

Improving Health by Reducing Low-Value Care

THE BURDEN AND IMPLICATIONS OF LOW-VALUE CARE

Affordability in health care is best achieved by aligning spending with value. Traditional approaches to reducing health care spending often seek to reduce costs by indiscriminately eroding coverage for care, frequently targeting new technologies, rather than reducing spending through improved efficiency. By failing to take a holistic perspective on all sources of costs and value, reduced spending on health is all too often at the expense of patient outcomes and overall health system performance.

Low-value care, or health services that provide no or minimal benefit to a patient, is a major driver of inefficiency in health care and an untapped opportunity to increase quality and reduce spending. The U.S. spends more on health care than any other country, but fails to achieve outcomes commensurate with that spending, in part due to low-value care. Published estimates suggest that low-value care costs patients, purchasers, and taxpayers hundreds of billions of dollars every year.^{1,2,3}

As more expensive but highly effective treatments become available through advancements in medical technology, private and public payers will need to make challenging decisions about how to allocate abundant, but not unlimited, health care resources. *The potential for immediate savings for purchasers from low-value care reduction would allow increased investment ('headroom') in high-value, evidence-based interventions, such as chronic disease management and precision medicine.*

In addition to providing no health benefit, low-value care can expose patients to unintended harm, leading to cascading downstream effects that could include additional medical costs. For example, experts have long agreed that the potential harm of prostate cancer screening for asymptomatic men over 70 far outweighs the benefit.⁴ However, traditional Medicare spent up to \$79 million for this service in 2014 on men over 75.⁵ Common false positive test results often lead to costly biopsies and unnecessary, invasive treatments with unknown downstream costs.

There is both an ethical and financial urgency to reduce low-value care: substantial resources are being devoted to unnecessary and potentially harmful services, while effective treatments remain underused.

STATES ARE UNIQUELY POSITIONED TO ADDRESS THESE INEFFICIENCIES

As states continue to feel pressure to contain health care spending, it is tempting to reduce care of any kind. However, this type of short-sighted budgeting decision will not lead to lasting reforms that improve patient health. Accurate measurement and stakeholder champions armed with data can instead focus attention and direct action to increase efficiency in the health care system. All-payer claims data in combination with tools like the Health Waste Calculator, which help identify low-value care from these data, will make states a likely source of leadership on low-value care reduction. Better engaging state stakeholders to precisely measure the magnitude of low-value care will substantially advance systematic efforts.

States have already begun to quantify the potential magnitude of low-value care spending by tracking a small fraction of potentially wasteful services:

- In the state of Washington, nearly one half of individuals received at least one of forty-seven wasteful services measured by the state, leading to an estimated \$282 million in wasted spending in one year.⁶
- In Virginia, forty-four low-value care services were delivered 1.7 million times in 2014 at a cost of \$586 million—nearly 2% of Virginia’s health care spending.⁷

Low-hanging fruit exists among these data. According to results published in Health Affairs, low-value care spending in Virginia was more often spent on low-cost services, rather than high-cost and highly visible services. For example, over \$20 million was expended on unnecessary vitamin D screenings.⁸ In addition, the services measured by Washington and Virginia represent only a conservative portion of low-value care; the full scope of spending on care that is not clinically indicated would be much higher.

Importantly, the cost to states is greater than the dollar estimates. Wasted spending represents fewer patients having access to new medicines or high-quality health care facilities as limited budgets crowd out these services. Further, these state estimates on low-value care do not capture the downstream costs of treatment related to incidental findings or harm.

AN OPPORTUNITY FOR IMMEDIATE ACTION

The lack of broad-scale identification and measurement of low-value care remains a barrier to widespread change. At present, there are various ongoing initiatives offering resources to support government and private payer efforts to increase budget flexibility by reducing low-value care.

The multi-stakeholder Task Force on Low-Value Care aims to develop and promote practical steps to reduce low-value care.⁹ The Task Force connects employers, state and local government officials, health plans, patient advocate organizations, electronic health record developers, coalitions, and others to share experiences and actionable levers to reduce low-value clinical care. The Research Consortium for Health Care Value Assessment (the “Value Consortium”) brings together researchers to collaborate, share findings, and develop novel ideas to aid decision-makers seeking to address health care inefficiencies.

Together, the Task Force and the Value Consortium are advancing research to help identify low-value care and provide states with powerful, and actionable tools. The Task Force and Milliman Health Waste Calculator make it possible to track spending on low-value care. This information will be deployed by displaying low-value care measures using a standardized scorecard, which is currently under development by the Value Consortium.

Reducing low-value care represents a promising opportunity to improve health system efficiency, protect patients from unnecessary and potentially harmful services, and increase budgetary flexibility to improve patients’ access to evidence-based treatments. The de-implementation of commonly used, but unnecessary, health care services can be slow, but by combining available information and data to identify and measure the magnitude of low-value services, states will be armed with the tools they need to spur change.

NOTES

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ABOUT US

The Research Consortium for Health Care Value Assessment is a partnership between Altarum and VBID Health, with funding from the PhRMA Foundation as part of its Value Assessment Initiative, established to promote the pursuit of value in health care delivery in the U.S.

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