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From the Selected Works of Glen Mays

Spring April 26, 2013

The Value of Public Health Financial Data

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Available at: https://works.bepress.com/glen_mays/89/

The Value of Public Health Financial Data

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National Public Health Chart of Accounts Workgroup • Washington, DC • 26 April 2013

What's the big deal?

“Poor costing systems have disastrous consequences. It is a well-known management axiom that what is not measured cannot be **managed or improved**. Since providers misunderstand their costs, they are unable to **link cost to process improvements or outcomes**, preventing them from making good decisions....Poor cost measurement [leads] to huge **cross-subsidies across services**...Finally, poor measurement of costs and outcomes also means that effective and efficient providers **go unrewarded**.”



— R.S. Kaplan and M.E. Porter, The big idea: how to solve the cost crisis in health care. *Harvard Business Review*, 2011.

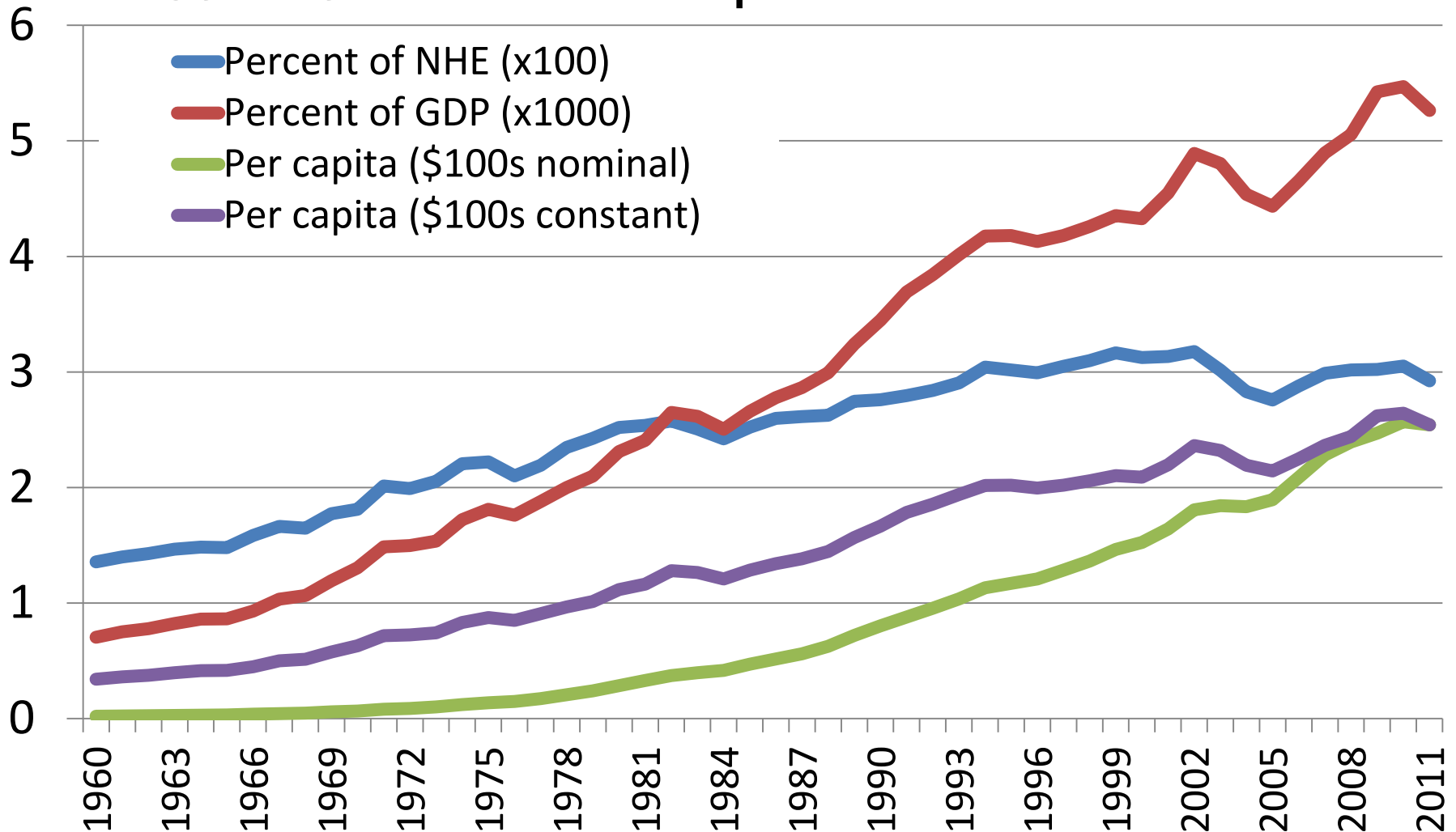
Informing practice and policy decisions

- Align spending with preventable disease burden
- Identify and address inequities in resources
- Improve productivity and efficiency
- Demonstrate value: linking spending to outcomes
- Strengthen fiscal policy: financing mechanisms



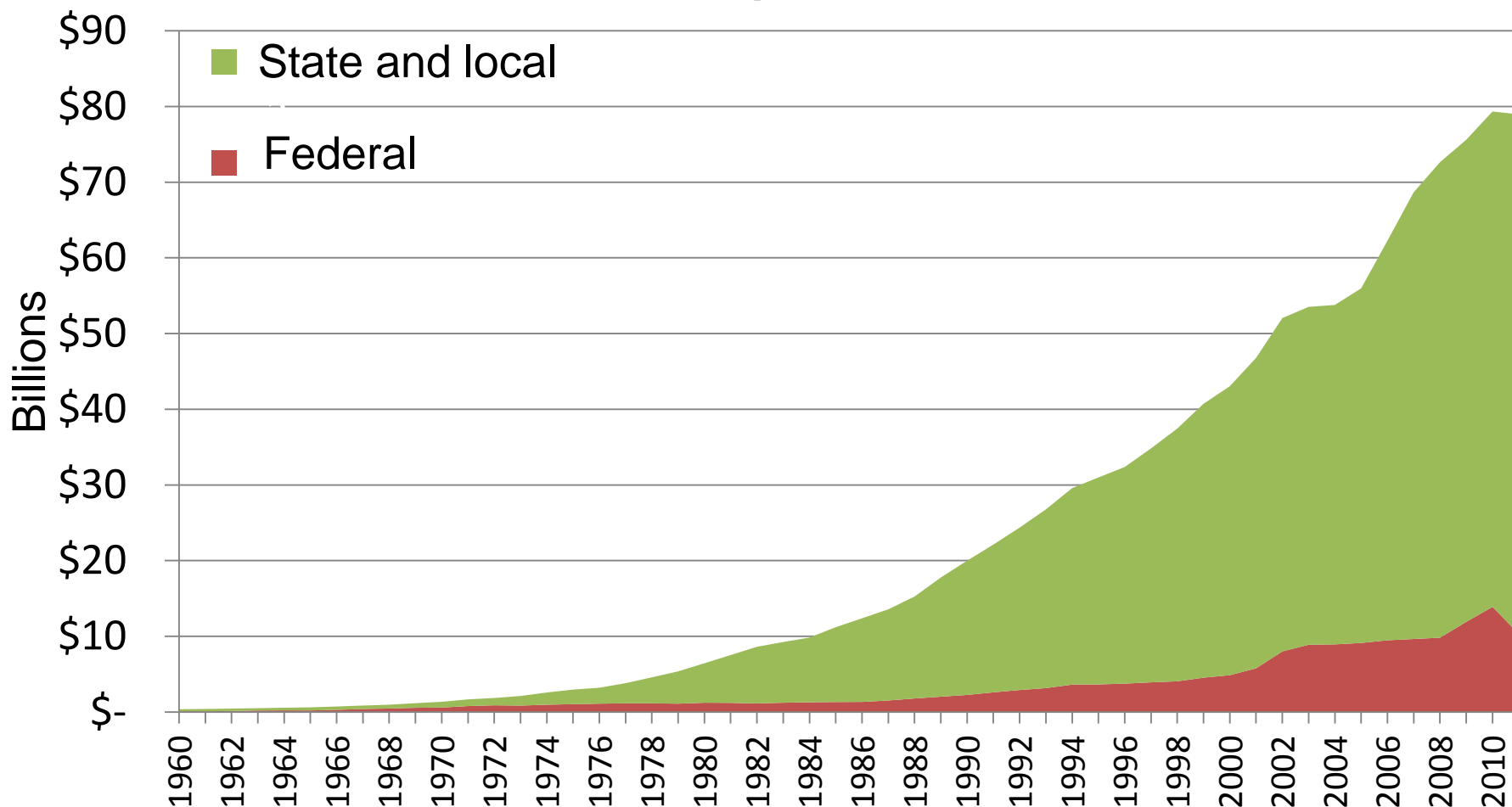
What we know, sort of...

Governmental Expenditures for Public Health Activity, USDHHS National Health Expenditure Accounts



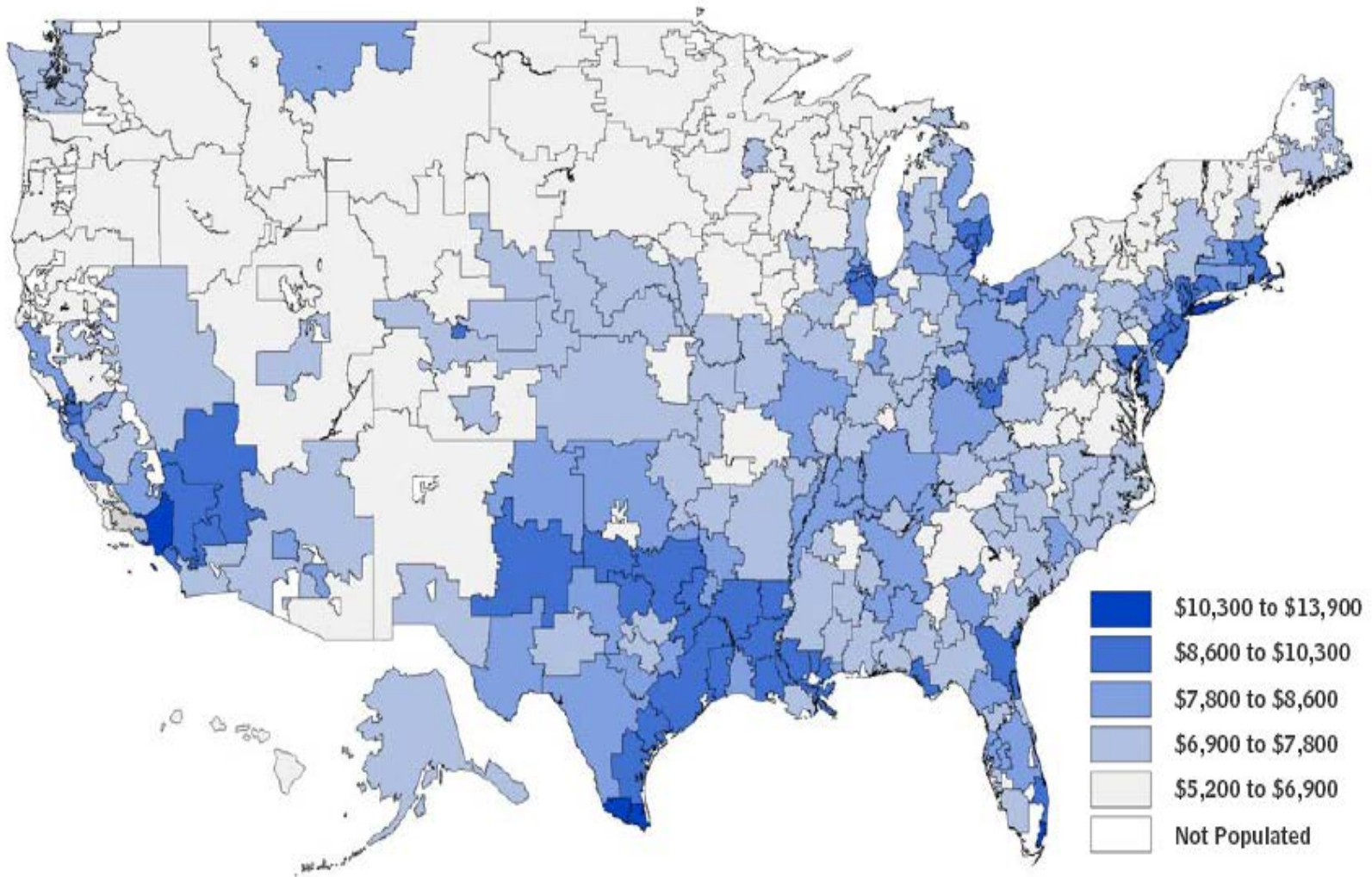
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Understanding variation

Medicare Spending per Beneficiary, by Hospital Referral Region



Source: Congressional Budget Office based on data from the Centers for Medicare and Medicaid Services.

Estimating value

THE NEW ENGLAND JOURNAL OF MEDICINE

SPECIAL ARTICLE

The Value of Medical Spending in the United States, 1960–2000

David M. Cutler, Ph.D., Allison B. Rosen, M.D., M.P.H., Sc.D.,
and Sandeep Vijan, M.D.

Source

Cost per Life- Year Gained

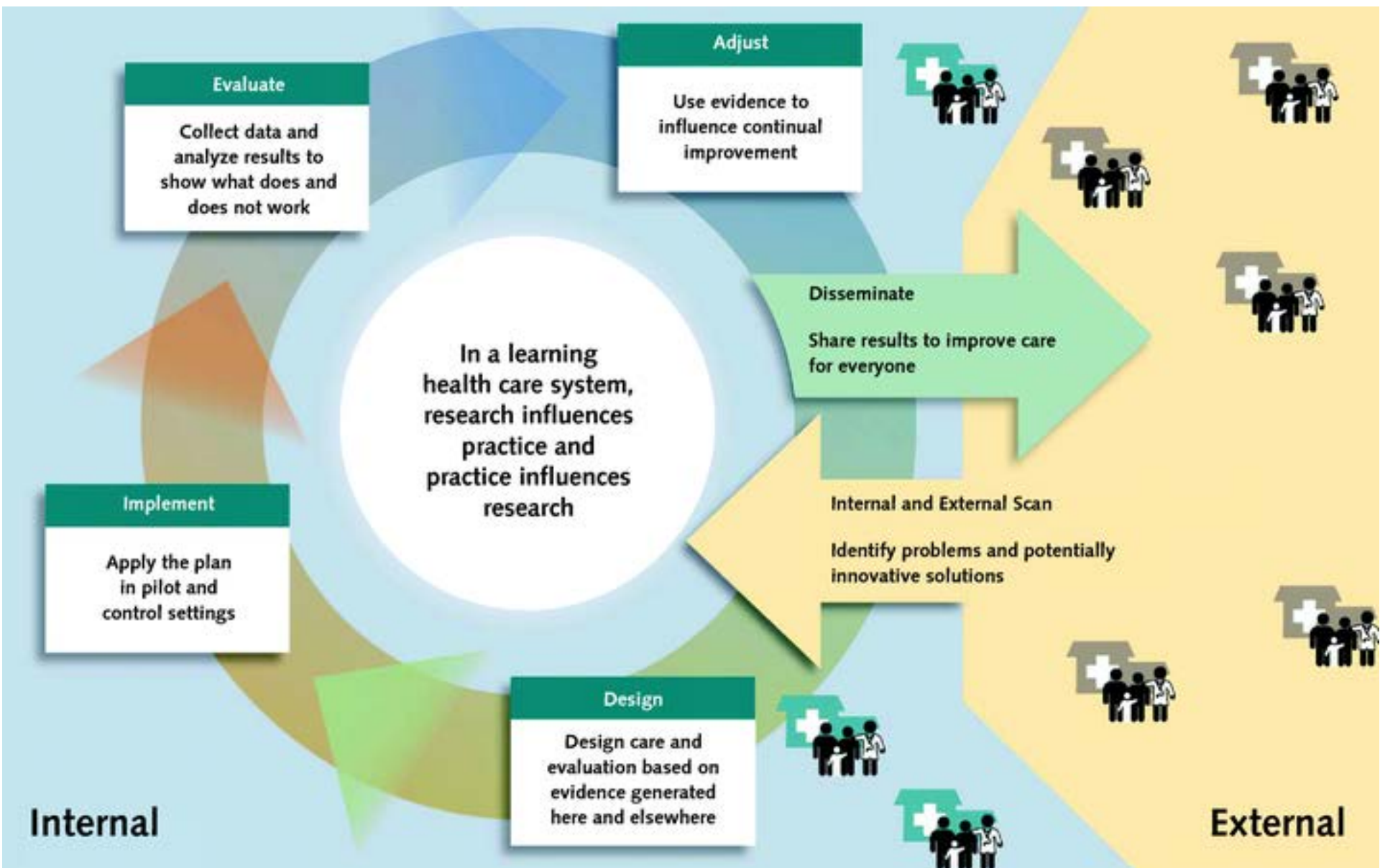
Medical care spending, 1990-2000
(Cutler et al. NEJM, 2006)

\$36,300

Public health spending, 1993-2008

\$12,200-\$25,600

Toward a “rapid-learning system” in public health



For More Information



Supported by The Robert Wood Johnson Foundation

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