The Value of Public Health Financial Data

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The Value of Public Health Financial Data

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National Public Health Chart of Accounts Workgroup • Washington, DC • 26 April 2013
What’s the big deal?

“Poor costing systems have disastrous consequences. It is a well-known management axiom that what is not measured cannot be managed or improved. Since providers misunderstand their costs, they are unable to link cost to process improvements or outcomes, preventing them from making good decisions. Poor cost measurement [leads] to huge cross-subsidies across services. Finally, poor measurement of costs and outcomes also means that effective and efficient providers go unrewarded.”

Informing practice and policy decisions

- Align spending with preventable disease burden
- Identify and address inequities in resources
- Improve productivity and efficiency
- Demonstrate value: linking spending to outcomes
- Strengthen fiscal policy: financing mechanisms
What we know, sort of…

Governmental Expenditures for Public Health Activity,
USDHHS National Health Expenditure Accounts

- Blue line: Percent of NHE (x100)
- Red line: Percent of GDP (x1000)
- Green line: Per capita ($100s nominal)
- Purple line: Per capita ($100s constant)

U.S. Centers for Medicare and Medicaid Services, Office of the Chief Actuary
What we know, sort of...

Governmental Expenditures for Public Health Activity, USDHHS National Health Expenditure Accounts

- State and local
- Federal

Billions:
- $- to $90

Years:
- 1960 to 2010

U.S. Centers for Medicare and Medicaid Services, Office of the Chief Actuary
Understanding variation

Medicare Spending per Beneficiary, by Hospital Referral Region

Source: Congressional Budget Office based on data from the Centers for Medicare and Medicaid Services.
<table>
<thead>
<tr>
<th>Source</th>
<th>Cost per Life-Year Gained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical care spending, 1990-2000 (Cutler et al. NEJM, 2006)</td>
<td>$36,300</td>
</tr>
<tr>
<td>Public health spending, 1993-2008</td>
<td>$12,200-$25,600</td>
</tr>
</tbody>
</table>

Mays et al. 2011; forthcoming
Toward a “rapid-learning system” in public health

In a learning health care system, research influences practice and practice influences research.

**Evaluate**
- Collect data and analyze results to show what does and does not work.

**Implement**
- Apply the plan in pilot and control settings.

**Design**
- Design care and evaluation based on evidence generated here and elsewhere.

**Adjust**
- Use evidence to influence continual improvement.

**Disseminate**
- Share results to improve care for everyone.

**Internal and External Scan**
- Identify problems and potentially innovative solutions.

For More Information

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