Health Care Spending Was 16.2% of 2007 GDP

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WASHINGTON — Growth in U.S. health care spending slowed in 2007 to 6.1%, the lowest annual growth rate since 1998.

But at $2.2 trillion, or $7,421 per person, health care spending still represented 16.2% of the nation's overall gross domestic product and was an increase from 16% in 2006, according to data published by a group of statisticians and economists from the Center for Medicare and Medicaid Services' Office of the Actuary.

"Do we feel glad that the cost growth overall in 2007 was the lowest in quite some time, since 1998?" asked Richard Foster, CMS chief actuary. "Sure, we're happy about that. But it was still 6.1%. How much did GDP grow that year? How much did your wages increase?

"We still have this affordability problem," he said.

The data indicate most of the spending slowdown in 2007 was a result of the markedly lower 4.9% rate of growth in retail prescription drug spending, which amounted to $227.5 billion (10% of total spending) and represented the slowest rate since 1963. In 2006, by contrast, drug spending grew by 8.6% (Health Aff. 2009;28:246-61).

The slowing in retail prescription drug spending was deemed to be a result of three factors: the growth in generic prescription drugs (67% of filled prescriptions in 2007 were generic, up from 63% in 2006); a slower price growth in all drugs (thanks both to the increased use of generics and also the introduction of drug discount programs at national retailers such as Walmart); and increased safety concerns related to numerous black-box warnings issued this year (68 compared with 58 in 2006 and 21 in 2005).

Growth in spending on physician and clinical services remained stable from 2006 to 2007 with a 6.5% increase, accounting for $478.8 billion or 21% of the total health care bill. Taken separately, the increase was mostly sustained by a growth in spending for clinics, which grew at an average annual rate of 8.5% from 2004 to 2007. ("Clinics" were defined as outpatient care centers and ambulatory service centers.) As a result of cuts in imaging reimbursement and flat or very small payment updates, payments to physicians grew at an average of 6.4% over the same period.

Hospital spending accounted for $696.5 billion or 31% of the total in 2007, with an increase of 7.3%. Nursing home care comprised 6% of the total, or $131.3 billion, with an increase of 4.8%, up slightly from 4.0% in 2006.

The nation's health care tab in 2007 was split nearly evenly between public and private payers, with 46% coming from the public side—about the same as in 2006, according to Anne Martin, an economist at the CMS Office of the Actuary and a coauthor on the report.

Medicare spending increased 7.2% in 2007, following an 18.5% increase in 2006 that resulted from the implementation of the Part D program that year. Meanwhile, private health insurance premiums grew at a more modest 6.0%

Lead author and CMS statistician Micah Hartman said that although the current recession did not overlap enough with data reported in this study to have an effect—only 1 month—a set of health spending projections for 2008-2018 will be released some time in February.

Mr. Foster predicted that the projections will have much less of an upside. "I wouldn't expect the 6.1% to stay that low," he said. "I wouldn't expect the good news to continue." ■

Information About PQRI Measures For 2009 Now Available Online

Detailed descriptions of the quality measures and measures groups that can be used as part of the 2009 Medicare Physician Quality Reporting Initiative are now available online.

Officials at the Centers for Medicare and Medicaid Services also have posted an implementation guide for claims-based reporting in 2009 and instructions for reporting using measures groups.

Among the 153 measures eligible for reporting in 2009, there are 52 new measures including elder maltreatment screening and follow-up planning, glucocorticoid management in rheumatoid arthritis, and influenza immunization in pediatric end-stage renal disease.

The measures and related guidance documents are available at www.cms.hhs.gov/PQRI/15_MeasuresCodes.asp.

Late last year, CMS officials began listing the names of physicians and other health care professionals who reported on at least 1 of the 74 PQRI measures in 2007 at www.medicare.gov/physician.

Along with the listing of physicians, CMS officials included general information about the PQRI program. They noted that physicians may have had good reasons not to report measures and that a failure to report through PQRI doesn't reflect a lack of commitment to high quality care.

For example, CMS officials wrote that reporting quality data may have been too costly for some physicians or that physicians may have been engaged in other quality improvement reporting activities.

—Mary Ellen Schneider

POLICY & PRACTICE

FDA Posts Guidance on Handouts

The Food and Drug Administration has issued updated guidance for manufacturers that distribute journal articles or other scientific publications concerning off-label uses for their FDA-approved drugs, devices, or biologics. Guidance doesn't carry the same heft as regulation, but most manufacturers heed the FDA's advice. On its Web site, the agency suggests that distributed journal articles be only from organizations using editorial boards with "demonstrated expertise in the subject of the article," independence to review articles, and fully disclosed conflicts of interest. Authors and editors should also disclose conflicts. Acceptable articles can't be from special supplements that are funded even partially by a manufacturer. In its presentation to practitioners, an article shouldn't be highlighted, otherwise marked up, or attached to promotional materials. The FDA did not deem letters to the editor, publication abstracts, and results of phase I trials in healthy volunteers to be kosher.

Markets Offer Free Antibiotics

So far this cold and flu season, six supermarket chains have said they will offer free generic antibiotics to customers. Pleasanton, Calif.–based Safeway, the Mid-Atlantic chain Giant Food, the New England–based Stop & Shop, the Florida chain Publix Super Markets, Rochester, N.Y.–based Wegmans Food Markets, and the Midwestern chain Meijer Stores all said they would supply the most commonly prescribed generic oral antibiotics to customers with valid prescriptions at no charge. "As the provider of fresh, wholesome foods that help our customers stay healthy, we feel it is equally important to offer these free antibiotics to fight illness," Andrea Astrachan, consumer adviser for Stop & Shop, said in a statement.

CDC Warns on HBV, HCV

In the past decade, more than 60,000 people in the United States were advised to be tested for hepatitis B virus and hepatitis C virus because health personnel who cared for them in settings outside hospitals failed to follow basic infection control practices, according to the Centers for Disease Control and Prevention. The review of CDC investigations of health care–associated viral hepatitis outbreaks revealed 33 HBV or HCV outbreaks outside hospitals in 15 states during the past decade (12 in outpatient clinics, 6 in hemodialysis centers, and 15 in long-term care facilities). As a result, 450 people acquired HBV or HCV infections. "Thousands of patients are needlessly exposed to viral hepatitis and other preventable diseases in the very places where they should feel protected," Dr. John Ward, director of the CDC's Division of Viral Hepatitis, said in a statement.

Maryland Eyes Concierge Care

Maryland's insurance commissioner is considering whether to regulate models of medical practices known as "retainer," "boutique," or "concierge" practices. Ralph Tyler held an informational hearing in December in an effort to determine whether the arrangements "cross the line to trigger obligations as an authorized insurer." In concierge practices, the patient pays an annual fee in exchange for certain medical services beyond what a health insurer covers. But the agreement generally covers only preventive services. The insurance commission "wants to be sure it understands these arrangements and will review the need for additional oversight or regulation," Tyler said in a statement.

R.I. Medicaid Overhaul Okayed

Rhode Island Gov. Donald Carcieri and the Centers for Medicare and Medicaid Services have reached agreement on a Medicaid reform package for the state that would emphasize home- and community-based long-term care settings over nursing home care. Primary care case management would also get a boost. The deal, which must be approved by Rhode Island lawmakers, would set a $12 billion, 5-year spending cap on the state's program. As in other states, Medicaid costs are threatening to overwhelm other spending priorities in Rhode Island, whose 2009 budget counts on millions in savings from Medicaid changes. Under the new reform plan, assessment teams would determine medical risk levels for impoverished elderly people, and only those at most risk would be guaranteed placements in nursing homes or other high-cost facilities. Others would receive care from in-home services and in lower-cost assisted living facilities. The state would enroll all Medicaid beneficiaries without other third-party coverage into a managed care plan or a primary care case management practice.

Court: Enforce HIV Law

The Los Angeles Superior Court has ordered the state to implement a 2002 law intended to extend Medi-Cal coverage to more HIV-positive Californians. The AIDS Healthcare Foundation sued to compel the Department of Health Care Services to include all HIV-positive, nondisabled individuals in Medi-Cal, California's Medicaid program. Prior to the 2002 law, only individuals with HIV who had been diagnosed with AIDS were considered eligible for Medi-Cal. The law was designed to encourage AIDS patients to move from Medi-Cal's fee-for-service program into managed care, and the state was to use savings from that change to cover HIV-positive people without AIDS. The court ruled that Medi-Cal failed to implement measures specified by state lawmakers, such as outreach to individual AIDS patients, and made minimal efforts on others.

—Jane Anderson