Growing Healthcare Spending: Is there a Role for Value Based Payment and Benefits Policy?

Stuart H. Altman

Dean and Sol C. Chaikin Professor
The Heller School for Social Policy and Management
Brandeis University
Growth In Per Capita National Health Expenditure
1966-2005
(adjusted for inflation)
Will Taxpayers be Willing To Spend An Increasing Percentage of Public Funds on Healthcare???
Alternative Levels of Healthcare Services And Improvements to Health Outcomes

- Inputs of Healthcare
- Economic Optimum
- Costs of Care
- Maximum Impact
- Harmful Care
Most Practicing Physicians, Health Professionals, Patients and Federal (FDA, Medicare) and State (Medicaid) Law Requires, Believes or Acts As If ---

#3 Is The Gold Standard of Quality Health Care
The Future Policy Debate In The U.S. Will Be ----

*Should Public Funds Be Used To Pay For Services Beyond #2?*
Why Are we Talking About Value-Based Payment for Medical Technologies?

• Rising spending and concern over overuse and misuse.
• Misaligned payment incentives.
• Likely expansion of comparative effectiveness research?
• General interest in shifting towards P4P and value-based purchasing.

This is likely to be a multi-year conversation.
Questions for Today’s Meeting?

- What economic factors drive medical technology pricing?
- How do current reimbursement practices inhibit value-driven decisions?
- What value-based payment and benefit design options exist today? What are practical considerations?
- What research could support productive policy development?