



Bending the cost curve in the country of the **Red Queen**

BC's experience with health care cost control



Kimberlynn McGrail & Robert Evans Saskatoon 28 September 2012



Overview

- How do BC's expenditures compare to the rest of Canada?
- What is BC's focus for "bending the cost curve"?
- How is it trying to bend the curve?
- What are the likely results?



UBC CENTRE FOR
HEALTH SERVICES AND POLICY RESEARCH

“The Law of Medical Money”



“The Law of Medical Money”



An accounting identity

Total expenditure

=

Quantity of services * price of services

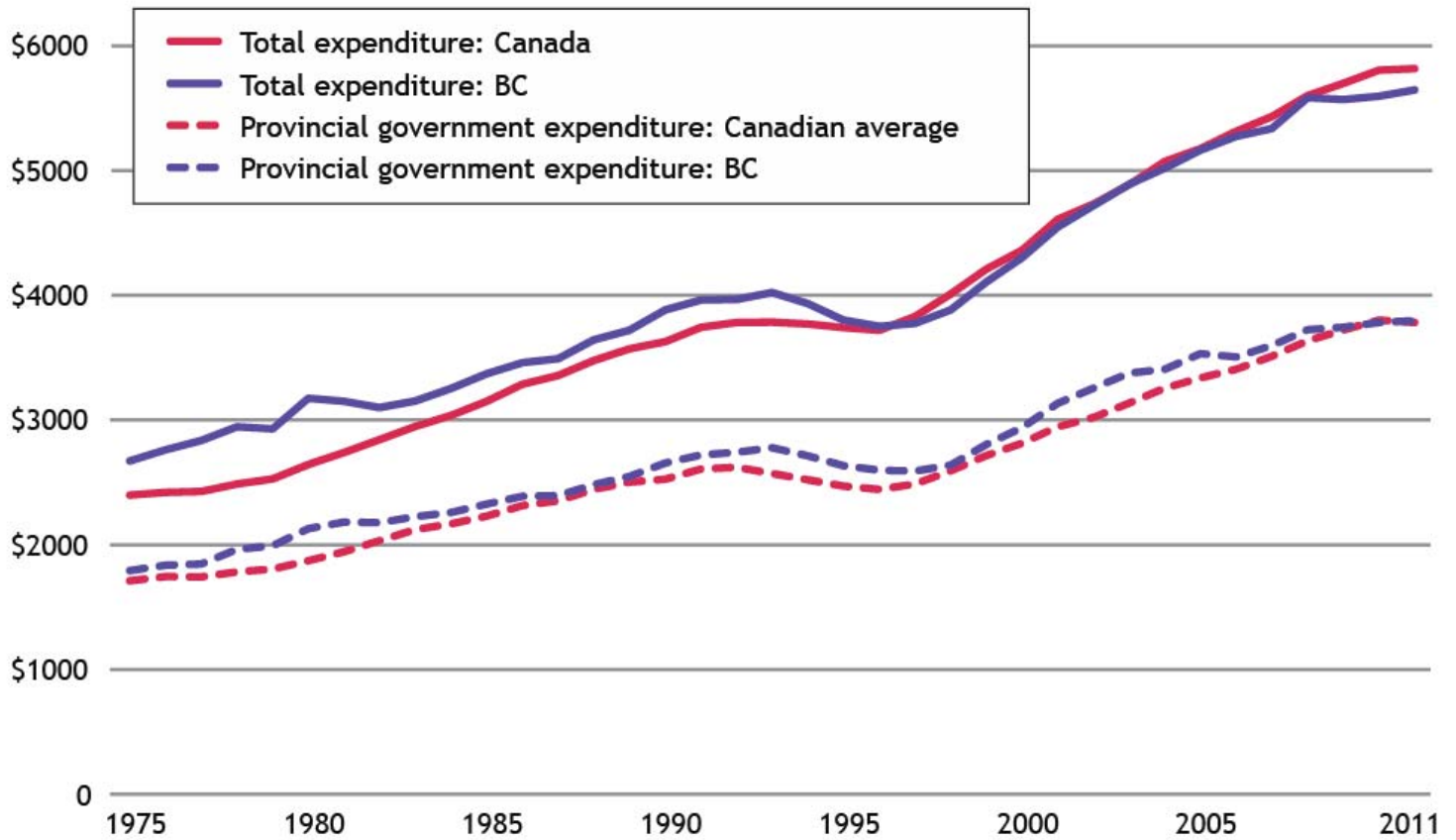
=

“Providers” * income of providers



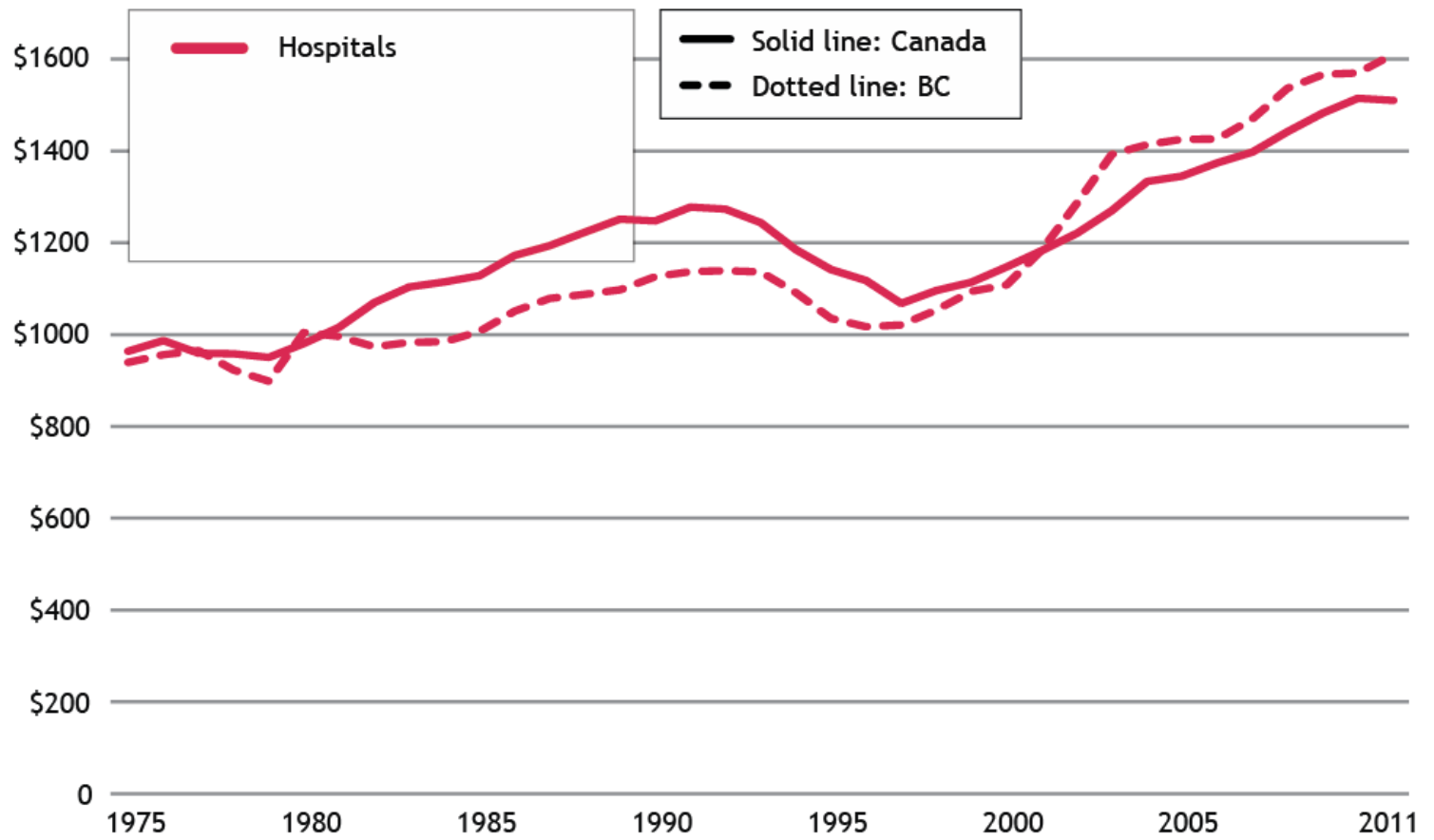
**Bending the
cost curve is
not the only
objective!**

Total and government per capita health care spending, Canada and BC, constant \$ (\$2011), 1975-2011



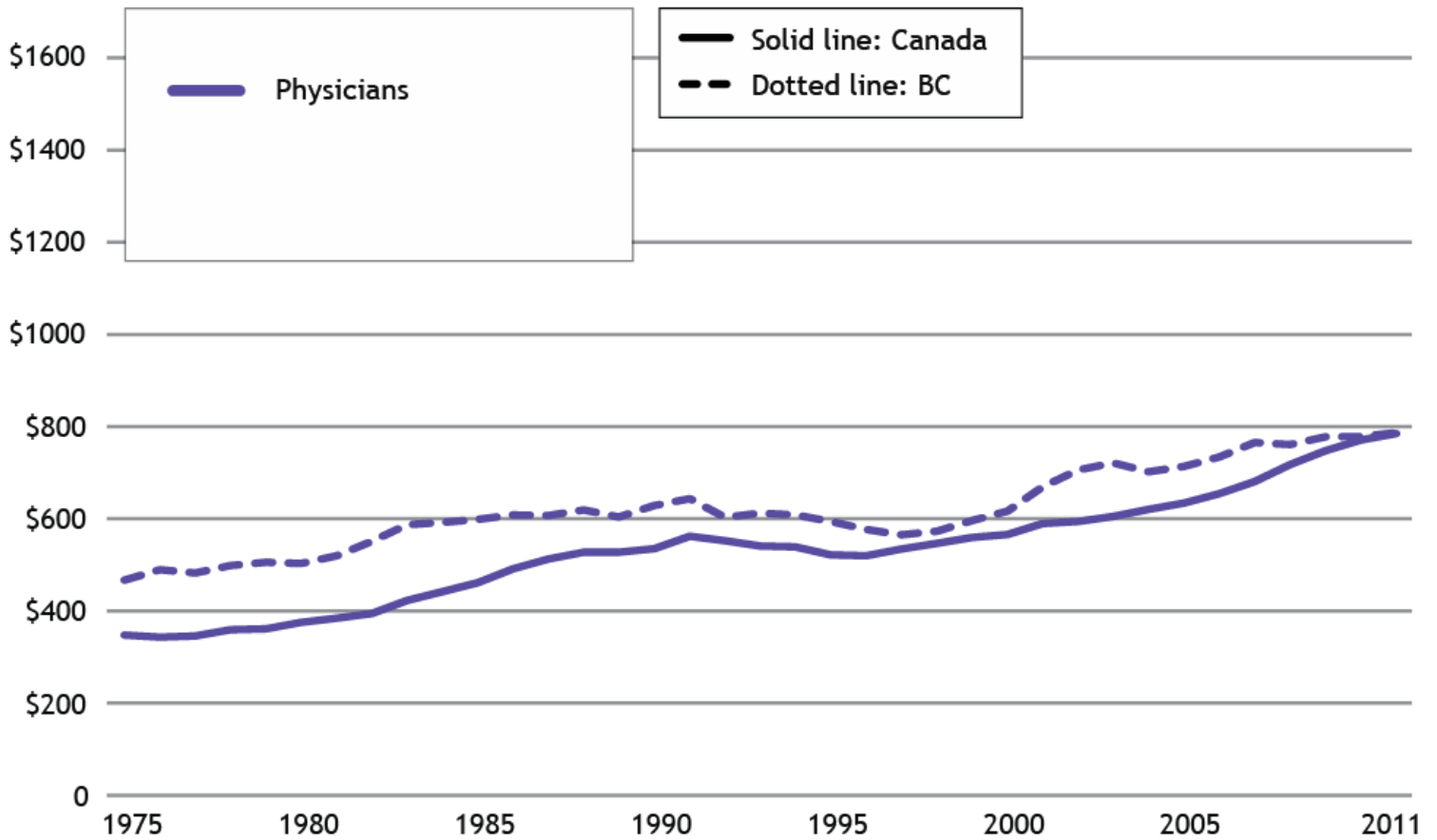
Source: Calculations based on CIHI National Health Expenditure Database, 2011

Provincial government per capita health care spending by sector, Canada and BC, constant \$ (\$2011), 1975-2011



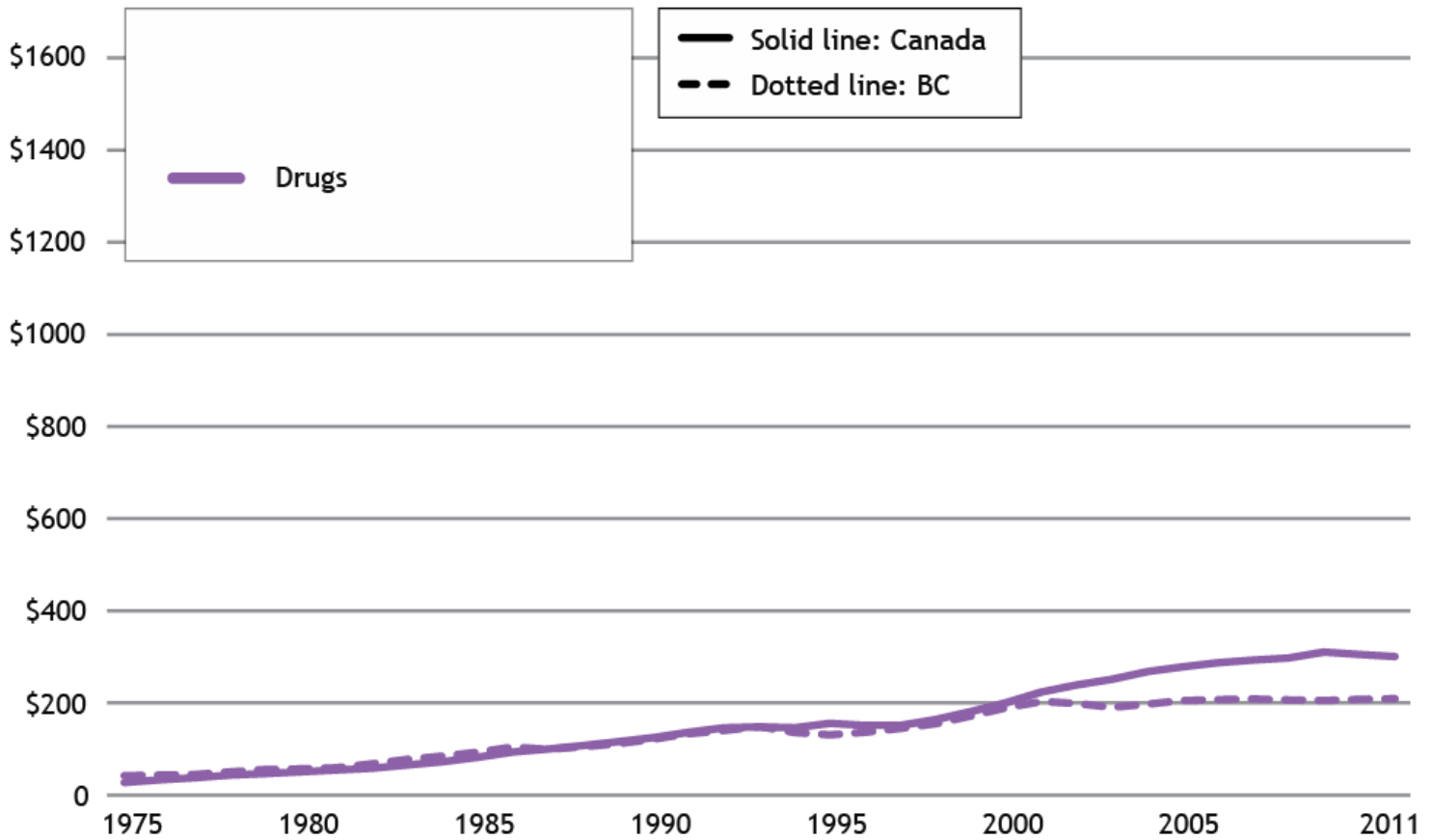
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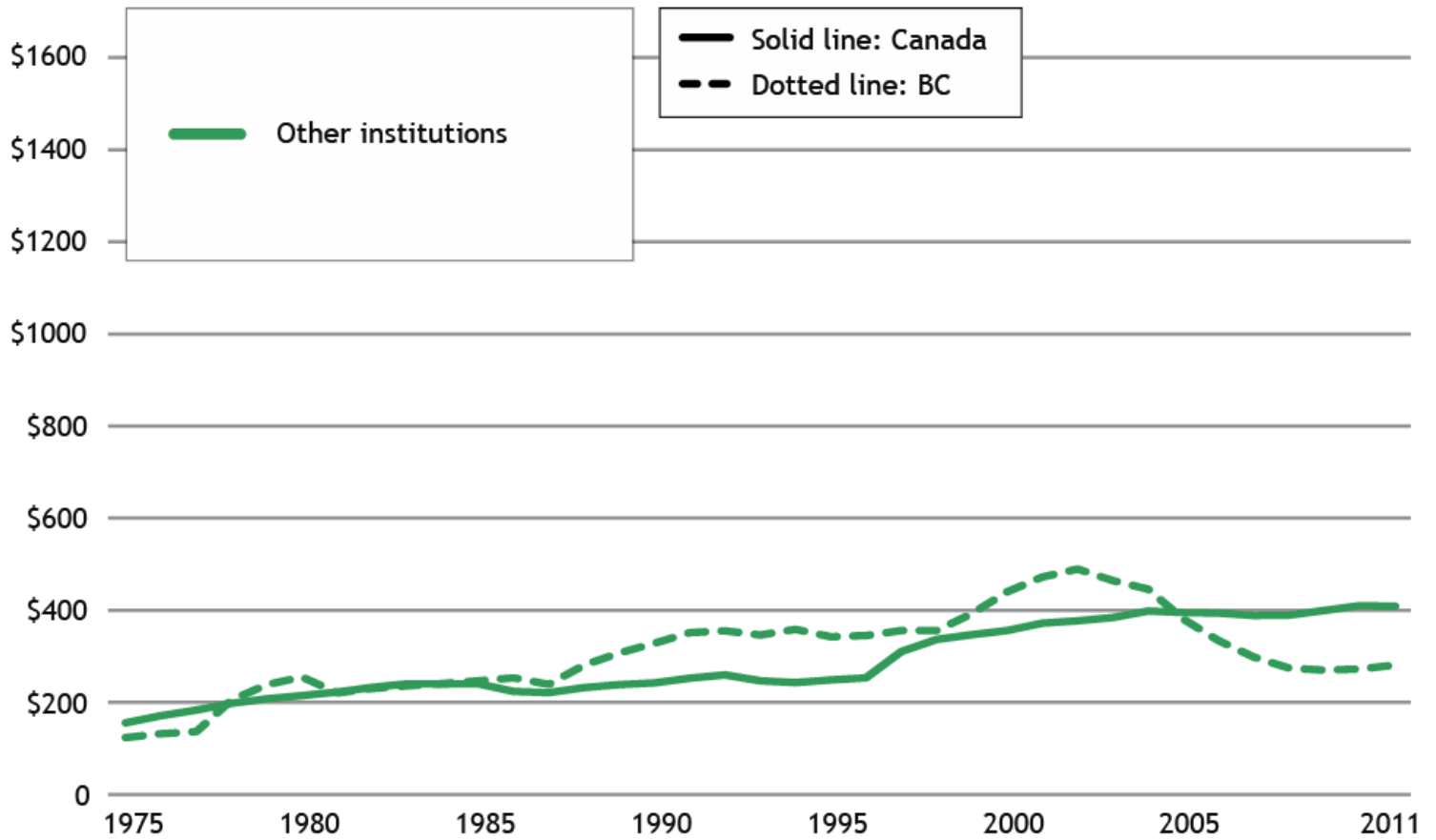
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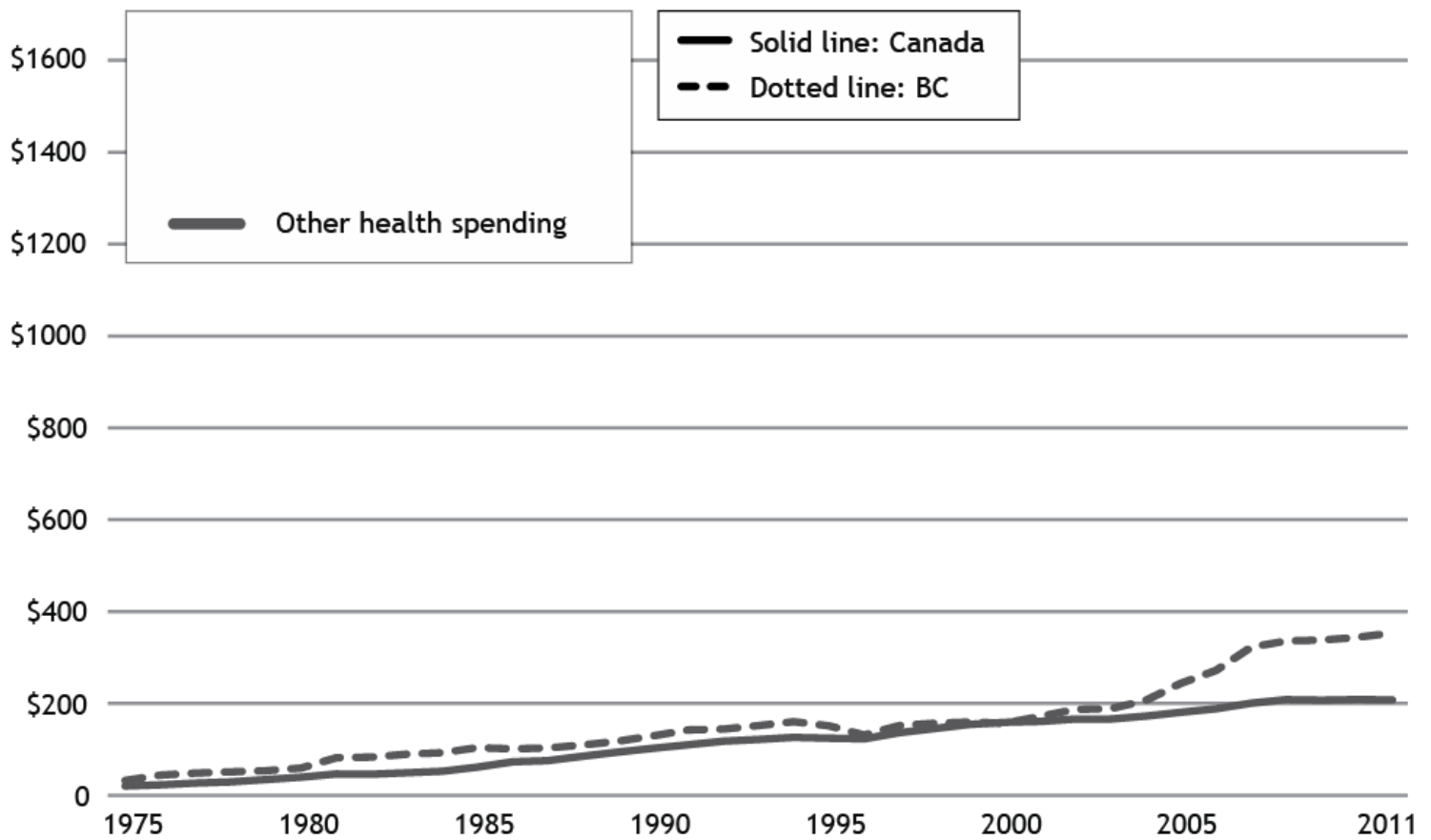
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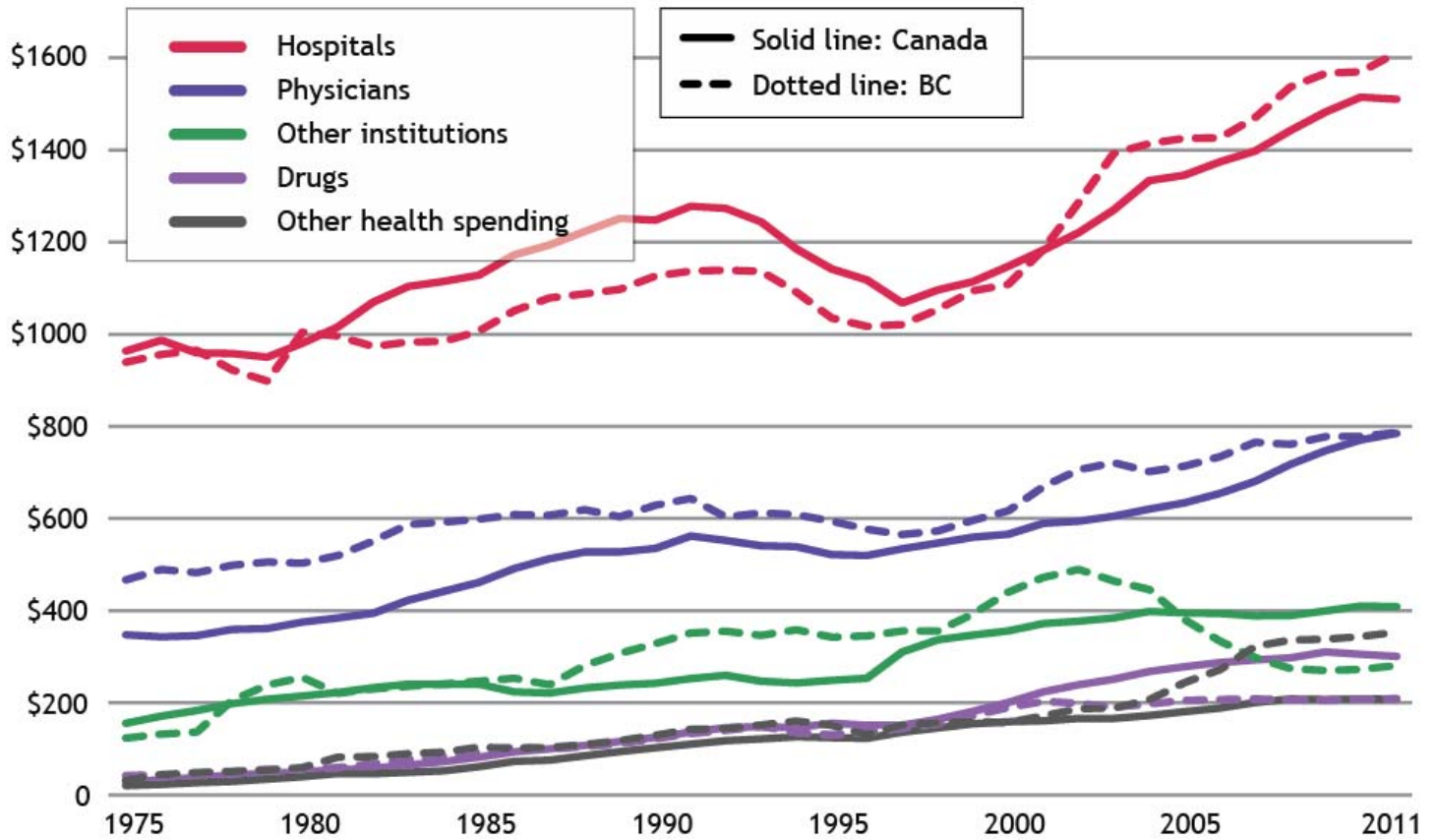
Source: Calculations based on CIHI National Health Expenditure Database, 2011

Provincial government per capita health care spending by sector, Canada and BC, constant \$ (\$2011), 1975-2011



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Provincial government per capita health care spending by sector, Canada and BC, constant \$ (\$2011), 1975-2011



Source: Calculations based on CIHI National Health Expenditure Database, 2011



BC's attempt to bend the cost curve ("key results areas")

- Effective health promotion and prevention
- High quality hospital services
- Integrated primary and community care
 - Focus on groups with high average use
 - Try to avoid / delay high-cost services, e.g. acute care, long-term care (nursing homes)
 - [not expanding acute and long-term care infrastructure]

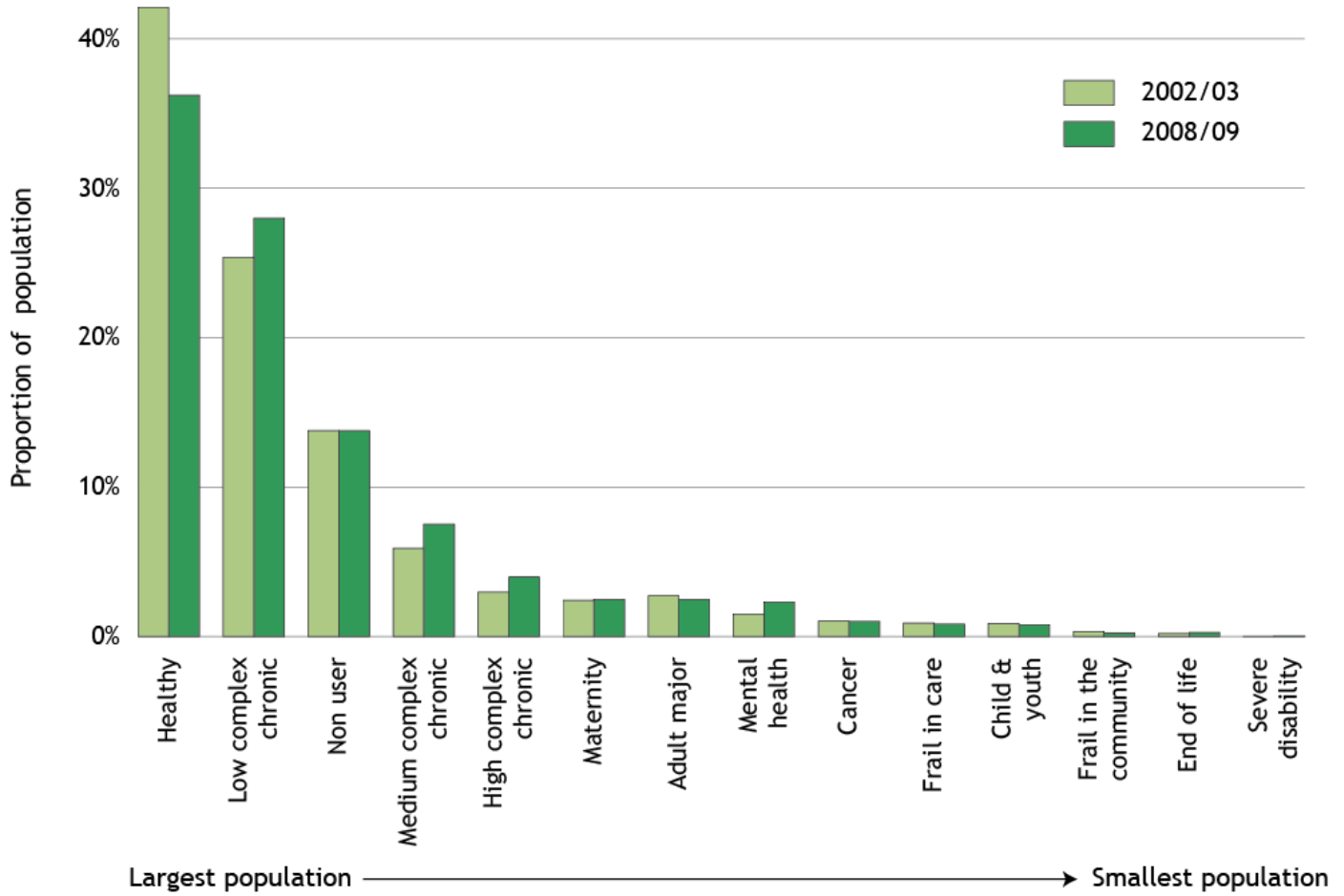


Using Population Segmentation to Provide Better Health Care for All: The “Bridges to Health” Model

JOANNE LYNN, BARRY M. STRAUBE,
KAREN M. BELL, STEPHEN F. JENCKS,
and ROBERT T. KAMBIC

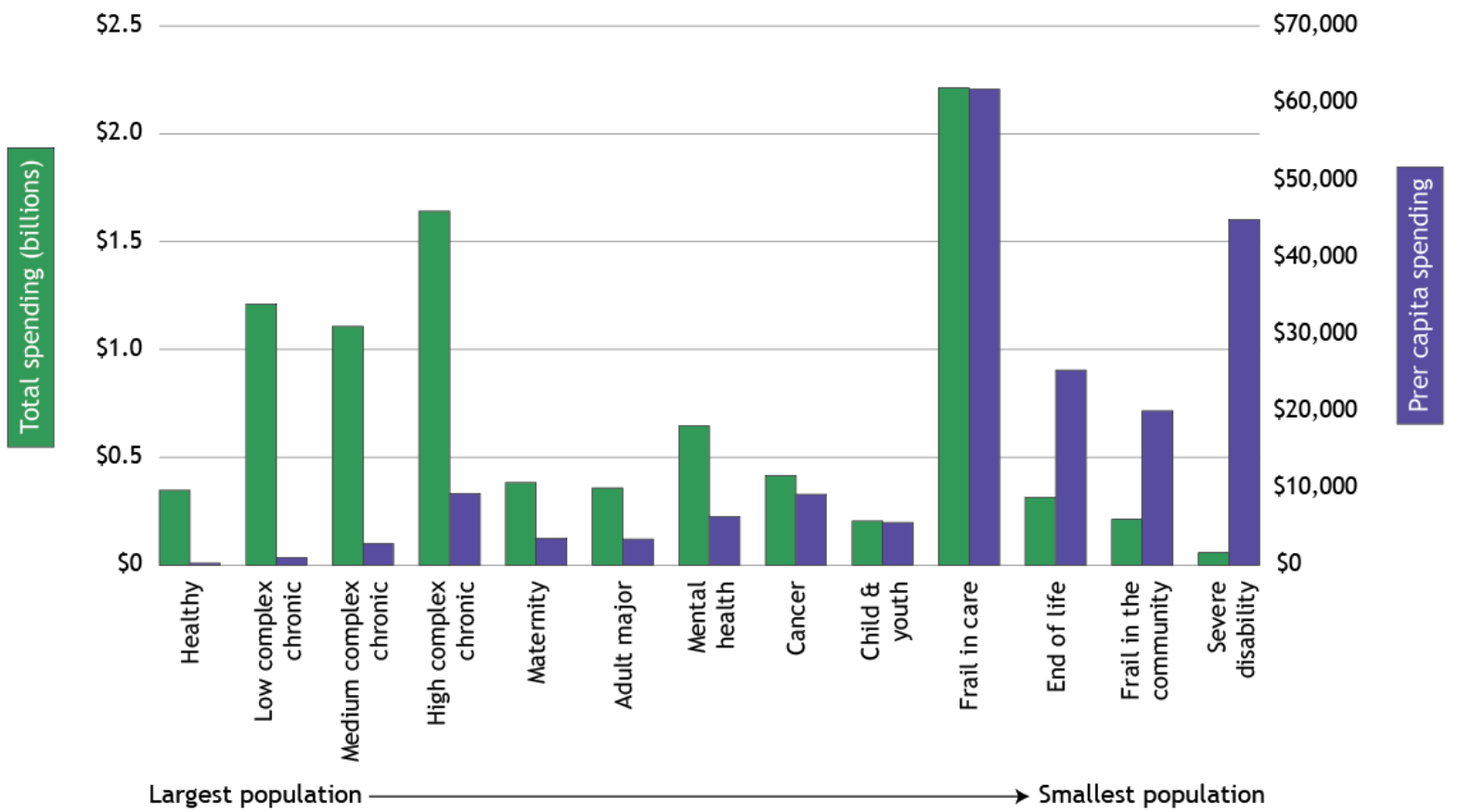
*Centers for Medicare and Medicaid Services, U.S. Department of Health
and Human Services*

Percentage distribution of BC population by population segments, 2002/03 and 2008/09



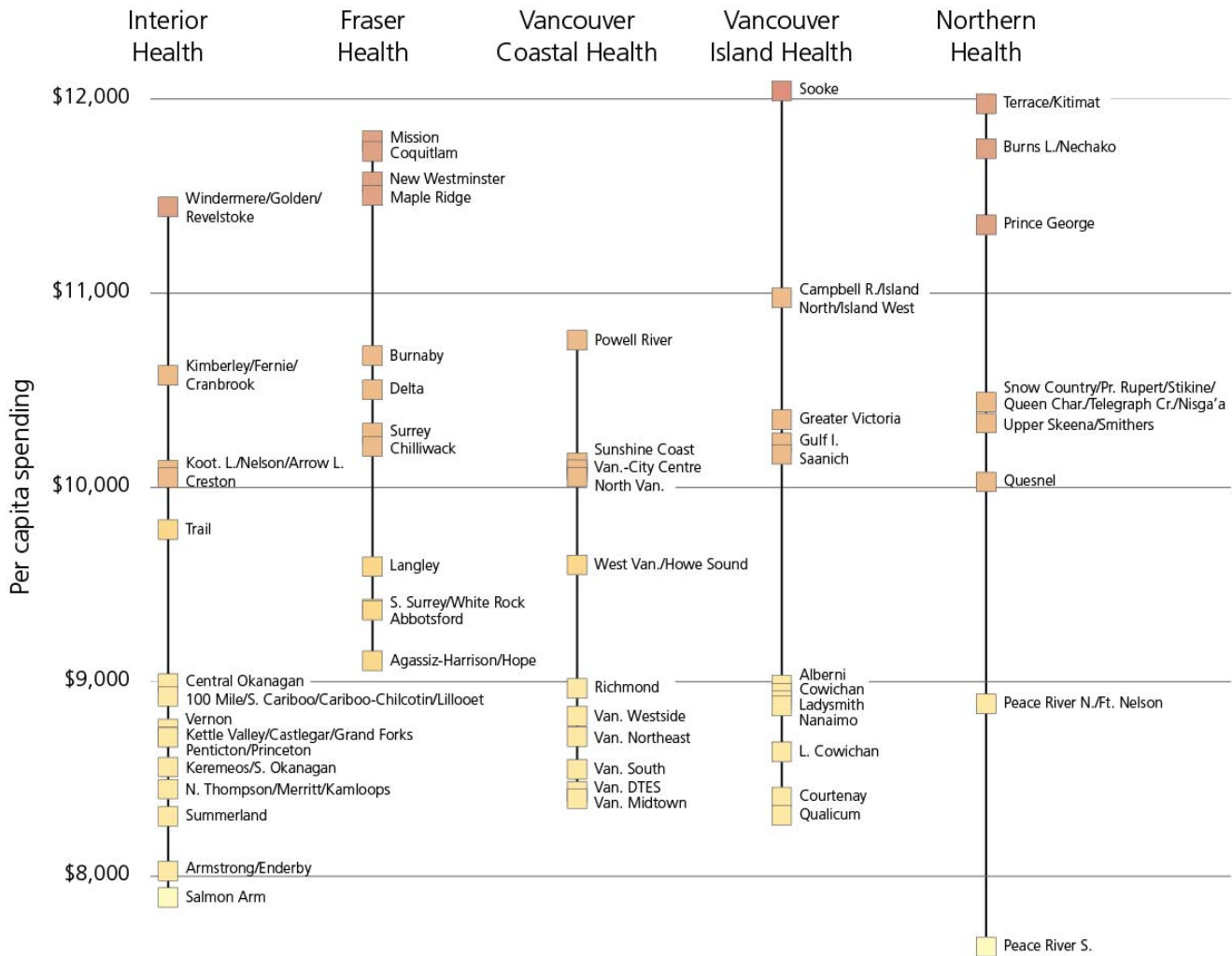
Source Analysis based on data created by the Planning and Innovation Division, BC Ministry of Health

Total and per capita spending by population segment, BC, 2008/09



Source Analysis based on data created by the Planning and Innovation Division, BC Ministry of Health

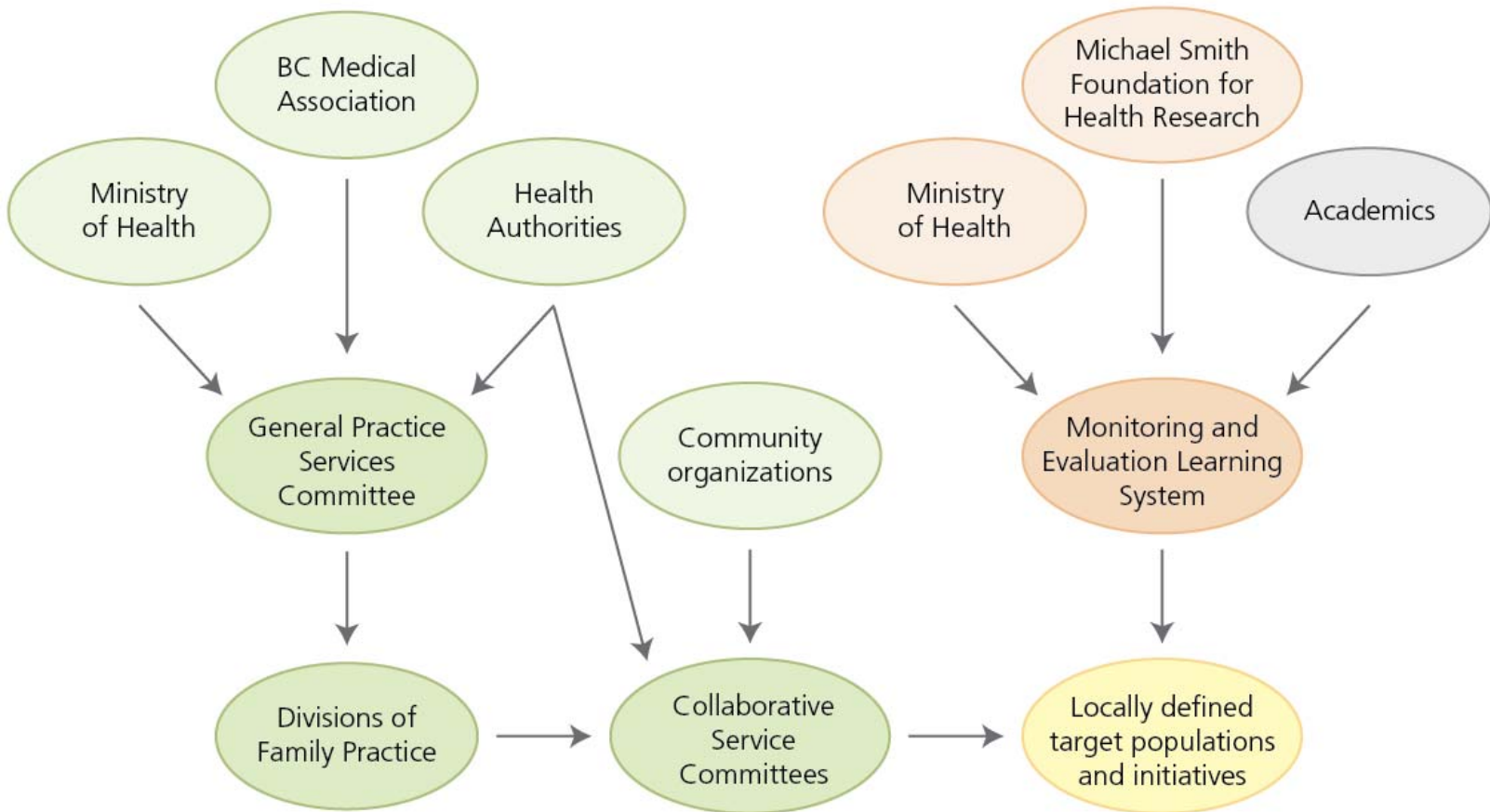
Expenditures per capita by local health area, high complex chronic condition population segment, age 75+, 2008/09



Source Analysis based on data created by the Planning and Innovation Division, BC Ministry of Health



BC's "integrated primary and community care"





Will it work?

- Slow getting started
- What is the maximum impact?
- Drivers of spending vs. drivers of increase
- “Operational” or “structural” reform?



"Now, there, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"

Lewis Carroll, Alice Through the Looking Glass