Lifestyle Choices and Impact on Claims
Why Healthcare is so Expensive and How to Live Healthier
Audience Participation:

Americans are sicker than Europeans.

False.
Audience Participation:
Higher prices are the #1 reason America’s healthcare spending is increasingly more than Europe’s.

True.
After Adjustment for Wealth, U.S. Still Spends More Than Other Countries

Per capita health care spending, 2006

$ at PPP*

2006 R²=0.88

Per capita GDP $%

* Purchasing power parity.
** Estimated Spending According to Wealth.
Source: Organisation for Economic Co-operation and Development (OECD)
But the U.S. is Not as Sick as Europe

Disease prevalence in the United States is lower than in peer countries for most high-cost medical conditions

<table>
<thead>
<tr>
<th>Disease</th>
<th>US health care expenditures by disease condition* ($ billion)</th>
<th>Disease prevalence: United States vs. peer countries** US prevalence = peer counties at 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heart conditions</td>
<td>76.5</td>
<td>95</td>
</tr>
<tr>
<td>Trauma-related disorders</td>
<td>72.5</td>
<td>106</td>
</tr>
<tr>
<td>Cancer</td>
<td>69.7</td>
<td>105</td>
</tr>
<tr>
<td>Mental disorders</td>
<td>56.0</td>
<td>98</td>
</tr>
<tr>
<td>COPD***, asthma</td>
<td>53.8</td>
<td>67</td>
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<tr>
<td>Hypertension</td>
<td>42.3</td>
<td>77</td>
</tr>
<tr>
<td>Diabetes mellitus</td>
<td>34.3</td>
<td>86</td>
</tr>
<tr>
<td>Osteoarthritis/other joint disorders</td>
<td>34.2</td>
<td>86</td>
</tr>
<tr>
<td>Back problems</td>
<td>32.5</td>
<td>91</td>
</tr>
<tr>
<td>Other</td>
<td>288.5</td>
<td>97</td>
</tr>
</tbody>
</table>

* Includes 35 of 60 medical conditions surveyed by US Medical Expenditure Panel Survey; the costs of these diseases represent 35 percent of total US health expenditures.

** Peer countries are France, Germany, Italy, Spain, and the United Kingdom.

*** Chronic Obstructive Pulmonary Disease.

Source: Medical Expenditure Panel Survey, 2005; Decision Resources 2006; McKinsey Global Institute analysis
Spending in the U.S. Increased $930 Billion
1996-2013

$583

$269

$136

-$27

-$28

Disease Prevalence
Utilization
Aging
Population Size
Price Increases

Cumulative Change in Price, Utilization and Spending 2012-2016
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
A recent driver of higher facility prices is **hospital consolidation**.

Physicians control costs much more effectively when they are independent.
SUMMARY OF KEY FINDINGS

- Hospital consolidation generally results in higher prices
- Hospital competition improves quality of care
- Physician-hospital consolidation has not led to either improved quality or reduced costs
“Increases in physician-hospital integration from 2008 through 2012 were associated with increased spending and prices for outpatient services, with no accompanying changes in utilization that would suggest more efficient care from better care coordination and economies of scale.”
“The most definitive finding is that hospital ownership of physician practices leads to higher prices and higher levels of hospital spending.”
A Texas Problem:
Freestanding Emergency Rooms

- 75% of all patients seen at FSERs can be seen in urgent care
- $2,200 vs $168 average cost
- Deliberate confusion of patients

Comparing Utilization and Costs of Care in Freestanding Emergency Departments, Hospital Emergency Departments, and Urgent Care Centers
Vivian Ho, PhD*; Leanne Metcalfe, PhD; Cedric Dark, MD, MPH; Lan Vu, BS; Ellerie Weber, PhD; George Shelton, Jr., MD, MPP; Howard R. Underwood, MD, FSA
OECD Expenditure on Pharmaceuticals
Per capita, 2013 (or nearest year)

1. Includes medical non-durables (resulting in an over-estimation of around 5-10%).
2. Excludes spending on over-the-counter medicines.

Costly New Specialty Drugs Are Major Driver of Increased Health Spending

Express Scripts drug spending growth trend by therapy class, 2006-2014

Summary — Healthcare Costs

- The #1 cause of high healthcare costs in the U.S. is prices.
- Hospital Consolidation raises costs and prices.
- Freestanding Emergency Rooms are very expensive and raise the cost of healthcare.
- Pharmaceuticals are already 10% of our spending, and the fastest growing part of the increase in healthcare costs.
- The U.S. pays far more for the same drugs than any other country in the world.
How to Stay Healthy
Relative Mortality Risk for Conditions

Smoking


Declines in Acute Myocardial Infarction After Smoke-Free Laws and Individual Risk Attributable to Secondhand Smoke

James M. Lightwood, PhD; Stanton A. Glantz, PhD

Background—The estimated effects of recent public and workplace smoking restriction laws suggest that they produce significant declines in community rates of heart attack. The consistency of these declines with existing estimates of the risk of heart attack in individuals attributable to passive smoking exposure is poorly understood. The objective of this study was to assess the consistency of estimates of reductions in community rates of heart attacks resulting from smoking restrictions with estimates of the relative risk of heart disease in individuals exposed to passive smoking.

Analyses of existing estimates of declines in community rates were compared with a meta-analysis of individual risk and community rates. The outcome measure is the ratio of acute myocardial infarction hospital admissions associated with the implementation of smoking restriction laws and the rate of acute myocardial infarction (after divided by before implementation of a smoking restriction law). The pooled random-effects estimate of the rate of acute myocardial infarction hospital admissions associated with the implementation of smoking restriction laws is 0.83 (95% confidence interval, 0.80 to 0.87), and this estimate is consistent with a range of plausible individual risk and exposure estimates.

“There is a significant drop in the rate of acute myocardial infarction hospital admissions associated with the implementation of strong smoke-free legislation.”
Exercise (at least a little)

_Sitting too much, not just lack of exercise, is detrimental to cardiovascular health_

Dallas – July 7, 2014 – Cardiologists at UT Southwestern Medical Center found that sedentary behaviors may lower cardiorespiratory fitness levels. New evidence suggests that two hours of sedentary behavior can be just as harmful as 20 minutes of exercise is beneficial.

Every Minute Of Exercise Could Lengthen Your Life Seven Minutes

_Taking up physical activity in later life and healthy ageing: the English longitudinal study of ageing_

**Conclusions** Sustained physical activity in older age is associated with improved overall health. Significant health benefits were even seen among participants who became physically active relatively late in life.

Sources:


Incidence of Cancer by Midlife Cardiorespiratory Fitness

![Graph showing hazard ratio for lung cancer, colorectal cancer, and prostate cancer across different levels of CRF (Low, Moderate, High)].

Years of Life Expectancy Lost after Age 40 by Physical Activity and Body Mass Index

Annual Costs by Mid Age Fitness Level
Changes in Physical Fitness and All-Cause Mortality

It’s Never Too Late to Start

Age-Adjusted All-Cause Mortality/10,000 PY

(Five years between exams, on average)

For comparison, long term cigarette smoking reduces life expectancy by approximately 10 years.

“Combined together, a lack of activity and a high BMI were associated with 7.2 years of life lost relative to meeting recommended activity levels and being normal weight.”

What You Eat Is Important
Diet and Obesity Still Matter
“Ultimately, weight loss requires consuming fewer calories than expended. A common misconception of this thermodynamic principle de-emphasizes the importance of dietary composition…an alternative view, the metabolic effects of refined carbohydrate cause the adipocyte to take in, store, and trap too many calories…If so, treatment focused on dietary quality, rather than advice to eat less, could help…”
“The Dietary Guidelines Advisory Committee, which convenes every five years, followed the lead of other major health groups like the American Heart Association that in recent years have backed away from dietary cholesterol restrictions and urged people to cut back on added sugars.”

-The New York Times
Use healthy oils (like olive and canola oil) for cooking, on salad, and at the table. Limit butter. Avoid trans fat.

The more veggies – and the greater the variety – the better. Potatoes and French fries don’t count.

Eat plenty of fruits of all colors.

Drink water, tea, or coffee (with little or no sugar). Limit milk/dairy (1-2 servings/day) and juice (1 small glass/day). Avoid sugary drinks.

Eat a variety of whole grains (like whole-wheat bread, whole-grain pasta, and brown rice). Limit refined grains (like white rice and white bread).

Choose fish, poultry, beans, and nuts; limit red meat and cheese; avoid bacon, cold cuts, and other processed meats.

Harvard Medical School
Harvard Health Publications
www.health.harvard.edu
Just What is Whole Grain?

• Whole Grain consists of bran, germ, and endosperm.

• Processed flour strips out bran and germ, which can help in making light, fluffy pastries.

• Processed grains lose more than half of wheat’s B vitamins, 90 percent of the vitamin E, and virtually all of the fiber.

• Bran contains fiber, which slows the absorption of the carbohydrates, and helps keep glucose under control.

• Fiber can also lower cholesterol.

Real Food is Key

“A diet of minimally processed foods close to nature, predominantly plants, is decisively associated with health promotion and disease prevention and is consistent with the salient components of seemingly distinct dietary approaches.”

Sources:
Dieting Doesn’t Work
Lifestyle Changes Do

The Science of Ego Depletion
Original Investigation

Comparison of Weight Loss Among Named Diet Programs in Overweight and Obese Adults
A Meta-analysis

CONCLUSIONS AND RELEVANCE  Significant weight loss was observed with any low-carbohydrate or low-fat diet. Weight loss differences between individual named diets were small. This supports the practice of recommending any diet that a patient will adhere to in order to lose weight.

JAMA  September 3, 2014  Volume 312, Number 9
Behavioral Economics

THINKING, FAST AND SLOW

DANIEL KAHNEMAN

WINNER OF THE NOBEL PRIZE IN ECONOMICS
Chocolate vs. Radish Experiment

• The set up:
  • Recently baked chocolate chip cookies vs. a basket of radishes
• Group A: Eat Radishes (while not eating cookies)
• Group B: Eat Cookies
• Try to solve an unsolvable tracing puzzle
Results

Time before giving up
- Radishes:
- Cookies:

Attempts before giving up
- Radishes:
- Cookies:
Results

Time before giving up
- Radishes: 8 minutes
- Cookies: 19 minutes

Attempts before giving up
- Radishes:
- Cookies:
Results

<table>
<thead>
<tr>
<th></th>
<th>Time before giving up</th>
<th>Attempts before giving up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radishes:</td>
<td>8 minutes</td>
<td>Radishes:</td>
</tr>
<tr>
<td>Cookies:</td>
<td>19 minutes</td>
<td>19 attempts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cookies:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>34 attempts</td>
</tr>
</tbody>
</table>
Summary--Living Well

- Smoking is the worst thing you can do for your health.
- The more fit you are, the better you will do. But most importantly, stay out of the lowest category.
- Higher fitness levels result in better mortality, lower risk of cancer, and lower overall spending.
- Obesity is bad for you, and morbid obesity is very bad for you.
- What you eat is as important as how much you eat.
  - Limit sugar and refined carbohydrates. Eat more plants.
  - Don’t diet. Change your lifestyle.