

Evidence Roadmap: Understanding Medicare Cost Growth



In 2013, AcademyHealth's Translation and Dissemination Institute launched its Listening Project, which aims to identify the most pressing health services research needs of leaders in health policy and health care delivery for the coming three to five years. **The 2014 Listening Project Report** identified several research and data gaps related to Medicare. In response to what we heard from the Medicare policy community, AcademyHealth has created this series of evidence roadmaps to identify existing resources related to the gaps. These roadmaps represent a selected minimal set of key resources rather than a comprehensive list of relevant research. The roadmaps are intended to help policy analysts and other research users better understand whether a perceived research gap represents an actual lack of evidence or failure of existing evidence to reach the policy arena, that is, a failure of adequate translation and dissemination. AcademyHealth undertook this roadmap with the support of the Robert Wood Johnson Foundation.

The cost of Medicare has been a persistent and high-priority concern for policymakers and researchers alike. Analysts variously point to new medical technology, population aging, and fragmentation in care delivery as potential drivers of Medicare cost growth. Members of the policy community interviewed as part of AcademyHealth's Listening Project suggested that understanding these causes could help identify ways to contain spending without diminishing quality of or access to care.

Data Sources

National Health Expenditure Accounts Data

The National Health Expenditure Accounts (NHEA) estimate the total amount of health care spending in the United States. NHEA tracks health spending by funding source (i.e., Medicare, Medicaid, private insurance), type of good or service, and sponsor (i.e., household, employer, government). Data are available from 1960-2012.

Medicare Claims Data

Medicare claims data are available through the Centers for Medicare & Medicaid Services (CMS). Certain de-identified data files may be downloaded for free from the CMS website. Extensive data sets related to utilization, payment and charge amounts, beneficiary demographic information, and provider data are available by order from CMS. Most files hold claims data from fiscal year 1999 to the current year. The Research Data Assistance Center (ResDAC) is an independent contractor that helps researchers order and use Medicare data. (ResDAC website: <http://www.resdac.org/>)

Medical Expenditure Panel Survey

The Medical Expenditure Panel Survey (MEPS) is a large-scale survey of individuals, families, medical providers, and employers administered by the Agency for Healthcare Research and Quality (AHRQ). It collects data on health services utilization and payment as well as on the "cost, scope, and breadth of health insurance held by and available to U.S. workers." Some standard data files are available on the MEPS website; nonstandard data are available through the AHRQ Data Center.

The Medicare Current Beneficiary Survey

The Medicare Current Beneficiary Survey (MCBS), a project of CMS, is a survey of a nationally representative sample of Medicare beneficiaries. MCBS releases two files annually, Access to Care and Cost and Use. Together, the data provide a comprehensive look at beneficiary access to and utilization of services, including cost data such as source of payment. Research requests for MCBS data must be submitted to ResDAC.

The Health and Retirement Study

The University of Michigan Health and Retirement Study (HRS) is a longitudinal panel study that collects information on income, work, assets, pension plans, health insurance, disability, physical health and functioning, cognitive functioning, and health care expenditures for individuals over age 50. HRS uses Medicare records linked to HRS respondents, which can provide useful context for claims data.

Systematic Reviews

High and Rising Health Care Costs: Demystifying U.S. Health Care Spending. The Synthesis Project

Goodell S, Ginsburg PB. Robert Wood Johnson Foundation; 2008 Oct. Report No.: 16.

The review explored U.S. health care costs and the primary drivers of spending. It concludes that medical technology, health status, and health care system inefficiencies are primarily responsible for growing costs.

Books

Handbooks in Economics: Health Economics

Culyer AJ, Newhouse JP, editors. Elsevier Publishing; 2012. (Newhouse JP and Chernew M. Health Care Spending; chapter 1).

This text gives a general overview of health economics. Chapter One focuses on health care cost growth and the role of technology as a cost driver. It is not specific to Medicare.

Individual Studies

Health Spending Slowdown is Mostly due to Economic Factors, Not Structural Changes in the Health Care Sector

Dranove D, Garthwaite C, Ody C. Health Aff (Millwood). 2014; 33(8): 1399-1406.

The authors examined regional severity of the economic slowdown to investigate the source of the recent slowdown in health care spending. They concluded that the economic slowdown was responsible for approximately 70 percent of the slowdown in health spending in their sample.

The Implications of Regional Variations in Medicare Spending, Part 1: The Content, Quality, and Accessibility of Care

Fisher ES, Wennberg DE, Stukel TA, Gottlieb DJ, Lucas FL, Pinder EL. Ann Intern Med. 2003 Feb 23; 138(4): 273-87.

The authors concluded that greater local availability of physicians and hospital beds and inpatient and specialist-based patterns of practice are not associated with improved access to care, better quality of care, or better health outcomes. The conclusion stands in contrast to the assumption that the growth in health care spending is associated with improved technologies and that spending more on health care inevitably results in improved outcomes.

The Impact of New Cardiovascular Device Technology on Health Care Costs

Groeneveld PW, Polsky D, Yang F, Yang L, Epstein AJ. Arch Intern Med. 2011 Jul; 171(14): 1289-1291.

To add to a clearer understanding of technology's impact on Medicare cost growth, the study examined one of the most costly therapies covered by the Medicare program—cardiovascular devices. The study is based on an analysis of Medicare claims data from 2001-2008.

Medicare Spending, Mortality Rates, and Quality of Care

Hadley J, Reschovsky JD. Int J Health Care Finance Econ. 2012 Mar;12(1):87-105.

The study analyzed Medicare beneficiaries' predicted to be high-cost cases and estimated the cost of medical care use on odds of death or experiencing an avoidable hospitalization. The study found that greater medical care is associated with greater health improvement, thus tying medical use to cost growth.

Health Care Costs: Solutions from Changes in Health Care Financing & Organization Research

Robert Wood Johnson Foundation. 2013 Feb.

The document lists all published cost-related research funded by the Robert Wood Johnson Foundation's Changes in Health Care Financing & Organization (HCFO). Studies focus on "cost or payment impact of existing policies, strategies to reduce health care costs, and research that looks at the issues of cost and spending more generally."

Medical Care Costs: How Much Welfare Loss?

Newhouse J. J Econ Perspect. 1992;6(3):3-21.

In this often-cited study, Newhouse identified technology as a major health care cost driver after estimating the contribution of known health care cost factors, including an aging population, the spread of insurance, and income growth.

Slower Growth in Medicare Spending—Is This the New Normal?

White C, Ginsburg P. New England Journal of Medicine. 2012;366(12):1073-1075.

The authors of this study considered the likely causes of recent reductions in Medicare spending growth.

Grey Literature

Health Policy Alternatives. Issue Brief: Cost Drivers in Health Care

Alliance for Health Reform; 2012 Apr.

This issue brief discussed commonly cited drivers of health care costs, classified into three broad categories: demographic and economic factors, individual and societal determinants of health, and health system factors.

Is this Time Different? The Slowdown in Healthcare Spending

Chandra A, Holmes J, Skinner J. National Bureau of Economic Research. 2013 Dec; Working Paper No.: 19700.

This working paper discussed the recent slowdown in health care spending and identified “three primary causes of the slowdown: the rise in high-deductible insurance plans, state-level efforts to control Medicaid costs, and a general slowdown in the diffusion of new technology, particularly in the Medicare population.”

How can the U.S. get health care costs under control? [Internet]

Ghazi T, Gruneisen T. Washington, DC: Commonwealth Fund; 2014 [updated 2014 Oct 14; cited 2014 Nov 24].

This presentation by the Commonwealth Fund provided a variety of data-driven perspectives on U.S. healthcare spending.

What is Driving U.S. Health Care Spending? America’s Unsustainable Health Care Cost Growth

Ginsburg P, Hughes M, Alder L, Burke S, Hoagland GW, Jennings C, Liberman S. Bipartisan Policy Center Health Cost Containment Series. Bipartisan Policy Center; 2012 Sep.

This report analyzed the various complex and overlapping drivers of health care costs. The authors concluded that there is no one single driver of health care costs; a variety of multifaceted, complicated factors is responsible for the nation’s rising health care costs. While not limited exclusively to Medicare, the report references Medicare programs, policies, and data.

What Drove the Recent Slowdown in Health Spending Growth and Can it Continue?

Holahan J, McMorrow S (The Urban Institute, Washington D.C.). Robert Wood Johnson Foundation. 2013 May.

This report discussed the recent trends in health care spending and identifies possible drivers of the slowdown in spending. The report includes Medicare-specific information.

Growth in Medicare Spending per Beneficiary Continues to Hit Historic Lows.

Kronick R, Po R. US Department of Health and Human Services. Office of the Assistant Secretary for Planning and Evaluation. Washington. 2013.

In this issue brief, the Assistant Secretary for Planning and Evaluation examined the role of the Affordable Care Act in recent reductions in Medicare spending growth.

Why has growth in fee-for-service Medicare slowed?

Levine M, Buntin M. Congressional Budget Office. 2013 Aug; Working Paper No.: 2013-06.

In this working paper, the Congressional Budget Office concluded that slowed spending is not indicative of either diminished demand for services or the economic recession. While able to rule out a few factors, the report was unable to identify causes of the slowdown or predict its length.

Medical Cost Trend: Behind the Numbers 2015

PwC Health Research Institute. PricewaterhouseCoopers; 2014 Jun.

In the ninth annual “Medical Cost Trend: Behind the Numbers,” the PricewaterhouseCoopers Health Research Institute identified four primary cost inflators, including the economic upswing, specialty drug development, hospital acquisition of physician practices, and investment in information technology. The report also discusses potential cost deflators, such as the shift toward risk-based payment contracts. The report discusses overall health care spending, including Medicare.

2014 Medicare Trustees Report [Internet]

www.cms.gov. [cited 22 September 2014].

The annual Medicare Trustees Report provided actuarial projections of Medicare spending and their implications for the Trust Funds that finance Medicare.

Ongoing Research

Slowing Medicare Spending: Analysis of Trends and Their Policy Implications

Buntin M, DeLeire T, Bhattacharya J. Vanderbilt University and Acumen, LLC. 2014

In this health policy report, which is scheduled for release in early 2015, the authors plan to present a Congressional Budget Office analysis of the factors contributing to the slowdown in Medicare costs.

Search Strategy

Using the National Library of Medicine MeSH browser, AcademyHealth staff first identified key words and associated MeSH (medical subject headings) terms. Staff used the key words to search various databases and journals for relevant articles and then examined the bibliographies of these articles to identify additional studies. Staff searched health care, health policy, trade group, government, and academic websites for grey literature and chose resources most relevant to Medicare cost growth in the context of the Listening Project Report. Because purpose of these roadmaps was to inform current policy, searches focused on the period 2010 through 2014, with older resources included when appropriate. Two AcademyHealth members, chosen for their relevant expertise, reviewed the draft Roadmaps, and AcademyHealth staff then updated the document to incorporate the reviewers' comments and suggestions.







Databases: EBSCO Host—Academic Search Elite, Business Source Elite; PubMed/MEDLINE; HSRProj; McMaster Health Forum-Health Systems Evidence; Medical Care Research and Review; SAGE Publications; Google Scholar

Websites: Robert Wood Johnson Foundation; Changes in Health Care Financing & Organization; Kaiser Family Foundation; Alliance for Health Reform

Key words: technology AND Medicare AND cost, technology AND Medicare, Medicare AND cost, Medicare AND spending, cost growth AND Medicare, health care cost growth, health care spending, health care cost slowdown

Inclusion criteria: Studies/resources related to Medicare program cost growth and the recent Medicare program spending growth slowdown

Key to Cited Resources

-  **Data sources** provide key descriptive information and trends and are common sources for health services and policy research.
-  **Systematic reviews** provide insights from a body of research literature.
-  **Books** often provide a useful overview of key issues and relevant research.
-  **Individual studies** provide findings from key pieces of research.
-  **Grey literature** provides relevant evidence published by organizations whose primary activity is not publishing.
-  **Ongoing research** includes studies currently underway that addresses key questions.