

# **Cost Containment Through Prevention**

**Growing Healthy Children  
Health Care Reform 2010 Summit  
Charleston, WV**

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# Vision for a Healthier America



*America should strive to be the healthiest nation in the world. Every American should have the opportunity to be as healthy as he or she can be. Every community should be safe from threats to its health. And all individuals and families should have a high level of services that protect, promote, and preserve their health, regardless of who they are or where they live.*

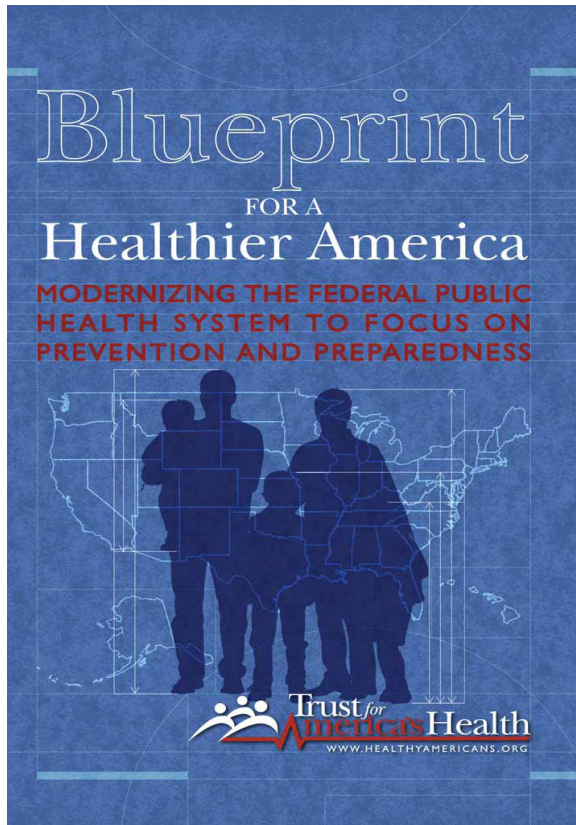
# Healthier America Project

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## “A Vision for a Healthier America”

- We believe prevention must drive our nation’s health strategy.
- We believe Americans deserve healthy and safe places to live, work, and play.
- We believe every community should be prepared to meet the threats of infectious disease, terrorism, and natural disasters.
- We believe Americans deserve to know what government is doing to keep them healthy and safe.

# Blueprint for a Healthier America




- **Develop a National Health and Prevention Strategy that articulates the vision of a healthier America:** The U.S. Secretary of Health and Human Services (HHS), on behalf of the President, should be charged with developing a strategy through a collaborative process.
- **Existing Funding Streams and Public Health Programs: Federal Level:** Create a guaranteed funding stream for prevention and public health activities by tapping Medicare, Medicaid, and private payers, as well as public health dollars.

# Prevention for a Healthier America


ISSUE REPORT

## Prevention for a Healthier America:

INVESTMENTS IN DISEASE PREVENTION  
YIELD SIGNIFICANT SAVINGS,  
STRONGER COMMUNITIES



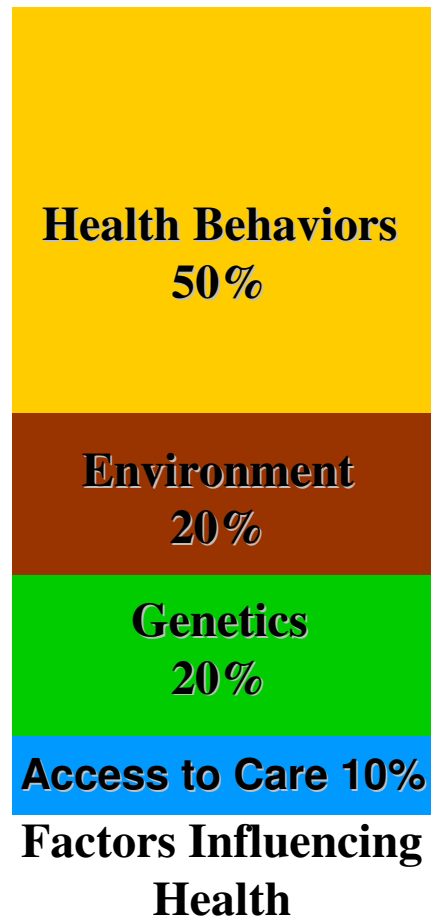
JULY 2008  
PREVENTING EPIDEMICS.  
PROTECTING PEOPLE.



Trust for America's Health  
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# Health Care Spending: \$2.2 Trillion in 2007



SOURCE: CDC, Blue Sky Initiative, University of California at San Francisco, Institute of the Future, 2000

# Focus on Community-Level Prevention Reduces Health Care Costs

- Universal agreement that prevention is a good thing; increases length and quality of life
- Growing evidence that some *clinical* prevention interventions show savings in health care costs
- Clinical interventions – one person at a time
- Community interventions – an entire population (those ill, those at risk, those well)
  - Evidence of savings from some population level interventions (tobacco control, helmet laws, sanitation)

# 2007 Prevention Priorities

<b>SHORT NAME</b>	<b>% Currently Receiving Intervention</b>	<b>Lives Saved Annually if Use Increased to 90%</b>
Discuss daily aspirin use	40%	45,000
Tobacco Cessation Counseling	28%	42,000
Colorectal Cancer Screening	48%	14,000
Influenza immunization	37%	12,000
Chlamydia Screening	40%	30,000*
Breast cancer screening	67%	3,700
Cholesterol screening	79%	2,450
Cervical cancer screening	83%	620
Pneumococcal immunization	54%	800

\*Number of cases of pelvic inflammatory disease prevented

# Clinical prevention

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- There are cost-saving clinical interventions like childhood immunization and low dose aspirin use.
- Other interventions have been found to be cost-saving by the National Commission on Prevention Priorities and National Business Group on Health such as hypertension screening, and adult influenza immunizations
- Many others have been found to be cost-effective, such as cholesterol, breast cancer, and cervical cancer screenings.

**Cost Saving**

Advising at-risk adults to consider taking aspirin daily

Childhood immunizations

Pneumococcal immunization (adults 65+)

Smoking cessation advice and help to quit

Screening adults for alcohol misuse and brief counseling

Vision screening (adults 65+)

**\$0 to \$15,000/QALY**

Chlamydia screening (sexually active adolescents and young women)

Colorectal cancer screening (adults 50+)

Influenza immunization (adults 50+)

Vision screening in preschool age children

**\$15,000 to \$50,000/QALY**

Breast cancer screening (women 40+)

Cervical cancer screening (all women)

Cholesterol screening (men 35+ and women 45+)

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)

# Community Water Fluoridation

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- Two studies from the CDC show that widespread community water fluoridation prevents cavities and saves money.
  - “For larger communities where it costs about 50 cents per person to fluoridate the water, every \$1 invested in this preventive measure yields approximately \$38 in savings in dental treatment costs
  - Another study by CDC and the University of Georgia, found that annual per-person cost savings ranges from \$16 in small communities to nearly \$19 in large ones.

# What is Community-Level Prevention?

- Interventions that promote healthy environments and behaviors – *“making the healthy choices the easy choices.”*
  - Changing community norms and growing community empowerment
    - Coalition and social network building
    - Social marketing campaigns
  - Changing the physical and social environments
    - Organizational practices and governmental policies (clean indoor air ordinances, restaurant labeling, food safety)
    - Walkability – lighting, sidewalks, signs
  - Increasing individual knowledge and skills
    - Health education programs

# TFAH Report -Key Findings

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1. Are there community-level interventions that could reduce chronic disease levels – and thus affect the biggest driver of increased disease, disability, and cost?

- **Yes.** Regardless of chronic condition targeted, most interventions fell into 4 categories: physical activity, nutrition, obesity, and smoking cessation.
- Reduced or delayed incidence of disease; mitigation of disease

## Key Findings (2)

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2. If we increased funding for community-level interventions, we could see a return on investment and more than break even in terms of ROI.
3. Savings can be shown by payer – with private payers, Medicaid and Medicare the biggest “winners.”

# Or Are We Just Delaying High End-of-Life Costs?

- Compression of morbidity: extending healthy life expectancy more than total life expectancy – literally compressing *chronic disease and disability* into a smaller proportion of life
  - Primary prevention delays or prevents disability vs. management of disability (current focus of health care system)
    - Preventing obesity – delaying or avoiding a knee replacement
    - Managing disability – providing a knee replacement
    - Obesity results in more chronic conditions, but not shorter life

# Focus of the Model

## **Diseases**

- ❑ Expensive
- ❑ Chronic
- ❑ Amenable to community-based prevention

## **Interventions**

- ❑ Type of intervention
- ❑ Effect on disease
- ❑ Associated costs

# Most Expensive Conditions

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- ❑ Heart disease
- ❑ Cancer
- ❑ Trauma
- ❑ Mental disorders
- ❑ Pulmonary conditions
- ❑ Diabetes
- ❑ Hypertension
- ❑ Cerebrovascular disease
- ❑ Arthritis
- ❑ Pneumonia
- ❑ Kidney disease
- ❑ Endocrine disorders
- ❑ Skin disorders
- ❑ Back problems
- ❑ Infectious diseases

# Priority Conditions

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- Heart disease
- Cancer (selected)
- Trauma
- Mental disorders
- Pulmonary conditions (selected)
- Diabetes
- Hypertension
- Cerebrovascular disease
- Arthritis
- Pneumonia
- Kidney disease
- Endocrine disorders
- Skin disorders
- Back problems
- Infectious diseases

# Disease Clusters-Intervention Pathways:

Short Run

Medium Run

Long Run

Physical activity, obesity, nutrition, smoking cessation

diabetes

diabetes  
&  
HBP

HBP

heart disease  
stroke  
renal disease

heart disease  
stroke  
renal disease

cancer

arthritis

COPD

# Effect of Interventions

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- We assume a sustained reduction in the prevalence of diabetes and hypertension
- Modeled as a one-time permanent change in response to an ongoing community-level intervention
- We also assume a steady state population

# Plausible Intervention Effect

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- Literature review offers a broad range of impact of community interventions
  - Literature supports that interventions can have an impact of 10%, but we modeled a 5% impact to be conservative
  - Literature does not consistently present data to make comparisons across interventions

# Cost-Benefit

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- Data are variable regarding per capita costs of interventions.
  - Range in the literature is quite wide.
  - For the purpose of this exercise, we are assuming an average of \$10 per capita to be very conservative and to permit a group of interventions to be introduced, including some that might be targeted and higher cost.

# Prevention for a Healthier America: Financial Return on Investment?

*With a Strategic Investment in Proven Community-Based Prevention Programs to Increase Physical Activity and Good Nutrition and Prevent Smoking and Other Tobacco Use*

<b>INVESTMENT:</b>	<b>\$10 per person per year</b>
<b>HEALTH CARE COST NET SAVINGS:</b>	<b>\$16 Billion annually within 5 years</b>
<b>RETURN ON INVESTMENT (ROI):</b>	<b>\$5.60 for every \$1</b>

## Net Savings: 5% Impact at \$10 Per Capita Cost (in Millions) (in 2004 dollars)

	<b>Short</b>	<b>Medium</b>	<b>Long</b>
<b>U.S. (Mid-term ROI: 5.60:1)</b>			
<b>Care Cost Savings</b>	\$5,784	\$19,479	\$21,387
<b>Intervention Costs</b>	\$2,936	\$ 2,936	\$ 2,936
<b>Net Savings</b>	<b>\$2,848</b>	<b>\$16,543</b>	<b>\$18,451</b>

Short Run: 1 to 2 Yrs. • Medium Run: 5 Yrs. • Long Run: 10 to 20 Yrs.

## Net Savings By Payer: 5% Impact at \$10 Per Capita Cost (in 2004 dollars)

	1-2 Years	5 Years	10-20 Years
Medicare	\$487 million	\$5.213 billion	\$5.971 billion
Medicaid	\$370 million	\$1.951 billion	\$2.195 billion
Private payers/Out of Pocket	\$1.991 billion	\$9.380 billion	\$10.285 billion

# Limitations

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- Limited data on sustainability and scalability – hence the assumption that only a one-time effect even though intervention sustained over time. (Or new interventions introduced over time.)
- Model calculates savings from reductions in prevalence; other models look at stemming the rise.
- Savings in 2004 dollars, though costs have risen.
- Model incorporates marginal cost of interventions, not the cost of basic infrastructure.

# Policy Implications

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- Increased investment in community level prevention can save health care costs – with a substantial return on investment, even assuming relatively high cost for interventions and only one-time impact of interventions.
- **And this helped build the case that led to the creation of the \$15 billion Prevention and Public Health Fund under the Affordable Care Act.**

# Health Reform:

## Turning SICK CARE into HEALTH CARE

Health Reform Means Millions of More Americans Will Have Access to:



Preventive health care



Community-based prevention programs

that make healthy choices easier choices in every neighborhood in the country.

So we can prevent diseases in the first place instead of only treating people after they've become sick.

This means: Less disease (lowering rates of heart disease, stroke, diabetes, cancer, etc)...

And a healthier America.

# Public health spoke with unified voice

- Pillars for public health in health reform:
  - Universal coverage, including first \$ coverage of clinical preventive services
  - National Prevention Strategy
  - **Reliable funding stream through creation of a Trust Fund (mandatory appropriation) to support:**
    - Core public health functions
    - Community prevention
    - Public health workforce
    - Public health and prevention research



# American Recovery and Reinvestment Act: Downpayment on Health Reform

- \$650 million to “carry out evidence-based clinical and community-based prevention and wellness strategies...that deliver specific, measurable health outcomes that address chronic disease rates.”
- “a historic commitment to wellness initiatives will keep millions of Americans from setting foot in the doctor's office in the first place -- because these are preventable diseases and we're going to invest in prevention.” – President Barack Obama, Feb. 17, 2009

# Real money through mandatory appropriations



- Prevention and Public Health Fund: **\$15 billion** over 10 years (permanent authorization at **\$2 billion** a year)
  - \$500 million available immediately (FY 2010); \$750 million available in October (FY 2011)
  - Separate fund for **Community Health Centers** (\$11 billion over 5 years)

# Purpose of the Fund: Non-Clinical prevention

- “Another critical element in the bill essential to a sustainable push for wellness is the creation of a prevention and public health trust fund. Typically prevention and public health initiatives are subject to unpredictable and unstable funding. This means that important interventions...often go unfunded from one year to the next. .... **The prevention and public health fund in this bill will provide an expanded and sustained national investment in programs that promote physical activity, improve nutrition, and reduce tobacco use.** We all appreciate that checkups and immunizations and other clinical services are important. (**Senator Harkin**, December 21, 2009, Congressional Record, pp. S13661-62.)

# Purpose of the Fund: Non-Clinical prevention

- But this bill also recognizes that **where Americans live and work and go to school also has a profound impact on our health.** This is the very first opportunity in a generation – one that may never return – to invest in modernizing the public health system. To divert from this intent is only inviting the Congress to give very specific direction to the Administration about how this money is spent. That would remove the flexibility this Fund is meant to give the Administration in the long term.”  
(**Senator Harkin**, December 21, 2009, Congressional Record, pp. S13661-62.)

# True community-based prevention

## □ **Community Transformation Grants (Sec.4201)**

- Requires detailed plan for policy, environmental, programmatic and infrastructure changes to promote healthy living and reduce disparities
  - Create healthier school environments, including healthy food options, physical activity opportunities, promotion of healthy lifestyles
  - Develop and promote programs targeting increased access to nutrition, physical activity, smoking cessation and safety
  - Highlight healthy options at restaurants and food venues
  - NOT limited to chronic diseases or one disease at a time
  - NOT \$7 billion for jungle gyms

# Community Transformation Grants Principles (July 2010)

- Goal should be to create healthier communities
- Should be scalable with sufficient reach and intensity to have national impact
- Communities at disproportionate risk are funded and given opportunity to achieve transformational and sustainable change
- Should include a mix of evidence –informed and innovative approaches
- Grantees should look beyond health policy and develop strong diverse coalitions

# What's happening now?

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- ❑ Establishment of National Prevention, Health Promotion and Public Health Council chaired by Surgeon General
- ❑ Development of National Prevention and Health Promotion Strategy
- ❑ Appointment of an Advisory Group to the Council
- ❑ Awarding of FY 2010 dollars

## FY 2010 - \$500 million

- On June 16 and June 18 funding was released in two parts: \$250 million for training and development of primary care professionals [one-time only] and \$250 million for prevention activities
- **Workforce:** training new primary care physicians, physician assistants, nurse managed care, part-time to full-time nursing students
- **Prevention/Public Health:** community and clinical prevention, public health infrastructure, research and tracking, and public health training.

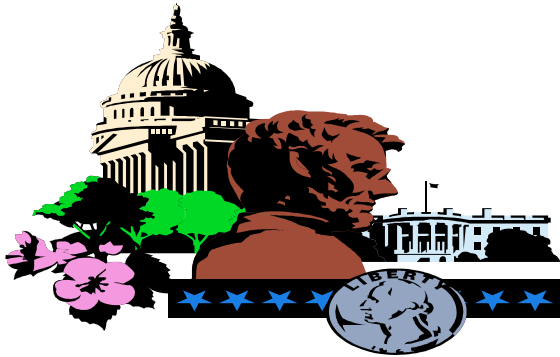
# FY 2011 - \$750 million

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- Senate Committee-Passed (July 29<sup>th</sup>)
  - \$220 million for Community Transformation Grants
  - \$50 million for REACH
  - \$140 million for Chronic Disease Initiative
  - \$50 million for Epidemiology and Lab Capacity
  - \$20 million for public health research
  - \$14 million for community and clinical task forces
  - \$70 million for prevention outreach
  - \$10 million for preventive research centers

# What's happening in the near future?

- Congressional consideration of FY 2011 appropriations (\$750 million)
- Incorporation of Prevention Fund into FY 2012 budget, expected February 2011 (\$1 billion)
- Be vigilant against attempts to redirect such funds in the future (**threat in play as I'm speaking**)
- Ensure Congressional Intent is implemented by the Executive Branch (**\$250 million already diverted in FY 2010**)



# Questions/Comments?

For further information

[www.healthyamericans.org/health-reform](http://www.healthyamericans.org/health-reform)

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