

# The Cost of Chronic Disease

**H**ealth care costs are a major concern in the current political debate around health care reform. In 2007 the United States spent \$2.24 trillion (15.2 percent of gross domestic product) on health care (Partnership to Fight Chronic Disease 2009). Rising costs have contributed to higher health insurance premiums, which have had significant impact on both employers and consumers. Within the past 10 years, employer contributions for family health insurance coverage has increased by 119 percent, from \$5,791 per year in 1999 to \$9,325 per year in 2008 (The Henry J. Kaiser Family Foundation 2009). During this same time frame employee contributions toward health insurance premiums have increased by 117 percent, outpacing the 34 percent increase in wages (The Henry J. Kaiser Family Foundation 2009). Studies have shown that 75 percent of the rise in health care spending is due to the rise in prevalence of treated chronic disease (Partnership to Fight Chronic Disease 2009).

## PREVALENCE AND COSTS

Nearly half of the U.S. population has been diagnosed with one or more chronic conditions, and the prevalence of the most common – cancer, mental disorders, diabetes, heart disease, hypertension, pulmonary conditions, and stroke – is continuing to grow. It has been estimated that 21 percent (or \$277 billion) of the total cost of the seven most common chronic diseases was for direct health care costs, and 79 percent (or \$1 trillion) was for indirect costs such as loss of productivity due to absenteeism (Partnership to Fight Chronic Disease 2009). Because of increased insurance premiums and cost sharing, this has two troubling consequences for those living with chronic disease.

First, even though almost 80 percent of individuals with chronic diseases have some form of private insurance or public insurance, many are delaying medical care or choosing not to follow recommended medical treatment because they cannot afford to pay for it. Since individuals with chronic disease often require seeing multiple specialists and prescription drugs to keep their condition under control, not following the recommended treatment could lead to more serious complications that will require more expensive treatment and avoidable hospitalizations. Second, more Americans are acquiring medical bill debt. Of the families that declared medical bankruptcy, almost 60 percent named chronic disease as the primary reason (Partnership to Fight Chronic Disease 2009).

## POTENTIAL SOLUTIONS

Since lifestyle choices, such as poor diet and lack of exercise, increase one's risk of developing chronic disease, some suggest

that prevention programs, as well as disease management, could play a crucial role in reducing chronic disease prevalence and complications. It has been estimated that if the United States invested \$10 a year per person on chronic disease prevention programs, within five years more than \$16 billion in health care costs will have been saved (Partnership to Fight Chronic Disease 2009).

Recent reports released by the Congressional Budget Office, however, concluded that increasing prevention would only yield small reductions in cost and may even potentially increase costs over a 10-year period (Kaiser Health News 2009). Two other strategies that have been proposed to reduce health care costs related to chronic disease are investing in health information technology (HIT) and strengthening primary care coordination. It has been estimated, for example, that in a 10-year period, HIT could save up to \$88 billion and that strengthening primary care and care coordination could lead to \$194 billion in savings (Schoen et al. 2007).

## OPPORTUNITIES FOR FUNDERS

With more Americans – both young and old – developing chronic conditions, health foundations have become actively focused on community wellness and prevention, promoting chronic disease management systems, developing new models for chronic disease treatment, and improving medical education.

**Focusing on Community Wellness and Prevention** – The Carlisle Area Health & Wellness Foundation has committed to various projects that address chronic disease.

- *Healthy Community Rx: Prescription Initiative through Sadler Health Center* focuses on improving access to prescription drugs for uninsured or underinsured individuals with chronic disease and behavior problems who live at or below 200 percent of the federal poverty line. This program helps people have access to medications necessary in controlling medical conditions that they would otherwise be unable to afford, preventing them from developing further complications and avoidable hospitalizations (Carlisle Area Health & Wellness Foundation 2009a).
- *Wellness at Work* is collaborative project based on the belief that workplace culture is critical in changing the wellness norms and values of the community. Local area employers committed to improving their employees' health engage in wellness programs that address nutrition, physical activity, and tobacco cessation; offer various physical activities through the local YMCA; and design health-related activities based on the health needs of their

employees (Carlisle Area Health & Wellness Foundation 2009b).

- *Fit for Life Camp* helps children, between the ages of 9 to 15, at risk for being overweight. During this five-day camp, participants are introduced to physical activities, such as yoga, hiking, and climbing, and work on their nutrition and self esteem. The program educates participants on the importance of eating right and exercise in developing a healthy lifestyle (Carlisle Area Health & Wellness Foundation 2009b).

### Promoting Chronic Disease Management Systems –

*Tools for Quality* is a two-year, \$4.5-million, California-wide collaborative effort supported by The California Endowment, Blue Shield of California Foundation, California HealthCare Foundation, the Community Clinics Initiative, and Southern California Kaiser Permanente. The goal of the effort is to help community clinics and health centers that serve uninsured and low-income Californians adopt technology to improve chronic disease care. The program awarded up to \$40,000 in matching funds to 33 California community clinics and health centers to help them acquire and receive training for chronic disease management systems. Also known as disease registries, these software programs can be used as tools by physicians to track multiple chronic conditions, monitor the progression of disease to ensure timely follow-up care, and help manage preventative care such as cancer screenings and immunizations. Since safety net clinics mainly serve low-income, underserved, and uninsured populations, the foundations hope that the acquisition of disease registries will help alleviate disparities that many individuals face in chronic care treatment (The California Endowment 2008).

### Developing New Models for Chronic Disease

**Treatment** – In partnership with the Pittsburgh Regional Health Initiative, the Jewish Healthcare Foundation supports projects dedicated to the development of new models for chronic disease treatment and has worked on demonstrations aimed at reducing hospitalizations and emergency room visits related to chronic obstructive pulmonary disease. Additionally, in 2007 the foundation launched a \$200,000 grant for the first stage of a three-year substance abuse project that will address the health care needs of patients whose chronic disease is complicated by substance abuse. The project will incorporate new screening and intervention tools that are currently being piloted in Pennsylvania under a federal grant. It will also develop the use of medical homes to coordinate behavioral and medical care. The foundation hopes that the project will provide better screening, out-patient treatment, and follow-up care, leading to reductions in the number of avoidable emergency room visits, hospitalizations, and recurrent detoxifications among individuals suffering from chronic disease and substance abuse (Jewish Healthcare Foundation 2007).

**Improving Medical Education** – In 2003 the United Hospital Fund started supporting *Project Delivery of Chronic Care*, which aims to improve the quality of care for children with severe chronic conditions by educating medical residents specializing in pediatrics about their needs from a parent's perspective. The project is facilitated by teams of medical professionals and families and currently trains more than 800 medical students at 20 hospitals in the United States and Australia. Medical students are required to participate in medical panel discussions, conduct two home visits to families that have a child with a severe chronic condition, and conduct parent interviews. The program enables medical students to better understand the issues that many families face when taking care of a family member with a serious chronic condition. A transitions curriculum, which will focus on the needs of teenagers with serious chronic conditions that are transitioning into adulthood, is currently being developed (United Hospital Fund 2009).

## SOURCES

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