

Seeking Value in the Prevention and Treatment of Disease

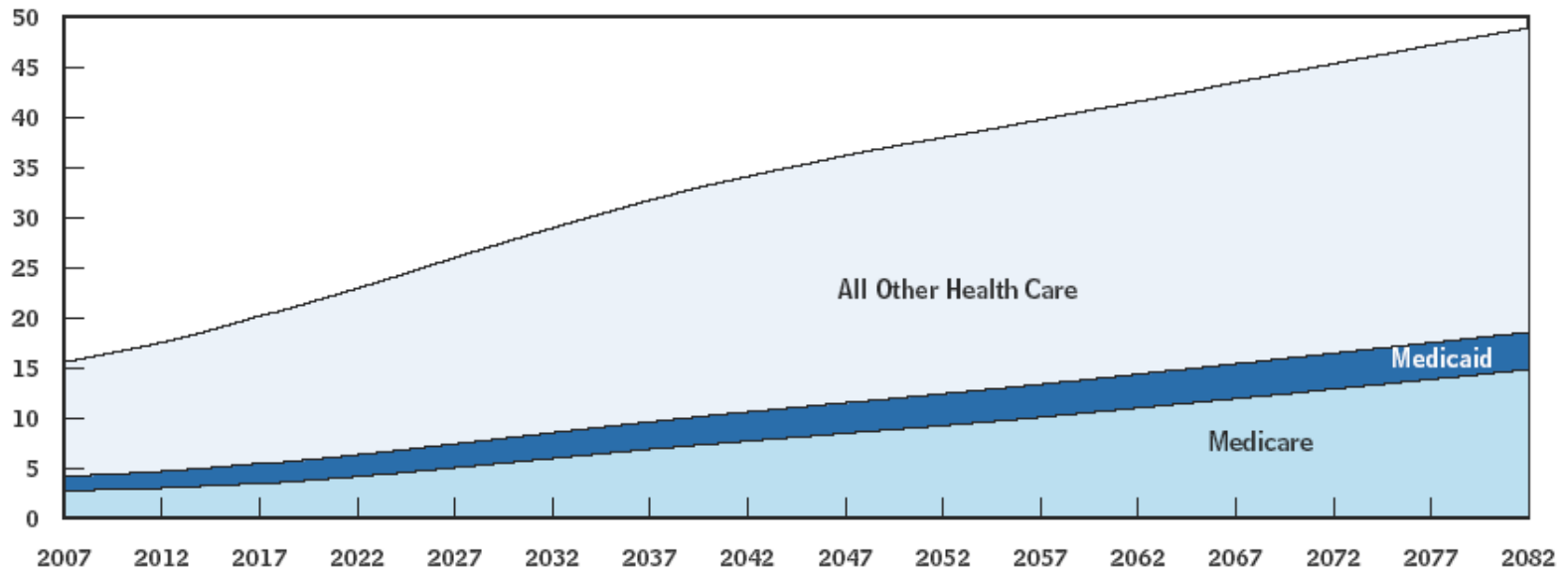
Congressional Briefing
SCORING PREVENTION-CENTERED LEGISLATION
September 29, 2008

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Projected Spending on Health Care as a Percentage of Gross Domestic Product

(Percent)



Source: Congressional Budget Office.

Source: Congressional Budget Office, *The Long-Term Outlook for Health Care Spending, 2007*

The Logic of Prevention

- 38% of all U.S. deaths attributable to 4 behaviors*:
 - Tobacco use
 - Diet
 - Physical inactivity
 - Alcohol misuse
- Obesity expected to increase Medicare spending by 35%**

*Mokdad et al., 2001

**Lakdawalla et al., 2005

“In 2001, for example, spending for health care per person of normal weight was \$2,783, compared with \$3,737 per obese person and \$4,725 per morbidly obese person (in 2001 dollars; see the table below). A rise in the prevalence of obesity is therefore a likely contributor to the growth of health care spending.”

Statement of Peter R. Orszag, Director, CBO, Growth in Health Care Costs, before the Committee on the Budget, United States Senate, January 31, 2008

The Economics of Prevention

- Will it save money?
- Will it reduce spending?
- Will it cost too much?

TALKING POINTS

To Control Health Care Spending

- Look at *value*
 - Consider the return on investment (ROI), not just the delivery costs
- Look ahead
 - Examine the correct time horizon
- Look at everything
 - Put all expenditures on the table, not just prevention

The Importance of Value

- Health is a *good*
- *Goods* are not purchased to save money; there is no free lunch
- The priority is optimizing *value*: making the dollar go farther
- Money is saved relative to competing options
- Return on investment

Return on Investment

- Cost-benefit
- Cost-effectiveness
- Cost-utility

Cost-effectiveness ratio:

$$\frac{\text{Cost (\$)}}{\text{Health Benefit}}$$

Return on Investment

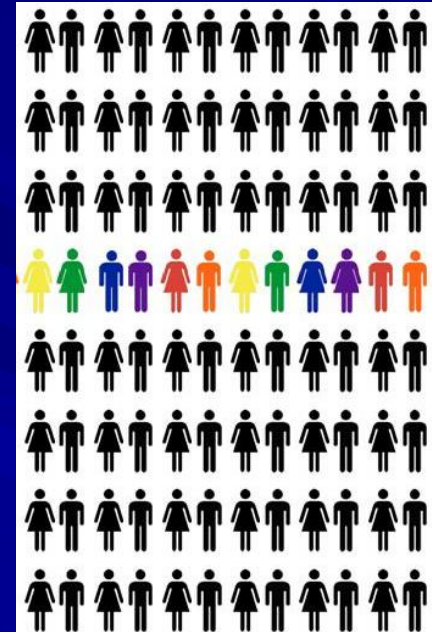
- Cost-benefit
- Cost-effectiveness
- Cost-utility

Cost-effectiveness ratio:

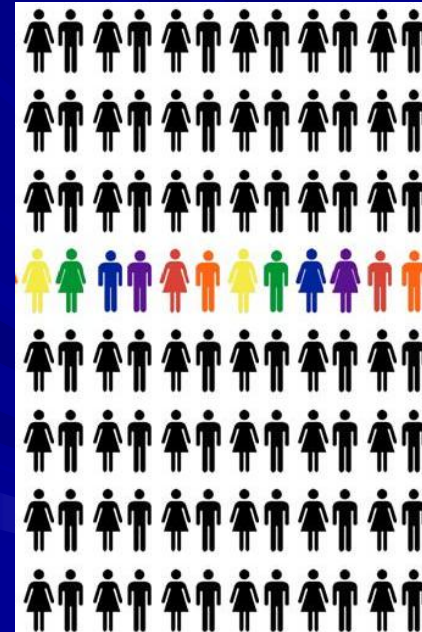
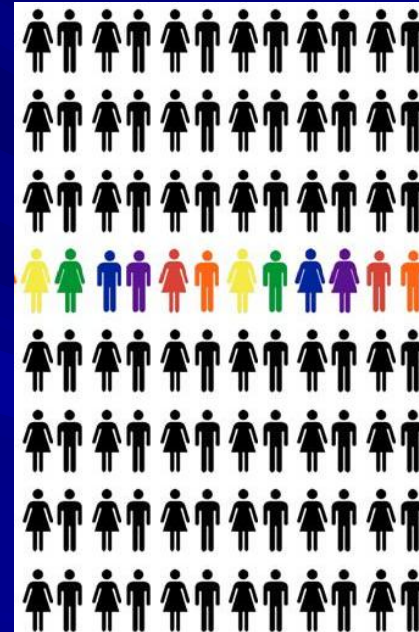
$$\frac{\text{Net cost (\$spent - \$saved)}}{\text{Health Benefit}}$$

1. Look at Value

Return on Investment



Return on Investment



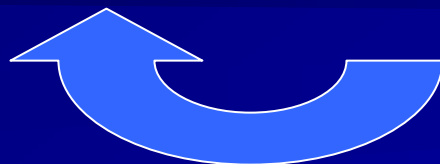
Health Care Expenditures

Cost Saving
(CE ratio ≤ 0)

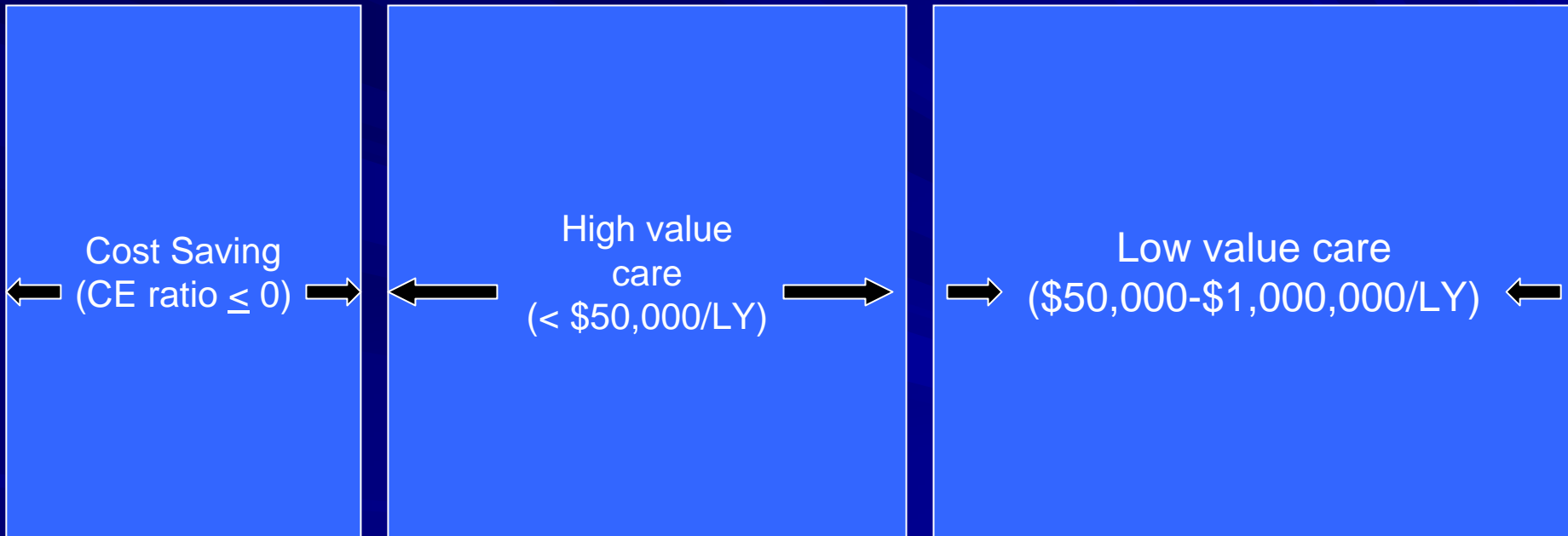
High value
care
($< \$50,000/\text{LY}$)

Low value care
($\$50,000-\$1,000,000/\text{LY}$)

Health Care Expenditures



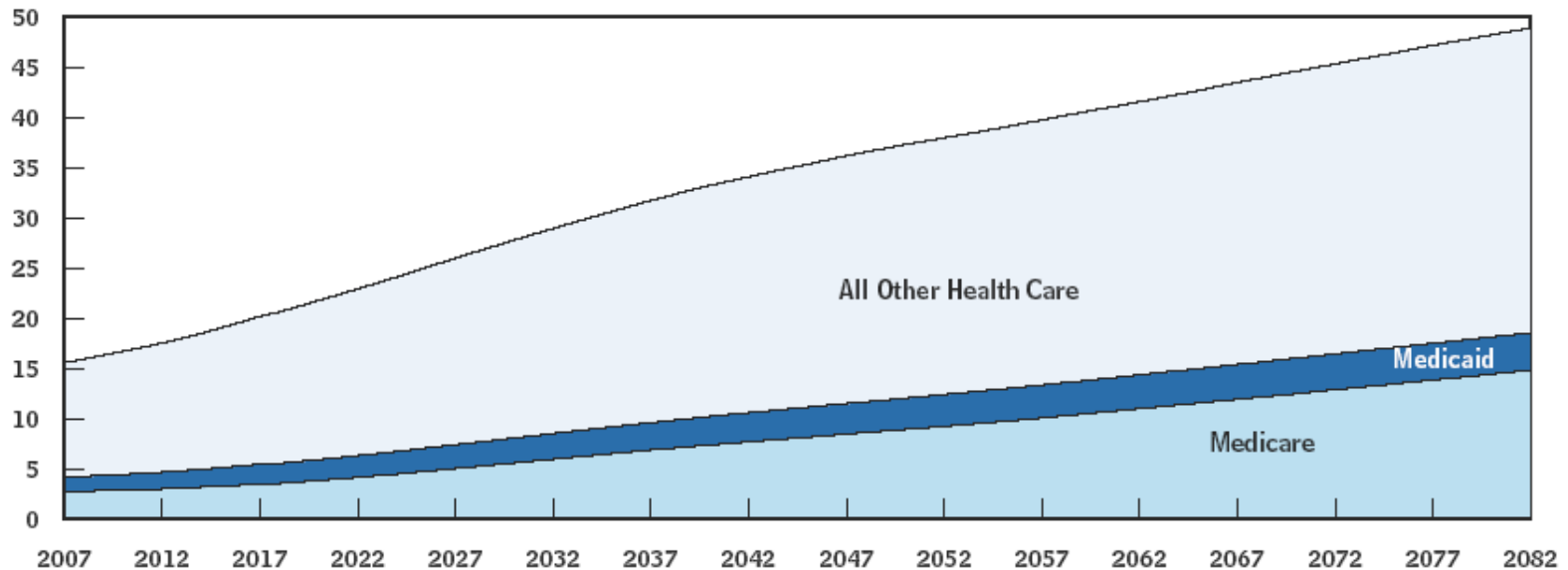
Health Care Expenditures



Health Care Expenditures

Projected Spending on Health Care as a Percentage of Gross Domestic Product

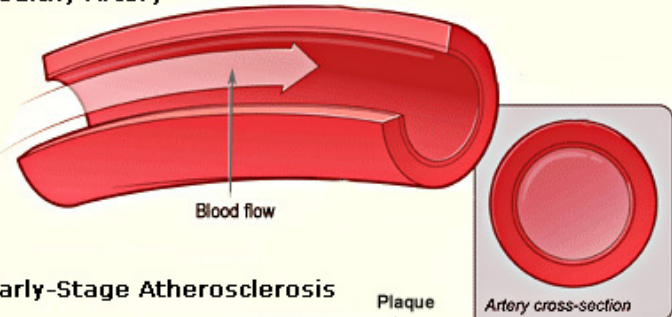
(Percent)



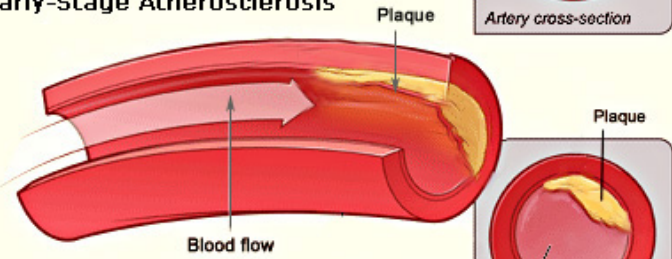
Source: Congressional Budget Office.

2. Look Ahead

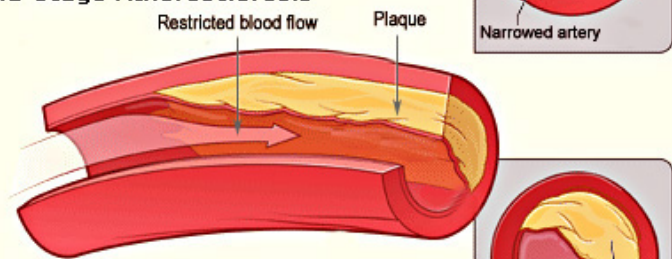
Healthy Artery



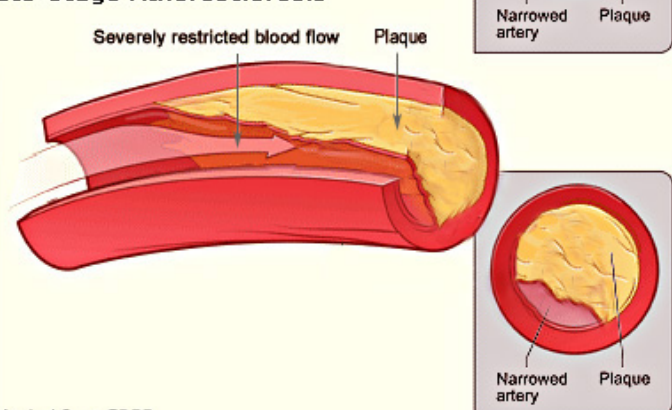
Early-Stage Atherosclerosis



Mid-Stage Atherosclerosis



Late-Stage Atherosclerosis



Adapted from SDBB

The Need for the Long View



Prevention



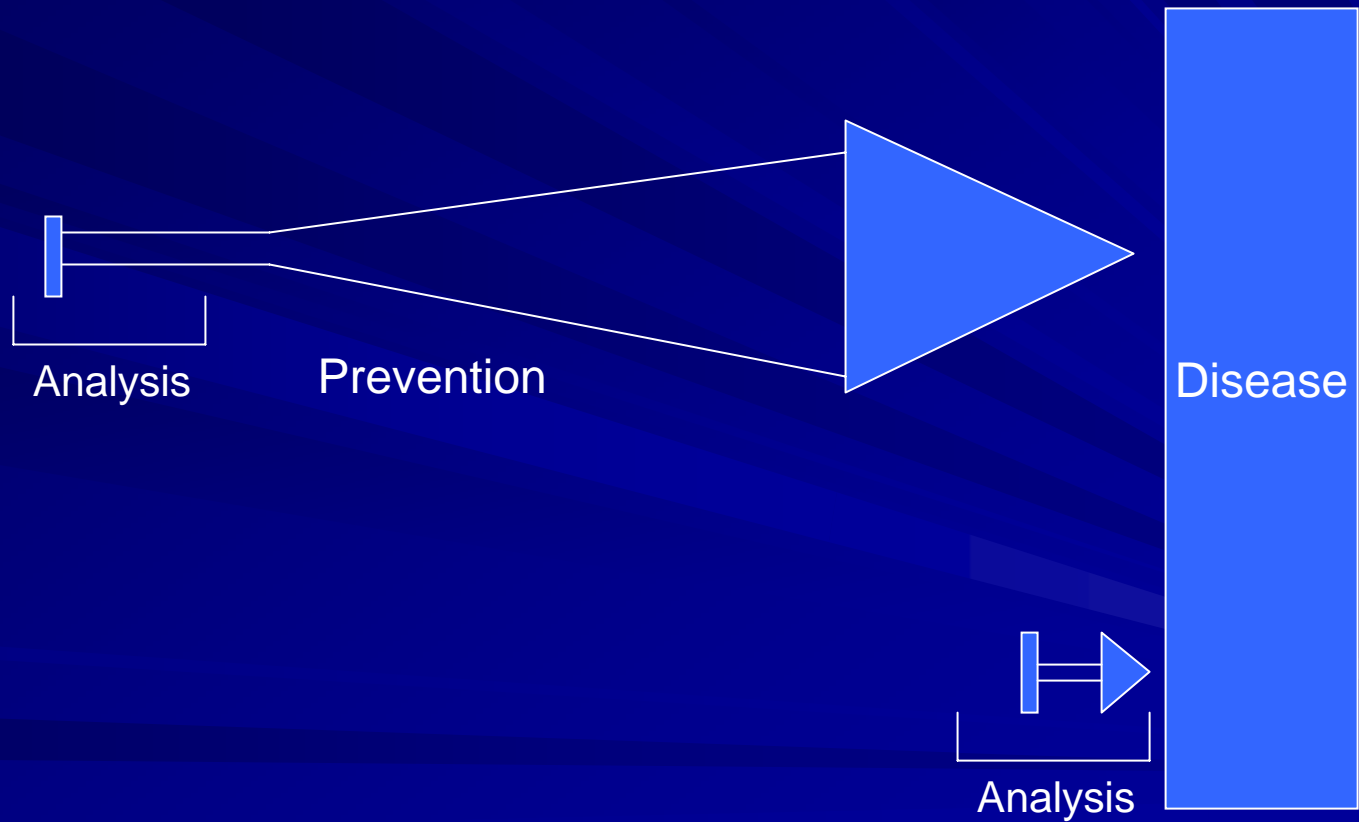
Treatment

Disease



Years

The Need for the Long View



Years

Highest Ranking Preventive Services for U.S. Population	H.I.	C.E.	Total
Discuss daily aspirin use—men 40+, women 50+	5	5	10
Childhood immunizations	5	5	
Smoking cessation advice and help to quit—adults	5	5	
Alcohol screening and brief counseling—adults	4	5	9
Colorectal cancer screening—adults 50+	4	4	8
Hypertension screening and treatment—adults 18+	5	3	
Influenza immunization—adults 50+	4	4	
Vision screening—adults 65+	3	5	
Cervical cancer screening—women	4	3	7
Cholesterol screening and treatment—men 35+, women 45+	5	2	
Pneumococcal immunization—adults 65+	3	4	
Breast cancer screening—women 40+	4	2	6
Chlamydia screening—sexually active women under 25	2	4	

Most Cost Effective Preventive Services

Cost Saving

Advising at-risk adults to consider taking aspirin daily

Childhood immunizations

Smoking cessation advice and help to quit

Screening adults for alcohol misuse and brief counseling

Vision screening (adults 65+)

Most Cost Effective Preventive Services

\$0 to \$13,999/QALY

Chlamydia screening (sexually active adolescents and young women)

Colorectal cancer screening (adults 50+)

Influenza immunization (adults 50+)

Pneumococcal immunization (adults 65+)

Vision screening in preschool age children

Most Cost Effective Preventive Services

\$14,000 to \$34,999/QALY

Cervical cancer screening (all women)

Counseling women of childbearing age to take folic acid supplements

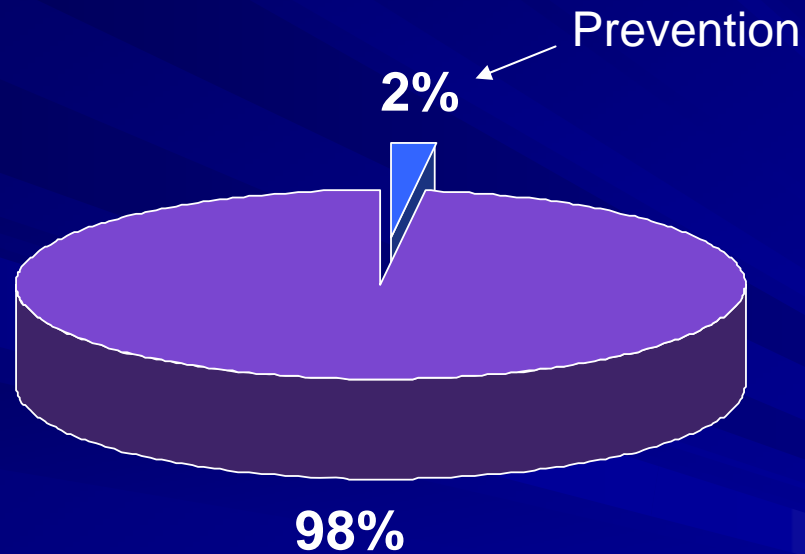
Counseling women to use calcium supplements

Injury prevention counseling for parents of young children

Hypertension screening (all adults)

3. Look at Everything

Seeing the Big Picture



\$2 Trillion Health Care Budget, United States

The Double Standard

- Are the upfront costs too great?
- Is health status improved and how fast?
- How strong is the evidence?
- Is the cost-effectiveness ratio too high?
- Can we afford it?



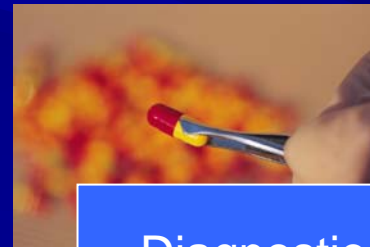
Prevention

The Double Standard

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Prevention



Diagnostic Tests
Treatments

Spiral Computerized Tomography



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