

Is Our Health Care Spending Really Worth It?

The New Health Care

By AUSTIN FRAKT

Many people know by now that the United States spends much more on health care than any other country, and that health outcomes are not a lot better (and in many instances worse). That raises the question: Is our health care spending actually worth it?

It's tricky to figure out the extent of the roles that the environment, genetics and social support play in improving health. Nevertheless, the best evidence tells us that health care is still very valuable, even at U.S. prices.

Consider this analogy: If you had to choose between no transportation and a new \$50,000 luxury car, the car is worth it. This is the U.S. health system. Expensive, but better than nothing.

But that doesn't mean using the bus or even buying a used economy car for \$10,000 wouldn't be more cost-effective. This is what many other nations are doing. (We should acknowledge that other nations are also benefiting from innovation in health care that is driven by high American spending without paying as much for it.)

How can such expensive health care be worth it? One piece of the puzzle is connecting health care to longevity. Research published in 1994 by scholars from King's College in London and Harvard used clinical studies to estimate the effect of medical interventions for common diseases on mortality reduction. With this approach, they estimated that of the 7.5 years of life expectancy gained between 1950 and the early 1990s, three years (or 40 percent) could be attributed to health care.

Nearly all of this longevity gain is because of declines in infant mortality and in death from cardiovascular disease. Health care interventions deserve credit for much of both. For example, a study by the



MARK MAKELA FOR THE NEW YORK TIMES

Blocked arteries of a patient with heart disease, still the No. 1 killer in the U.S.

Centers for Disease Control and Prevention epidemiologist Earl Ford and colleagues found that half of declines in deaths from coronary heart disease between 1980 and 2000 could be attributed to the health system. But reduced smoking rates also had a substantial effect.

Beyond longevity, the King's College/Harvard study looked at the effect of medical intervention on broader well-being. It found that health care could improve the quality of life for patients with a wide variety of conditions, including unipolar depression, heart disease, osteoarthritis, pain accompanying terminal cancer, peptic ulcers, gallstones, migraines, bone fractures and vision and hearing impairments.

Naturally, this work and other studies like it have limitations. For one, even as patients get treatment, they also may make lifestyle changes, which could account for some of the improvements.

For another, lifestyle and environmental factors could — and almost certainly do — play a role in causing some of the conditions the health system subsequently treats. In other words, the health system may be quite good at making us healthy, but other things outside the system may have made us sick.

“One big question in figuring out where to direct dollars to

improve lives is how effectively we can get people to change behavior,” said Anupam Jena, a physician and an economist who does research at the Harvard Medical School. “It may be true that diet and exercise affect health a great deal, but getting people to make lifestyle changes is sometimes vastly more difficult than getting them to take a pill or undergo a procedure.”

Another limitation of studies like this is that they rely, in part, on assumptions and estimates. But careful work can help us gain confidence that they're not driving the results. For example, according to research by the Harvard economist David Cutler and colleagues, reduced smoking rates and other changes known to have big effects on mortality — like fewer deaths from auto accidents — can explain only 21 percent of the nearly eight-year increase in longevity between 1960 and 2000. So it's not implausible that the health system could explain a fairly large share of the rest of that gain.

Mr. Cutler's work also compared the life-lengthening benefits of the health system with what it costs. In total, each additional year of life gained between 1960 and 2000 attributed to the health system cost nearly \$20,000. When focused just on the same gain for 65-year-olds, the average cost was about

\$85,000.

Both figures are below the typical amounts that society is willing to spend to gain a year of life. There's no ironclad way to pin down the willingness to pay for a year of life in good health, of course — and it's quite a controversial subject, as you might imagine — but estimates extend to at least \$150,000.

It's findings like these that have led some scholars to argue that health care is so valuable that we should be willing to spend even more on it.

Since 2000, we certainly have. In that year, to obtain an additional year of life from the health system for a 65-year-old cost nearly \$160,000, more than double what it was in 1980, according to Mr. Cutler's study.

“What we really want to know is, how much does an extra dollar spent on health care buy us today?” Dr. Jena said. “Just as you can overdo it with exercise — jogging six days a week isn't going to give you appreciably more benefit from jogging five days a week — you can do so with health care.” Studies are mixed on this point: Some suggest that spending more provides substantial additional benefit; some suggest it doesn't.

One Health Affairs study focused on seven prevalent chronic conditions. The conditions examined — breast and lung cancer, cerebrovascular disease, chronic obstructive pulmonary disease, diabetes, H.I.V./AIDS and ischemic heart disease — are collectively responsible for most of the mortality and serious disease in the population. According to the study, which compared changes in cost and length and quality of life from 1995 to 2015 for people with those conditions, the health system provides good value.

So even at American prices, health care is still a bargain. But that doesn't mean there isn't also waste in the system. Nor does it mean that a dollar spent on health care today produces more improvements in health and well-being than a dollar spent on other things like improved diet and exercise.