

19.2 GEOGRAPHIC DIFFERENCES IN BROAD HEALTH OUTCOMES ARE ASSOCIATED WITH HEALTH SPENDING*

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Abstract

Geographic differences in broad health outcomes generally are associated with higher health spending, both across countries and within the United States. Because higher spending also is associated with higher incomes, it is difficult to untangle the separate contribution of higher income to better health.

Among industrialized nations, some association exists between expenditures on health and better health outcomes. One approximate cross-national measure of health outcomes is the number of years lost due to premature death. Because life expectancy in industrialized countries now exceeds 70 years, deaths before age 70 are premature. Using this metric, someone dying at age 20 would have lost 50 years of life, whereas someone dying at age 69 would have lost only one year. Giving much greater weight to deaths occurring early in life seems superior to treating all deaths equally. Adding all the years of lost life at all ages and dividing by population numbers provides a standardized measure across countries of different sizes.

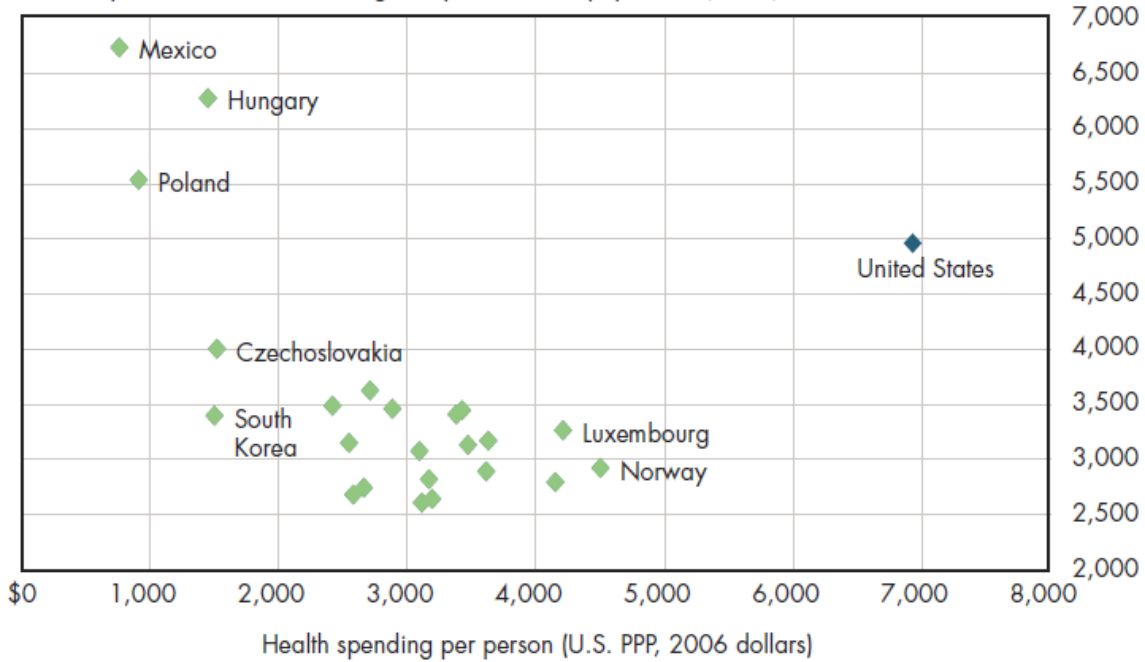
Using such a measure, the burden from premature death appears to decline with increased health spending (figure 19.2a). The United States is a rather extreme outlier. It spends much more money on health care but performs much worse on this metric. Some use numbers such as these to argue that the United States does not get good value for the money compared with that of other countries.

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19.2a Years lost due to premature death are many more in the United States than in most other industrialized nations

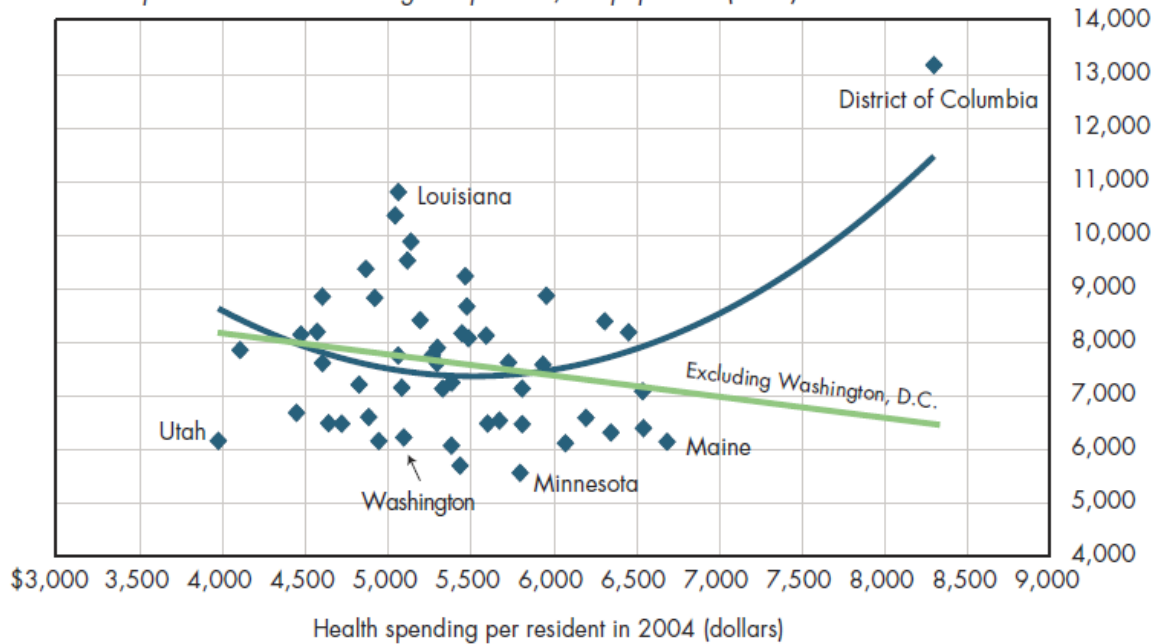
Years of potential life lost before age 70 per 100,000 population (2006)



Data from the United States illustrate the limitations of such conclusions (figure 19.2b). First, for any given level of health spending, there is almost a two-to-one difference in the premature death burden. Thus, the huge difference between Louisiana and Washington cannot be attributed to health spending because both states spend almost identical amounts. Conversely, Utah and Maine have almost identical premature death burdens, yet Maine spends almost 75 percent more on health care per resident. Washington, D.C. is an outlier to approximately the same extent that the United States is among industrialized countries. If health spending determined health outcomes, these data would imply worse outcomes with higher spending. Removing D.C.'s unique experience, health outcomes tend to improve with increasing health spending, but other factors clearly make a difference.

19.2b Wide differences in years lost due to premature death exist across states, even with identical health spending levels

Years of potential life lost before age 75 per 100,000 population (2004)



Note: The curved line is a best-fitting prediction line using all the states and the District of Columbia. The straight line is a best-fitting prediction line that excludes the District of Columbia.

1 Downloads

Download PowerPoint versions of both figures.

- Figure 19.2a Image Slide (as it appears above)¹
- Figure 19.2a Editable Slide (can be formatted as desired)²
- Figure 19.2b Image Slide (as it appears above)³
- Figure 19.2b Editable Slide (can be formatted as desired)⁴

2 References

- Author's calculations.
- Department of Health and Human Services. Centers for Disease Control and Prevention.
- Department of Health and Human Services. Centers for Medicare and Medicaid Services.
- Organisation for Economic Co-operation and Development.

¹<http://https://hub.mili.csom.umn.edu/content/m10061/latest/19.2aIMG.ppt>

²<http://https://hub.mili.csom.umn.edu/content/m10061/latest/19.2aDATA.ppt>

³<http://https://hub.mili.csom.umn.edu/content/m10061/latest/19.2bIMG.ppt>

⁴<http://https://hub.mili.csom.umn.edu/content/m10061/latest/19.2bDATA.ppt>