



January 2005

Are More of Us Sick?

Between 1987 and 2000, health care spending rose \$200 billion, according to *Health Affairs (Web exclusive August 25, 2004)*. Are more people getting care, or are we spending more on the same number of patients? The answer is a little of both.

During that time period, the number of heart disease patients went up slightly, but the cost per patient went up dramatically. Of the total \$26.2 million in new spending on heart disease care, approximately \$18.3 million was for new techniques, technology, and prescriptions; \$7.8 million was for additional patients.

Also during this time, new heart disease drugs came onto the market, such as Lipitor, now the largest selling drug in the world. Providers began using cardiac catheterization for diagnosis, and angioplasty became a more common procedure. These improvements replaced other less costly methods, and pushed down the heart disease death rate.

Even if we could have reduced the number of heart disease cases, costs would still have gone up.

Preventing heart disease would have affected only 30% of the increased spending – 70% was for care that is more advanced.

For other conditions, the number of patients has grown. More than half of the growth in mental health expenses is explained by new patients entering treatment. Diagnosis of mental disorders has increased sharply, assisted by anti-depressants and other psychotropic medications becoming readily available.

The same is true of diabetes, where only half of the spending growth is due to advances in care. More people are getting diagnosed with diabetes. Here the aging of the population is relevant: a crowd of baby boomers is hitting the age where chronic conditions become apparent.

Health care cost growth is a many-faceted problem. Lowering costs is not as simple as diagnosing patients sooner, getting them to make better health choices, or negotiating discounts with providers.

While everyone bemoans the ever-heavier burden of costs, no one wants to choke off innovations and improvements in health care.

We can help employers understand their health care expenses and how their work force benefits from the health plan. Greater understanding puts health care costs in a whole new light. And that should make everyone feel a little better!