
Health Spending Up From Higher Service Costs



According to a new study conducted by researchers at The Dartmouth Institute for Health & Clinical Practice, the recent growth in healthcare spending for commercially insured individuals is mainly due to increases in prices for medical services and not because of an increase in usage. The study has been published in the American Journal of Managed Care.

There is no doubt that the availability of timely, local data is important to policy-makers, providers, patients, payers and healthcare employers. Slowing the growth of healthcare spending is a major focus of federal, state and local authorities.

The primary goals of this study, as explained by Carrie Colla, PhD, Assistant Professor at the Dartmouth Institute and the lead author of the study, was to promote provider accountability on prices through increased transparency and to facilitate research and interventions that would be especially designed to reduce the cost of healthcare. This is because of the rising concern that consolidation in the healthcare marketplace will eventually lead to high prices to be faced by payers and consumers.

During the study, healthcare spending and utilisation were analysed for commercially insured beneficiaries in Maine, New Hampshire and Vermont. Beneficiaries of Blue Cross Blue Shield of Michigan and Blue Cross Blue Shield of Texas were also included in the analysis.

Findings from the study revealed that increases in healthcare spending for commercially insured beneficiaries were mainly due to higher prices, especially for outpatient services, and not because of an increase in utilization. The results of the study thus proved a marked variation in both relative prices and utilisation. The study also confirmed that commercial trends do not necessarily mirror trends in the Medicare population.

The study research team used a novel method for aggregating data from multiple data providers in which data were stripped of protected health information. The team applied a standardised approach for measuring utilisation before the data were transmitted for detailed analysis.

This study was successful in developing a model that will enable commercial insurance companies to share their data with researchers on an ongoing basis. This will in turn result in more timely and relevant healthcare spending and utilisation data. This study also provides an avenue for further evaluating the effects of healthcare reform efforts in the commercial insurance marketplace. In addition, it will improve understanding of the sources of changes in healthcare spending as well as the utilisation of medical services.

Elliot Fisher, MD, MPH, Director of the Dartmouth Institute and a senior author of the study is confident that this study is an important first step. "We are actively working to build a comprehensive, national dataset to make it easier for researchers, policymakers, and local communities to examine trends in health care spending and utilization among people with commercial insurance."

Source: Science Daily
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