



HEALTH CARE
COST INSTITUTE

Its Still The Prices Stupid: Observations on Health Care Spending in the US

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HCCI's Mission

HCCI's mission is to *get to the heart* of the key issues impacting the U.S. health care system — by using the best data to get the best answers.

Our values are simple:

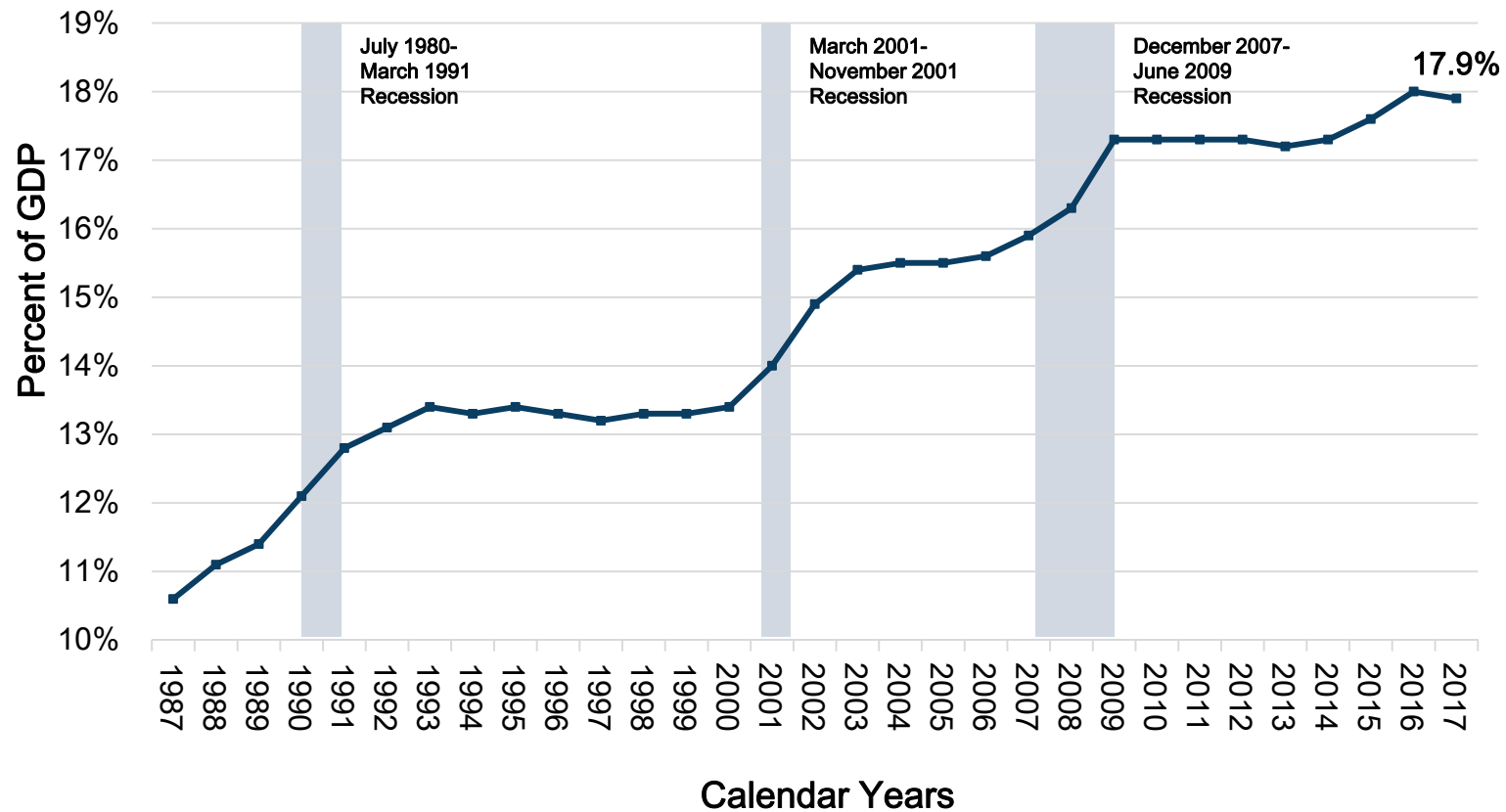
- Health care claims data should be accessible to all those who have important questions to ask of it.
- Health care information should be transparent and easy to understand.
- All stakeholders in the health care system can drive improvements in quality and value with robust analytics.

HCCI reports cost trends and facilitates informed debate about the less-understood commercially-insured population



Share of GDP Spent on Health Care

National Health Expenditure as a Share of Gross Domestic Product, 1960-2017

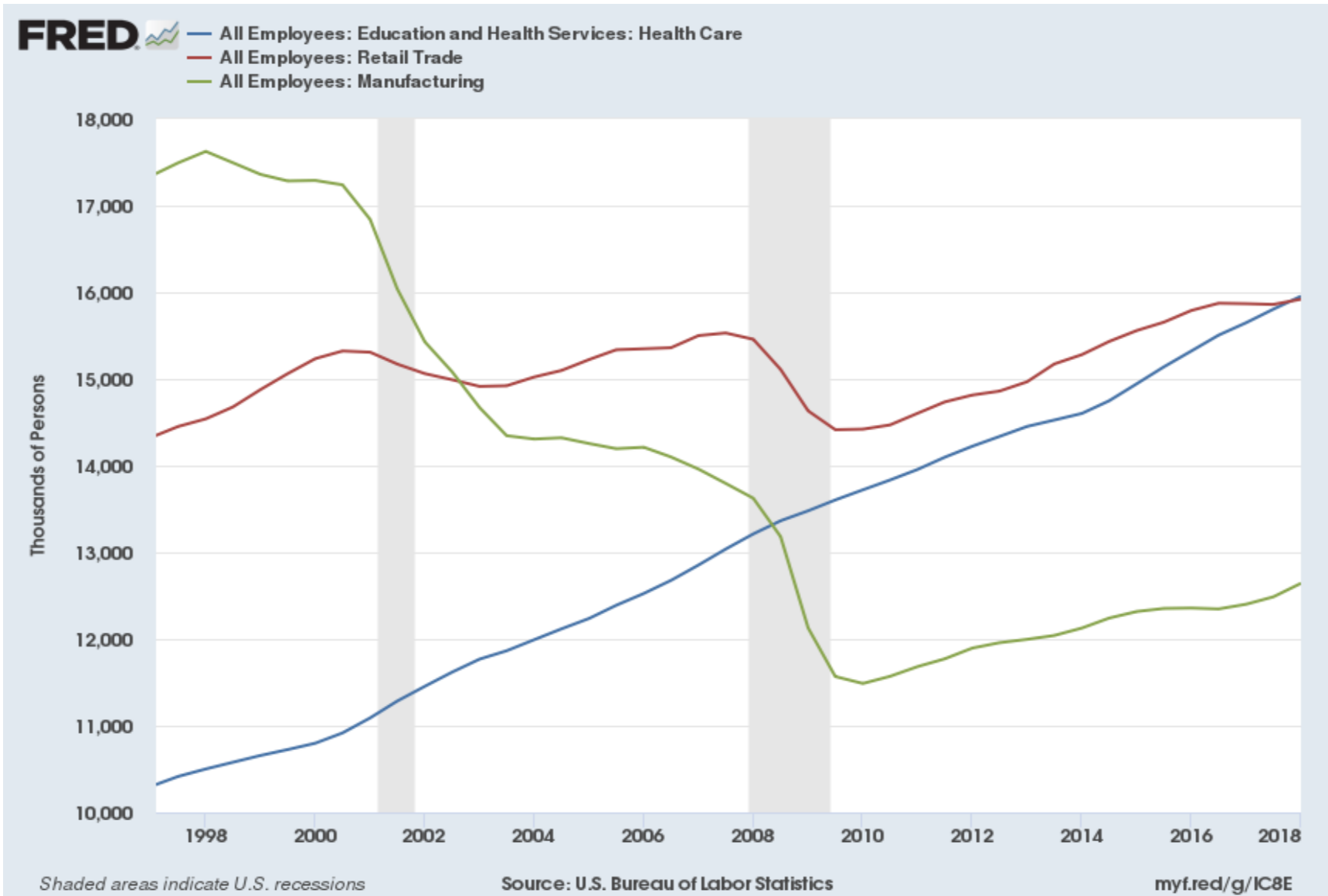


SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group





US Health Care Employment 1998-2018





Health Care Reform Efforts in the US





Some Observations on the Status Quo

- Americans are indefatigable when it comes to optimism and new ideas about controlling health care costs
- BUT
 - NOTHINGS WORKING
 - And that optimism means everyone thinks reform can be achieved without hurting them / hurting anyone
- Quality!
- Patient Responsibility!
- Value-based Care!
- Transparency!
- Disruption!
- Innovation!



Its (still) the prices stupid!

HEALTH SPENDING

It's The Prices, Stupid: Why The United States Is So Different From Other Countries

Higher health spending but lower use of health services adds up to much higher prices in the United States than in any other OECD country.

by Gerard F. Anderson, Uwe E. Reinhardt, Peter S. Hussey, and Varduhi Petrosyan





HCCI Annual Report 2017



In 2017, per-person spending reached a new all-time high of \$5,641. This total includes amounts paid for medical and pharmacy claims; drug spending reflects discounts from wholesale/list prices but not manufacturer rebates



Spending per-person grew at a rate above 4% for the second year in a row, rising 4.2% from 2016 to 2017 - slower than the 2015 to 2016 rate of 4.9%.



The overall use of health care changed very little over the 2013 to 2017 period, declining 0.2%. In 2017, utilization grew 0.5% compared to 2016.



Out-of-pocket spending per-person increased 2.6% in 2017. The growth was slower than total spending, so OOP costs made up a smaller share of spending by 2017.




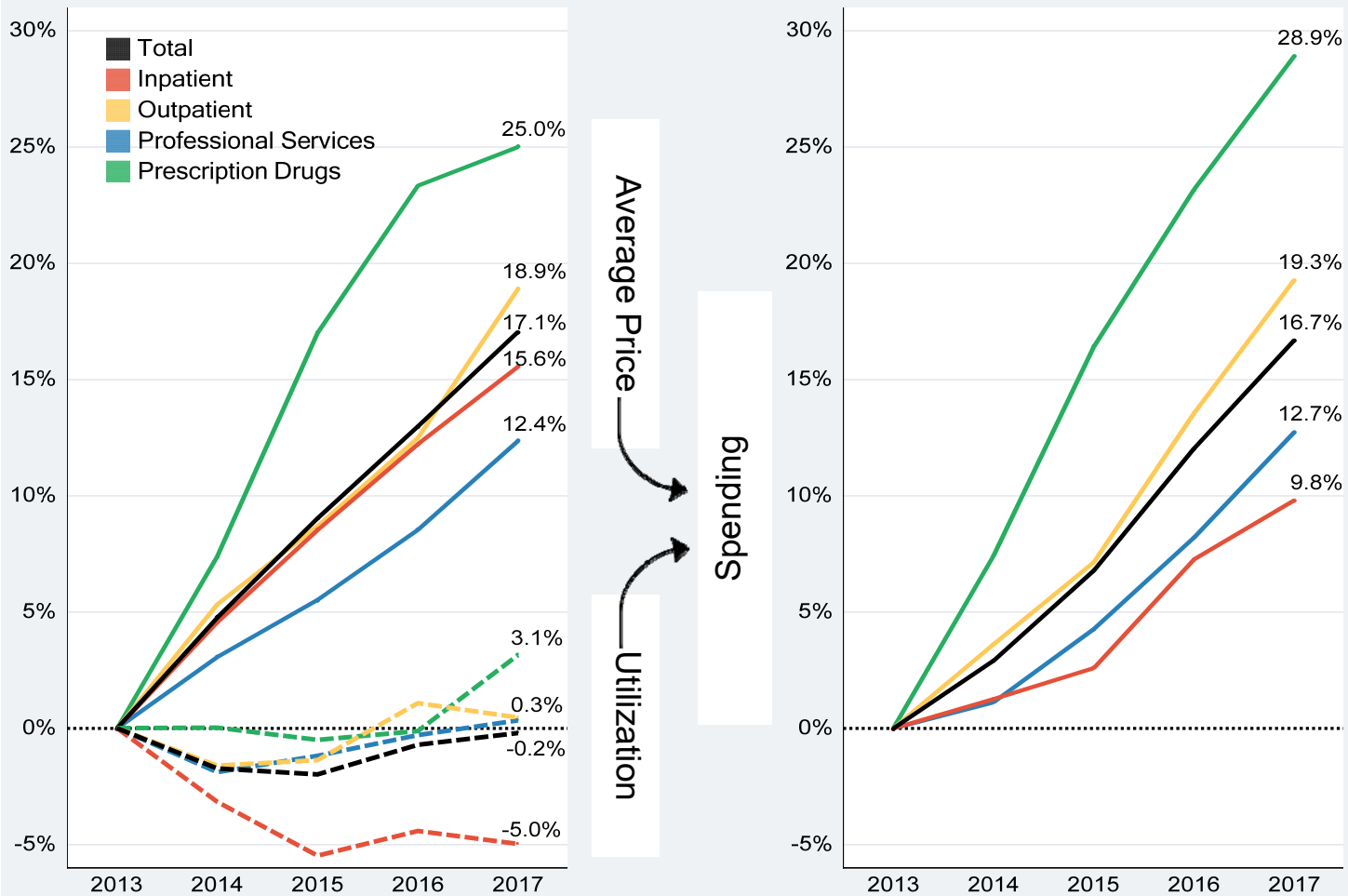
Prices increased 3.6% in 2017. Year-over-year price growth decelerated throughout the five-year period, rising 4.8% between 2013 and 2014 and slowing to 3.6% in 2016 and 2017, reflecting slowed growth of in drug prices.





Increasing prices drive health care spending growth

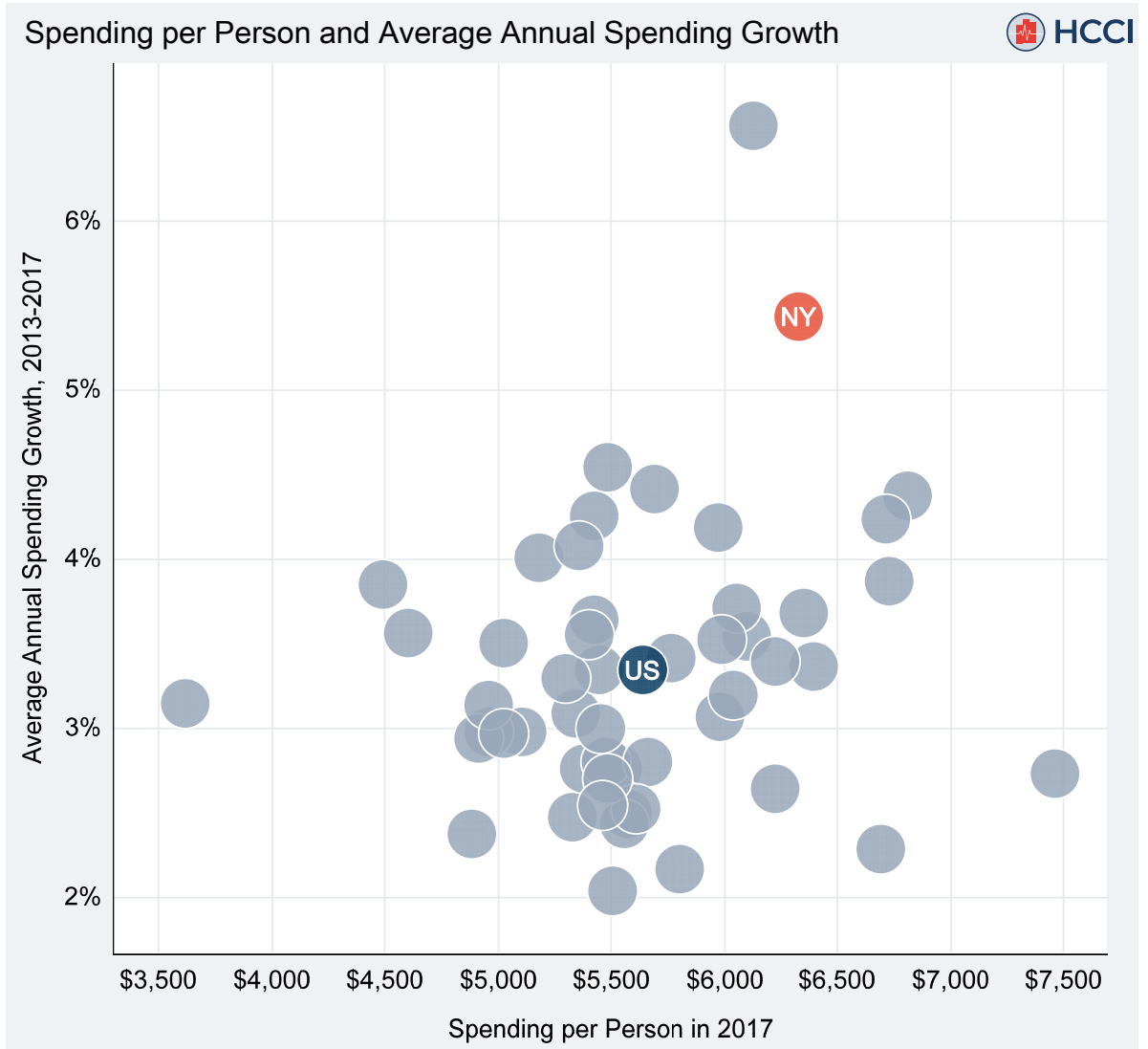
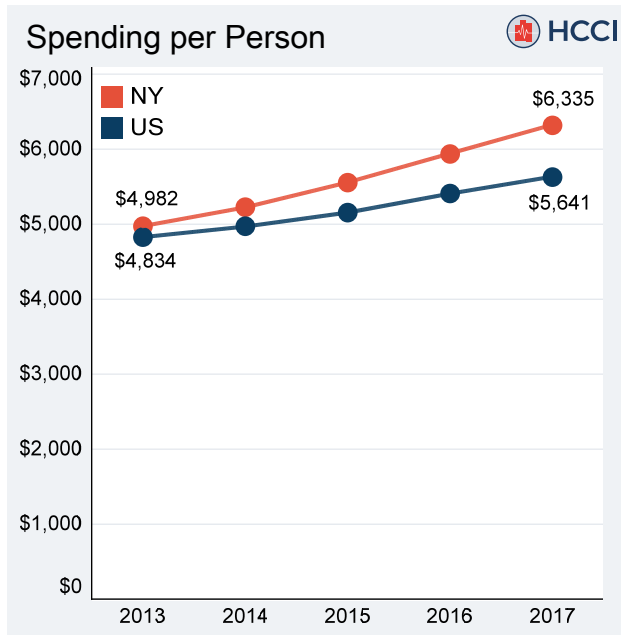
Cumulative Change in Spending per-person, Utilization, and Average Price since 2013 



Note: Except for prescription drugs, utilization reflects volume and service-mix intensity. Thus, the prices presented factor out changes in the mix of services used for these three categories. Additionally, prescription drug spending is the amount paid on the pharmacy claim, which reflects discounts from the wholesale price, but not manufacturer rebates paid in separate transactions.



New York Health Care Spending is High and Growing Fast





NY has higher spending on professional services and prescription drugs

FIGURE 5: New York Spending Per Person by Type of Service in 2017

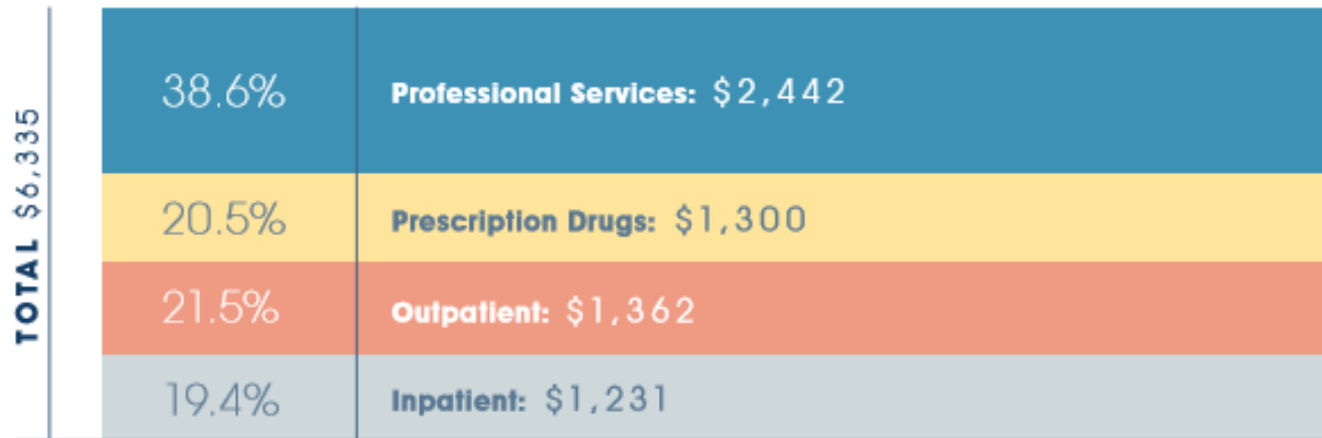
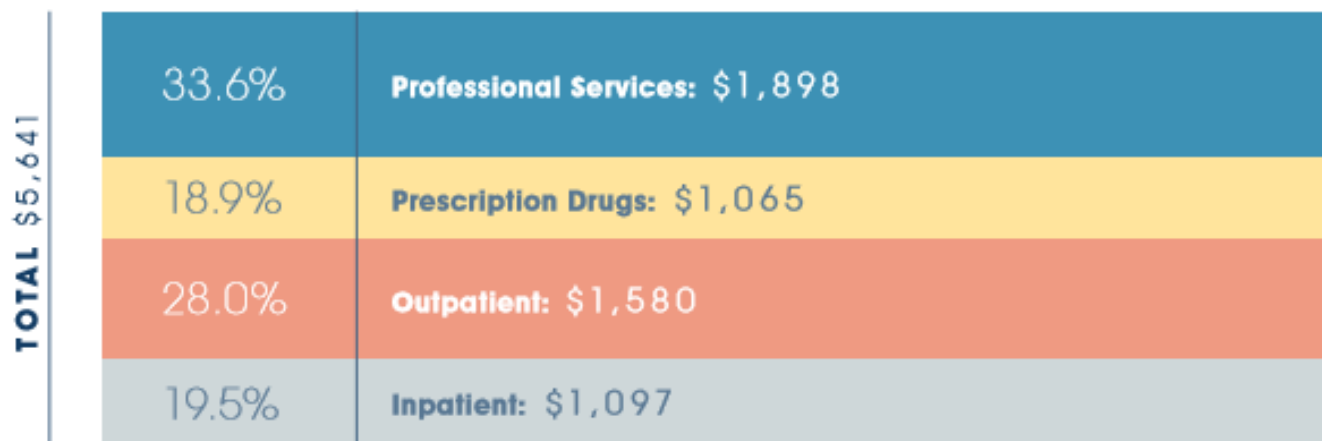


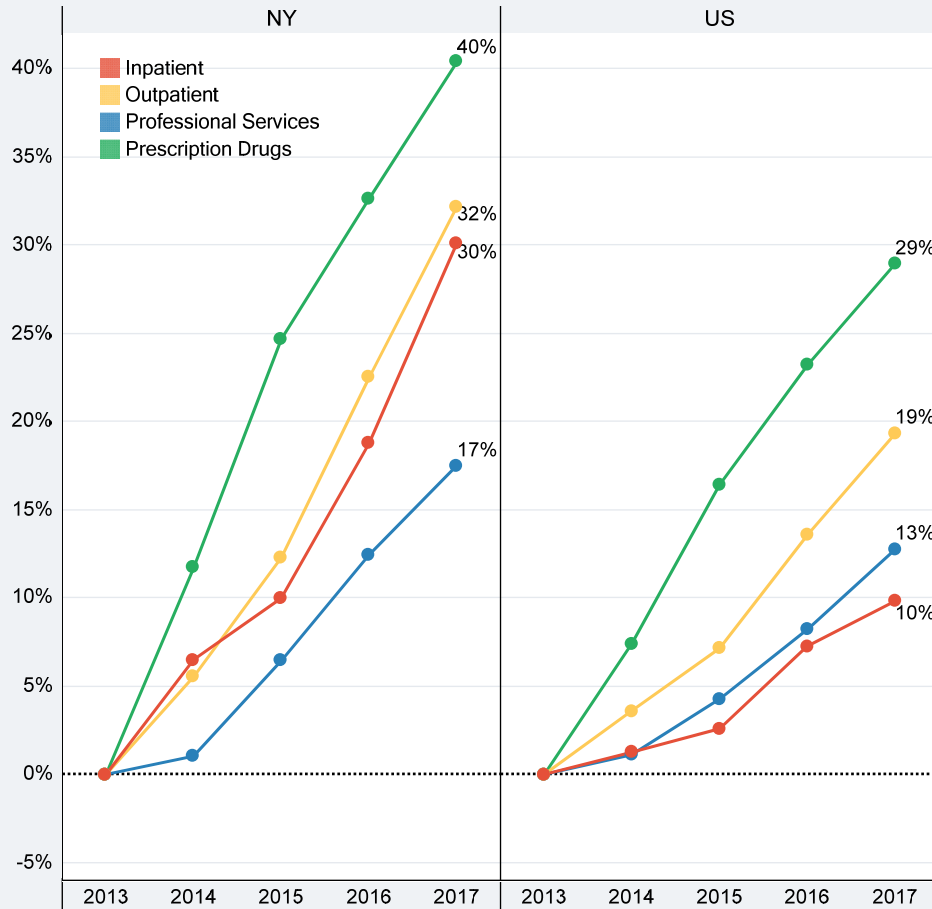
FIGURE 6: National Spending Per Person by Type of Service in 2017





Spending growth driven primarily by increasing prices

Cumulative Change in Spending per-person



Cumulative Change in Utilization and Average Price

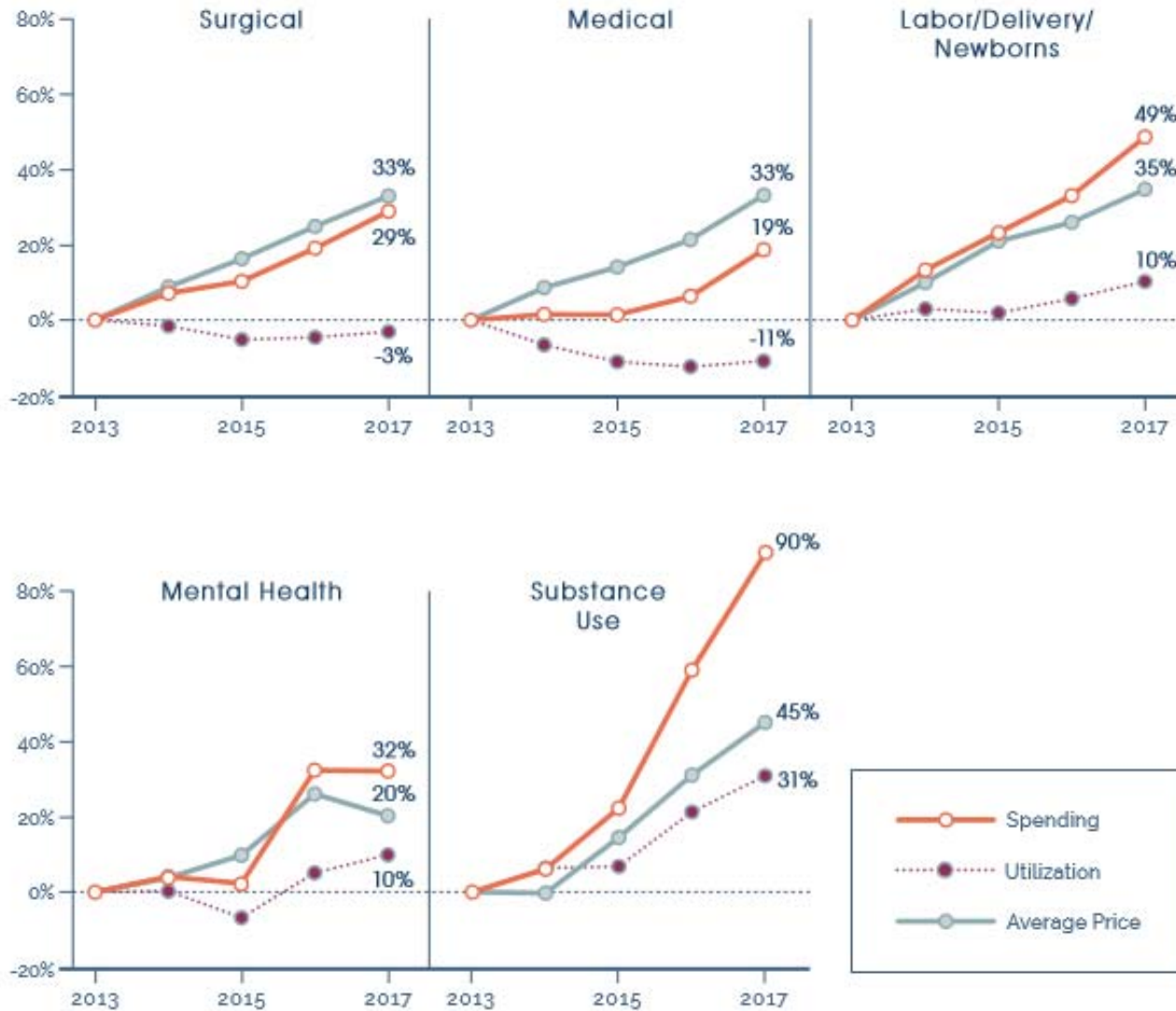


- Inpatient spending growth in NY was three times higher than the national average and inpatient average prices grew twice as fast in NY



A deeper dive on inpatient spending in NY

FIGURE 12: Cumulative Change in Inpatient Spending Per Person, Utilization, and Average Price by Type of Admission in New York: 2013-2017





HCCI: Healthy Marketplace Index

Project Overview:

- Compare how local health care markets function throughout the country
 - Analyzed over 1.8 billion commercial claims from 2012-2016
- Develop, publicly report a standard set of replicable measures:
 - Service Price, Service Use, Provider Competition
- For each measure: interactive web articles, dashboards, public use files
 - Explore trends across 112 Metro areas in 43 States



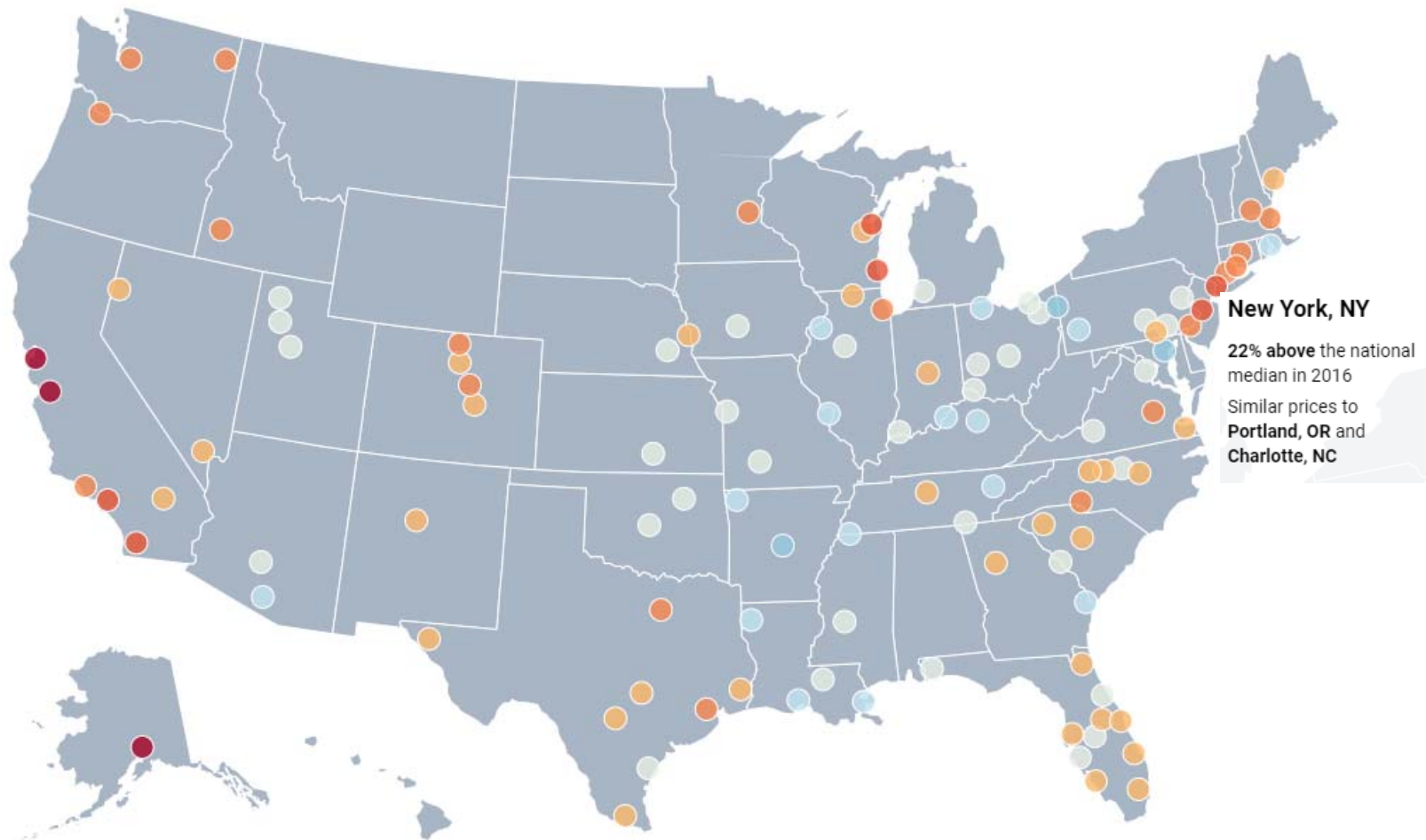
Wide Variation in Prices Across U.S.

Overall Health Care Prices in U.S. Metros Relative to National Median, 2016

FIND A METRO: New York-Newark-Jersey C...

PERCENT DIFFERENCE FROM NATIONAL MEDIAN
-50% 50%

Metros Ranked by Price



New York, NY #8



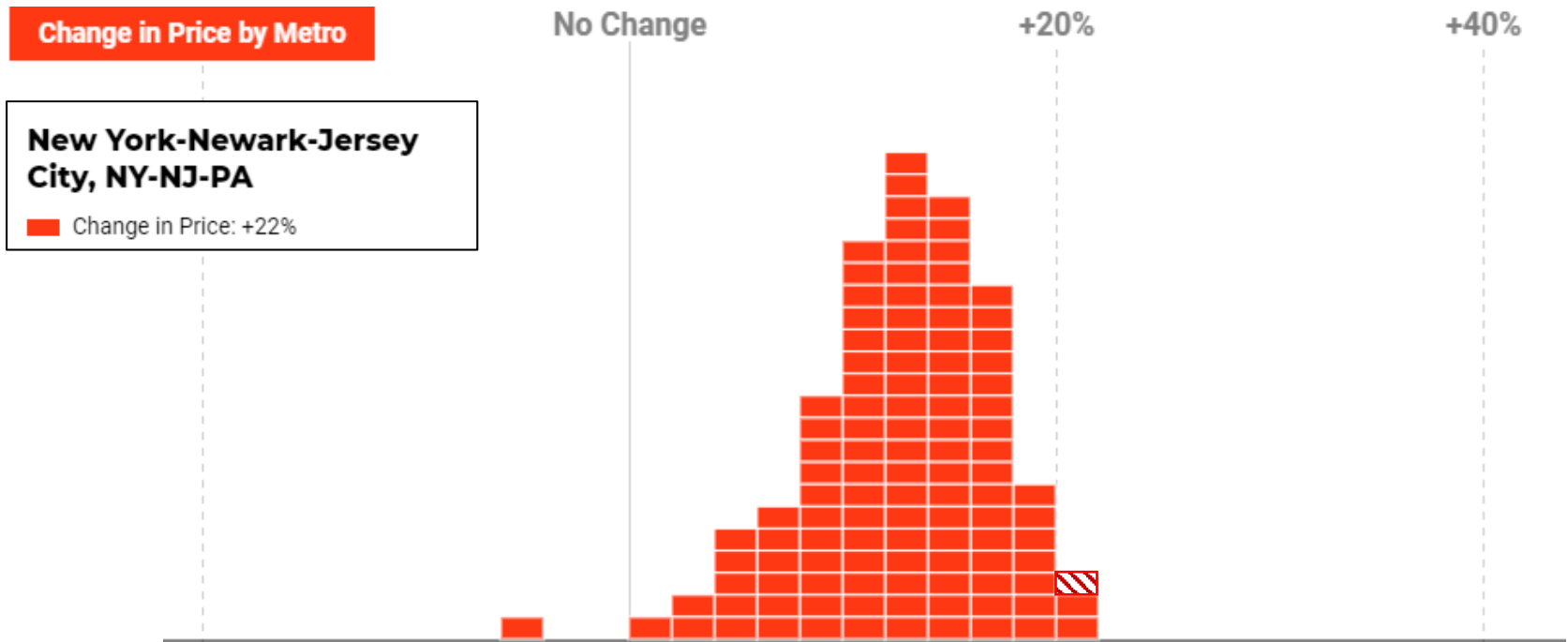


Prices Growing Almost Everywhere

Comparing Overall Price and Use Changes, 2012 - 2016

FIND A METRO:

HIGHLIGHT A SERVICE TYPE: Overall Inpatient Outpatient Professional i





However, Use Declining Largely Everywhere

Comparing Overall Price and Use Changes, 2012 - 2016

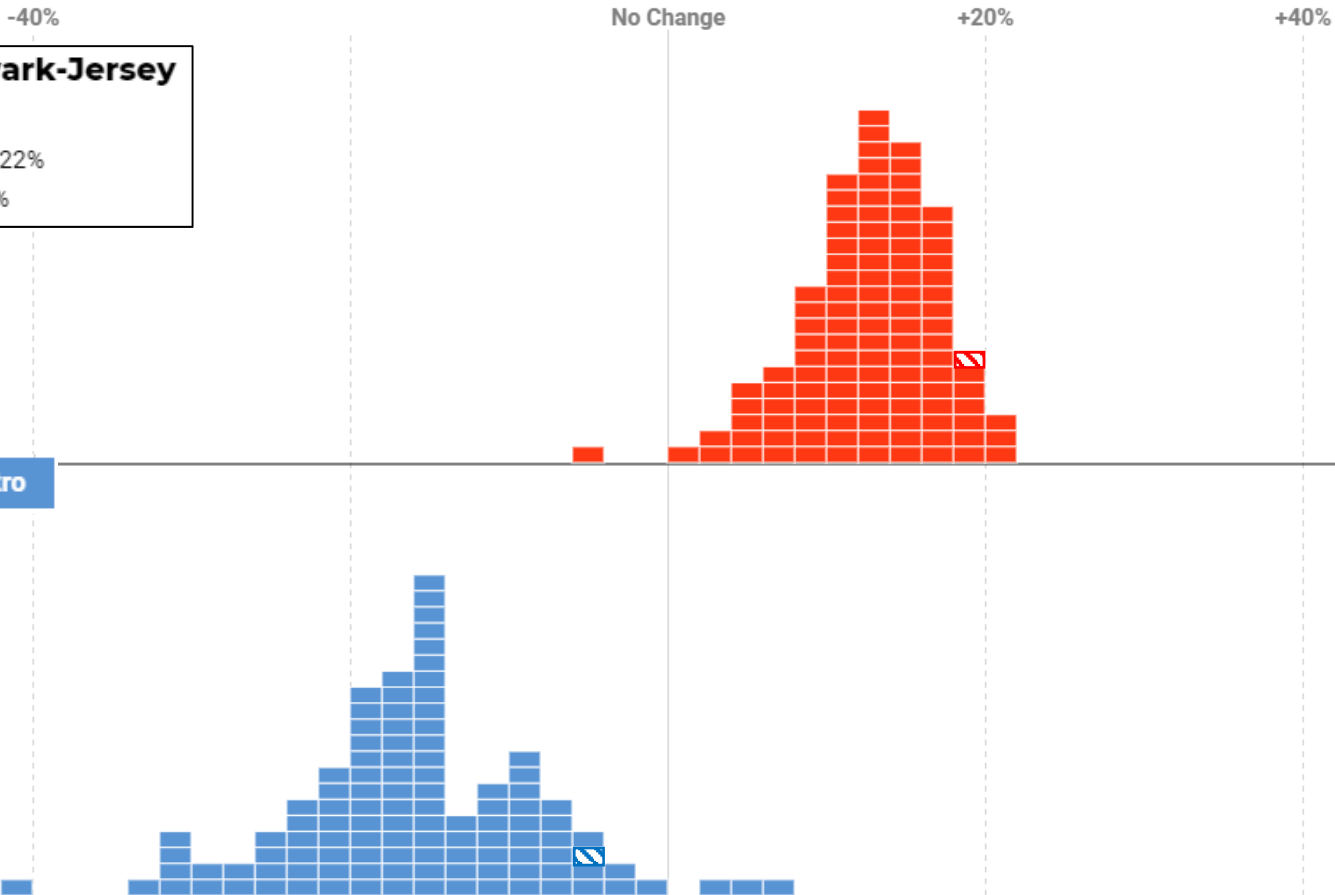
FIND A METRO:

HIGHLIGHT A SERVICE TYPE: Overall Inpatient Outpatient Professional ?

Change in Price by Metro

New York-Newark-Jersey City, NY-NJ-PA

- Change in Price: +22%
- Change in Use: -5%

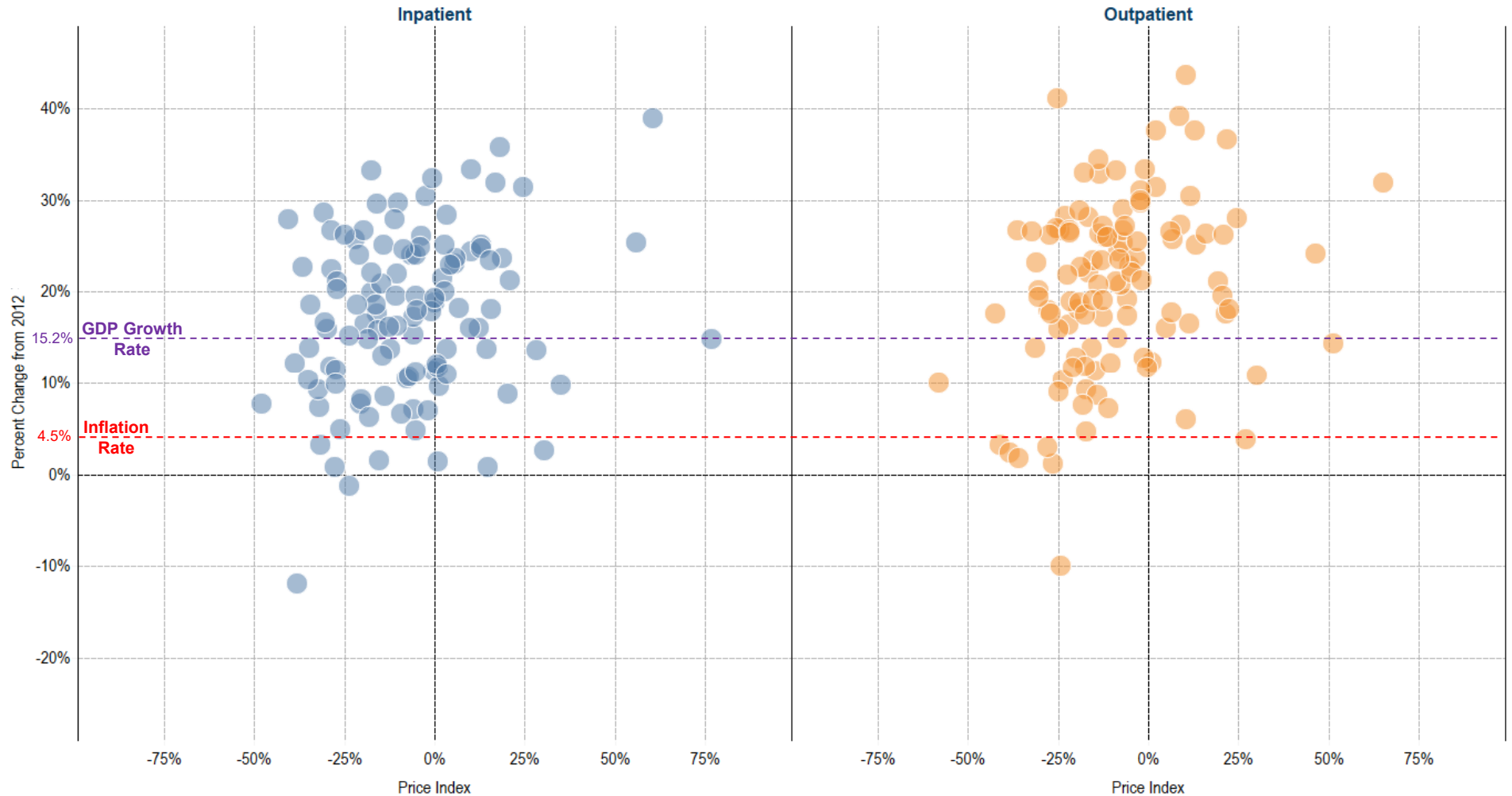




Prices Grew Everywhere from 2012 to 2016, Even in Low Priced Areas

Relationship Between Metro Area Price Levels and Price Growth

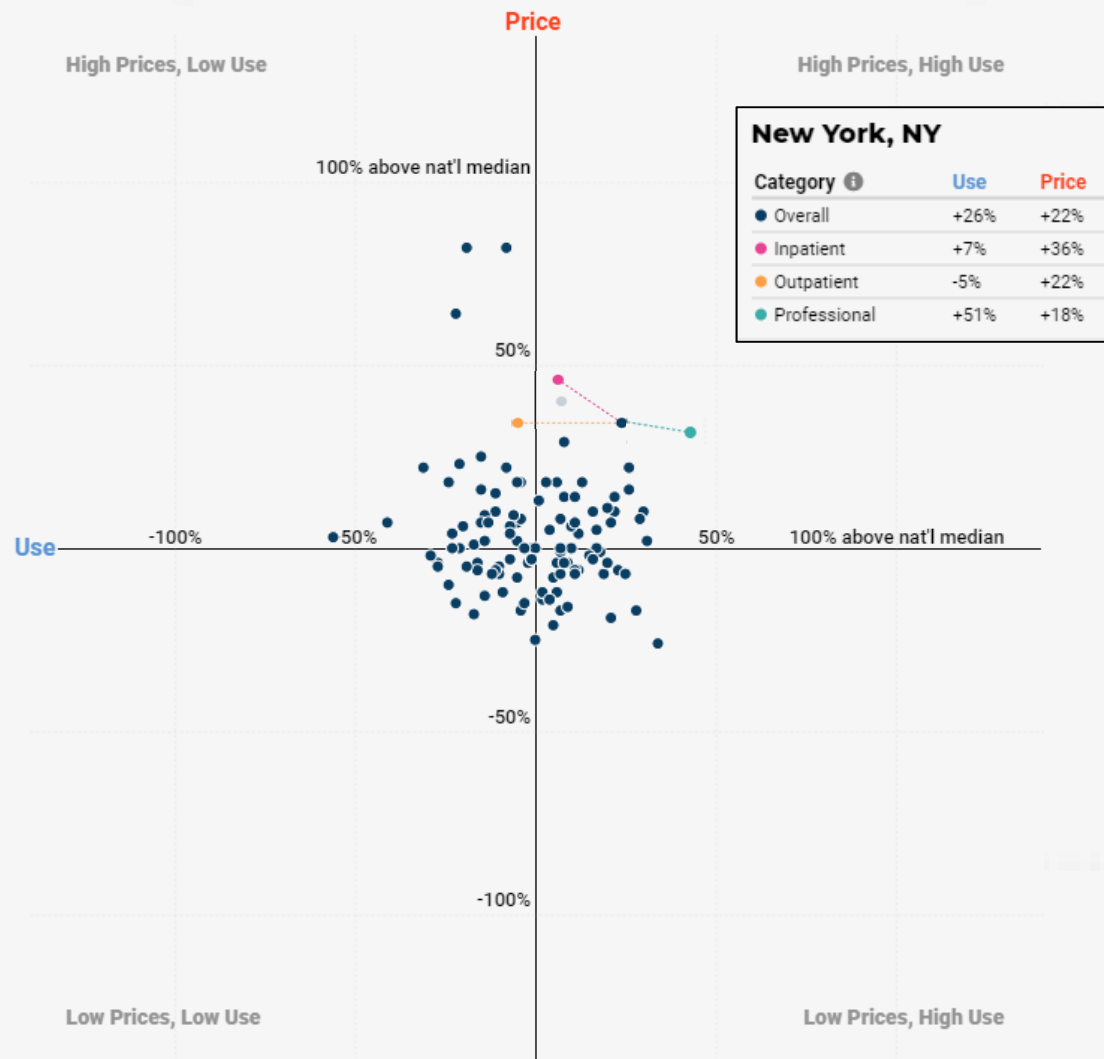
Scatter plot of Price Index Values 2016, Percent Change in Price Indices from 2012 to 2016





Prices and Use Varied by Service Category Within Metros

Price and Use Levels *Within* Metro Areas by Service Categories, 2016





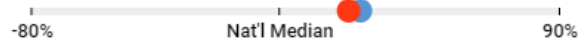
Compare Price & Use by Metro and Over Time

Compare Health Care Prices, Use Levels and Growth in Select Metros

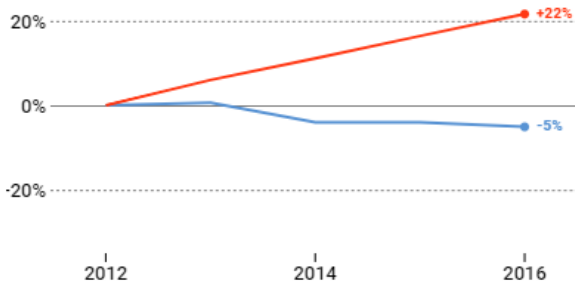
● Overall ● Inpatient ● Outpatient ● Professional ⓘ ⏴

New York-Newark-Jersey City, NY-NJ-PA

2016 Overall Levels:
Price: **22% above** median
Use: **26% above** median



Overall growth since 2012:
Price: **+22%**, Use: **-5%**

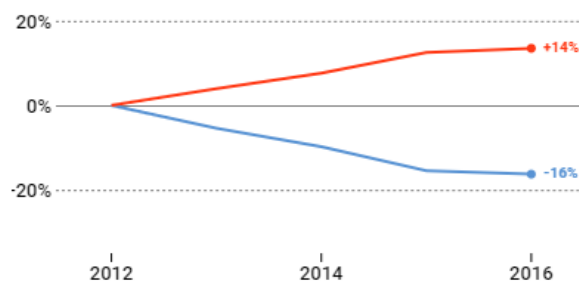


Bridgeport-Stamford-Norwalk, CT

2016 Overall Levels:
Price: **14% above** median
Use: **8% above** median

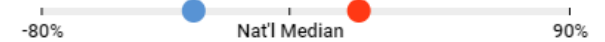


Overall growth since 2012:
Price: **+14%**, Use: **-16%**

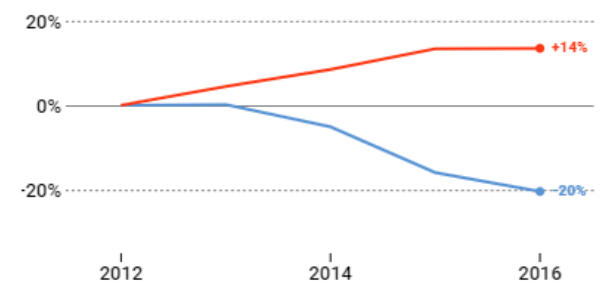


Trenton, NJ

2016 Overall Levels:
Price: **22% above** median
Use: **-31% below** median



Overall growth since 2012:
Price: **+14%**, Use: **-20%**

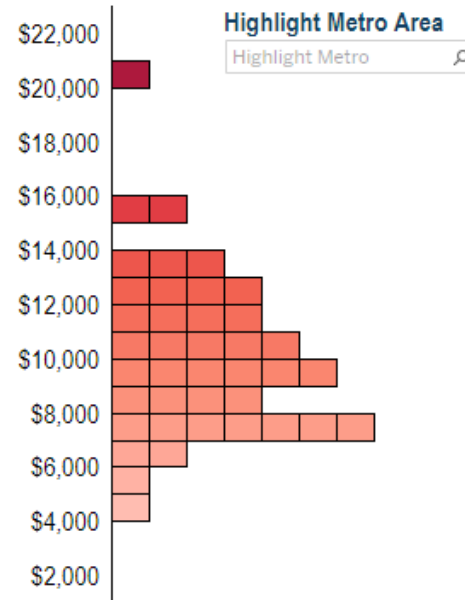
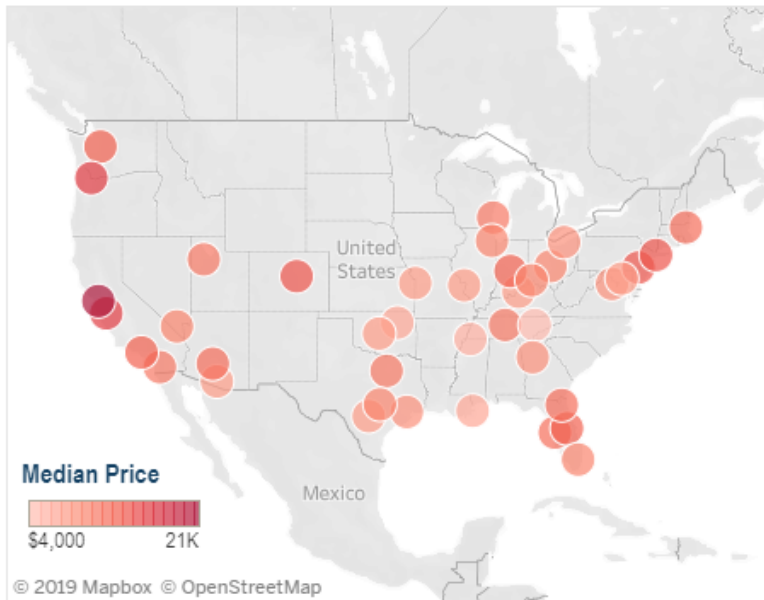




Price Levels Don't Necessarily Capture Variation in Prices of Different Services Within Areas

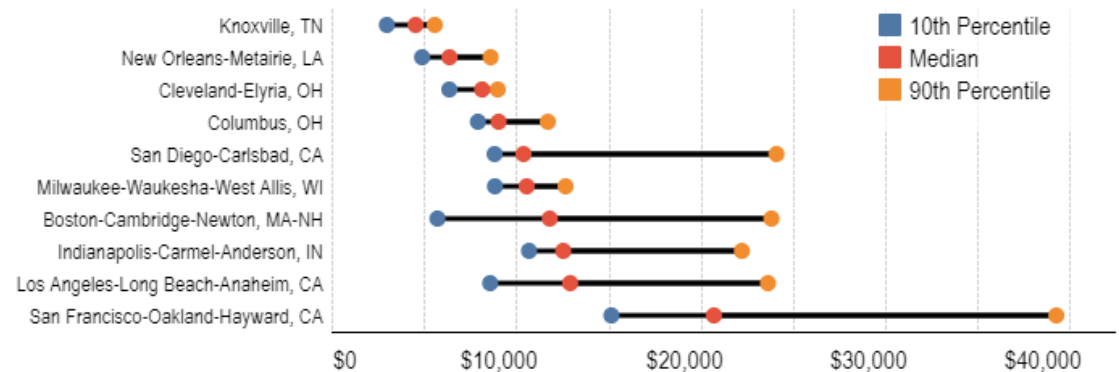
C-Section Delivery

Distribution of Metro Area Median Service Prices, 2016



C-Section Delivery

Range of Service Prices for Select Metro Areas, 2016

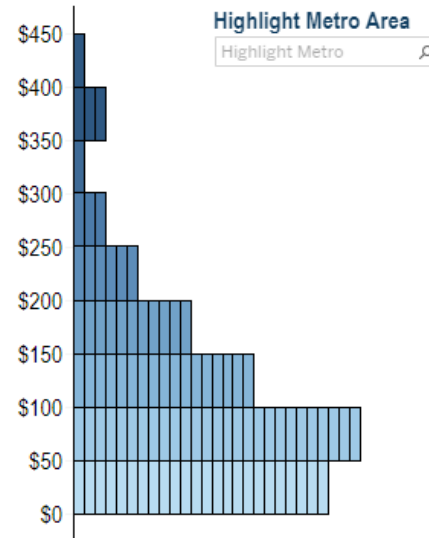
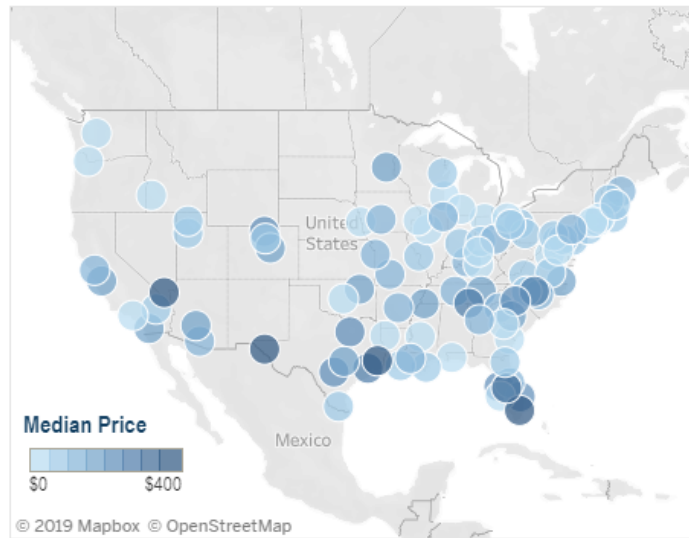




Price Levels Don't Necessarily Capture Variation in Prices of Different Services Within Areas

Blood Test

Distribution of Metro Area Median Service Prices, 2016



The New York Times

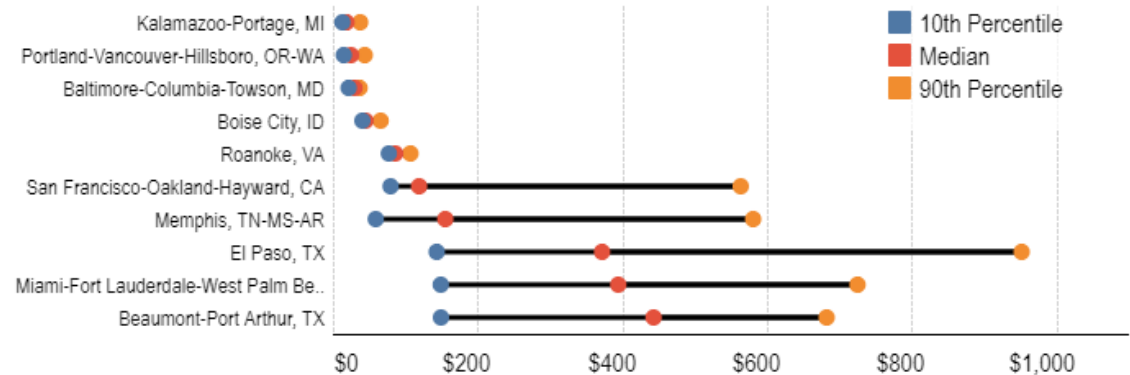
TheUpshot

By Margot Sanger-Katz

They Want It to Be Secret: How a Common Blood Test Can Cost \$11 or Almost \$1,000

Blood Test

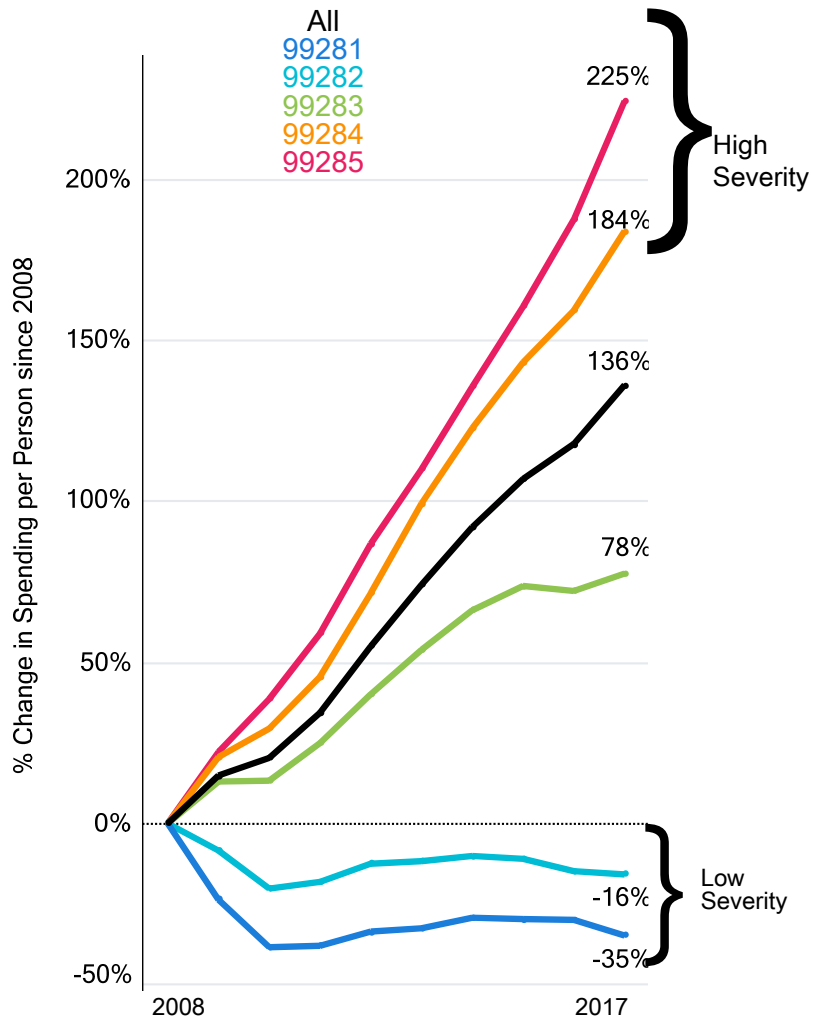
Range of Service Prices for Select Metro Areas, 2016



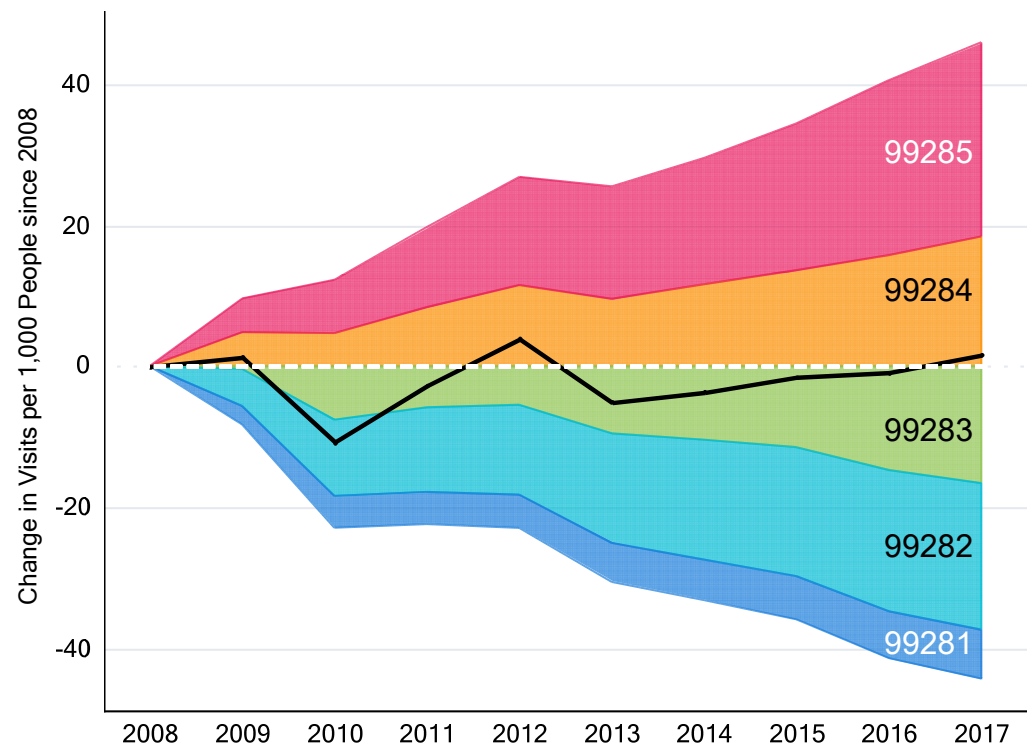


10 Years of ER Spending - prices and coding

Spending per Person more than doubled in 10 years



Overall ER Use did not change over the 10 years, but the mix of CPT codes billed did





Majority of Inpatient Hospital Markets were Highly Concentrated

Inpatient Hospital Market Concentration in U.S. Metros, 2016

UNCONCENTRATED

MODERATELY CONCENTRATED

HIGHLY CONCENTRATED

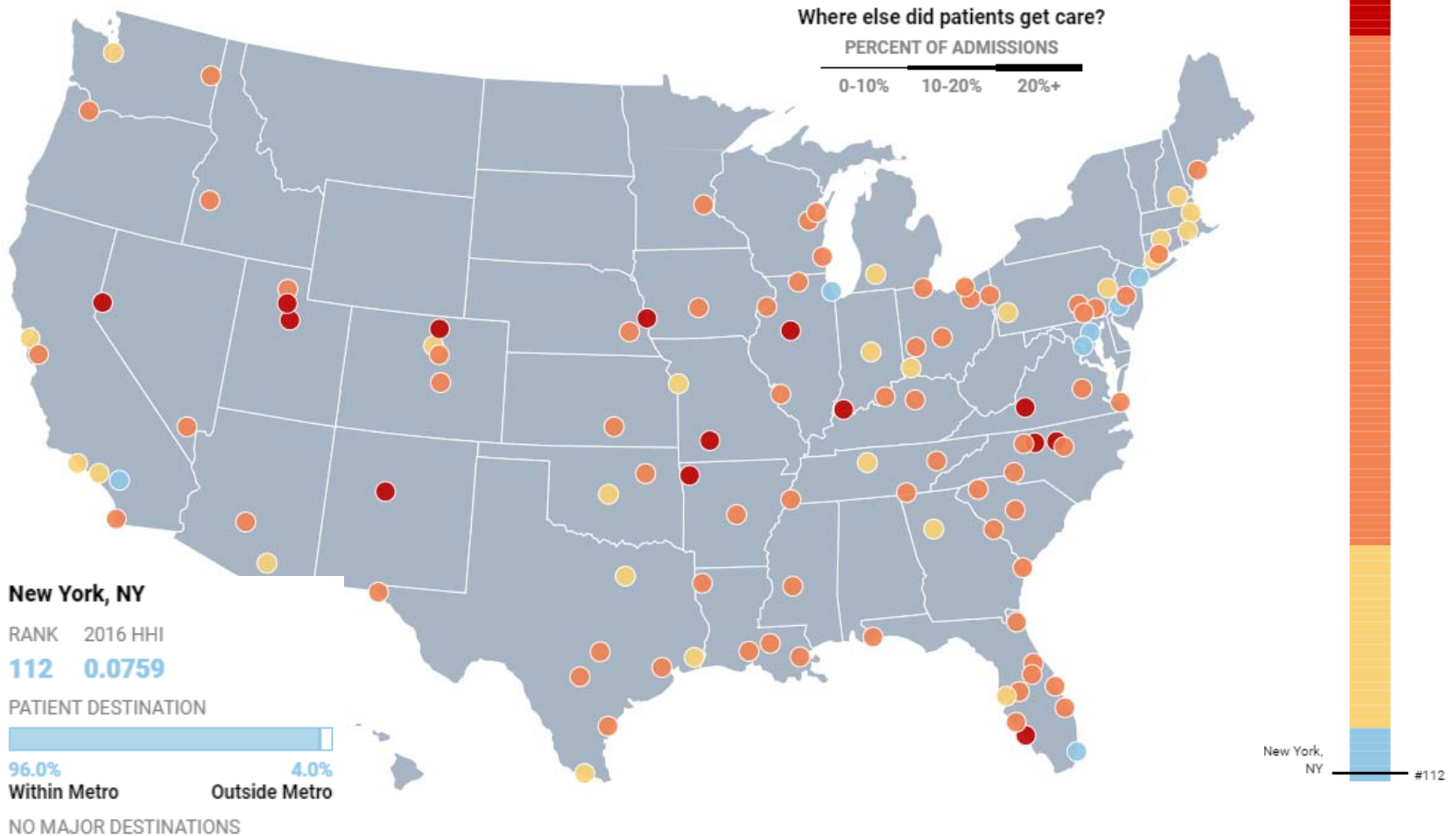
VERY HIGHLY CONCENTRATED



Metros Ranked by Concentration

Q New York-Newark-Jers... x

Click or mouseover a group above to highlight on the map. Hover over a city below to see more.





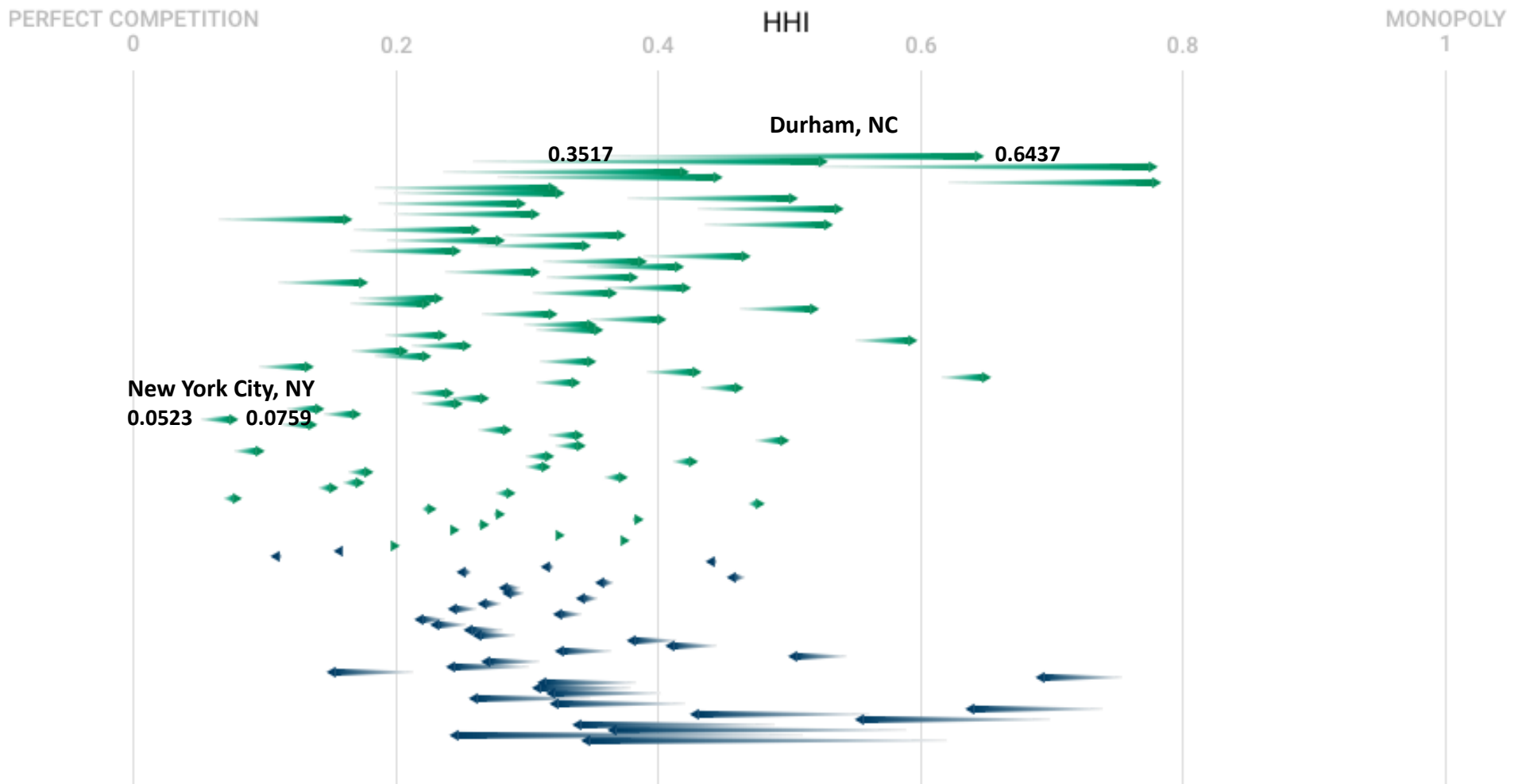
Most Hospital Markets Became More Concentrated Over Time

Change in Hospital Market Concentration

Change in HHI from 2012–2016 by U.S. Metro

HHI INCREASED

HHI DECREASED





Compare Market Concentration Level by Metro and Over Time

Inpatient Hospital Concentration in U.S. Metros, 2016

UNCONCENTRATED

MODERATELY CONCENTRATED

HIGHLY CONCENTRATED

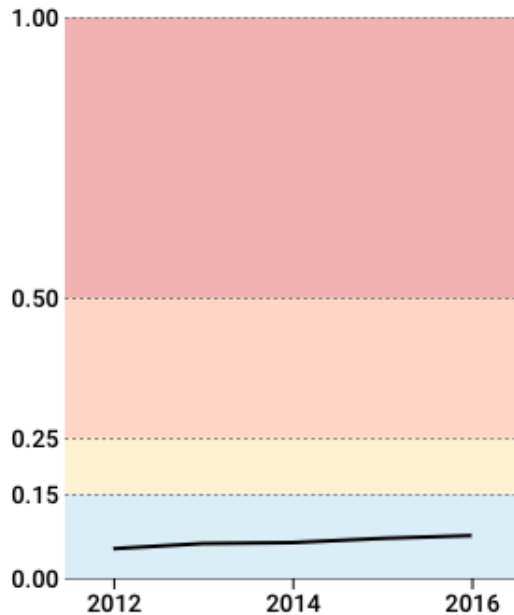
VERY HIGHLY CONCENTRATED



New York-Newark-Jersey City, NY-NJ-PA

2016 HHI: **0.0759**

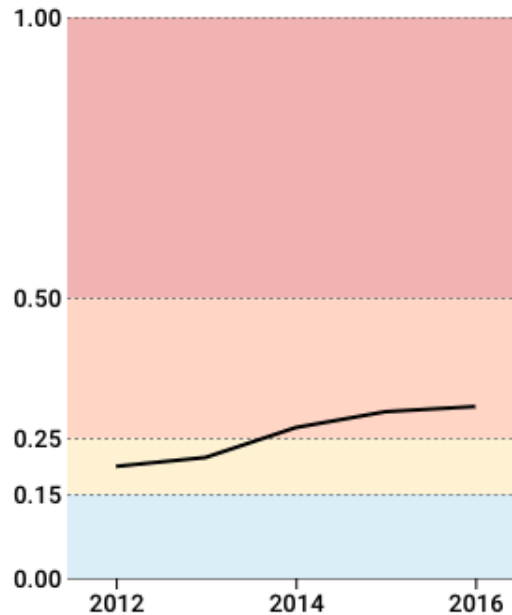
Change in HHI since 2012: **+0.0237**



Trenton, NJ

2016 HHI: **0.3057**

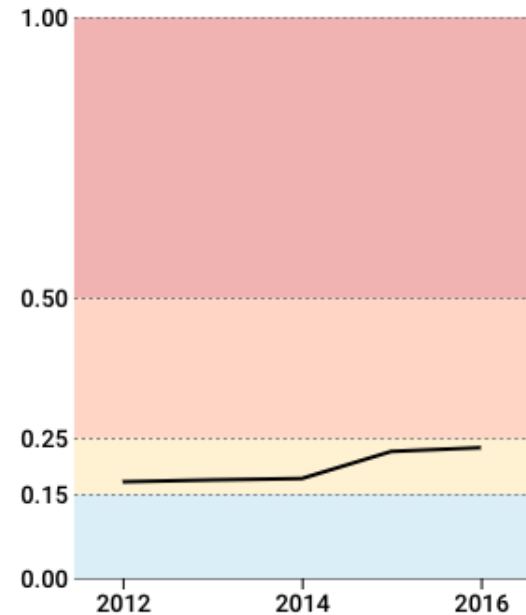
Change in HHI since 2012: **+0.1063**



Bridgeport-Stamford-Norwalk, CT

2016 HHI: **0.2327**

Change in HHI since 2012: **+0.0607**





The Role of Data Sharing

Without greater data sharing we will never be able to understand the scope of or solutions to our health care spending problems

- CMS made important advances in data sharing between 2010-2017
 - Multiple Public Use File Releases
 - Launch of Virtual Research Data Center
 - Access to CMS data provided to private sector organization and entrepreneurs
- HCCI launch in 2011 provided unprecedented look at commercially insured population
 - But HCCI future is in peril with United Health Group decision to no longer contribute data to HCCI
 - Significant chance that we will understand less about the commercially insured population in 2022 than we do today
- Congress is considering legislation to create a national All Payer Claims Database
 - Prospects of passage are uncertain



Is Greater Transparency the Solution?

It depends...

- More transparency is unequivocally better. The health care system is full of deep dark secrets that need to see the light of day.
- People need to understand why the health care system in the US costs so much
- But beware transparency narratives that assume consumer empowerment and consumer facing transparency is the magic bullet we need to reduce health care spending
 - Why are we expecting the weakest, least-informed actors in the health care system to succeed where more powerful actors have failed?