

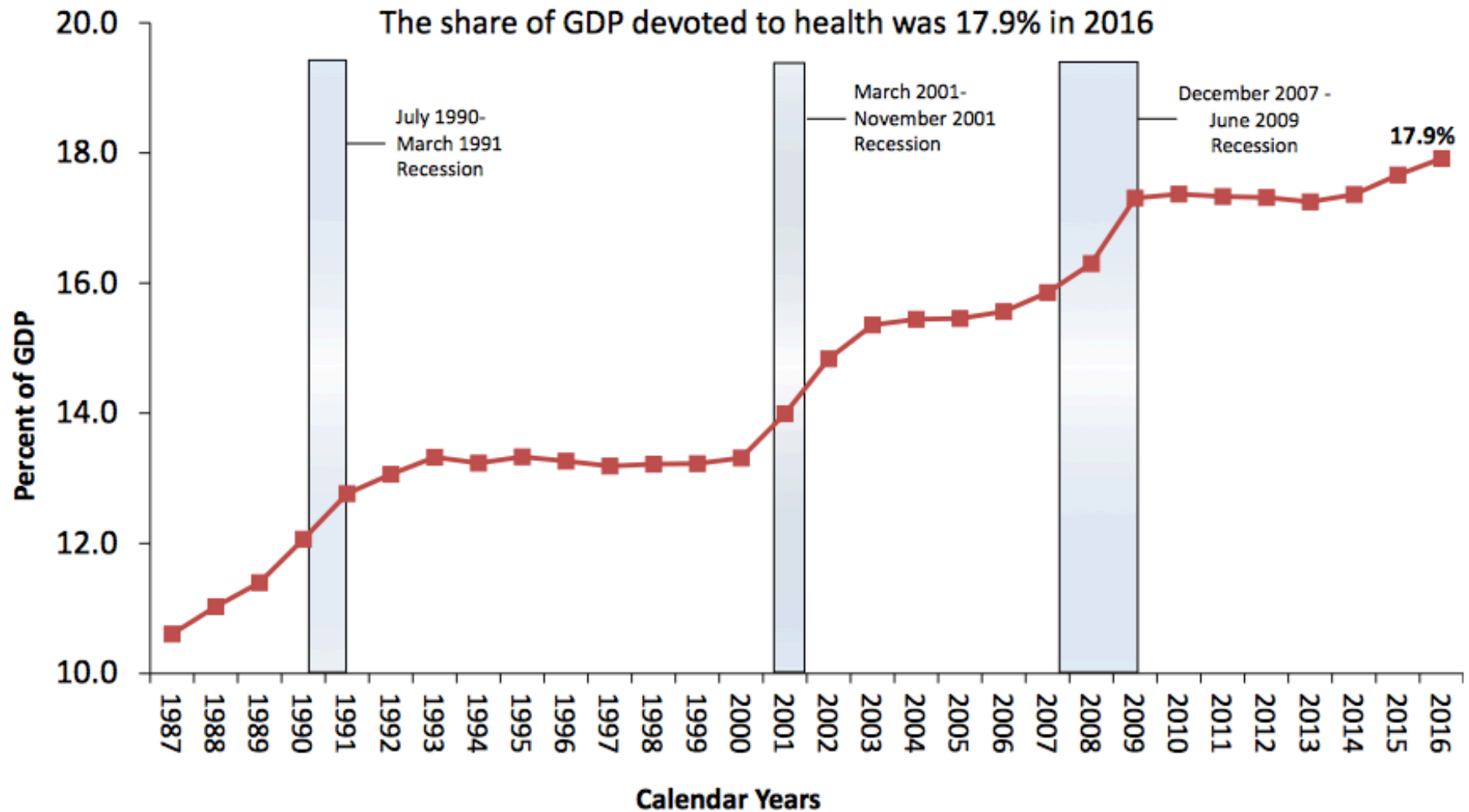


HEALTH CARE
COST INSTITUTE

Its (Still) The Prices Stupid!! Some Inconvenient Truths Regarding Health Care Spending in the United States

April 2019

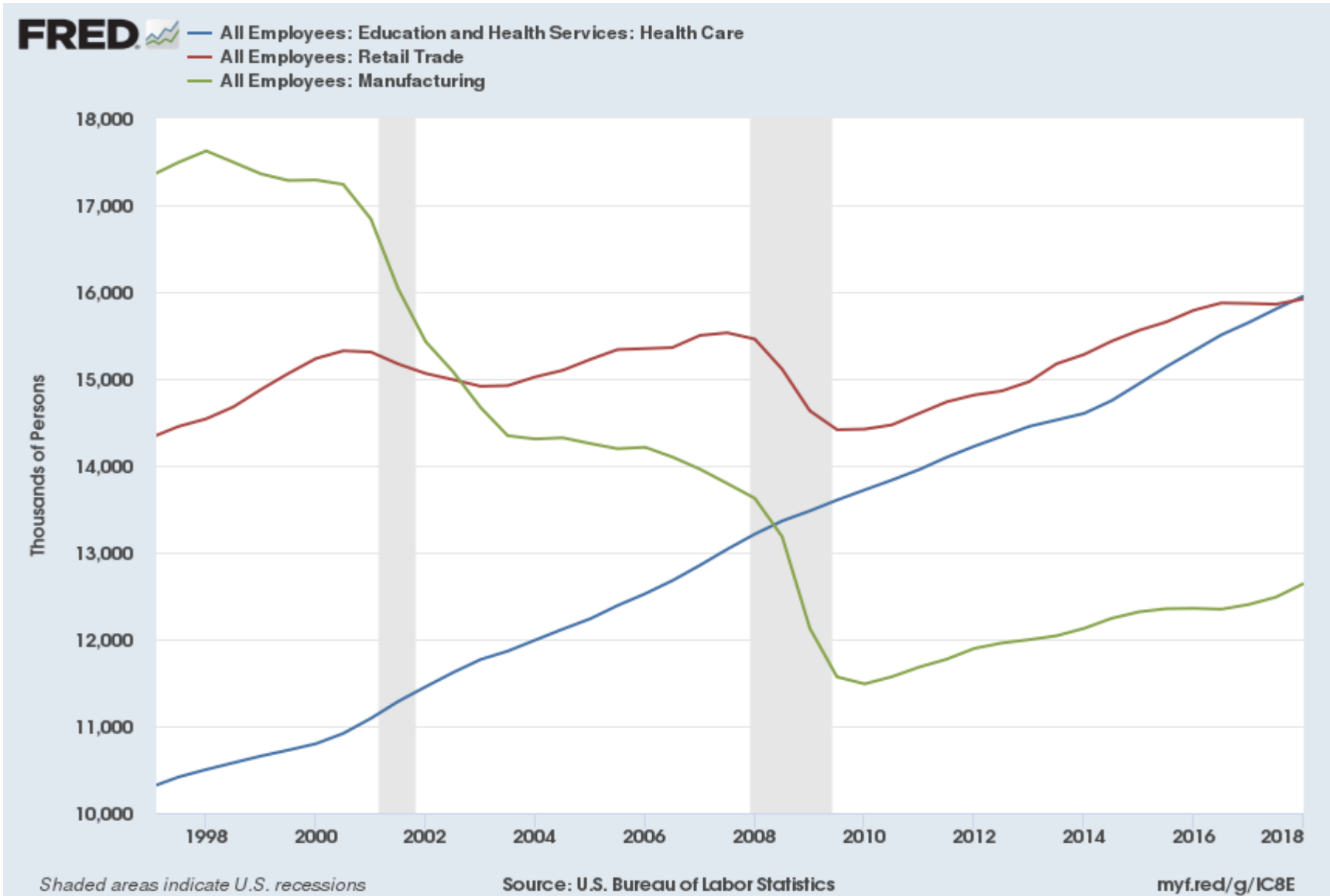
National Health Expenditures as a Share of Gross Domestic Product, 1987-2016



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
 - See previous slide – NOTHINGS WORKING
 - And that optimism means everyone thinks reform can be achieved without hurting them / hurting everyone
- Quality!
- Patient Responsibility!
- Value-based Care!
- Transparency!
- Disruption!
- Innovation!



It's 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**





Why was HCCI founded?

Prior to HCCI's formation:

- Access to payer data was piecemeal with researchers primarily relying on limited Medicare data for research and analysis
- There was little to no transparency in health care pricing/prices

HCCI was founded to:

- Promote independent, nonpartisan research and analyses on the causes of the rise in U.S. health spending
- Inform the public policy process and assist in developing new solutions to long-term problems confronting the health care system

*HCCI facilitates informed debate about health care reform
by synthesizing insights drawn from
commercial and government payer data*



HCCI Data Holdings

aetna



UnitedHealthcare

Humana

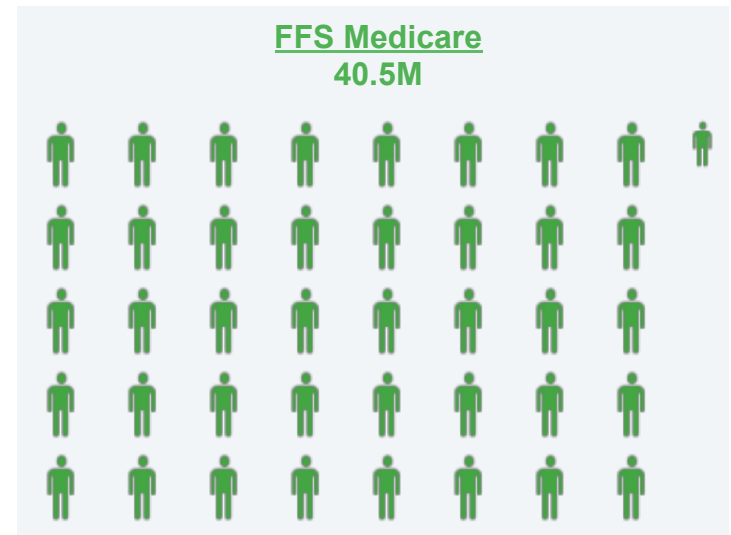


Commercial Claims

- Years: 2008-2017
- All 50 states and D.C.
- Updated annually
- De-identified, HIPAA and anti-trust compliant

Medicare Fee-For-Service Claims

- National Qualified Entity (QE)
- Years: 2012-2016
- 100% Parts A & B & D





HCCI's Core Lines of Business

National thought leader on
US health care and
spending

Enabling world class
research

Driving data and information
to payers, providers,
governments and others, via
National Medicare Qualified
Entity status

Provider of multi-payer
datasets and transparency
solutions for states, lowering
APCD compliance costs for
payers

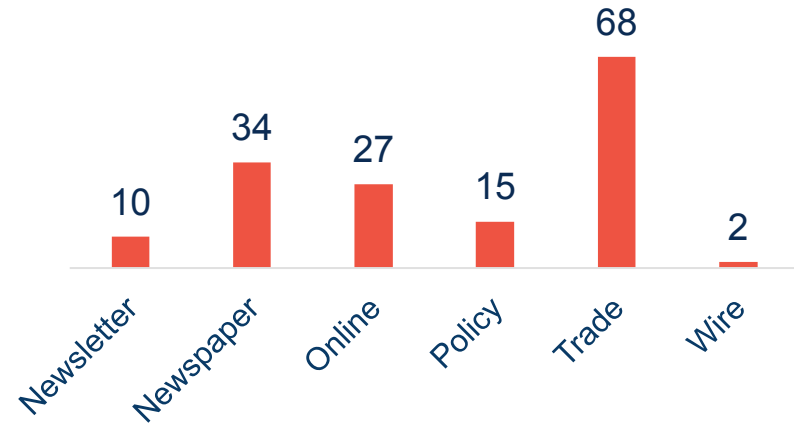


HCCI's 2018 Media Impact

592 total stories

436 Broadcast Airings

156 Print & Online Stories



Est. Audience Reach of 172,975,779





Enabling World Class Research

HCCI's current research partners include:

Dartmouth

THE UNIVERSITY OF TEXAS
MD Anderson
Cancer Center



MEDPAC Medicare
Payment Advisory
Commission



Weill Cornell
Medicine

Northwestern



UNIVERSITY OF MINNESOTA
Driven to DiscoverSM



HCCI also facilitates data access and research through foundation partnerships:





2018-19 Research Agenda

Key topics include:

- Drug costs as a driver of spending
 - Insulin
 - Antidepressants
 - Opioids
- Utilization trends: Non-Hospital Settings and Provider Types
- Provider consolidation and its impact on pricing and spending
- Cost Shifting
- Cost of pregnancy and childbirth
- Out-of-Network Billing
- Healthy Marketplace Index

HCCI focuses on a set of research topics and questions but remain flexible to respond to media inquiries, policy changes, and interest in deeper dives on our prior work





HCCI Annual Report 2017

Executive Summary



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.

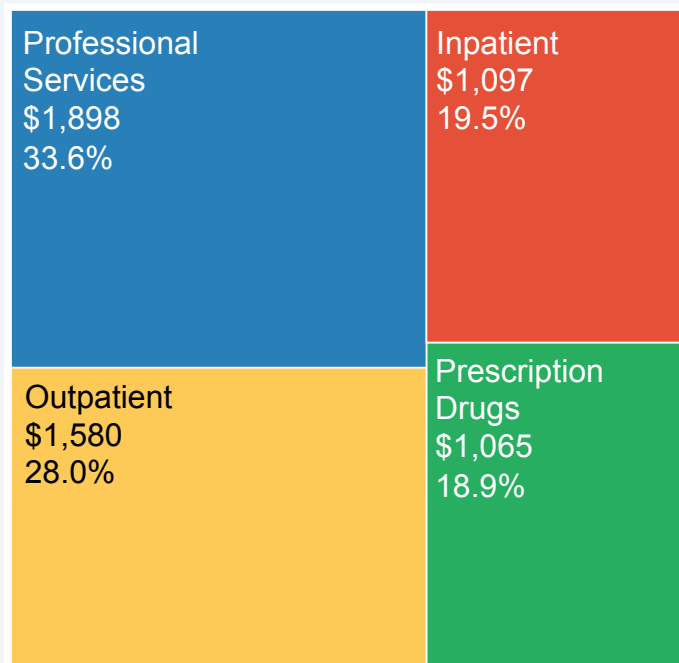




Per-person spending reached new all-time high

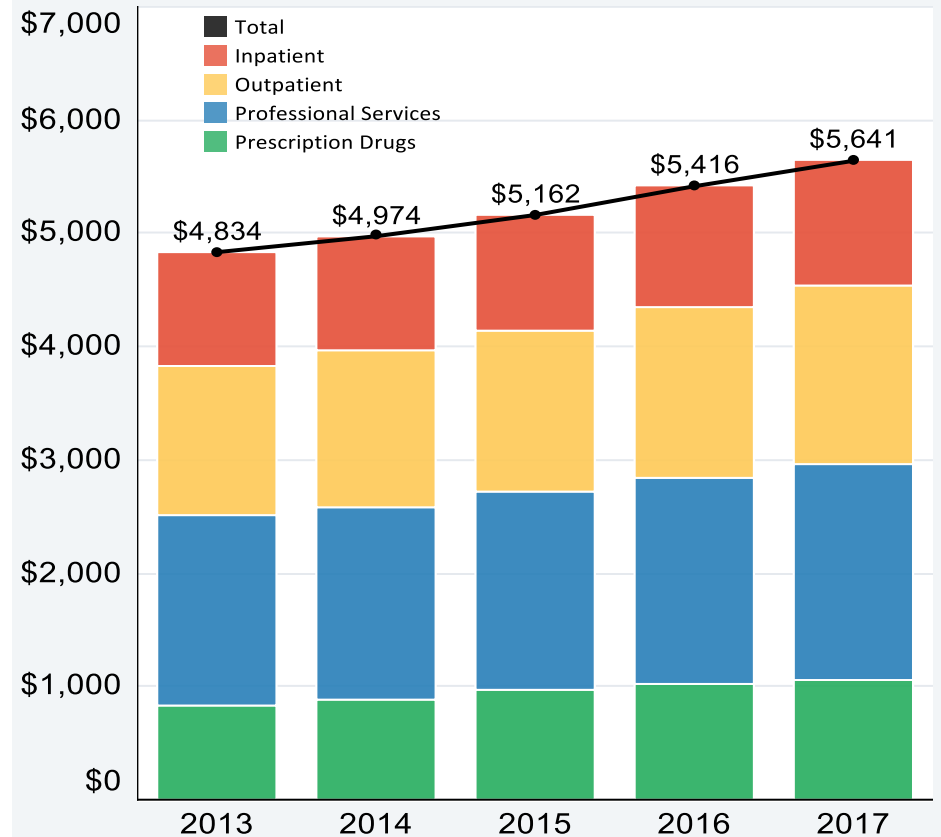
Spending per Person in 2017

Total \$5,641




Note: Prescription drug spending is amount paid on pharmacy claim, which reflects discounts from wholesale price, but not manufacturer rebates paid in separate transactions.

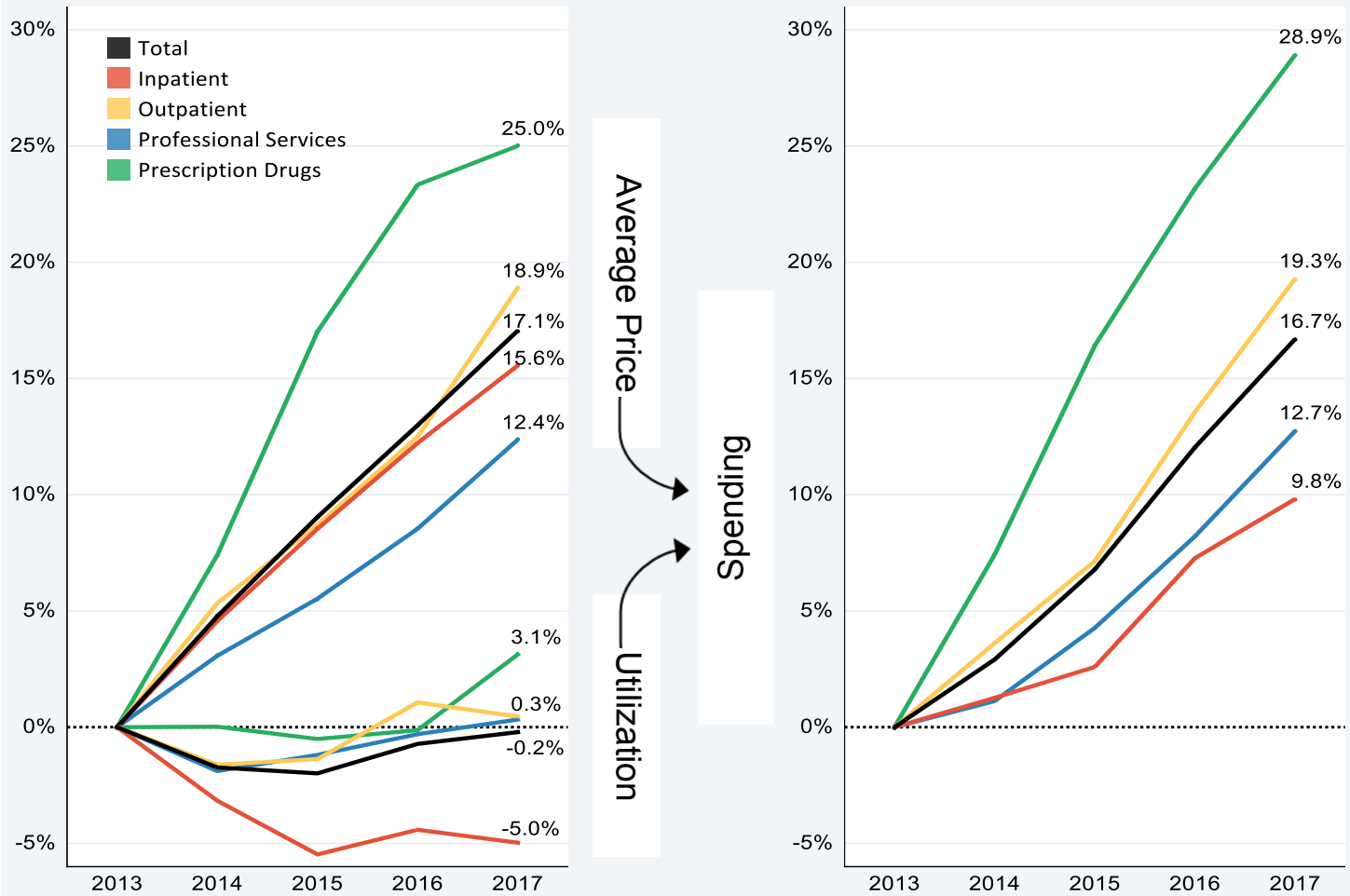
Annual Spending per-person





Increasing prices drive health care spending growth

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

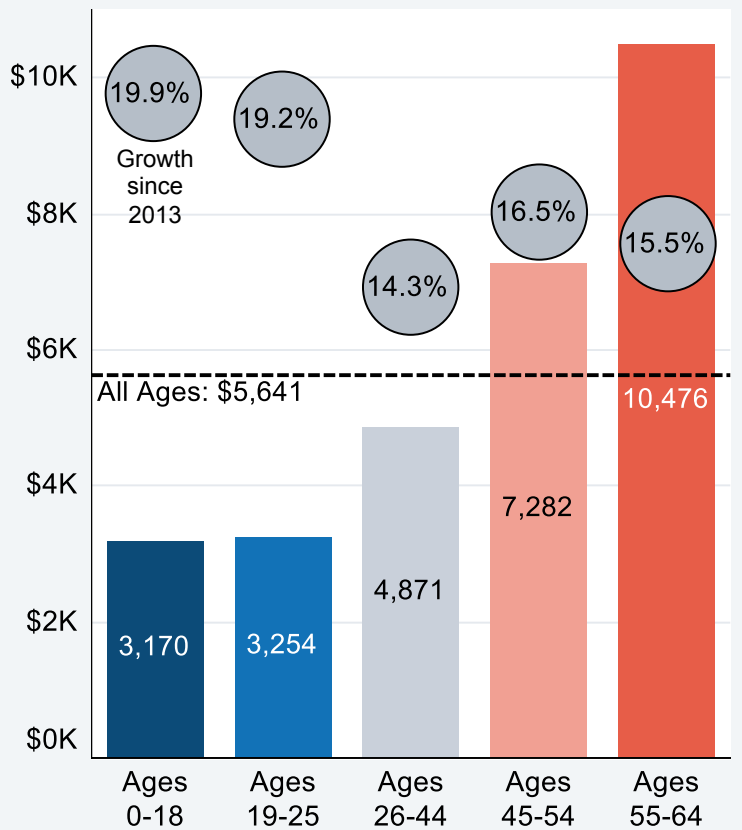


Note: Except for prescription drugs, utilization reflects volume and service-mix intensity. Thus, the prices presented factor out changes in the mix of services used for these three categories. Additionally, prescription drug spending is the amount paid on the pharmacy claim, which reflects discounts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

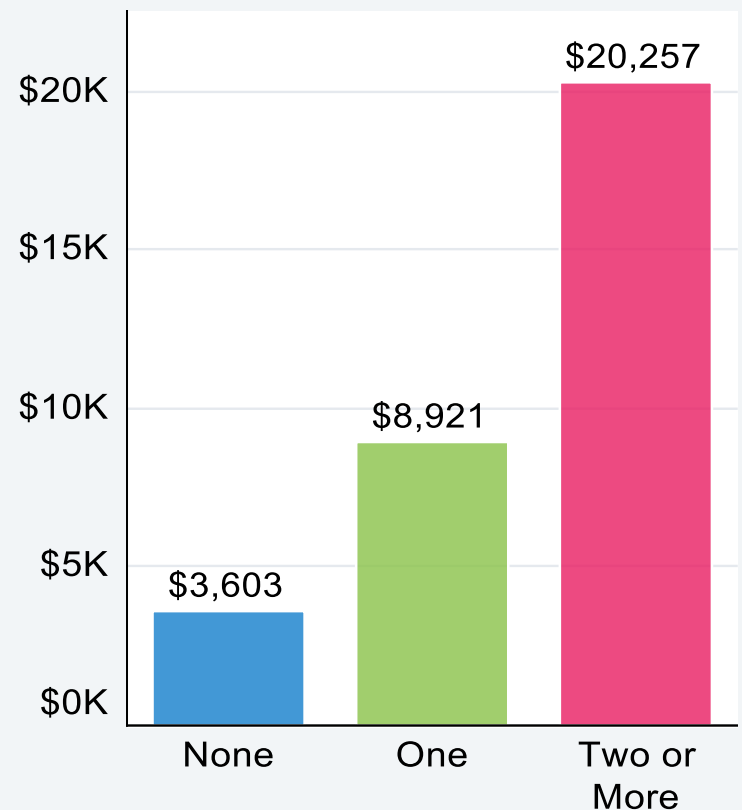


Spending levels and growth vary by population sub-groups

2017 Spending per person by Age



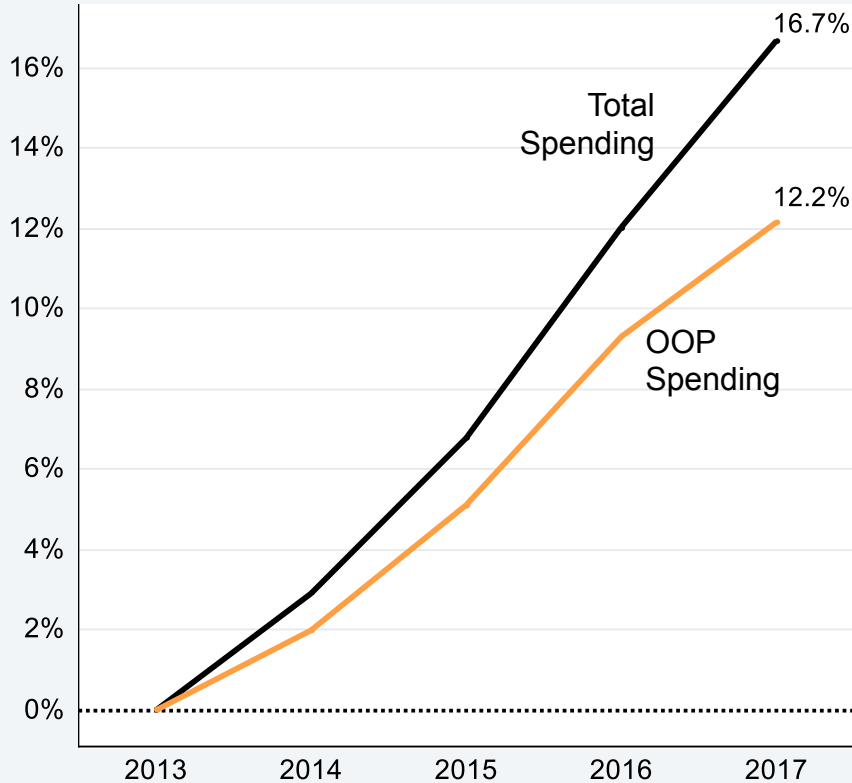
2017 Spending per person by Number of Chronic Conditions





Out-of-pocket spending increased steadily, but slower than total spending

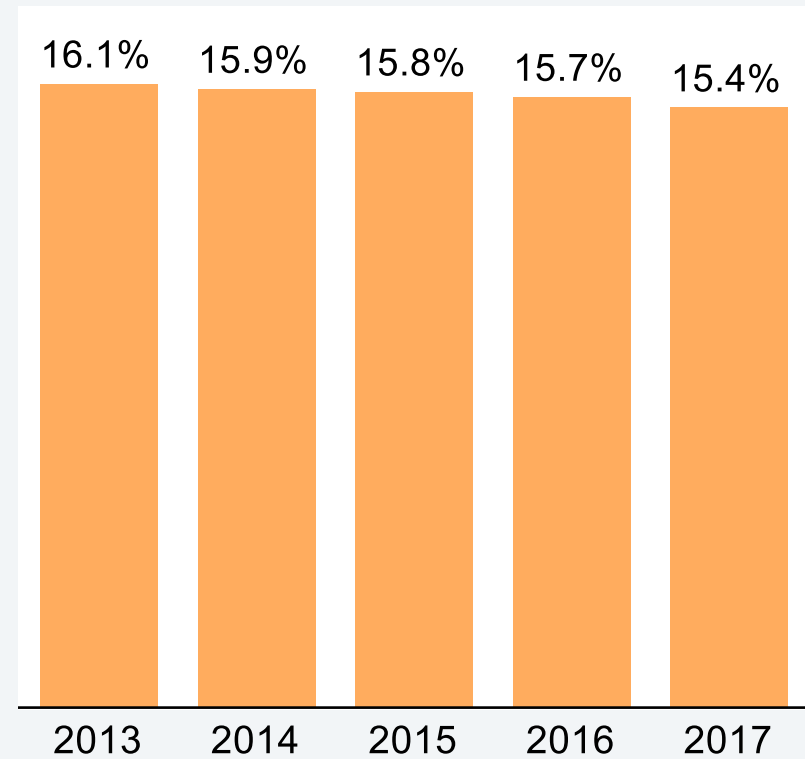
Cumulative Change in Out-of-Pocket and Total Spending per member since 2013



Share of Spending Paid Out of Pocket



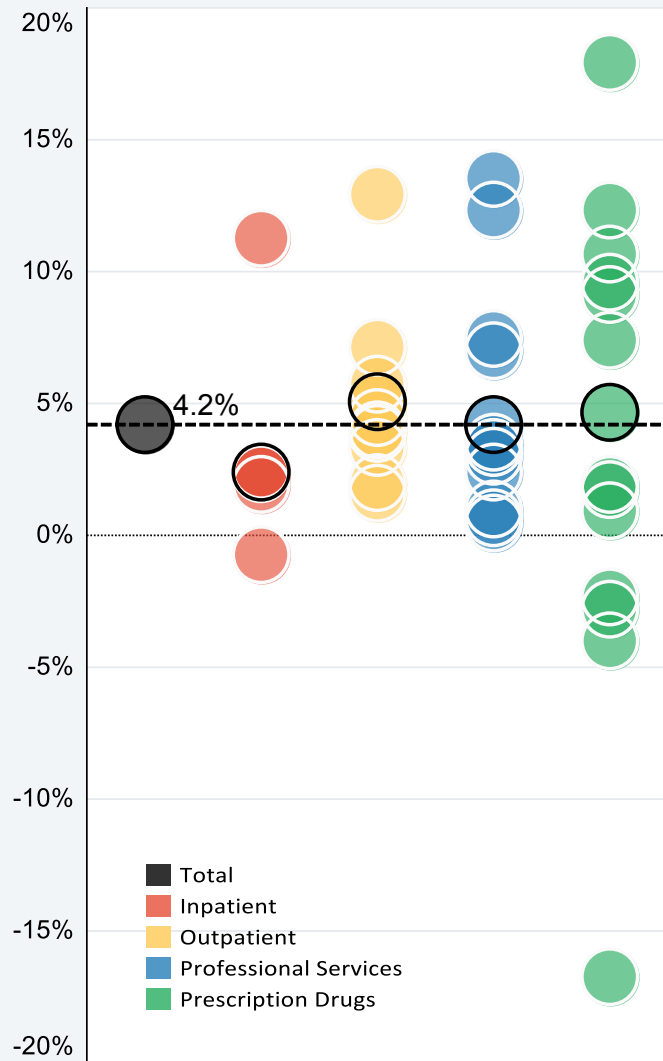
HCCI





Annual spending growth varied by service

Annual Percent Change in Spending per Person, 2016-2017



There's more to it than just the average



Research Resources and State Level Interactive Tool

HEALTH CARE COST INSTITUTE DATA RESEARCH BLOG NEWS

Data

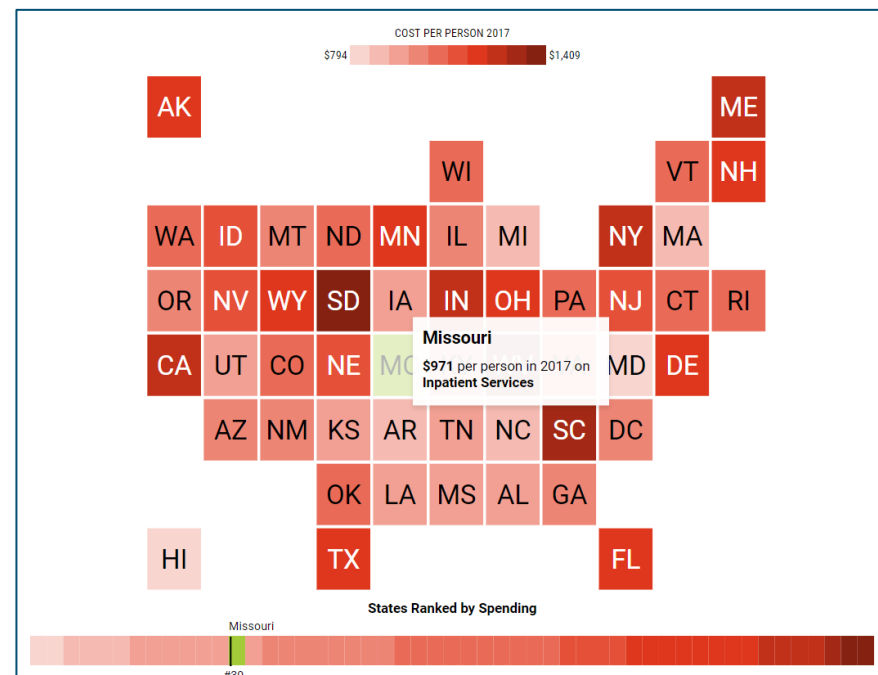
- ER Procedure Code Spending, Utilization, and Price 2009–2016
[HCCI ER machine readable data](#) ⬇
- MS Spending – Specialty Drugs
[HCCI MS formatted excel tables](#) 📄
[HCCI MS machine readable data](#) ⬇
- Share of ESI with Annual Spending over Threshold Amounts by Age and Gender
[HCCI spending threshold machine readable data](#) ⬇
- Health Care Cost and Utilization Report 2016
[Health Care Cost and Utilization Report 2016 Appendix Tables](#) 📄
[Health Care Cost and Utilization Report 2016 machine readable data](#) 📄

Crosswalks

- HCCI Inpatient Service Categories – DRG and MDC
[HCCUR 2016 Appendix Section 4.1 and 4.2 Methodology](#) ⬇
- HCCI Outpatient Service Categories – CPT Procedure Codes
[HCCUR 2016 Appendix Section 4.3 Methodology](#) ⬇
- HCCI Professional Service Categories – CPT Procedure Codes
[HCCUR2016 Appendix Section 4.4 Methodology](#) ⬇
- HCCI Prescription Drug Categories – AHFS Drug Classification
[HCCUR2016 Appendix Section 4.5 Methodology](#) ⬇

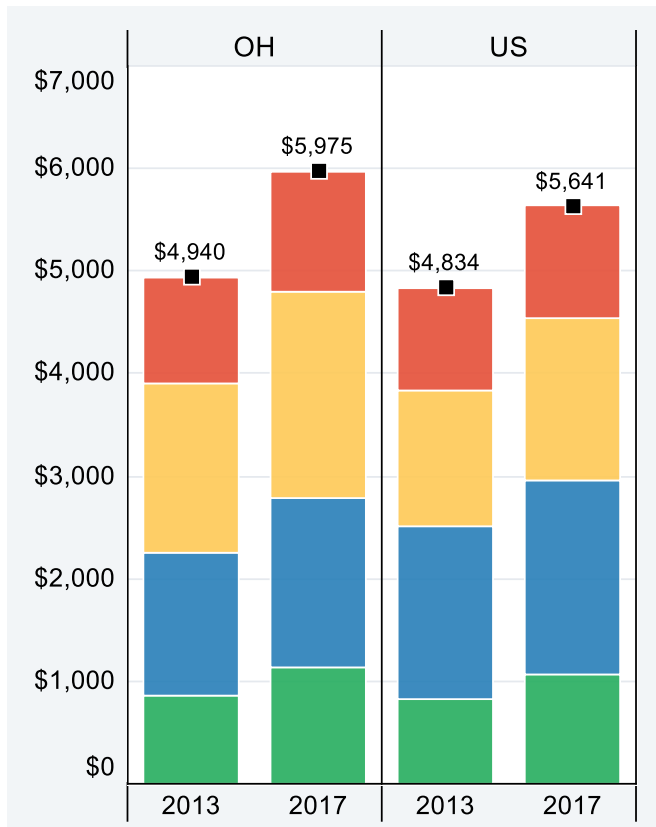
<https://healthcostinstitute.org/research/research-resources>

Interactive State-Level Data Tool





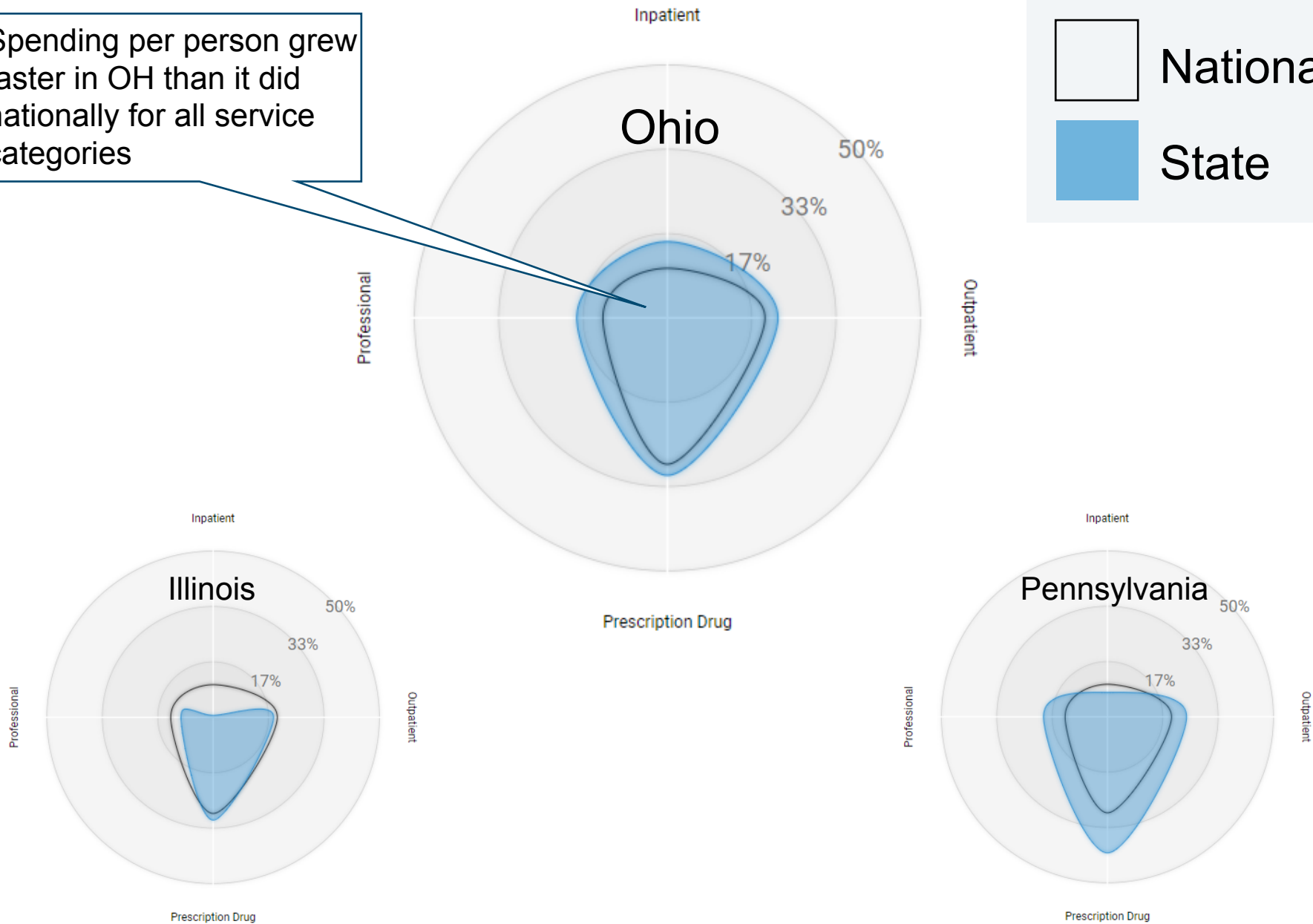
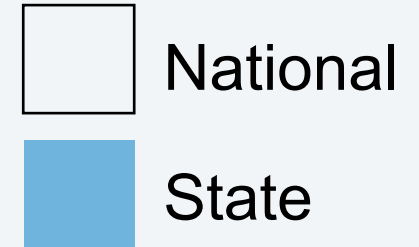
Spending per Person





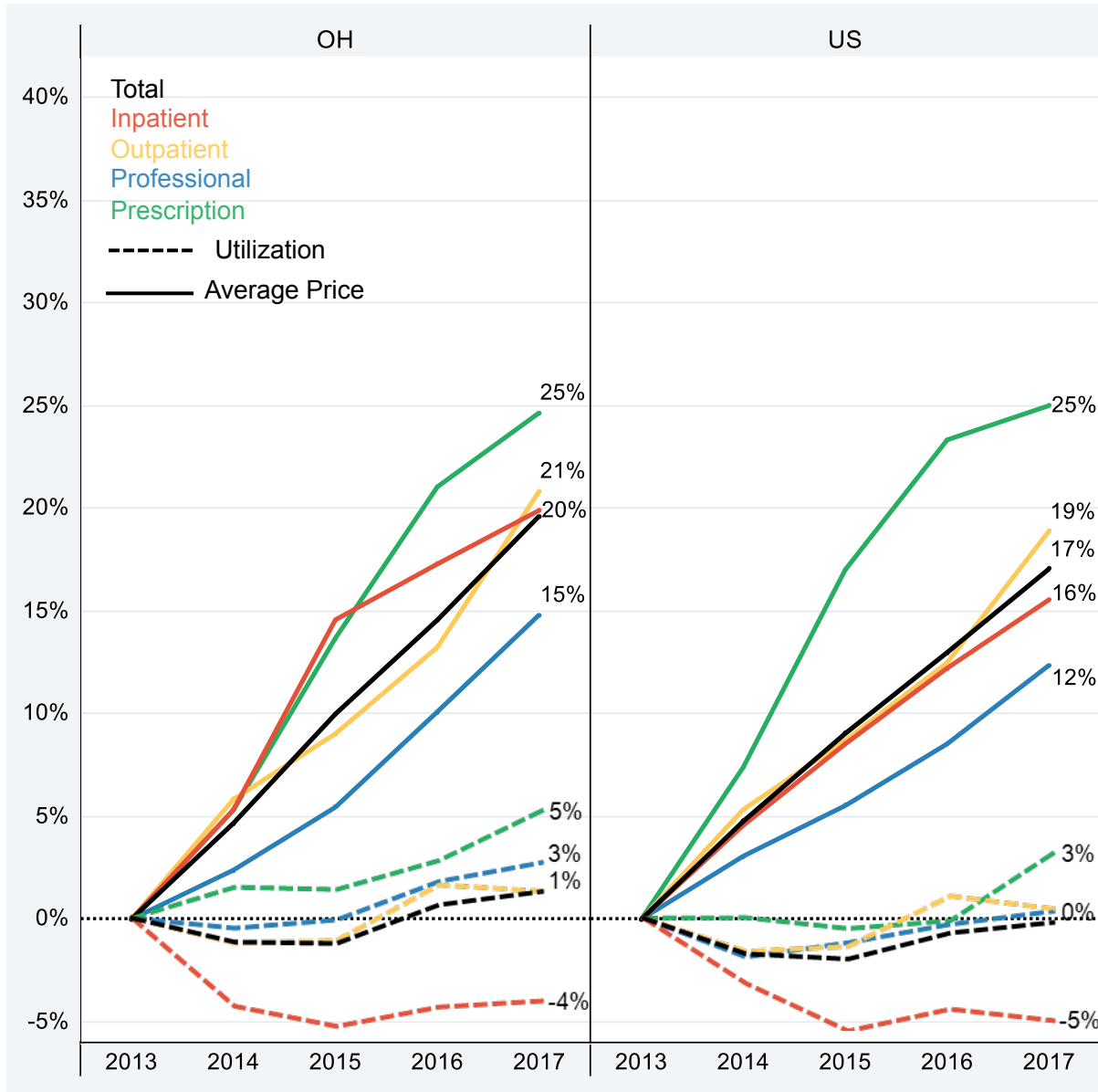
Health Care Spending Growth from 2013 to 2017

Spending per person grew faster in OH than it did nationally for all service categories





Price and Utilization Growth





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, Total Spending, Waste, Provider Competition
- For each measure: interactive web articles, dashboards, public use files
 - Explore trends across 112 Metro areas in 43 States

First Two Releases: Price Index, Use Index

- How do prices, service use vary across the country?
- Which areas experienced price growth? Declining service use?
- How did trends vary across service categories?
(Inpatient, Outpatient, Professional (Clinician) Services)



HCCI: Healthy Marketplace Index

Comparing Price and Use Levels Across Metro Areas, 2016



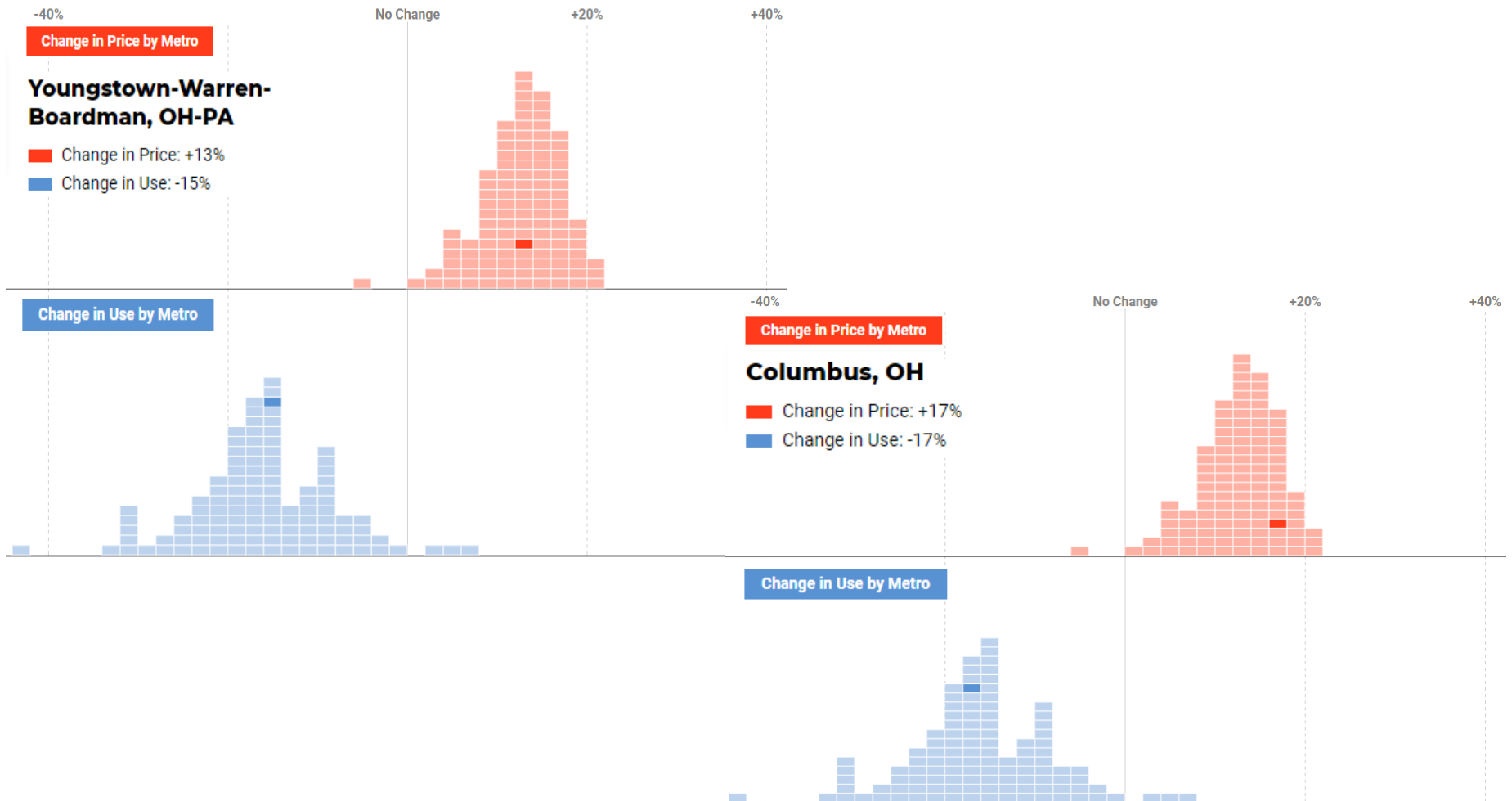


HCCI: Healthy Marketplace Index

Comparing Overall Price and Use Changes, 2012 - 2016

FIND A METRO:

HIGHLIGHT A SERVICE TYPE: Overall Inpatient Outpatient Professional ⓘ





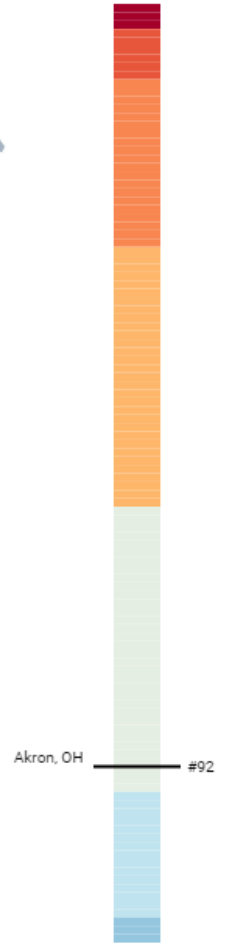
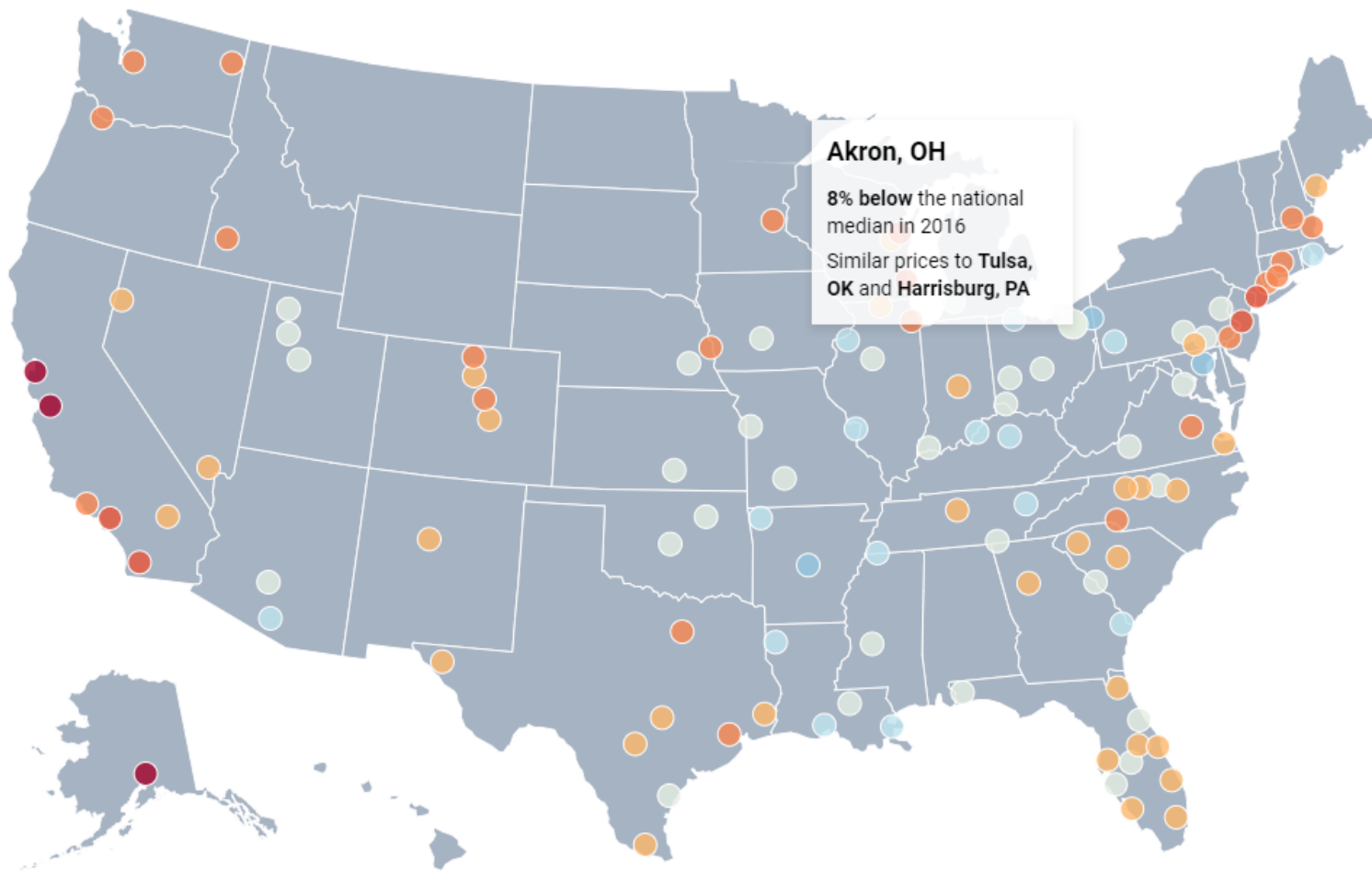
HCCI: Healthy Marketplace Index

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

FIND A METRO:

PERCENT DIFFERENCE FROM NATIONAL MEDIAN
-50% 50%

Metros Ranked by Price



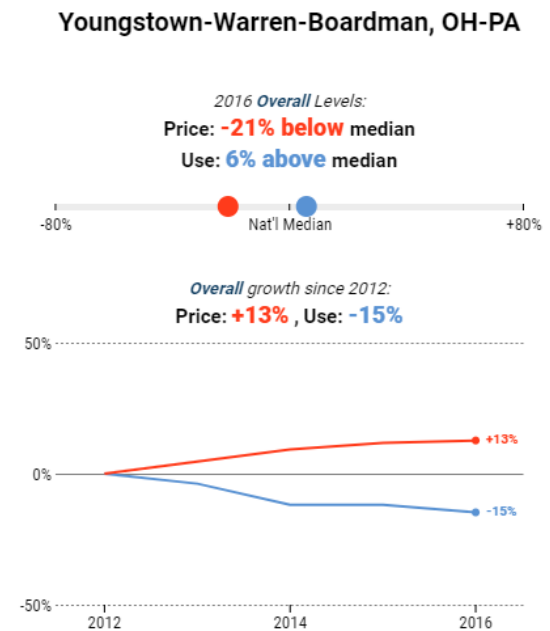
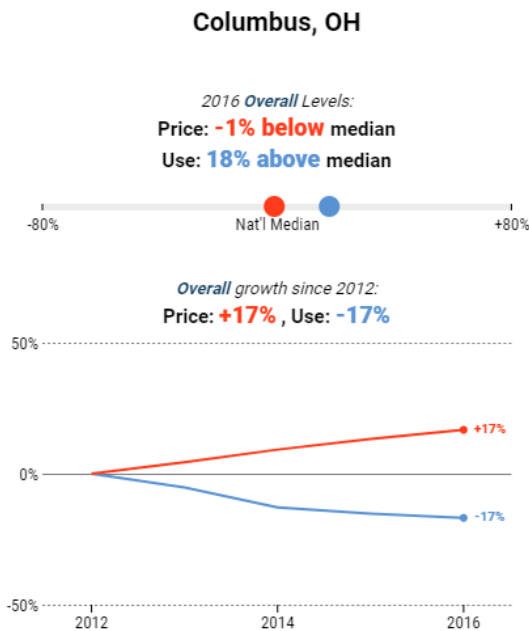
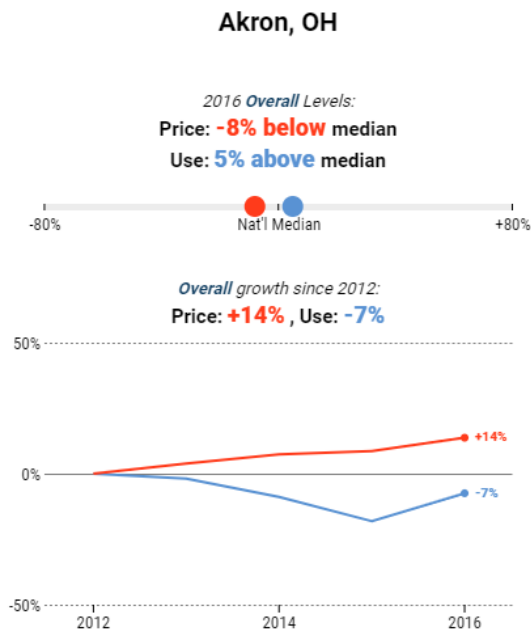
Akron, OH
8% below the national median in 2016
Similar prices to **Tulsa, OK** and **Harrisburg, PA**

Akron, OH — #92



HCCI: Healthy Marketplace Index

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



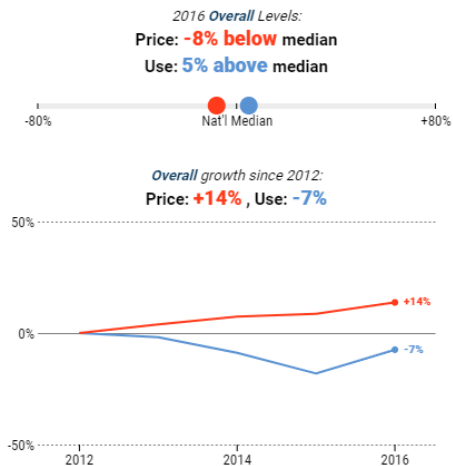


HCCI: Healthy Marketplace Index

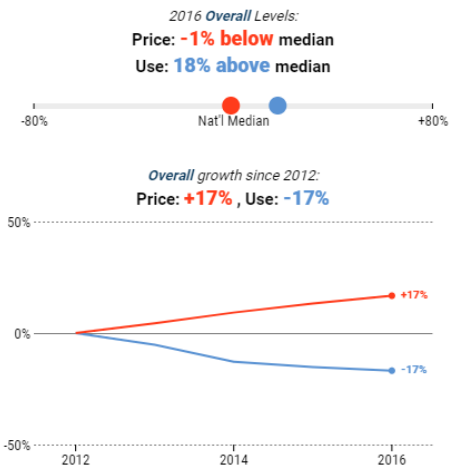
Compare Health Care Prices, Use Levels and Growth in Select Metros



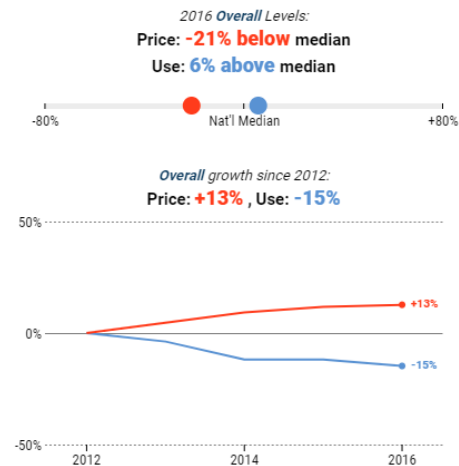
Akron, OH



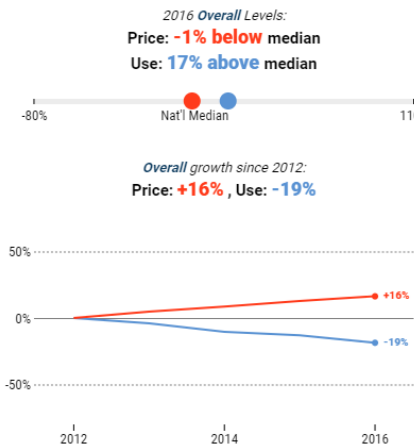
Columbus, OH



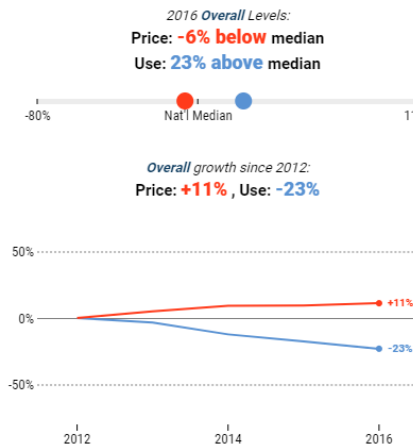
Youngstown-Warren-Boardman, OH-PA



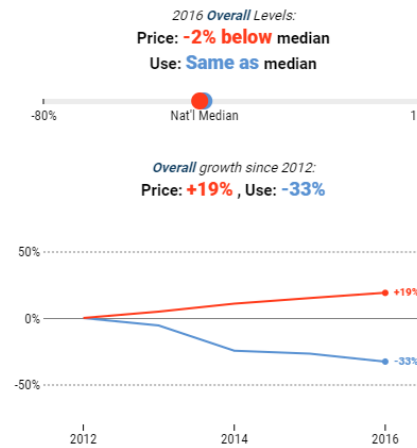
Cincinnati, OH-KY-IN



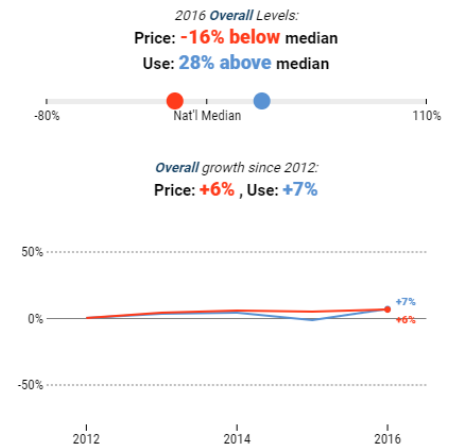
Cleveland-Elyria, OH



Dayton, OH



Toledo, OH

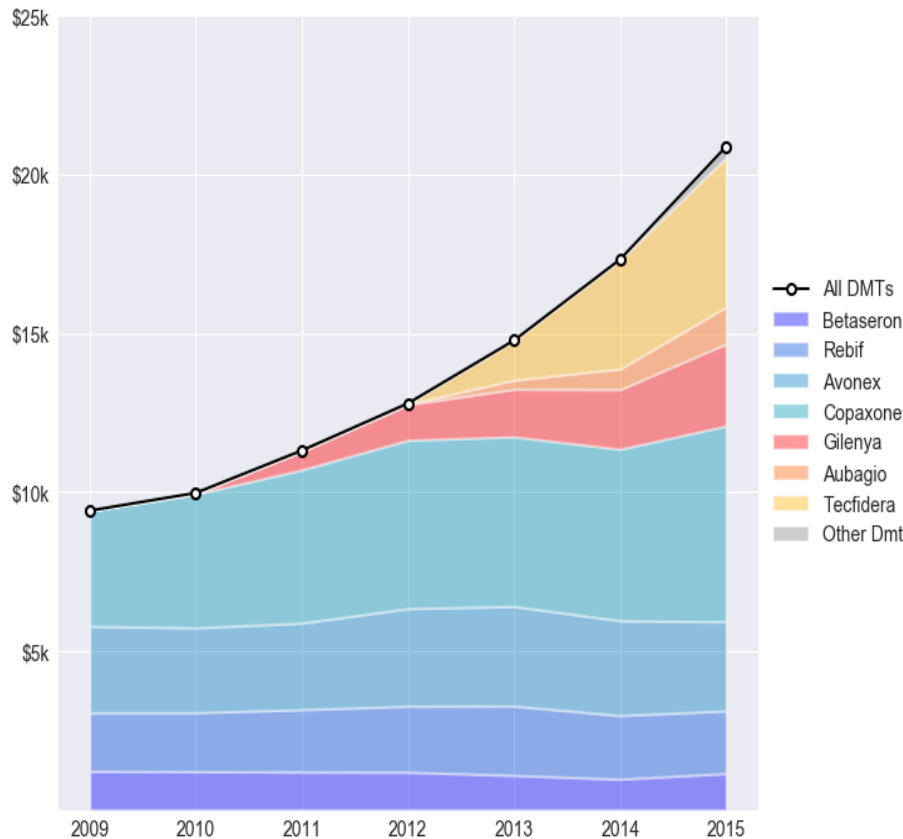




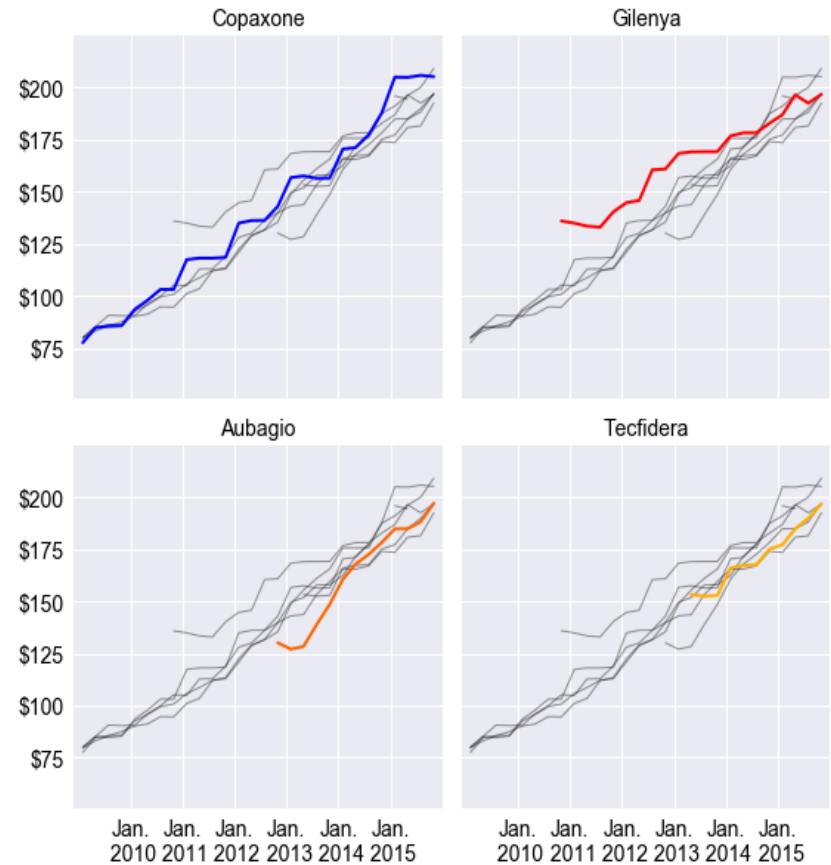
How do rising drug prices affect cost of care for people with MS?

Studying the implications of price changes of the most common drugs taken by people with MS

Total Spending Per Capita by People w/ MS on Disease Modifying Therapies, 2009-2015



Average Price per Filled Day for Most Common NDC Code for Each DMT, 2009-2015



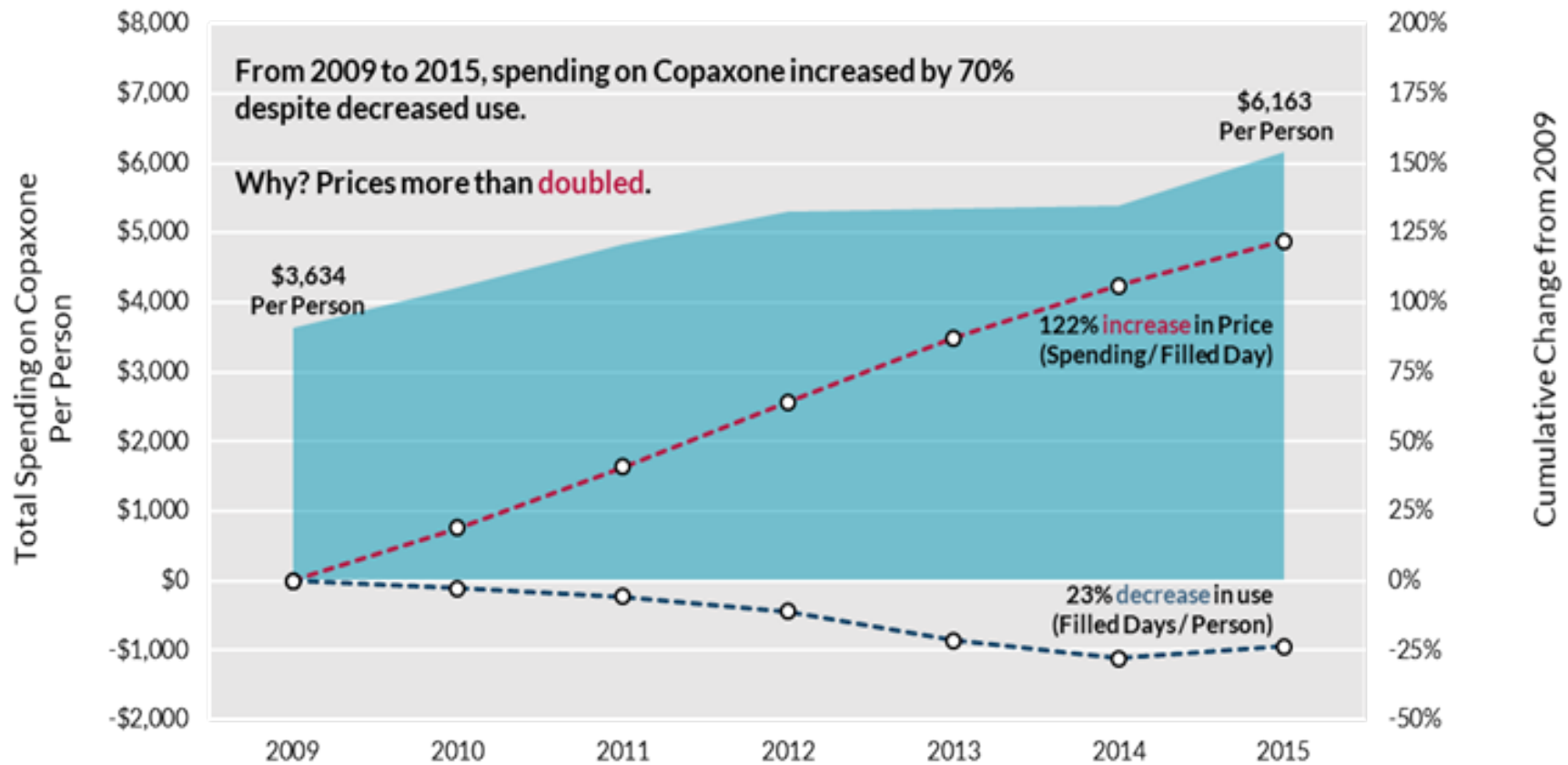


Health care is the only sector of the American economy where you can lose market share and gain revenue



HCCI

Copaxone:
Spending **More**, Using **Less**



Source: HCCI, 2018



Value Based Care won't mean a thing if prices rise faster than utilization decreases

Cumulative Change in Emergency Room Spending, Prices, and Utilization from 2009 to 2015



State: National

