

# expert voices

Essays on Trends,  
Innovative Ideas and  
Cutting-Edge Research  
in Health Care

## Chronic Conditions

The cost and prevalence of chronic conditions are increasing. A response is overdue.

By Gerard Anderson, Ph.D., Professor, Johns Hopkins University, and Director, Partnership for Solutions

Nearly everyone has a personal story about a friend or family member who suffers from a chronic condition. The saga usually concludes with a lament that the health care system is not responsive to their needs.

Caring for individuals with chronic conditions will be the public health challenge of the 21<sup>st</sup> century. Already four in 10 Americans report that they have a chronic condition. Another one in 10 are caregivers.<sup>1</sup> In the nationally representative survey that generated these prevalence numbers, we defined a chronic condition as lasting or expected to last a year or longer, limiting what one can do, and requiring ongoing care. Perhaps more surprising was that almost two-thirds of those currently without a chronic condition expect to develop one sometime during their lifetime.

chronic conditions. The number of Americans with two or more chronic conditions will increase from 60 to 81 million between 2000 and 2020. These are individuals with two very different diseases, such as Alzheimer's and arthritis. They often require services from multiple caregivers, making coordination of care an important part of their medical care.

### Changing the System

At the beginning of the 20<sup>th</sup> century, advances in public health greatly reduced the prevalence of infectious diseases. In the second half of the 20<sup>th</sup> century, American medicine became very proficient at treating acute episodes. Public and private health insurance programs were developed,

insurance benefits were designed to treat specific diseases, and payment systems were created to reward physicians based upon procedures performed. The health care system was responsive to the changing prevalence of disease.

At the beginning of the 21<sup>st</sup> century, we have a new challenge — orienting the health care system to provide care for individuals with chronic conditions. Our successes at treating infectious and acute diseases have resulted in more Americans living longer and developing more chronic conditions. Responding to the growing rate of chronic conditions will require a fundamental change in how providers are paid, which health care benefits are offered, how government programs are organized, and how clinicians are trained.

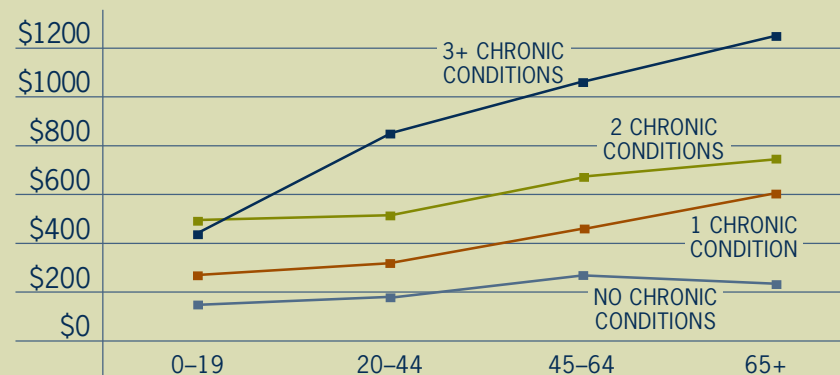
### Increasing Occurrence

The prevalence of chronic conditions is projected to increase rapidly over the next 20 years as baby boomers age. RAND Corporation estimates that half of the population will have a chronic condition in 2020 — a total of 157 million Americans.<sup>2</sup> Over 80 percent of medical care spending will be associated with treating these individuals.

Perhaps less well known is the increasing prevalence of people with multiple

FIGURE 1

### Out-of-Pocket Spending Increases with Number of Chronic Illnesses



SOURCE: Partnership for Solutions Analysis of MEPS Data



NIHCM  
FOUNDATION

1225 19th Street, NW  
Suite 710

Washington, DC 20036

TEL 202.296.4426

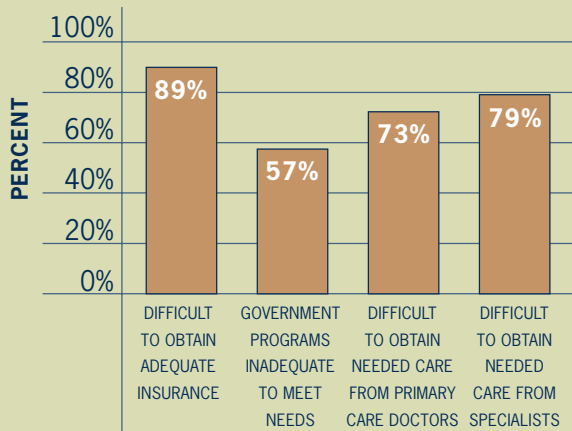
FAX 202.296.4319

WEB www.nihcm.org

FIGURE 2

## The American Public is Concerned

about the Ability of People with Chronic Conditions to Obtain Necessary Medical Care and Adequate Insurance



SOURCE: Harris Interactive Inc. Survey on Chronic Illness and Caregiving, January 2001

### Public Perceptions

The Partnership for Solutions, an initiative to improve the care and quality of life for those with chronic conditions, conducted a survey of the American public to ascertain their perceptions of the current health care system's responsiveness to individuals with chronic conditions. As shown in Figure 2, the American public does not believe that health insurance or government programs provide adequate coverage for chronic conditions. In the focus groups we conducted, three specific gaps in health insurance coverage were identified most frequently.

First, most public and private insurers do not cover specific services important to individuals with chronic conditions. An example is the lack of Medicare coverage for pharmaceuticals.

Second, cost sharing disproportionately affects individuals with chronic conditions. These individuals are much more likely to pay the full deductible and high levels of coinsurance. The cost-sharing provisions were designed to prevent unnecessary utilization, not to burden those with chronic conditions. These provisions, however, compounded by the lack of coverage for many needed services, greatly increase the out-of-pocket spending for those with chronic conditions. Our analysis of the Medical Expenditure Panel Survey data,<sup>3</sup> for example, shows that the level of out-of-pocket spending

increases almost linearly with the number of chronic conditions (Figure 1).

Third, the definition of medical necessity used by most public and private insurers excludes many services deemed valuable to individuals with chronic conditions. For example, physical therapy coverage usually ends when the patient has ceased to improve. If, however, the definition of medical necessity was revised to include services to maintain physical or mental functioning, or to slow the progression of disease, then more individuals with chronic conditions would receive appropriate care.

The American public also is concerned that the delivery system does not emphasize effective treatment of chronic conditions. Approximately three-quarters of Americans say it is difficult for people with chronic conditions to obtain needed care from primary care and specialty physicians (Figure 2). Many Americans with chronic conditions are also concerned about quality of care. Specifically, they expressed concern about contradictory information received from different providers and the possibility of potentially harmful drug interactions. We estimate that 14 million adults with chronic conditions<sup>4</sup> had to decide themselves which advice to follow upon receiving different diagnoses from two or more doctors; 16 million adults had to decide whether to fill a prescription when told by their pharmacist that the prescription just written for them could result in a serious drug/drug interaction.

These results are less surprising when one considers how doctors are paid and trained. The typical Medicare beneficiary with one or more chronic conditions, for example, sees nine different physicians during the year. There is, however, no explicit compensation for the nine physicians to communicate with each other. Although there is strong evidence that outcomes are better for those who receive team care, care involving multiple

## Policymakers must change their perspective to respond to the needs of individuals with chronic conditions.

clinicians is still not reimbursed. The education system is partially to blame because it encourages specialization and does not promote cooperation. Finally, most information systems do not allow one clinician to know what other clinicians are doing for a patient. The result is that the person with a chronic condition is often left to arbitrate among the sometimes conflicting advice given by different clinicians.

### Necessary Changes

Health services researchers, clinicians, and policymakers will need to work together to create a more user-friendly system for individuals with chronic conditions. Changing the benefit package, payment system, and training programs are all necessary first steps to transform the system.

Policymakers will need to change their perspective in order to respond to the ongoing and future needs of individuals with chronic conditions. Any revision to the Medicare program, for example, must recognize that nearly all of Medicare's expenditures are to treat individuals with multiple chronic conditions, and that Medicare now primarily covers people with chronic conditions. Medicare benefits, which were designed in 1965 based on a Blue Cross benefit package intended for working families, do not reflect the needs of today's beneficiary.

Unfortunately, the health care financing and delivery system is still centered around treating individual episodes of acute illness, rather than providing ongoing care. Moving to a viable chronic care system will require us all to change.

### NOTES

1. Harris Interactive, Inc. Survey on Chronic Illness and Caregiving, January 2001.
2. S. Wu and A. Green, *Projection of Chronic Illness Prevalence and Cost Inflation* (California: RAND Health, 2000).
3. The Medical Expenditures Panel Survey (MEPS) is conducted by the Agency for Health Care Research and Quality to provide nationally representative estimates of health care use, expenditures, sources of payment and insurance coverage for the US civilian non-institutionalized population.
4. Harris Interactive, Inc. Survey.

Gerard Anderson recently coauthored "Changing the Chronic Care System to Meet People's Needs" with James R. Knickman in *Health Affairs*.