

Center for Healthcare Research & Transformation

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The Cost Burden of Disease: What Health Care Spending Can Teach Us About Improving Care

Some of the most common – and most expensive – reasons for hospitalizations may be at least partially preventable

ANN ARBOR, MI – Examining the reasons people end up in the hospital could point to opportunities for improving patient care and making the health care system more effective and efficient, according to an issue brief released today by the Center for Healthcare Research & Transformation (CHRT).

Nationally in 2007, four of the top ten diagnoses related to cardiovascular disease; in Michigan, three of the top ten. Heart disease accounted for over \$143 billion in health care spending nationally - \$4.2 billion in Michigan.

“We know many cases of heart disease are potentially preventable,” said CHRT director Marianne Udow-Phillips. “A focus on prevention and/or early intervention for underlying risk factors such as obesity, diabetes, and smoking could have substantial impacts on both patient health and the cost of care.”

Back disorders and septicemia were also among the diagnoses with the highest total spending for hospitalizations in the U.S. and Michigan – and also at least partially preventable in many cases. In 2007, total hospital spending on back disorders alone was almost \$26 billion in the U.S. and \$819 million in Michigan.

Conditions treated with more expensive technology or requiring intensive care were among the top ten most costly diagnoses. For example, the average charge for low-birth weight or premature birth was 14 times higher than that for a healthy infant birth: \$119,389 per discharge compared to \$7,182.

Other areas of note revealed by the data:

- Mood disorders were among the top ten diagnoses in both Michigan and nationally. In Michigan, mood disorders ranked seventh as a reason for hospitalization for women but were not among the top ten for men. Earlier identification and treatment could avoid many hospitalizations.
- The generic form of Vicodin was the most frequently prescribed drug both nationally and in Michigan. New behavioral strategies to treat pain associated with many of the top diagnoses could be fruitful alternatives to medication.

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This issue brief is the second in a series of reports CHRT will release over the next several months on health care cost in the U.S. and Michigan, comprising data from multiple state and national sources. Future releases will look at geographic variation and spending by patient characteristics.

“As we look for ways to stem rising health care costs and improve patient care – whether through overall reform or local approaches – we need to understand the factors that drive health care costs,” said Udow-Phillips. “By making these data available, we hope to stimulate thinking and further analysis about opportunities for change in health policy, medical practice –even personal health choices – that could lead to more effective and efficient overall health care spending.”

For an electronic copy of the issue brief on the cost burden of disease, visit the CHRT website:www.chrt.org or send an email to chrt-info@umich.edu

The Center for Healthcare Research & Transformation (CHRT) sponsors research and public information to promote evidence based care delivery, improve population health, and expand access to care. Housed at the University of Michigan, CHRT is a partnership between U-M and Blue Cross Blue Shield of Michigan to test the best ideas for improving the effectiveness and efficiency of the health care system.

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