



THE SULLIVAN ALLIANCE

The Economic Costs of Health Disparities

Louis W. Sullivan, MD
November 18, 2010

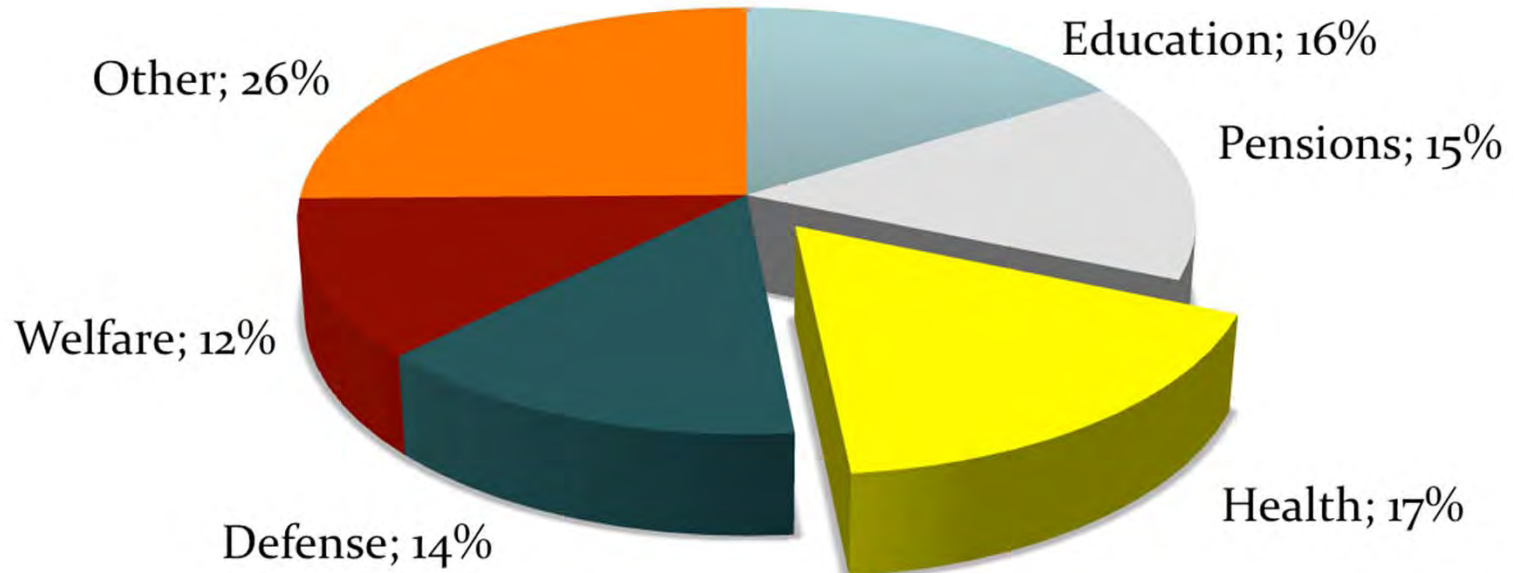
Eva Noles Recognition Ceremony
Roswell Park Cancer Center
Buffalo, New York



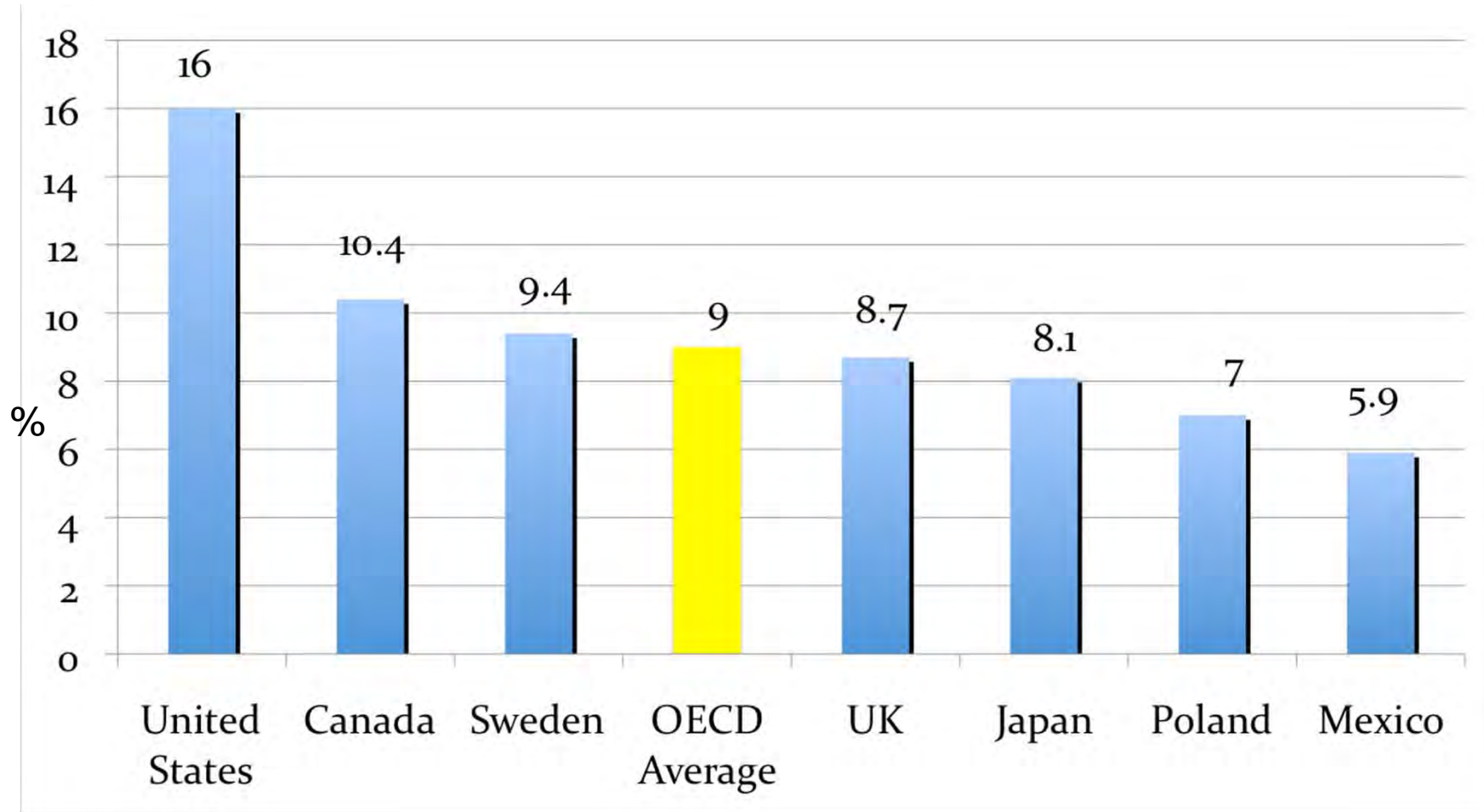
U.S. Health Costs are Escalating

In 2009, the U.S. health spending increased by 5.7% from the previous year reaching 2.5 trillion dollars – this is the largest one-year increase of the health expenditures in the GDP since the 1960s (Truffer et al., 2009)

U.S. GDP - 2009



Health Expenditures as a Share of GDP, OECD* Countries, 2008



* Organization for Economic Co-Operation and Development (OECD)

U.S. Health Expenditures Compared to Other OECD Nations

- U.S. governmental share of health expenditures is the smallest among OECD countries - 46.5%, compared to the average of 72.8%
- The amount of U.S. health spending is the highest – among western countries
- In 2009 U.S. Health spending accounted for more than 17% of our Gross Domestic Product (GDP) – highest of all OECD countries (average of 9%)
- U.S. health spending *per capita* (\$7,538) is the highest and is double the OECD average

U.S. Health Status and Risk Factors Compared to Other OECD Nations

- Between 1960 and 2007, life expectancy in the U.S. increased by 8 years compared to the average increase of 11 years in other OECD countries
- In 2007, average life expectancy in the U.S. was 77.9 years - 1 ½ years *less than* the average of other OECD countries
- In 2006, infant mortality in the U.S. was 6.7 per 1,000 live births – higher than the OECD average of 4.7
- In 2008, the U.S. had the highest obesity rate among OECD countries - 33.8%

U.S. Health Resources Compared to Other OECD Nations

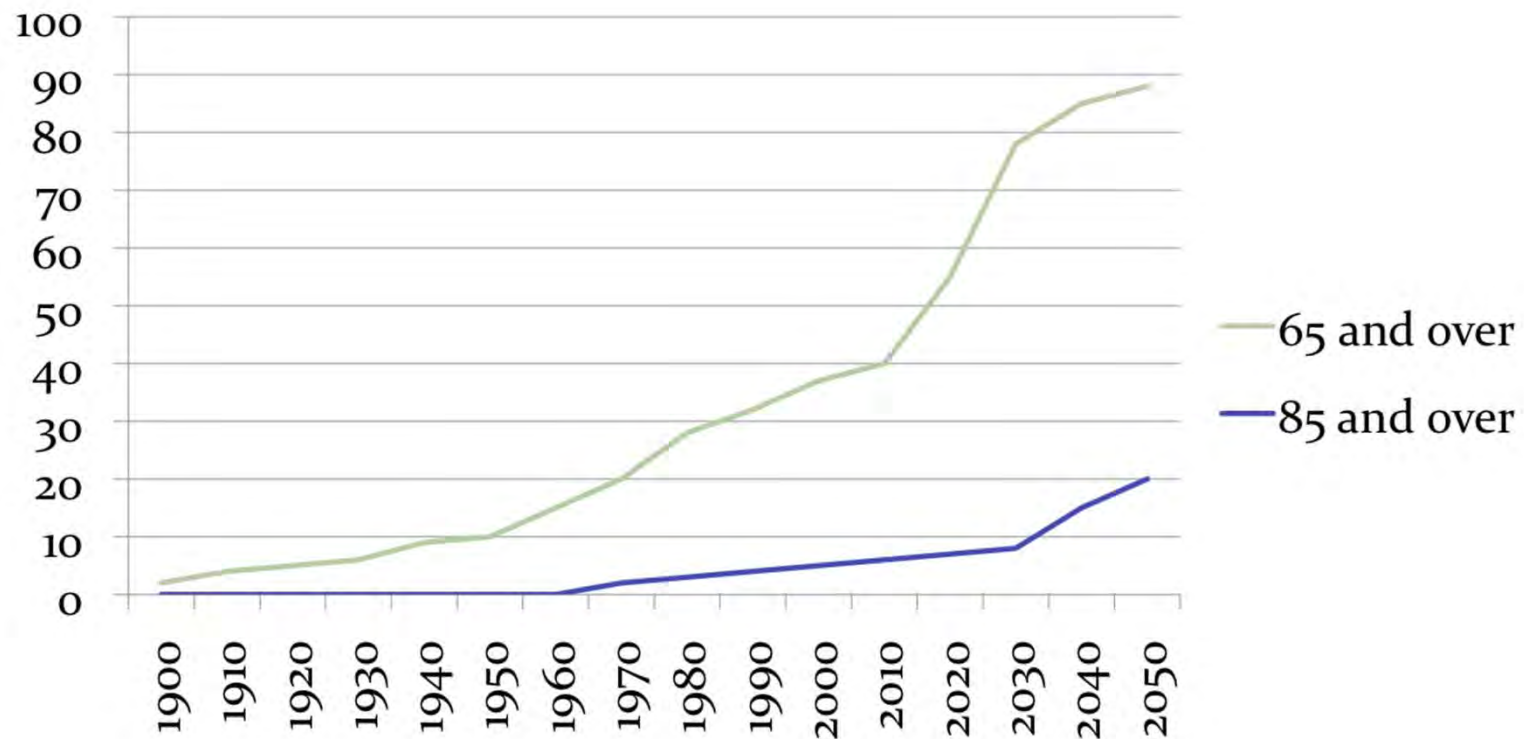
- U.S. has fewer physicians per capita – 2.4 practicing physicians per 1,000 population: below the OECD average of 3.2
- In 2007 the ratio of hospital beds in the U.S. was 2.7 per 1,000 population - lower than OECD average of 3.6 per 1,000.
- In 2008 there were 10.7 nurses in the U.S. per 1,000 population, just slightly above OECD average

Factors Affecting The Nation's Health Workforce

- Baby Boomers are slated to begin retiring in 2011
- The number of Americans over 65 is expected to soar from 37 million in 2006 to 88 million by 2050, (DHHS, Administration on Aging, 2008)
- Rapid developments in medical technology
- Higher utilization of services
- The Patient Protection and Affordability Act – 32 million more Americans with health insurance

Number of People Age 65 and Over U.S., 1900-2050

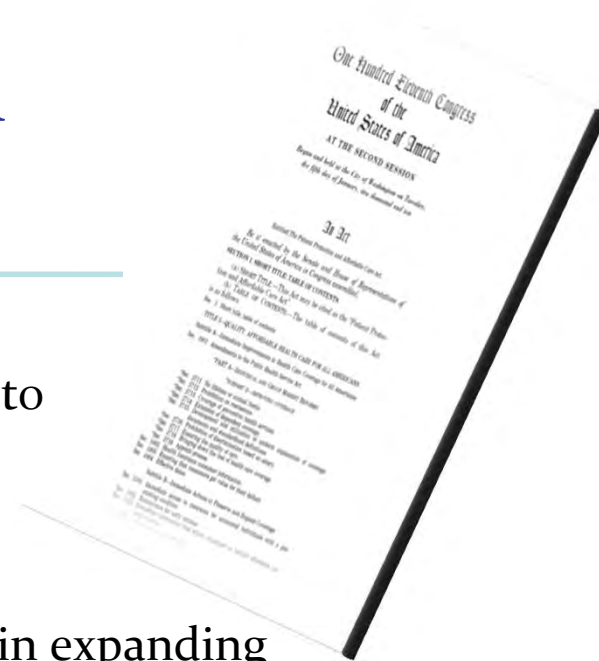
Millions



The Patient Protection and Affordable Care Act

Commits \$940 billion over 10 years to expand coverage to nearly 32 million uninsured Americans including:

1. Mandatory acquisition of health insurance by 2014
2. Creation of a new insurance marketplace, resulting in expanding access to coverage and formation of state-based exchanges
3. Sweeping insurance market reforms:
 - New regulations imposed on health plans, preventing insurers from denying coverage for *any* reason
4. Fundamental changes to Medicare, expansion of the Medicaid program, and reform of Part D
5. Health IT, prevention and wellness initiatives across the health care system



Who Will Provide Care? Projected Critical Shortage of Health Professionals



By 2025 the U.S. will need additional

160,000



250,000

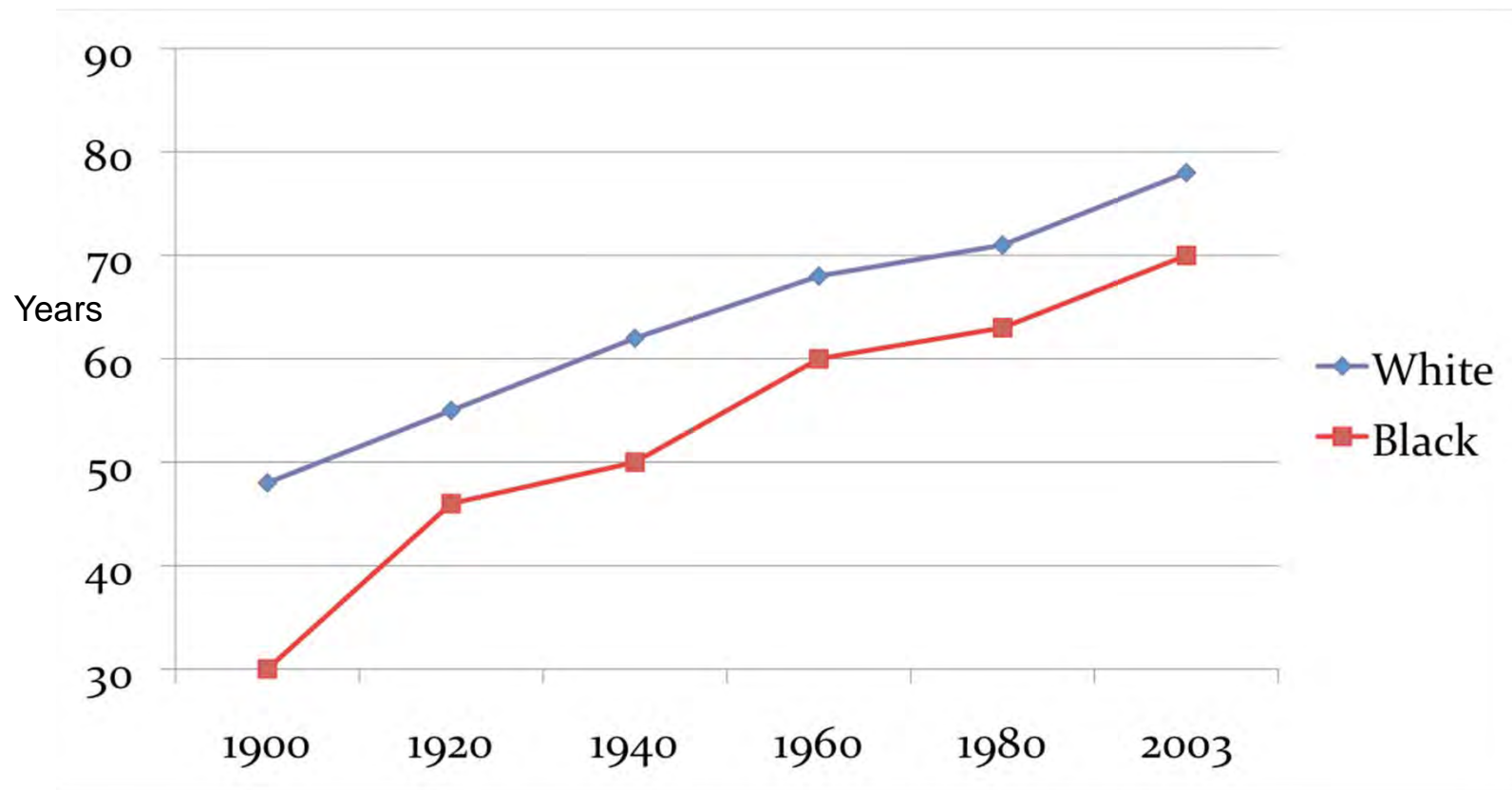


Public Health

1,000,000

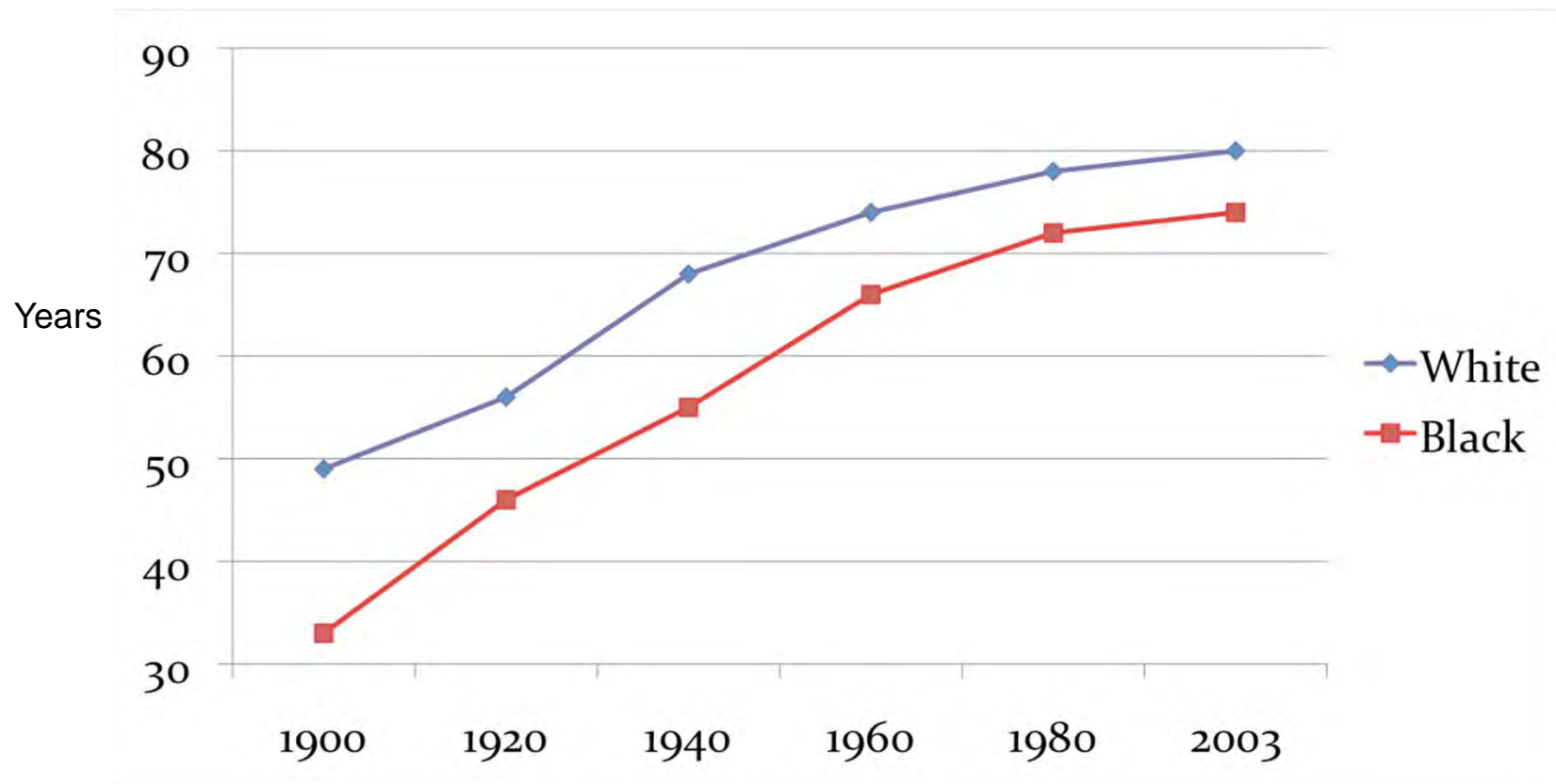


Trends in Life Expectancy at Birth by Race for Males 1900 to 2003



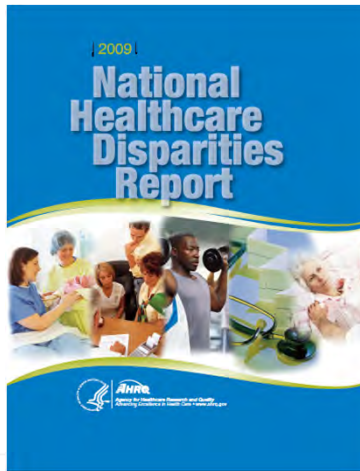
Source: Congressional Research Center, 2006

Trends in Life Expectancy at Birth, by Race for Females 1900 to 2003



Source: Congressional Research Center, 2006

National Attention to Health Disparities



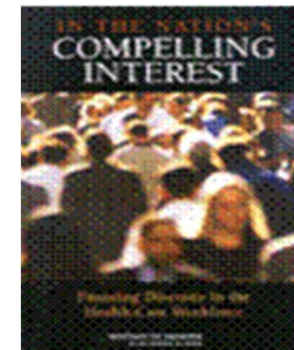
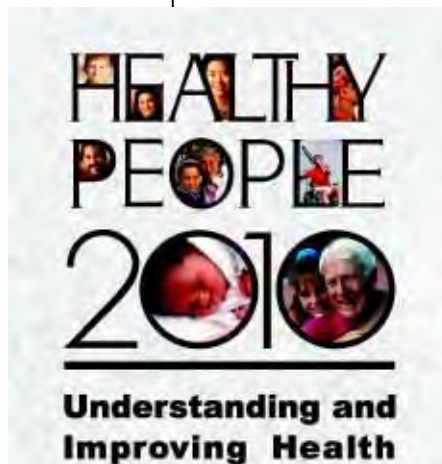
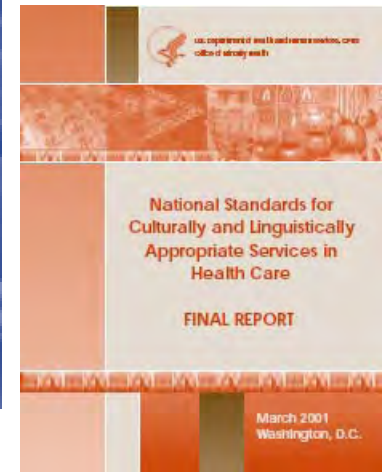
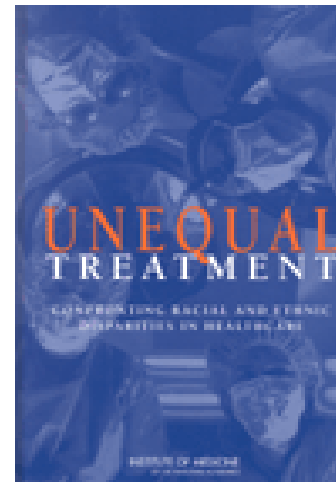
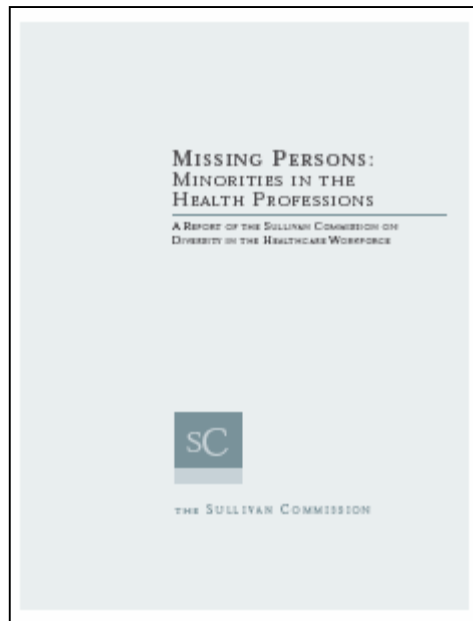
Volume I:
Executive Summary

Report of the
Secretary's Task
Force on

**Black &
Minority
Health**

Margaret M. Heckler
Secretary

U.S. Department of Health and
Human Services



Health Disparities

- Higher morbidity and mortality for minorities has been recognized for decades
- Healthy People 2000 was the first national initiative to target the reduction and eventual elimination of health disparities with its three overarching goals:
 - (1) Increase the span of healthy life
 - (2) Reduce health disparities, and
 - (3) Improve access to preventive services



THE ECONOMIC BURDEN
OF HEALTH INEQUALITIES
IN THE UNITED STATES



A study commissioned by
The Joint Center for Political
and Economic Studies, 2008

Conducted by Thomas LaVeist
And Colleagues from the Johns
Hopkins University and the
University of Maryland

Study's Methods

The cost of health disparities were estimated using three measures:

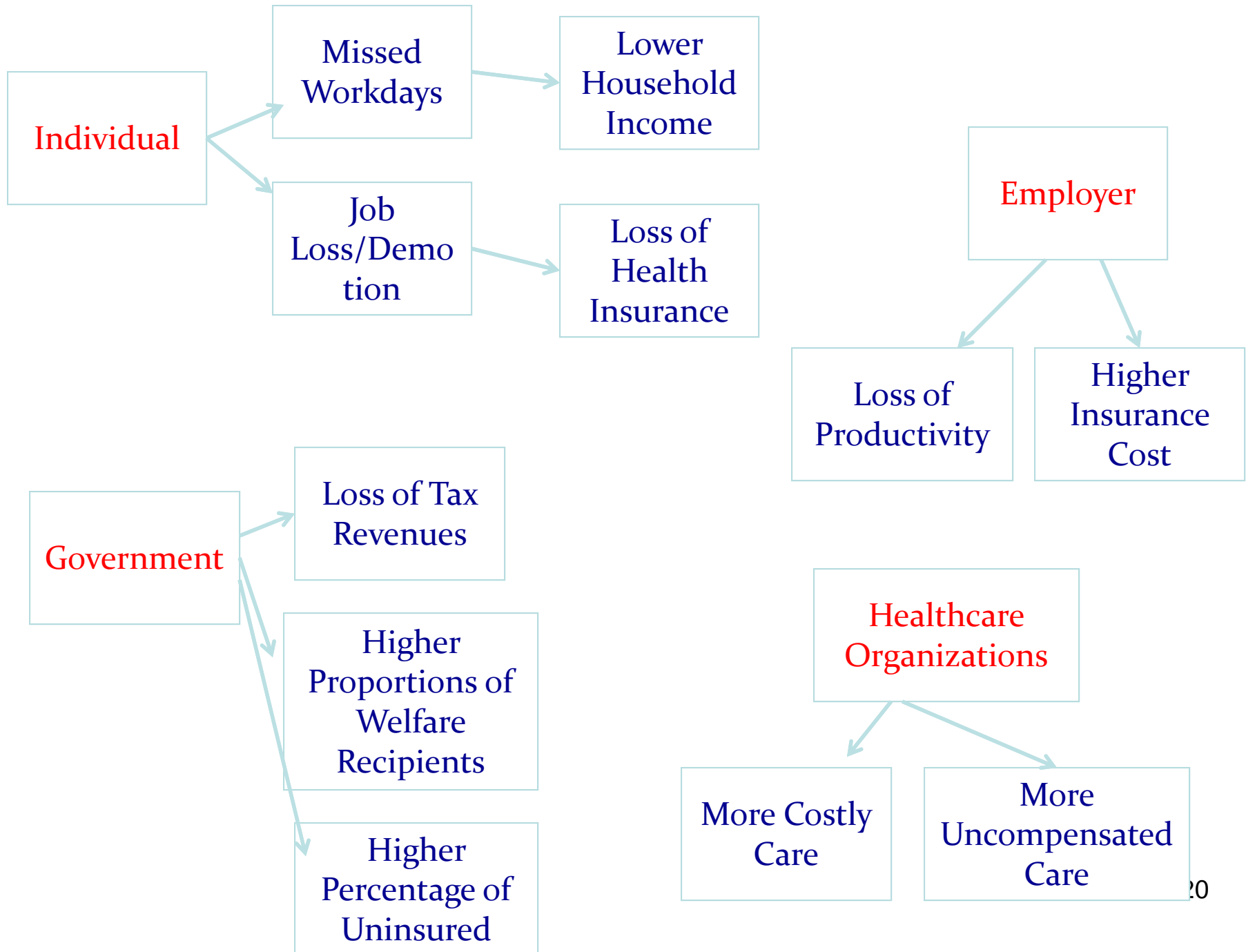
1. Direct medical costs of health inequities
2. Indirect costs of health inequities
3. Costs of premature death

Findings

- Between 2003 and 2006 the combined costs of health inequities and premature deaths in the U.S. were \$1.24 trillion
- Eliminating health disparities for minorities would have reduced direct medical care expenditures by \$229.4 billion for the years 2003-2006
- Between 2003-2006, 30.6% of direct medical care expenditures for African Americans, and Hispanics were access costs due to health inequities
- Eliminating health inequities for minorities would have reduced indirect costs associated with illness and premature death by more than one trillion dollars between 2003-2006

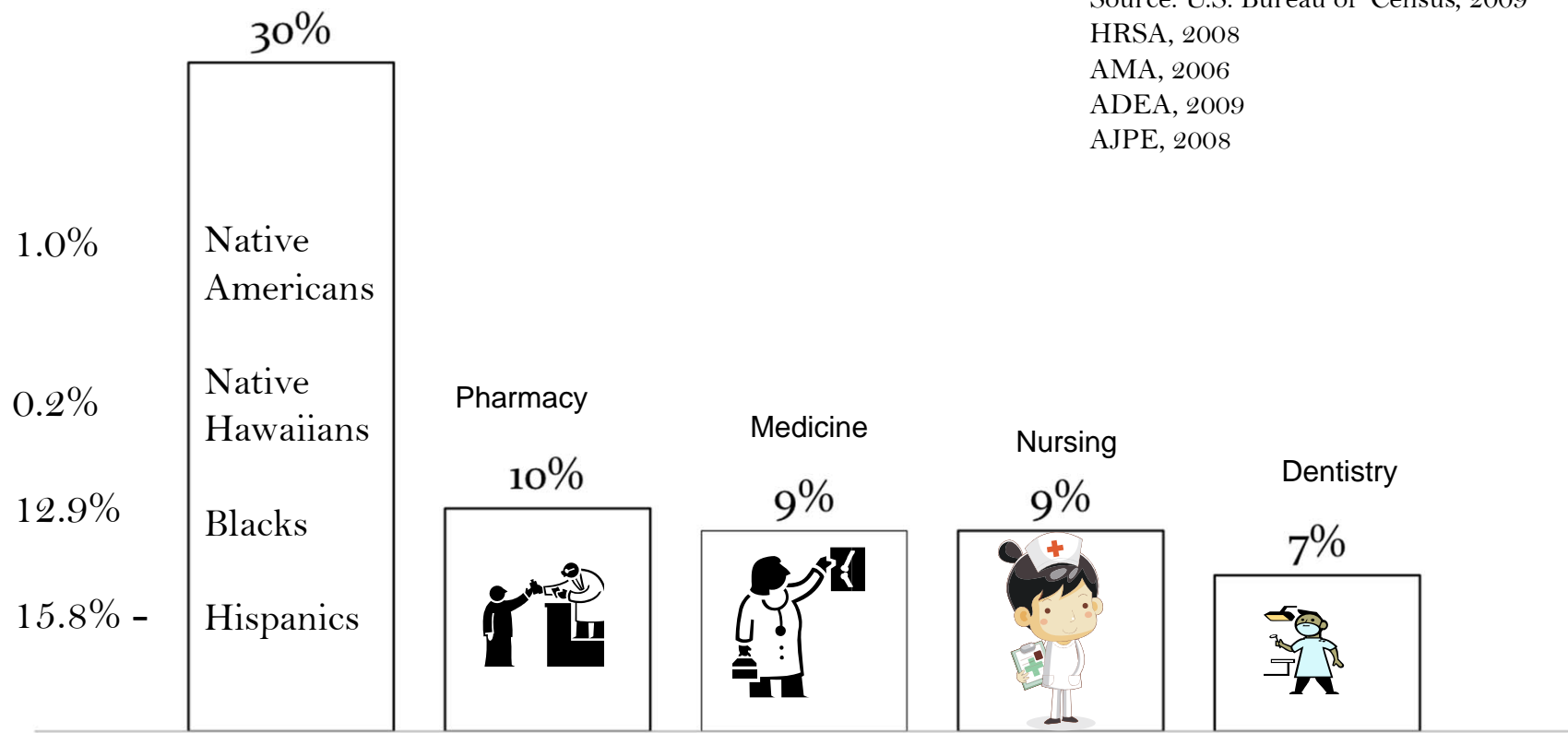
Costs of Health Inequities Impact...

- Individuals
- Families
- Communities
- Healthcare Organizations
- Employers
- Health Plans
- Government and State Agencies



Most Minorities are Vastly Underrepresented in the U.S. Health Professions

Source: U.S. Bureau of Census, 2009
 HRSA, 2008
 AMA, 2006
 ADEA, 2009
 AJPE, 2008



Minorities in the General Population

Minorities in the Health Professions

The Case for Workforce Diversity

- Increased access to care
- Increased quality of care
- Provide a more linguistically and culturally competent workforce
- Increased research creativity and problem-solving
- Provide “home grown” options for workforce shortages
- Decreased rate of medical errors and malpractice costs

Contact Information

The Sullivan Alliance to Transform the Health Professions

Metro Center
1200 G Street, NW
8th Floor
Washington, DC 20005

(P) 202-343-8722
(F) 703-229-4191

Robin H Carle
Executive Director
rcarle@thesullivanalliance.org