Reassessing the Value Equation: The Consequences of Biomedical Innovation and Health Care Spending

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Sponsors: Harvard Interfaculty Program on Health System Improvement, Duke Center for Demographic Studies, the Lasker Foundation, and the National Institute of Aging

Attendees: Scholars and leaders from the fields of health economics, demography, health policy and provision of health care services, as well as representatives of critical public agencies and the private sector.

Purpose: “To explore the relationship between health care, health, and economic growth and lay the groundwork for further research”.

Program

Panel 1: The Impact of Health Care on the Economy
- Kenneth Manton, Ph.D.
- David Cutler, Ph.D.

Panel 2: The Effect of Health Spending on Population Health
- Elliot Fisher, M.D., M.P.H.
- Lisa Berkman, Ph.D.

Lunch: Introductions and Remarks:
- Joseph B. Martin, M.D., Ph.D.
- Lawrence H. Summers, Ph.D.
- Raymond Gilmartin

Panel 3: The Return on Investment to Health Care Spending
- Sherry Glied, Ph.D.
- Peter Neumann, Sc.D.

Closing Remarks, David Blumenthal, M.D., M.P.P.
Summary of Critical Issues

- How do we reconcile the different views of value provided by the cross-sectional versus the longitudinal studies?
- Some of the most beneficial innovations are the marginal process innovations or organizational innovations that increase the use of existing technologies. Yet, how do we identify them, assess their value, and reward them? How do we gather the level of detail needed to assess their impact on health and value over time?
  - This is a technically complex problem → developing the innovations needed to better implement existing technologies/innovations.
  - What systems are needed to encourage/reward the big innovational leaps along organizational and process lines?
  - The value of many key technologies remain poorly assessed (evaluation and management services → physician visits, etc.)
- Incentives are not aligned to reward value in the medical sector. The primary incentives reward volume rather than efficiency (more rather than better)
  - How do we create the incentives needed to reduce the inefficient care that constitutes 30% of our spending? There is a need to better identify and master the process and organizational innovations that will allow much more targeted spending.
  - How do we instill competition into the industry?
- How can we refocus national attention to investment in infrastructure and the kind of research that can really improve value (and our ability to measure it, reward it, etc.)?
  - This needs to extend across organizational lines.
  - Are the resources and will to take action in place to allow academia, industry, and government to collaborate on making this come to pass?
- Idea that national health accounts need to track benefits in addition to flow of costs. This also gets at the need for IT infrastructure to track benefits and costs across organizational lines and over time.
- There is a flawed approach to accountability in health care that is related to the lack of integrated systems to assess quality and efficiency longitudinally.
- Distributional issues are critical:
  - Increased innovations and medical care spending are exacerbating inequalities/disparities. How do we continue to innovate while also narrowing the gaps in access to these innovations? How can we improve value while denying these key innovations to many that might benefit the most?
The redistribution of money to the elderly (particularly in the setting of the Baby Boomers coming of age) needs to be considered/examined as we assess the value of continued innovation and health care spending increases.

- Public (and perhaps policymaker) perceptions of value are skewed – what can we do to change perceptions such as:
  - ‘More is better’
  - Value of health care is poor
  - Value means cost-savings

- What are the implications of increased health spending for other sectors of the economy? We need economic assessments to change public perceptions about health spending

- Behavioral change merits substantially more attention:
  - What innovations will lead to behavioral change (e.g. risk factor reduction, improved medication adherence, etc.)?
  - How do we change population risk behaviors? What kinds of business initiatives can create these incentives and also improve the bottom line?
  - We seem to be doing a much worse job at preventing disease than at treating it (look at the focus of our HEDIS measures) ➔ incentives are wrong

- What specific innovations are keeping people active (i.e. reducing disability)?

- Efficiency and effectiveness are continuing concerns:
  - Who is going to get all of the effective technologies into practice? What is the return to managed care? Medicare?
  - How can we get more out of the system (decrease overuse, increase underuse, etc.)? Which innovations and/or incentives foster this?
  - If you eliminate all the underuse, what would be the health impact, cost impact, ROI?
  - If you eliminate the overuse, what would be the impact on health and on spending?
  - Summers recap: If we successfully got every American to get healthcare that corresponded to the appropriate guidelines, what would happen to health and spending ➔ likely that share of GNP on health care would go up (i.e. fixing the underuse would overwhelm any savings from eliminating the overuse)

- Increasing move toward individualized medicine with targeting of therapies to those who would benefit most (this was only briefly touched on in the conference but will likely move to center stage in the next few years and may have a substantial impact on the value of care.)

- How do we better educate the health workforce to understand and use information on value?

- How do we get funding agencies and researchers to refocus on the processes that improve efficiency and value?