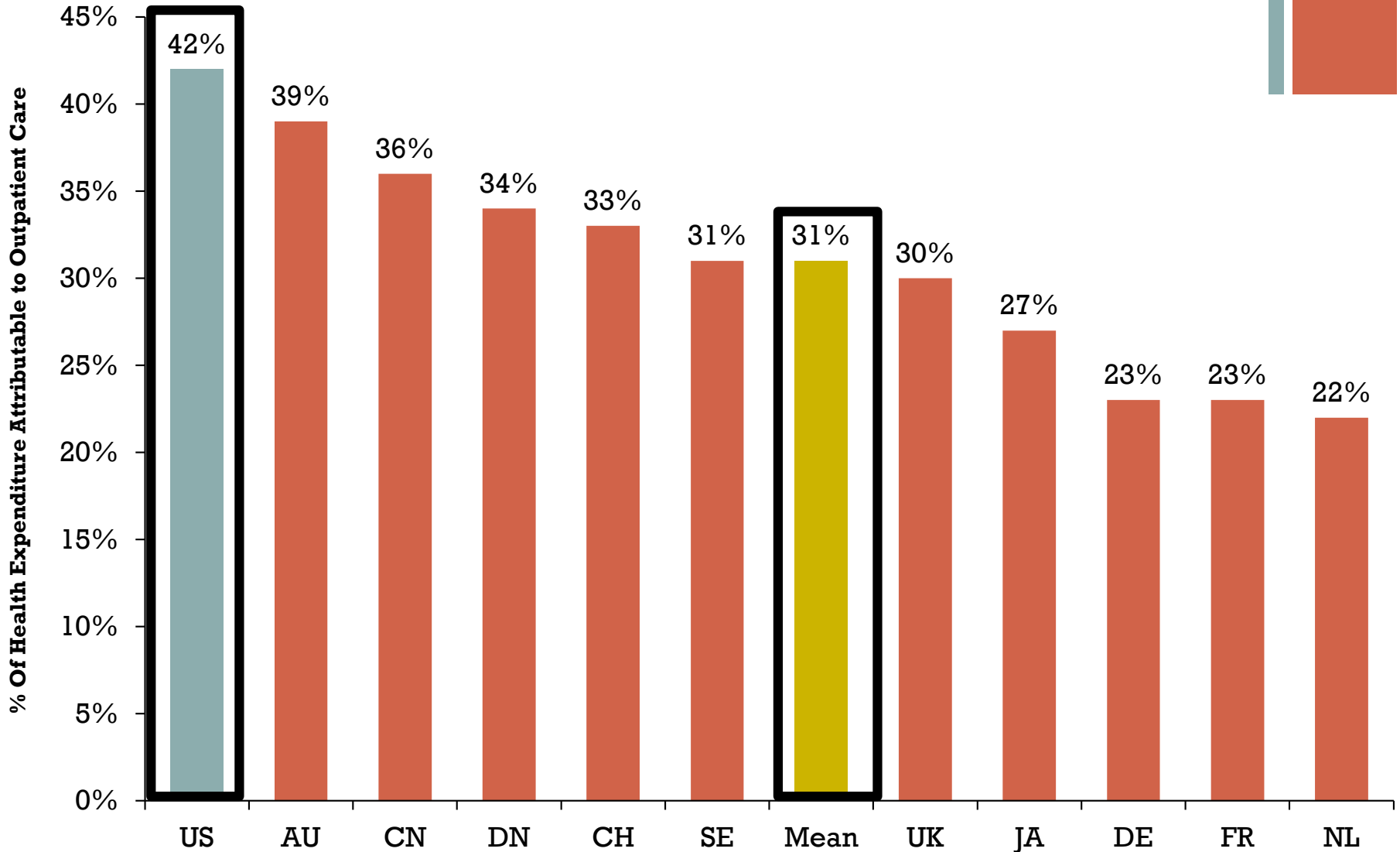
+ Thank you!

+ % Spending on Inpatient Care

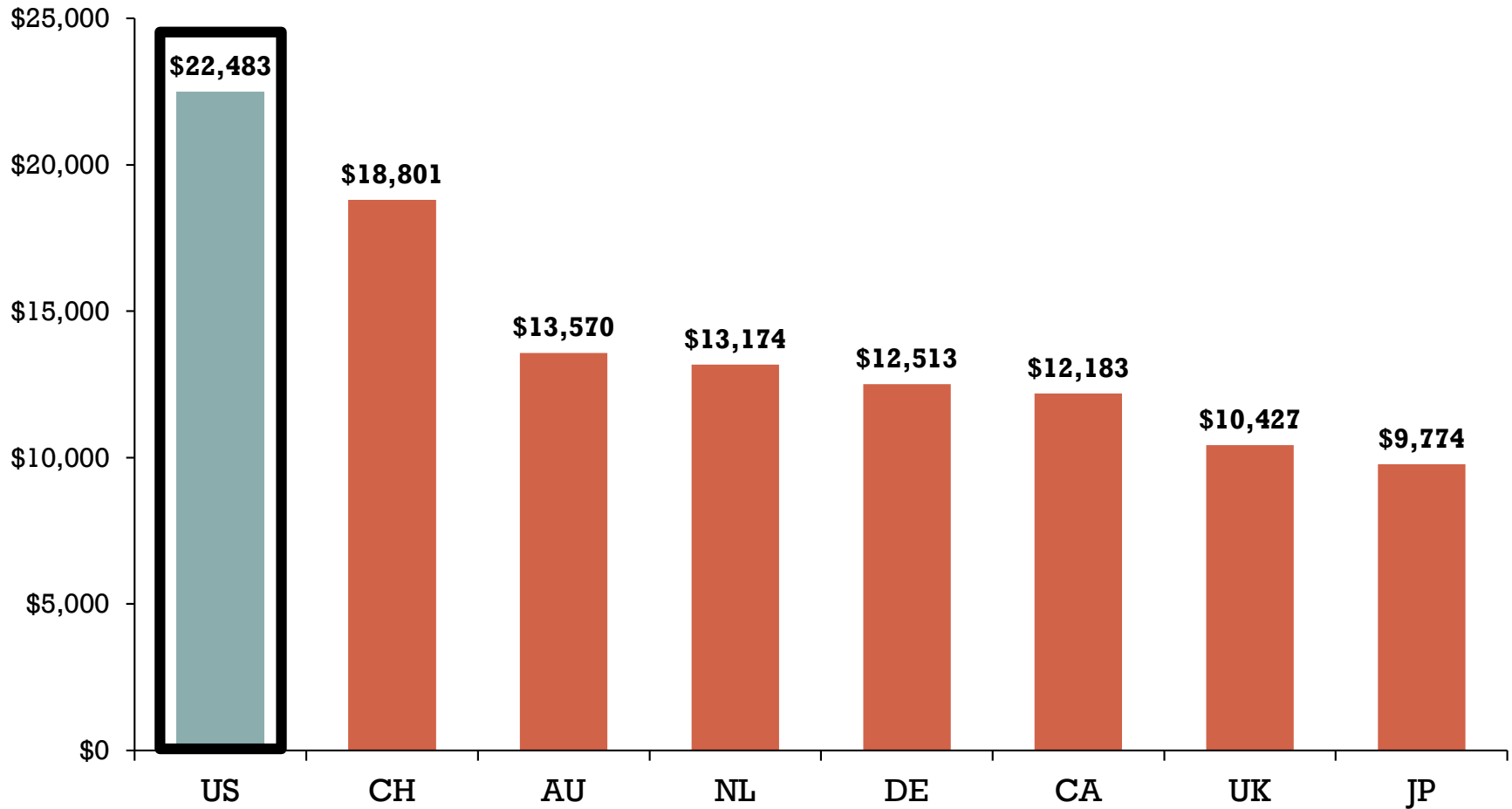




% Spending on Outpatient Care



+ Per capita spending for Ages 65+





Physicians per 1,000 population

