

# **HEALTH CARE**

## **NEWS AND INFORMATION**

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*Health Care: News and Information* is a service of the Healthcare Leadership Council (HLC) to help our readers stay fully informed about the latest health care issues as we work to advance a high-quality health care system.

Jim Edwards, Editor

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## **Dartmouth Study Points Toward Health Savings**

**Medicare could save \$50 billion over five years if all chronic care patients received smarter care, the latest Dartmouth Atlas of Health Care found.**

- The report reinforced that more treatment doesn't translate into better results. A coauthor of the study told the Wall Street Journal, "We know that higher-intensity [medical] practice is actually associated with worse outcomes."
- Dartmouth researchers looked at millions of Medicare cases for patients with one or more of nine chronic diseases. Those patients died between 2001 and 2005.
- The Wall Street Journal's reporter blogged, "the cost of individual medical services isn't the big driver of Medicare spending, at least for chronically ill patients in their last two years. It's the intensity of care, such as the number of specialist visits and days in the ICU."

**Regional variation in treatment style helps explain some of the extra costs Medicare incurs.**

- Researchers documented wide variation in how chronic care patients are handled the final two years of their lives. As a study coauthor told the Journal, "Care organizes itself around local capacity. . . . [To doctors,] doing more always feels better."
- For instance, patients in Bend, Oregon, spent fewer than 11 days in the hospital during this time. But similar patients in Manhattan were hospitalized an average of 35 days.
- Chronic care patients experience great differences in frequency of doctor visits in the final six months of life, depending on where they live. Ogden, Utah, patients saw doctors 14.5 times, while Los Angeles patients trekked to the doctor's office 59 times in those six months.

**The Dartmouth Atlas found that current payment set-ups encourage overuse of acute-care hospital services and lots and lots of visits to medical specialists. This has serious consequences.**

- Medicare pays for volume of services and for the severity of the medical condition, not for efficiency, organization of care or quality of care. Dartmouth said "institutions that give better care can do it at a lower cost because they don't overtreat patients."

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- According to Dartmouth, two things drive care decisions. One, the belief that more services equal healthier patients. Two, local supply of health resources. “The supply of services creates its own demand, so regions with more resources have more usage and thus higher costs.”

.Three-fourths of all health spending goes to treat chronic diseases. One-third of Medicare’s budget is spent on treatment in a patient’s final two years of life. Two-thirds of the Medicare chronically ill in this study had cancer, congestive heart failure or chronic lung disease.

- Because Medicare spent \$289 billion during the five years of this report on chronic disease sufferers, smarter, more efficient treatment would have saved over 17 percent, or \$50.1 billion. And the patients would have been better off, spared unwanted days in the hospital or in doctors’ offices and saved the energy drained by these uncoordinated treatments.

**Health care leaders want to see American health care gravitate toward smarter treatment, better coordination of care, greater value for every health care dollar and better outcomes for patients. This move will benefit patients, taxpayers and health care providers – and extend the Medicare program’s fiscal viability further into the future. Learning from the best institutions and fixing the “misplaced financial incentives” in health payment mechanisms will increase value, improve quality of care and serve patients, especially those suffering from chronic diseases.**

*The Healthcare Leadership Council, representing the innovators in each sector of the health care industry, is committed to advancing a market-based health care system that values innovation and provides affordable, high-quality care.*

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