



Cost Effectiveness of Health

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Today's Agenda

- What is cost effectiveness of health?
- Why now?
- What are the options?

What is cost effectiveness of health?

Health (n). “A state of complete physical, mental and social well-being, and not merely the absence of disease or infirmity.”

— World Health Organization

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Healthcare contributes 20% to a person's health status.

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Genetics contributes 20% to a person's health status.

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— World Health Organization



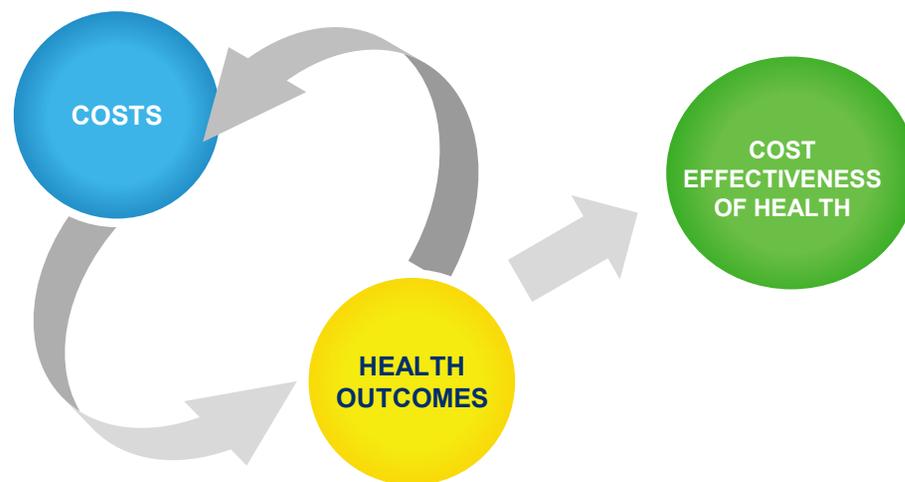
Social determinants of health account for 60%.

Social determinants + healthcare + genetics = health.

Cost-effective health (CEoH) is a function of all three elements in the context of a given population.

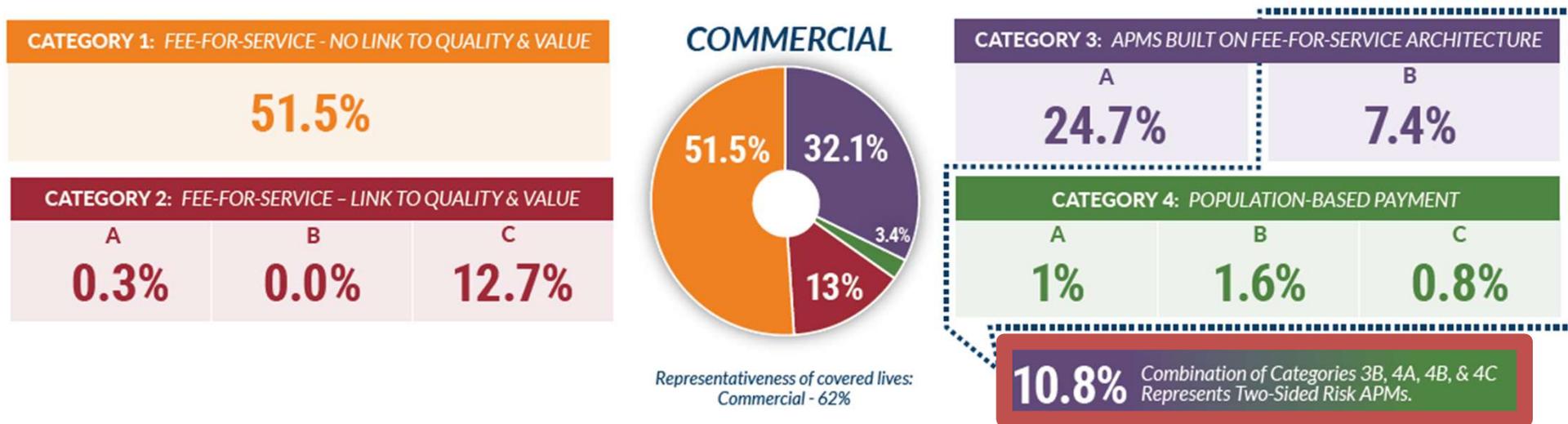
Social determinants of health domains

- Economic stability
- Education access and quality
- Healthcare access and quality
- Neighborhood and built environment
- Social and community context



Achieving cost-effectiveness of health will transform the healthcare industry to the direct benefit of patients, employers and providers.

Change is slow. Only ~ 11% of payments from private health plans are subject to downside risk.



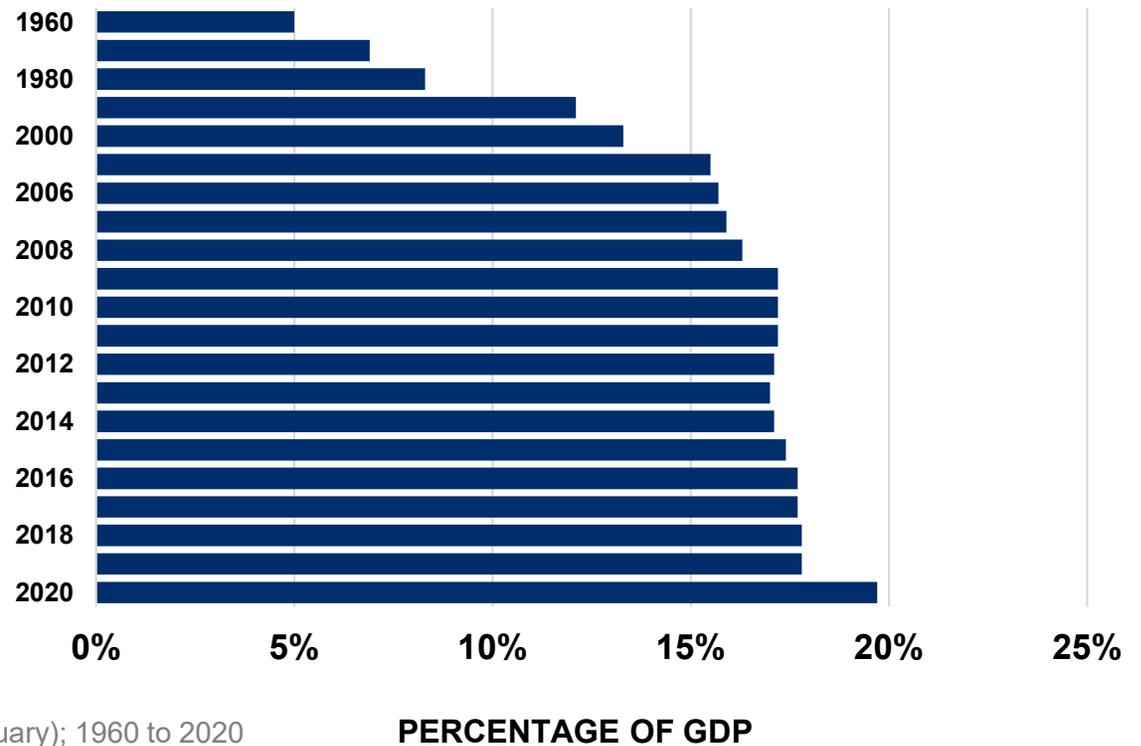
Source: Healthcare Payment Learning and Action Network. APM Measurement Effort. hcp-lan.org

Why now?

Why now: Unsustainable healthcare spending growth

Cost containment efforts are not moving the needle on healthcare expenditures.

U.S National Health Expenditures as Percent of GDP from 1960 to 2020



Source: CMS @ Statista 2022

Additional Information: United States; CMS (Office of the Actuary); 1960 to 2020

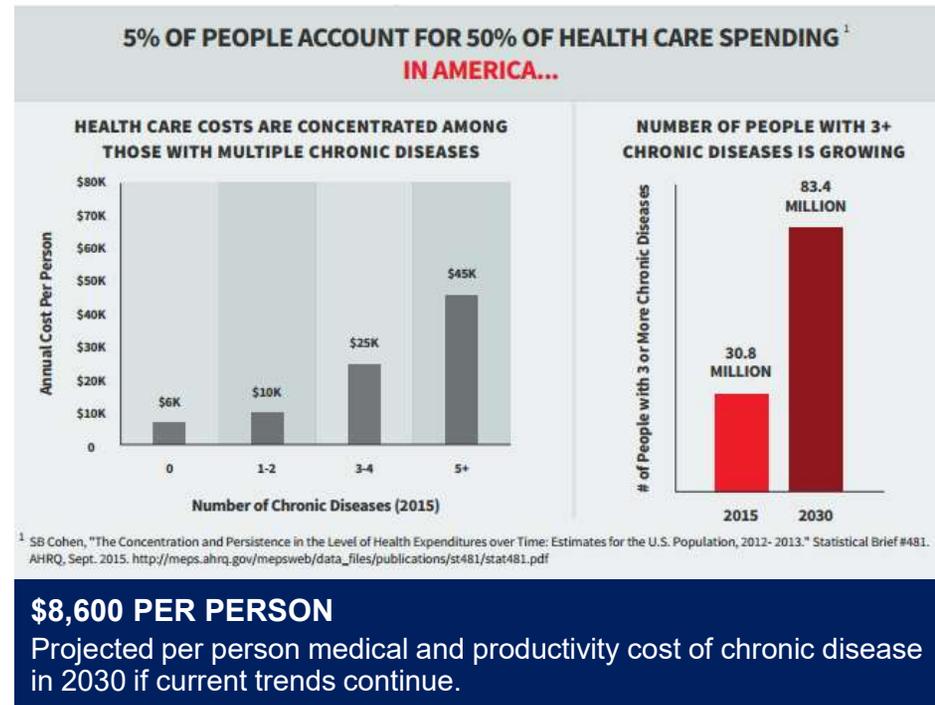
Chronic conditions drive healthcare spending.

And social determinants of health are linked to chronic conditions.

- In 2015, 191 million people in America had at least one chronic disease, 75 million had two or more chronic diseases.
- Chronic diseases could cost America \$2 trillion in medical costs and an extra \$794 billion annually in lost employee productivity (average per year 2016-2030)

\$42T

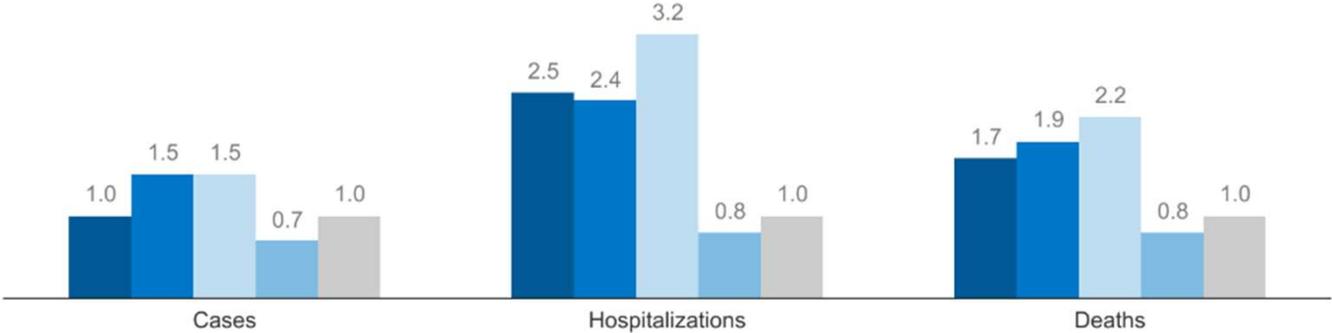
Projected total cost of chronic disease 2016-2030 in America



Why now: The pandemic spotlighted health disparities.

Age-Adjusted Risk of COVID-19 Infection, Hospitalization, and Death, Compared to White People in the United States

■ Black ■ Hispanic ■ American Indian or Alaska Native ■ Asian ■ White



NOTE: Persons of Hispanic origin may be of any race but are categorized as Hispanic; other groups are non-Hispanic; data for Native Hawaiian or Other Pacific Islander (NHOPi) people are not reported.

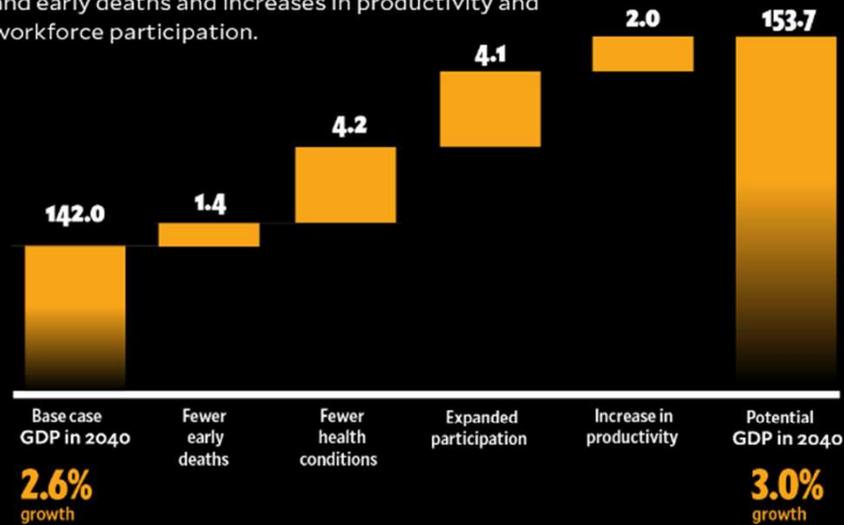
SOURCE: CDC, Risk for COVID-19 Infection, Hospitalization, and Death By Race/Ethnicity, <https://www.cdc.gov/coronavirus/2019-ncov/covid-data/investigations-discovery/hospitalization-death-by-race-ethnicity.html>. Data as of February 1, 2022, accessed February 8, 2022.



Why now: Prioritizing health will fuel economic growth.

An economic boost

Global GDP could rise by an additional \$12 trillion by 2040, through reductions in health conditions and early deaths and increases in productivity and workforce participation.



Source: *Prioritizing Health: A Prescription for Prosperity*, McKinsey & Company, July 8, 2020

Why now: Consumers *live with* SDoH issues.



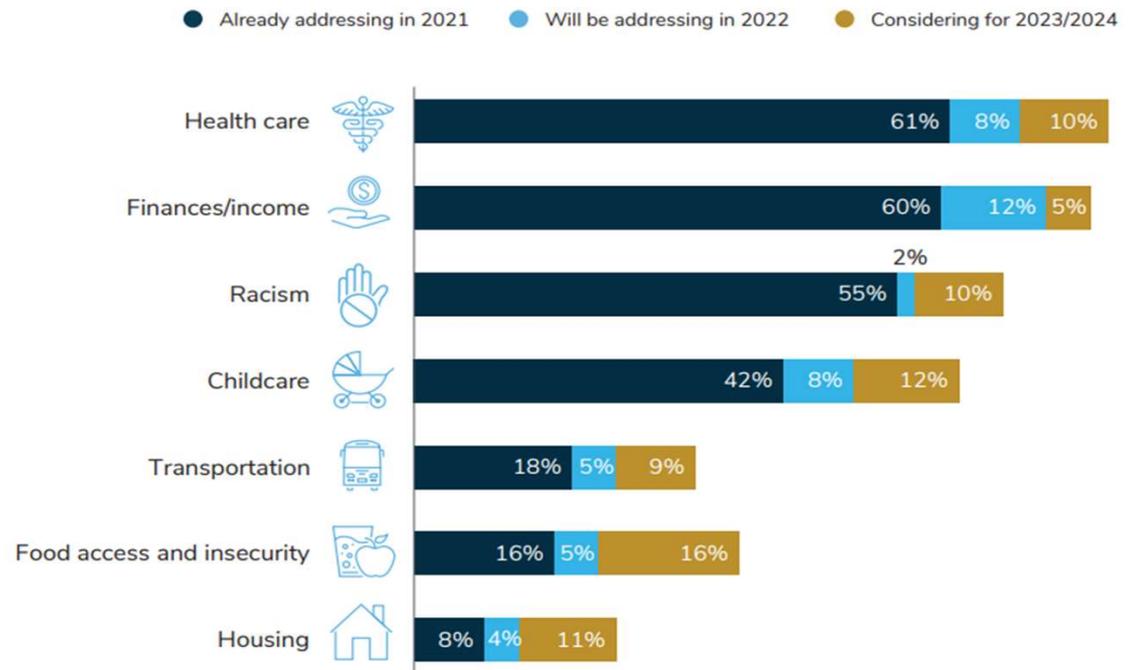
Elvis Batiz, CC BY 2.0

Why now: Employers are moving forward.

Employers are carving out a role in addressing social determinants of health (SDoH).

Source: Business Group on Health. 2022 Large Employers' Health Care Strategy and Plan Design Survey. August 2021.

Employers' SDoH focus areas, 2021-24



Why now: Health plans are investing in SDoH

There are opportunities to partner with health plans in areas like these.

For children: School lunches, school supplies, vision screenings & eyewear, mental health education & support

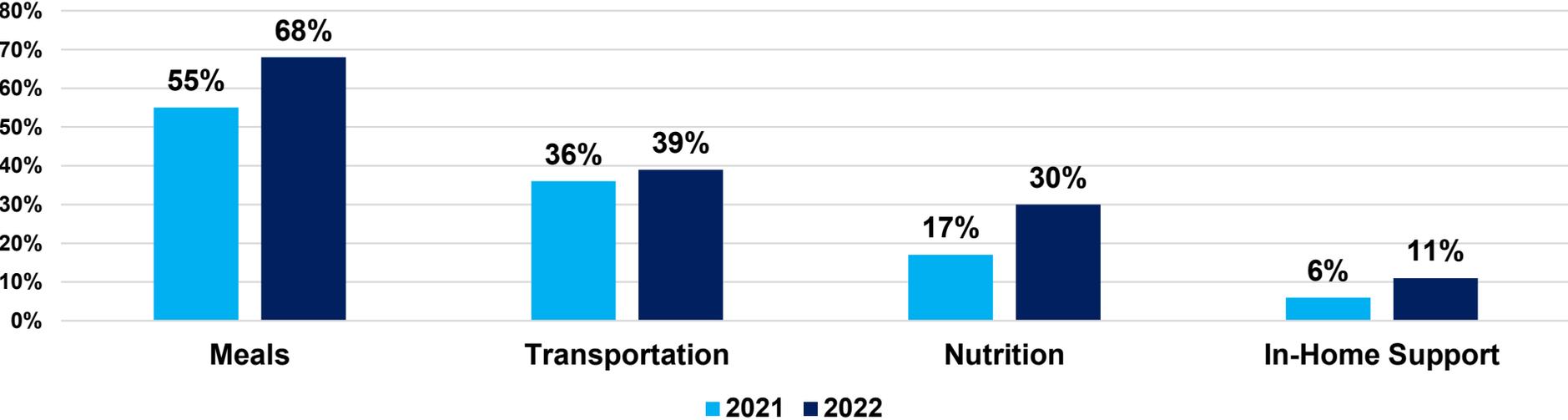
For adults: Affordable housing, job training, food pantries, utility assistance, e-assist bikes, domestic violence support, suicide prevention

Equity: Maternal and infant health, new playgrounds, economic opportunity grants

Source: America's Health Insurance Plans, [Health Insurance Providers Actions Concerning SDoH](#), July 19, 2022

Medicare Advantage is expanding SDoH coverage.

% of MA Plans Offering Select SDoH Benefits (often for \$0 premium) 2021 vs. 2022



Source: Avalere, [“More Medicare Advantage Plans Will Offer Non-Medical Benefits in 2022,”](#) Oct. 19, 2021.

Disrupters are investing in social determinants.

CVS Health Continues SDOH Push with Housing Insecurity Project

The company's 2020 investments in affordable housing and housing insecurity, totaling \$114 million, will address social determinants of health and promote health equity.

Amazon Web Services launches \$40M initiative to narrow health equity gaps



Physicians recognize the impact of SDoH.

And they believe it's essential to address SDoH more effectively.

According to a survey of 1,500 physicians conducted in 2022:

80%

Believe that the U.S. cannot improve health outcomes or reduce healthcare costs without addressing SDoH.

>50%

Report that patients' SDoH challenges frequently cause them stress or frustration.

61%

Feel they have little to no time and ability to effectively address their patients' SDoH.

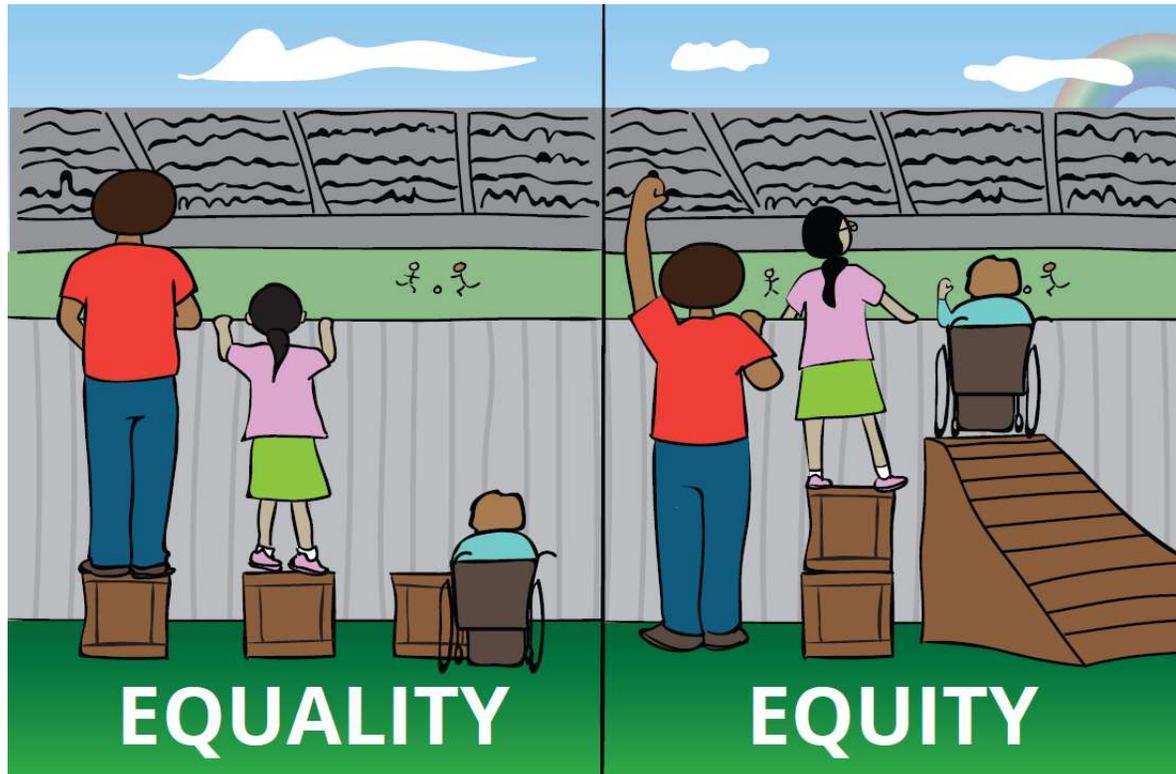
87%

Want more time and ability to address SDoH.

Source: The Physicians Foundation. [The Physicians Foundation 2022 Physician Survey: Part 1](#). April 5, 2022

Why now: Improving health equity can't wait.

We need to meet people where they are. We all have different starting points.



On a national level, healthcare spending growth is unsustainable.

“If something cannot go on forever, It will stop.”

-- Herbert Stein, economist

Why now?

“The longer you wait [to move toward CEoH], the longer it’s going to take. If you delay, where will that put you in the market at that time?”

-- Zeev Neuwirth, MD, chief clinical executive for care transformation and strategic services, Atrium Health

What are the options?

Redefining ROI

Fee-for-service definition



Cost-effectiveness-of-health definition



Fee-for-service is unsustainable. It's time to make a choice.

There are three options.

DEFAULT

Status quo.

Fee-for-service is unsustainable. It's time to make a choice.

There are three options.

DEFAULT

Status quo.

DECLINE

"It's a system problem."

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It's time to make a choice.**

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DEAL WITH IT

Look for ways to manage the margin AND the PMPM.

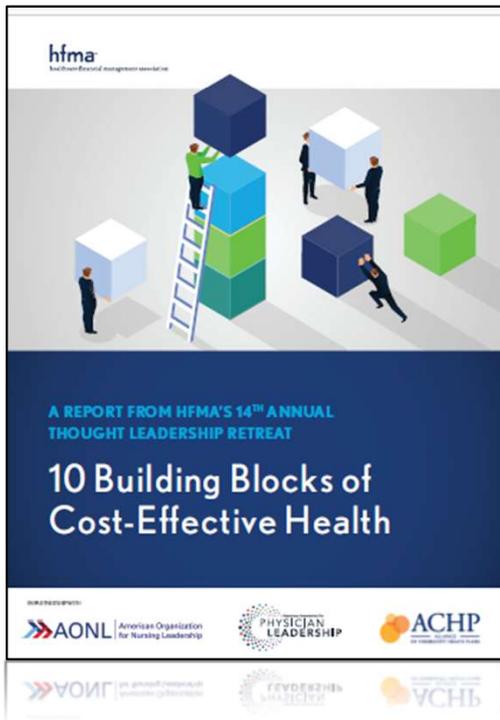
A timeline of HFMA's CEoH effort

HFMA is tackling the cost effectiveness of health issue in multiple ways.

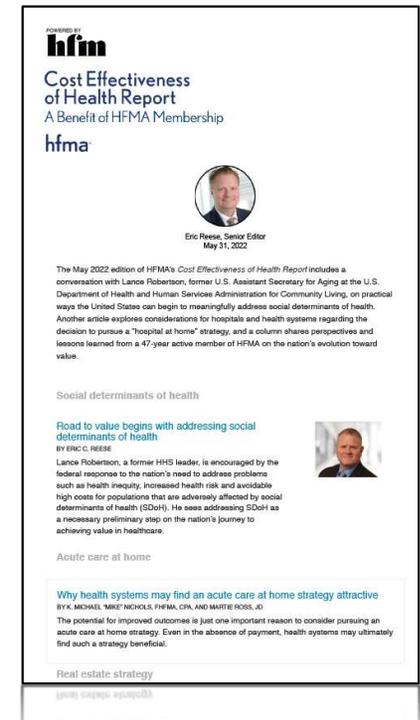


Source: HFMA

HFMA resources can help you get started.



PUBLICATIONS



eNEWSLETTER



Join us in the just cause of working toward CEoH.
A just cause defines a vision for the future that your work helps bring about.



Courage doesn't always roar. Sometime courage is the quiet voice at the end of the day saying, "I will try again tomorrow."

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