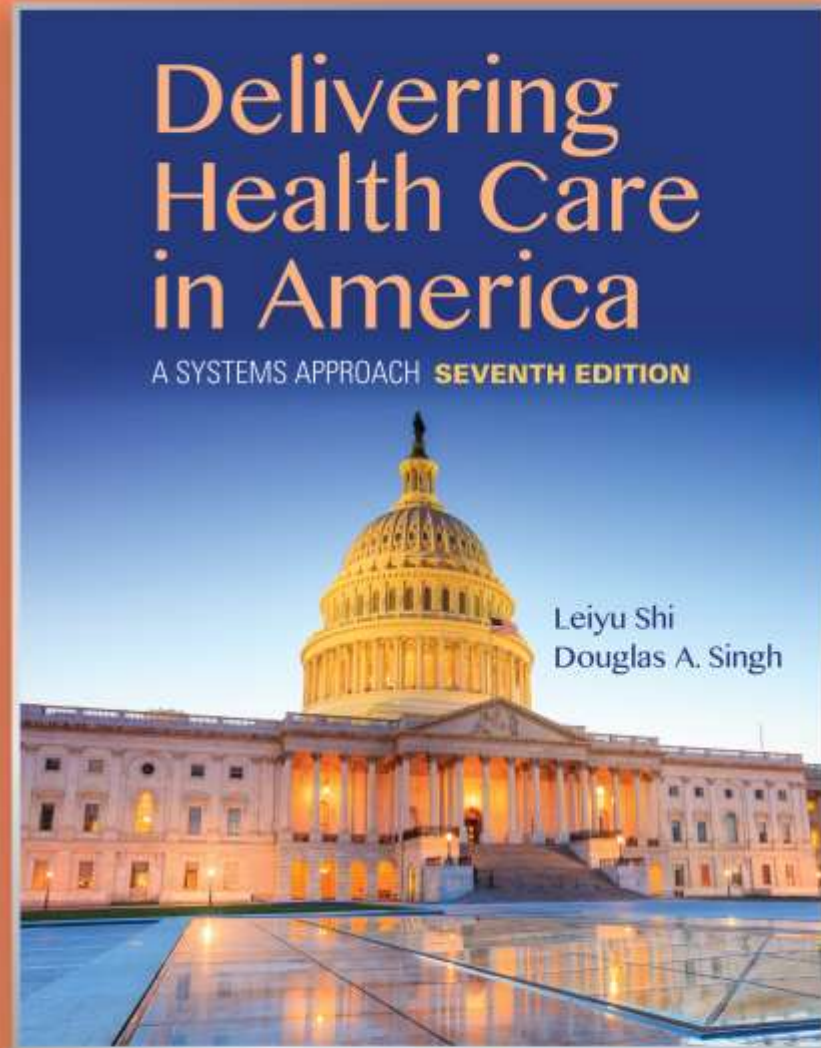


Chapter 12

Cost, Access, and Quality



Learning Objectives

(1 of 2)

- Meaning of health care costs and trend review
- Factors that led to past cost escalations
- Describe regulatory and market-oriented approaches to contain costs
- Why some regulatory cost-containment approaches were unsuccessful
- Discuss the access to care framework and various dimensions of access to care

Learning Objectives

(2 of 2)

- Describe access indicators and measurements
- The nature, scope, and dimensions of quality
- Differentiate between quality assurance and quality assessment
- Implications of the ACA for health care costs, access, and quality

Introduction

(1 of 2)

- Three cornerstones of health care delivery
 - Cost
 - Access
 - Quality
- Expansion of access will increase health care expenditures.

Introduction

(2 of 2)

- Costs of health care from a macro and micro perspective.
- Equal access to high quality care.
- Cost is important in the evaluation of quality.
- Quality
 - Up-to-date capabilities, evidence-based processes, and measuring outcomes

Cost of Health Care

- Trends in national health expenditures
- Should health care costs be contained?
 - Three sources to assess if spending too much
 1. International comparisons
 2. Rise in private sector health insurance premiums
 3. Government spending on health care for beneficiaries

Reasons for Cost Escalation

(1 of 3)

- Third-party payment
- Imperfect market
- Growth of technology
- Increase in the elderly population
- Medical model of health care delivery

Reasons for Cost Escalation

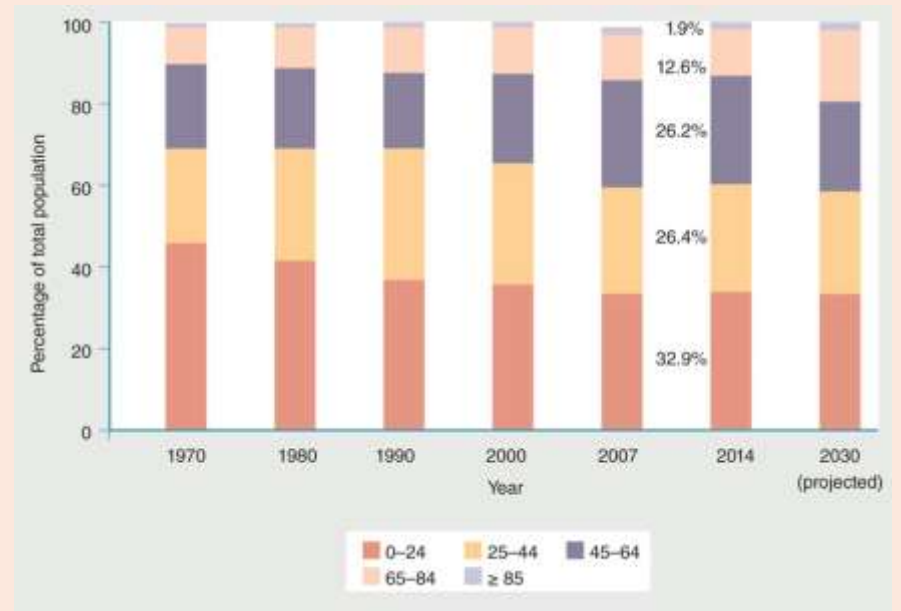
(2 of 3)

Figure 12-5 Life expectancy of Americans at birth, age 65, and age 75, 1900–2014 (selected years).



Data from National Center for Health Statistics (NCHS). 2002. Health, United States, 2002. Hyattsville, MD: U.S. Department of Health and Human Services. p. 116; National Center for Health Statistics (NCHS). 2010. Health, United States, 2009. Hyattsville, MD: U.S. Department of Health and Human Services. p. 187; National Center for Health Statistics (NCHS). 2016b. Health, United States, 2015. Hyattsville, MD: U.S. Department of Health and Human Services. p. 95.

Figure 12-6 Change in U.S. population mix between 1970 and 2014, and projections for 2030.



Data from National Center for Health Statistics (NCHS). 2013. Health, United States, 2012. Hyattsville, MD: U.S. Department of Health and Human Services. p. 45; U.S. Census Bureau. 2000. Projections of the total resident population by 5-year age groups, and sex with special age categories: middle series, 2025 to 2045. Available at: <https://www.census.gov/population/projections/files/natproj/summary/np-t3-f.pdf>. Accessed April 2017.

Reasons for Cost Escalation

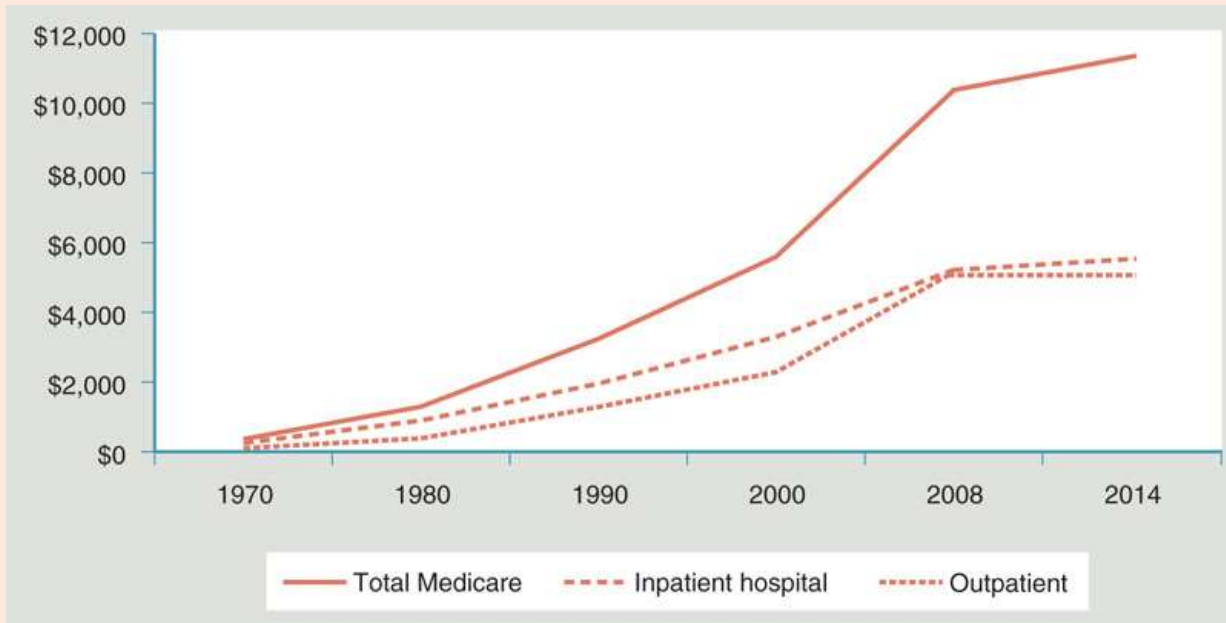
(3 of 3)

- Multipayer system and administrative costs
- Defensive medicine
- Fraud and abuse
 - Upcoding
 - Anti-kickback statute
- Practice variations
 - Small area variations (SAV)

Cost Containment: Regulatory Approaches

- Health planning
 - Health planning experiments in the U.S.
 - Certificate-of-need statutes (CON)
- Price controls
- Peer review

Figure 12-7: Increase in U.S. per capita Medicare spending, selected years, 1970–2014.



Data from Health, United States, 2015, p. 327; National Center for Health Statistics.

Cost Containment: Competitive Approaches

- Competition refers to rivalry among sellers for customers.
 - Technical quality, amenities, access or others
- Demand-side incentives.
- Supply-side regulation.
- Payer-driven price competition.
- Utilization controls.

Cost Containment under Health Reform

- Medicare payment cuts to providers.
- New taxes imposed.
- Reforms contributed to a health care spending slowdown.
 - Tightening provider payment rates
 - Providing incentives to reduce costs
- Medicare projected to spend \$1 trillion less by 2020.

Access to Care

(1 of 2)

- Key implications of access for health and health care delivery
 - Access to medical care, along with environment, lifestyle, and heredity factors.
 - Access is a benchmark in assessing the effectiveness of the delivery system.
 - Measures of access reflect if delivery is equitable.
 - Access is linked to quality of care and efficient use.

Access to Care

(2 of 2)

- Framework of access
- Five dimensions of access
 - Availability
 - Accessibility
 - Accommodation
 - Affordability
 - Acceptability

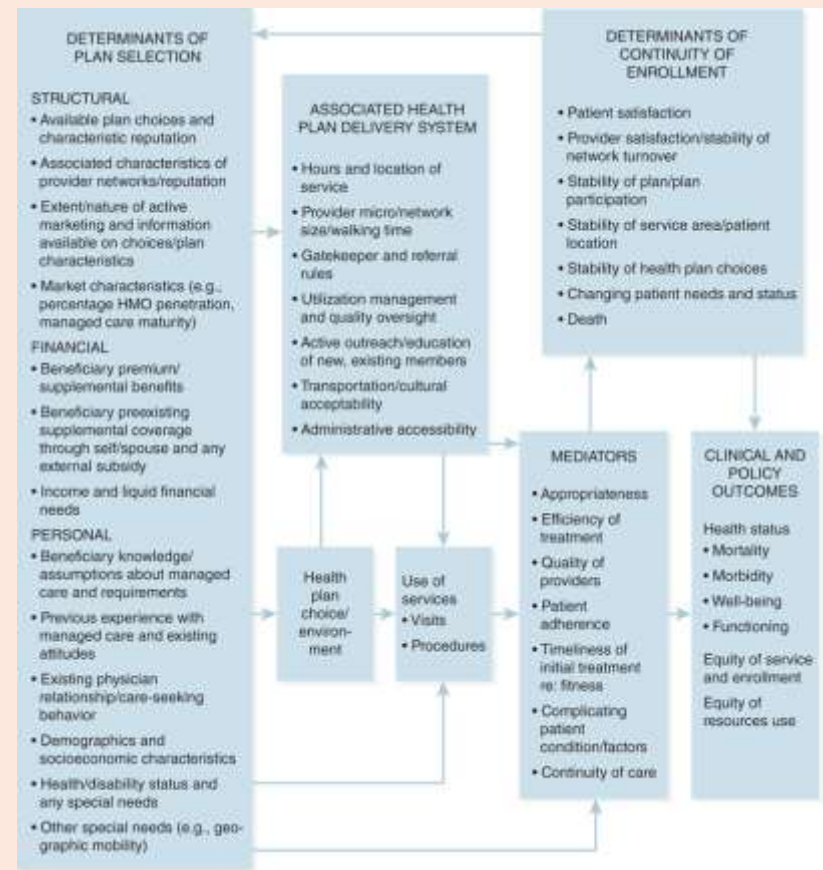


Figure 12-8 Framework for access in the managed care context.

Reproduced from E.R. Docteur, D.C. Colby, and M. Gold, "Shifting the Paradigm," Health Care Financing Review 17, no. 4 (1996): p. 12.

Four Main Types of Access

- Potential access
- Realized access
- Equitable or inequitable access
- Effective and efficient access

Measurement and Current Status of Access

- Measurement of access
 - Using conceptual models access is measured at three levels
 1. Individual
 2. Health plan
 3. Delivery system
- Current status of access

Current State of Access

TABLE 12-3 Visits to Office-Based Physicians, 2012			
Characteristic	Number of Visits (Millions)	Percentage Distribution	Visits per 100 Persons/Year
All visits	928.6	100.0	292
<i>Age</i>			
Younger than 18 years	171.0	18.4	232
18–44 years	234.6	25.3	211
45–64 years	275.3	29.6	335
65–74 years	126.4	13.6	532
85 years and older	121.2	13.1	670

Data from US Census Bureau. Statistical Abstracts of the United States, 2015, Washington, DC, p. 265.

TABLE 12-4 Number of Health Care Visits According to Selected Patient Characteristics, 2014

Characteristic	None	1–3 Visits	4–9 Visits	≥ 10 Visits
Total	15.3%	50.4%	22.8%	11.5%
<i>Sex</i>				
Male	19.7%	51%	20.1%	9.3%
Female	11.1%	49.9%	25.4%	13.6%
<i>Race</i>				
White	15.2%	49.6%	23.3%	11.9%
Black	14.8%	52.1%	22.8%	10.3%
<i>Income as a Percentage of the Federal Poverty Level</i>				
Below 100%	18.9%	42.5%	22.9%	15.7%

(continues)

TABLE 12-4 Number of Health Care Visits According to Selected Patient Characteristics, 2014 (*continued*)

Characteristic	None	1–3 Visits	4–9 Visits	≥ 10 Visits
100–200%	19.2%	45.9%	22.3%	12.6%
More than 200%	26.9%	99.1%	45.6%	21%
<i>Geographic Region</i>				
Northeast	13.3%	51.6%	23.1%	12.0%
Midwest	13.6%	50.9%	23.3%	12.2%
South	16%	49.7%	23.1%	11.2%
West	17.2%	50.5%	21.4%	110.8%
<i>Location of Residence</i>				
Within metropolitan statistical area	15.3%	51%	22.5%	11.3%
Outside metropolitan statistical area	15.3%	47.2%	24.6%	12.9%

Data from Health, United States, 2015, pp. 235, National Center for Health Statistics, Division of Health Interview Statistics, 2016.

Affordable Care Act and Access to Care

- Insurance coverage and access to health care have increased.
- Fewer report problems with medical bills and financial barriers.
- Gaps in access to and affordability of care.
- Preventive services without cost sharing expanded.

Quality of Care

- IOM's quality implications
 - Quality performance has a range from unacceptable to excellent.
 - Focuses on services provided by the health care delivery system.
 - Quality may be evaluated from the perspective of individuals and populations or communities.
 - Emphasis on desired health outcomes.

Dimensions of Quality

- Micro view focuses on services at the point of delivery and their subsequent effects.
 - Clinical aspects
 - Interpersonal aspects
 - Quality of life
- Macro view looks at quality from the standpoint of populations.

Quality Assessment and Assurance

(1 of 2)

- Quality assurance is based on the principles of total quality management (TQM).
 - Referred to as CQI
- Donabedian model.
 - See Figure 12-9

The Donabedian Model

Figure 12-9 The Donabedian model.



Quality Assessment and Assurance

(2 of 2)

- Processes that improve quality
 - Clinical practice guidelines
 - Cost-efficiency
 - Critical pathways
 - Risk management

Public Reporting of Quality

- CMS programs on quality
 - Initiatives to improve care provided to Medicaid and CHIP enrollees
- AHRQ quality indicators
 - Prevention, inpatient, patient safety, and pediatric
- States' public reporting of hospital quality

Affordable Care Act and Quality of Care

(1 of 2)

- Three objectives
 1. Make health care more accessible, safe, and patient centered
 2. Address environmental, social, and behavioral influences on health and health care
 3. Make care more affordable

Affordable Care Act and Quality of Care

(2 of 2)

- Organizations are incentivized to provide high-quality care in two ways.
 - Penalized for failing to report quality measures
 - Sharing in the savings generated by quality measures
- The number of patient safety and medical errors has decreased since 2010.
- Patient-Centered Outcomes Research Institute (PCORI).

Summary

- Increasing costs, lack of access, and quality concerns pose the greatest challenges.
- Lack of universal coverage negatively affects the health status of uninsured groups.
- Access to medical care is one of the key determinants of health status.
- Health care quality at the micro and macro levels.