

Does Your Organization Have the Right Clinical Service Lines to Reduce The Cost of the Top Five Medical Conditions and Expenditures?

Data for conversations with various payer sources to align your organization's services to reduce the cost of care and readmissions.

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Highlights

▶▶ About three-quarters of aggregate expenses for persons in the top 5 percent of spenders were paid for by private insurance or Medicare.

▶▶ In 2018, the top 1 percent of persons ranked by their healthcare expenditures accounted for about 21 percent of total healthcare expenditures, while the bottom 50 percent accounted for only about 3 percent.

▶▶ Persons ages 65 and older and whites were disproportionately represented in the top spending tiers.

▶▶ Inpatient hospital care accounted for 36 percent of spending for persons in the top 5 percent of the spending distribution.



HYPERTENSION MOST COMMON TREATED CONDITION AMONG TOP 5 PERCENT OF SPENDERS

The most commonly treated condition among the top 5 percent of spenders in 2018 was hypertension (48.8 percent), followed by osteoarthritis/other non-traumatic joint disorders (44.0 percent) and nervous system disorders (40.0 percent). In the overall population, however, the percentages of persons who received treatment for these conditions were only 18.9, 16.7, and 12.1, respectively. Figure 1 (pg. 10).

Other conditions for which at least 25 percent of persons in the top 5 percent were treated include hyperlipidemia; mental disorders; chronic obstructive pulmonary disease (COPD), asthma, and other respiratory conditions; heart disease; and diabetes mellitus. Note that while these conditions are the most common among high spenders, they are not necessarily the most expensive conditions to treat. Rather, the top spending group is more likely to include persons with multiple chronic conditions or expensive treatments (e.g., surgeries, hospitalizations) related to these conditions.

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HOW DOES AGE FACTOR INTO HIGHEST HEALTHCARE SPENDERS?

Older persons were disproportionately represented in the higher healthcare spending tiers (Figure 2, pg. 11).

In 2018, 16.8 percent were 65 and older, while 22.6 percent were under age 18. Among the top 5 percent of spenders, 39.0 percent were 65 and older, while only 5.8 percent were children under age 18. In contrast, among the bottom 50 percent of spenders, 30.6 percent were children while only 6.0 percent were 65 years and older.

EXPENSES IN THE BOTTOM 50% OF SPENDERS LESS LIKELY TO GO TOWARDS HOME HEALTH

Compared to the overall population, expenses for persons in the bottom 50 percent of spenders were less likely to go toward inpatient stays or home health expenses and more likely to go toward ambulatory events (Figure 3, pg. 11).

Among the top 5 percent of spenders, on the other hand, 36.4 percent of their expenses were for inpatient stays. This comparatively high proportion of expenditures owes to a combination of the fact that persons in the top spending percentiles are much more likely to have at least one inpatient stay during the year, and those stays tend to cost more relative to other types of service.

WHICH PAYERS ARE PAYING THE MOST FOR HIGH SPENDERS?

Nearly half of aggregate expenses for the bottom 50 percent of spenders were paid for by private insurance (45.6 percent), while out-of-pocket payments accounted for around a quarter of the expenditures for this group (27.7 percent). Only 4.8 percent of expenditures for this low-spending group were Medicare payments (Figure 4, pg. 12).

For persons in the top 5 percent spending tier, Medicare paid for 31.5 percent of their total medical expenses, and private insurance paid for 43.6 percent. Out-of-pocket payments for this group amounted to only 6.8 percent of total expenses.

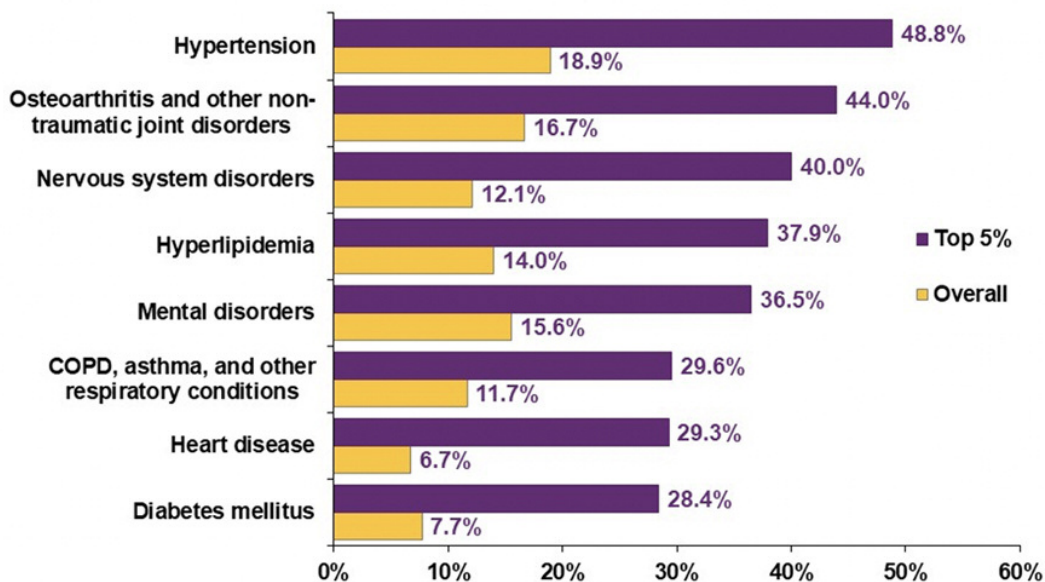
THE TOP 5 PERCENT OF THE POPULATION ACCOUNT FOR 48.3 PERCENT OF TOTAL EXPENDITURES

In 2018, the top 1 percent of persons ranked by their healthcare expenditures accounted for 21 percent of total healthcare expenditures, with an annual mean expenditure of \$127,284 (Figure 5).

The group within the top 1 percent is defined as persons who spent \$72,212 or more during the year. The top 5 percent of the population accounted for 48.3 percent of total expenditures, with an annual mean expenditure of \$58,609.

The bottom 50 percent accounted for only 3.2 percent of total healthcare expenditures. Every person in this group spent less than \$1,317 during the year (table 5), with an average annual expenditure of \$384 (Figure 5, pg. 12).

Figure 1. Most commonly treated conditions among top 5 percent of spenders: Percentage of persons treated, 2018



SOURCE: Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, Medical Expenditure Panel Survey, Household Component, 2018.

Figure 2. Percentage of persons by age group and percentile of spending, 2018

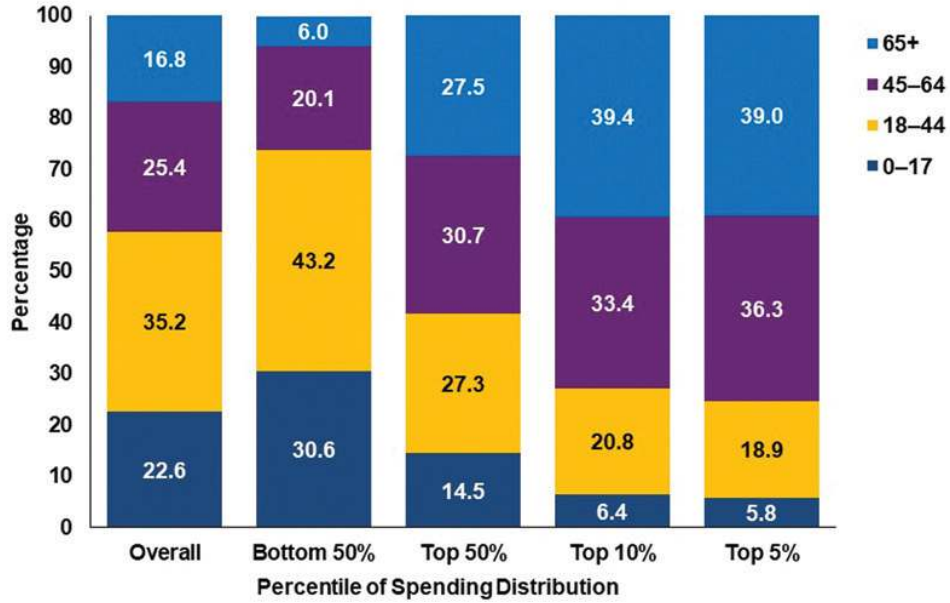
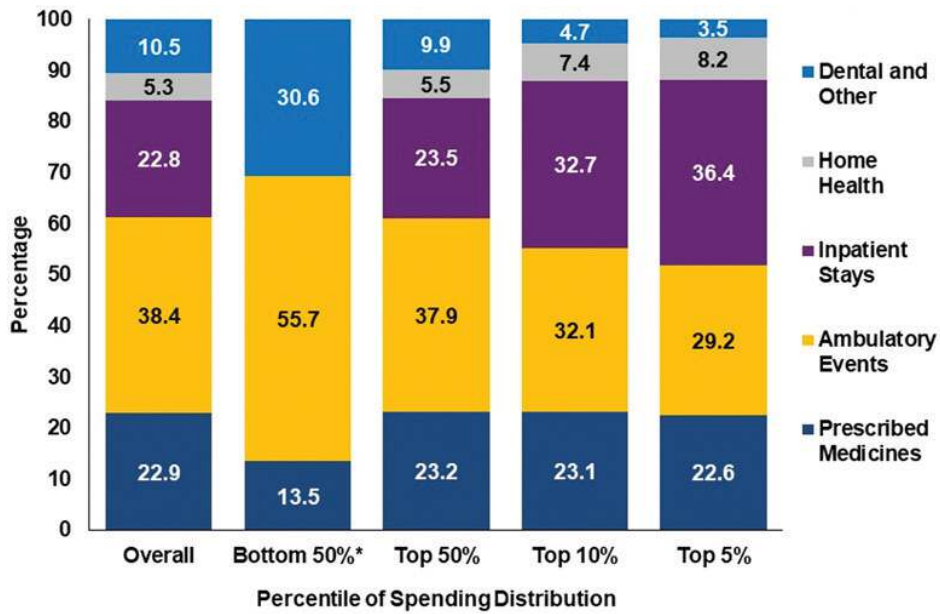


Figure 3. Percentage of persons by type of service and percentile of spending, 2018, 2018



SOURCE: Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, Medical Expenditure Panel Survey, Household Component, 2018.

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Figure 4. Percentage of persons by source of payment and percentile of spending, 2018

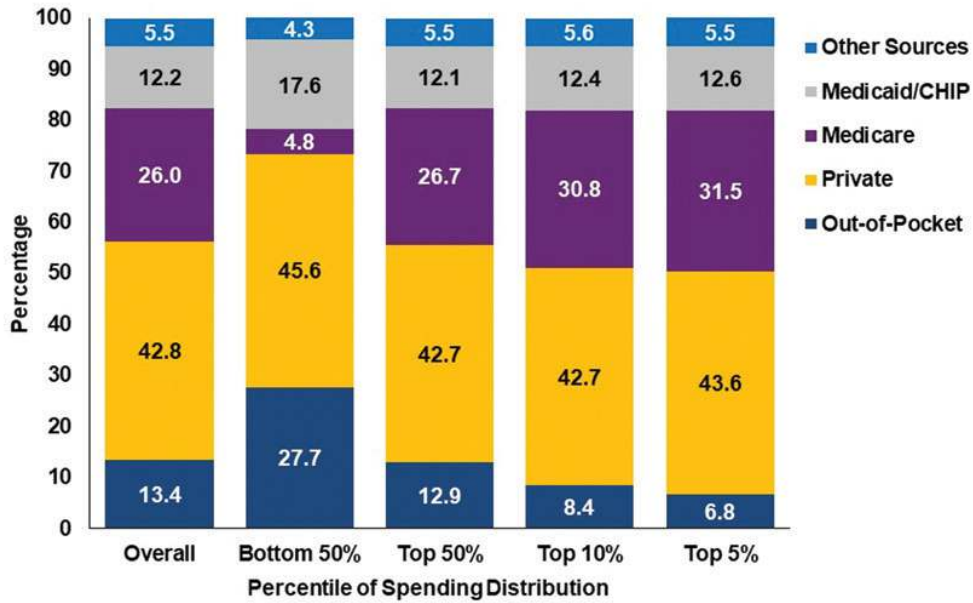
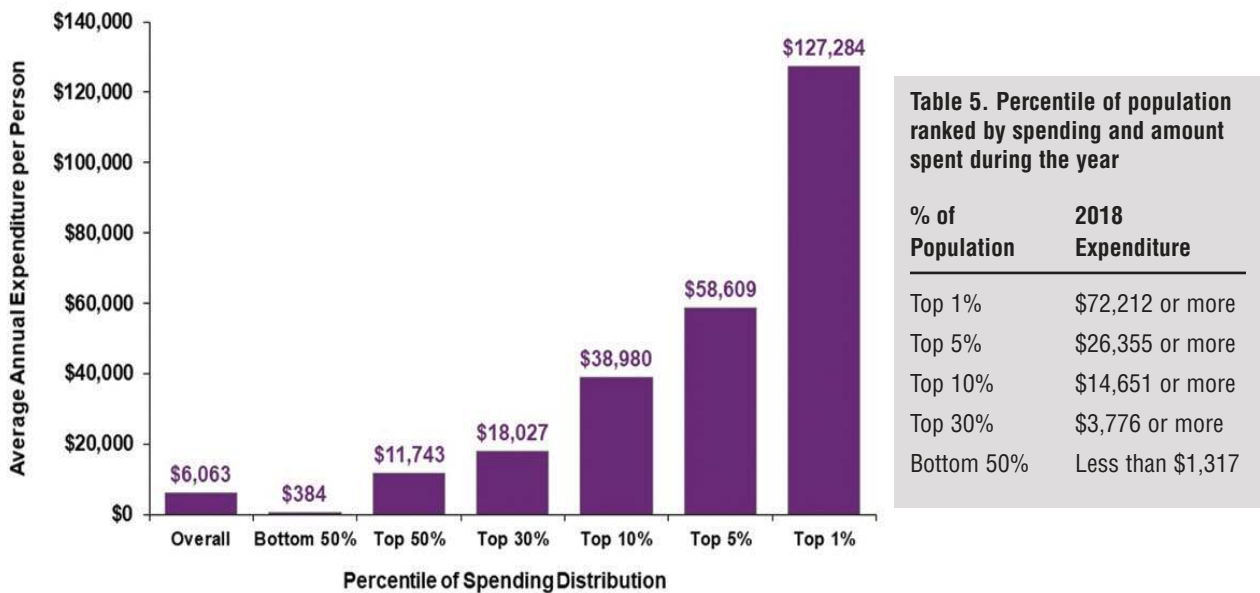


Figure 5. Mean total expenditure per person by percentile of spending, 2018



SOURCE: Agency for Healthcare Research and Quality, Center for Financing, Access, and Cost Trends, Medical Expenditure Panel Survey, Household Component, 2018.