

Recession Leads to Huge Cut in Spending

Americans reduced their physician office visits in 2009, particularly to primary care physicians.

BY ALICIA AULT

FROM THE JOURNAL HEALTH AFFAIRS

WASHINGTON – Health care spending grew at its slowest rate in 50 years in 2009, as the recession caused Americans, especially those with lower incomes and less insurance coverage, to cut back on their use of physician, hospital, and other health services, according to a report issued Jan. 5 by federal analysts.

The data indicated that Americans specifically reduced their physician office visits in 2009, and in particular, reduced their visits to primary care physicians.

The overall 4% rate of health spending growth followed an increase of 4.7% in 2008. In 2009, the nation's total health tab was \$2.5 trillion, or \$8,086 per person, according to the annual analysis of a federal data set called the National Health Expenditure Accounts by economists and statisticians at the Centers for Medicare and Medicaid Services (CMS).

The analysts found that even with a low rate of health care spending growth, health care spending increased as a share of the nation's gross domestic product. Health costs accounted for 17.6% of the GDP, up a record 1% from the previous year.

The recession depressed the GDP, and thus allowed health care to gobble up a larger share, said the federal analysts at a press briefing announcing their findings. The analysis was published in the journal Health Affairs.

The economists and statisticians painted a picture of a nation stunned by job loss and declining incomes. In the past, there has been a lag between a recession and any impact on health costs, largely because it has been thought that people will always need health care, Anne Martin, an economist at the CMS Office of the Actuary, said.

But in 2009, the impact was almost immediate, according to Ms. Martin.

Seventy-one percent of the nation's health spending was covered by insurance from private or public payers, according to the report. Medicare spending remained steady from 2008 to 2009, but there was a large reduction in spending by private insurers. The government analysts said that this was due in part to a reduction in private coverage. They estimated that private insurance enrollment declined by 6.3 million people or 3.2%.

Medicaid, on the other hand, saw its rate of spending grow by 4%, in part offsetting the slowdown by other payers, said Ms. Martin. More children and working-age adults enrolled in Medicaid as the economy continued to flatten, she said, and also because of provisions of the stimulus bill, or American Recovery and Reinvestment Act. There was a 7.4% increase in enrollment in 2009, compared with a 3% increase in 2008. The federal government bore most of the burden for the spending increase, she said.

Americans also vastly curbed their out-of-pocket spending on health – another reflection of the poorly performing economy, the federal analysts noted.

Hospital care continues to be the largest segment of health spending. At \$760 billion, it accounted for at least a third of the nation's health bill. The

growth rate in hospital spending for private insurers was only 3% in 2009, down from 6% in 2008. Medicaid's spending growth accelerated from 3% to 10%, in part be-

cause enrollees used emergency departments for primary care, said the analysts.

Physician spending was the second-biggest category, at \$505 billion in 2009. The 4% increase from 2008 was the slowest rate of growth since 1996 – partly a result of fewer Americans going to see the doctor. The analysts cited data showing that 36% of Americans said they had fewer health professional visits in 2009, and 59% of that group said the visit they'd skipped was with the primary care physician.

Instead, they might have gone to outpatient or retail clinics, according to the report. Spending for "clinical services," which is included in the physician services category, grew at double the rate of physician services. The authors wrote that the growth is "consistent with recent reports that retail clinics (a subset of all clinics) have increased in popularity because of their convenience and costs."

Finally, prescription drug spending grew more in 2009 than it did in 2008. Spending, which reached \$250 billion, grew 5.3% – faster than the 3.1% growth rate in 2008. The number of drugs dispensed was on par with that before the recession hit. And prices rose more than in 2008, but not as much as in previous years. An increase in the dispensing of generic drugs helped mitigate the overall growth in drug spending, said the analysts. ■



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New Public Health Goals Set

The nation's updated public health objectives, Healthy People 2020, will include dementias and sleep disorders as focus areas for the first time. "Our challenge and opportunity is to avoid preventable diseases from occurring in the first place," said Health and Human Services Secretary Kathleen Sebelius in announcing the update. HHS set 10-year goals of raising public knowledge about sleep disorders, such as that they can increase heart disease and stroke risks, and sleep-disorder treatments. The document also calls for reductions in the morbidity and costs associated with Alzheimer's disease and other dementias, and improvements in the quality of life for people with these diseases.

O₂ Denied for Headaches

The home use of oxygen to treat cluster headaches will not be covered under Medicare Part A or B except in an approved prospective clinical trial. There is not enough evidence that unsupervised use of oxygen works against the condition, according to a decision by the Centers for Medicare and Medicaid Services. The agency considered coverage after requests from the American Academy of Neurology and American Headache Society. The decision does not affect home use of oxygen already approved for other conditions.

Multiple Sclerosis Disparities

There are significant differences in symptoms and treatments of multiple sclerosis between whites, African Americans, and Hispanic Americans, according to a study published in the journal Ethnicity & Disease. Using data from the North American Research Committee on Multiple Sclerosis, the researchers showed that a larger proportion of African Americans with the disease has never been treated by a neurologist specializing in MS. Hispanic Americans with MS were more likely than whites or African Americans to have received no mental health care. African Americans are youngest when MS is diagnosed, Hispanic Americans next, and whites the oldest. The authors said that more research is needed into such differences, especially given the growing population of Hispanic Americans.

VA Issues Notice on Agent Orange

Hairy cell leukemia and other chronic B-cell leukemias, Parkinson's disease, and ischemic heart disease are now officially the only categories of disease the Department of Veterans Affairs acknowledges to have proven associations and presumptions of service connection with the use of Agent Orange and other herbicides during

the Vietnam War. The VA posted that notice in the Federal Register in late December, and attributed its content to "careful review of the findings of the [National Academy of Sciences] Report, Veterans and Agent Orange Update 2008." The "presumption of service connection" permits veterans to claim VA treatment of diseases without proving a link to their military service. The Agent Orange Act of 1991 directed the VA to work with the National Academy of Sciences to evaluate possible evidence of associations between exposure to herbicides used during the Vietnam War and suspected diseases.

Guilty of Inflated Prices

Three drug makers – Abbott Laboratories, B. Braun Medical, and Roxane Laboratories – have agreed to pay \$421 million to settle the government's claim that they inflated wholesale prices of their drugs to get higher reimbursement from Medicare and Medicaid. The Department of Justice said that the government had paid "millions of claims of far greater amounts than it would have if Abbott, B. Braun, and Roxane had reported truthful prices." Roxane was charged with reporting false prices for azathioprine, diclofenac sodium, furosemide, hydromorphone, ipratropium bromide, Oramorph SR, Roxanol, and Roxicodone. The Abbott products were dextrose solutions, sodium chloride solutions, sterile water, vancomycin, and erythromycin. B. Braun was alleged to have inflated prices for 49 products. The case was brought to light by a whistle-blower in Florida, who is to receive nearly \$90 million, according to the government statement.

M.D. Heads Ways and Means Panel

Dr. Charles Boustany Jr., a Republican House member from Louisiana and a former cardiothoracic surgeon, has been named to head the Ways and Means Oversight and Investigations Subcommittee. In a statement after his appointment, Rep. Boustany made no secret of his desire to take on the Affordable Care Act in his subcommittee. "As we begin to undo the damage caused by President Obama's health care law, I plan to hold IRS officials accountable to the taxpayers and press them on how this law will be implemented," he said. "I also plan to work with the Government Accountability Office and other watchdog groups to identify existing programs ... that warrant review and improvements to save taxpayer dollars and increase efficiency," he said. Medicare and Medicaid are among the programs within the Ways and Means Committee's jurisdiction.

–Naseem S. Miller