

# Value of health interventions underestimated by governments

As the healthcare debate fiercely continues in the US and President Obama desperately tries to persuade his country that their troubled health care system is in need of a major overhaul, a new study suggests that health intervention programs are less expensive when one takes a longer view than the conventional ten-year time window of cost prediction.

The US Congressional Budget Office (CBO) and Office of the Actuary at the Department of Health and Human Services (HHS) advise the government on the value of medical interventions; these institutions' reports can in turn have substantial impact on US policy. But current methods commonly used for their analyses only consider the next ten years, notes Michael O'Grady, an author of the new study.

Investigators now say that regulators should get a better picture of the potential financial and clinical impact of investing in preventive health programs by looking beyond the typical ten-year window.

The authors of the paper note that institutions such as US National Institutes of Health and the Centers for Disease Control and Prevention do try and estimate the impact of changes in disease programs for chronically ill individuals. However, they say that there has been little use of long-term epidemiological data in assessing both costs and savings to the healthcare system. Lawmakers have typically taken a ten-year view owing to the reliability of computer models.



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**Going the distance:** Preventative measures help

"This is the first preventative care model using epidemiological data of its kind," says Michael O'Grady, who is a senior fellow at the National Opinion Research Center, a nonprofit survey research firm affiliated with the University of Chicago, and an author on the paper. The team developed a unique model that incorporated key results from landmark clinical trials in diabetes and showed that taking a long view of investments in early, aggressive prevention and treatment of diabetes can show greater cost offsets than with short-term predictions (*Health Aff.* doi:10.1377/hlthaff.28.5.w978; 2009). For example, a ten-year projection of the costs of a diabetes intervention program that included diet, exercise, nutrition and medication as needed for 60,000 patients aged 41–50 would overestimate the cost at \$3.6 billion. In fact, when taking into account the ongoing health

benefits of such interventions, the cost would actually be \$1.5 billion, according to O'Grady's predictions. Over a 25-year timeframe, however, the new model would adjust the cost of same program from \$19 billion to \$2 billion—a much greater difference.

"The natural history of diabetes and other chronic illnesses are such that the traditional ten-year estimates currently done by the CBO and the HHS Office of the Actuary, while fine for the vast majority of government programs, is inadequate to capture the full effects of programs for the chronically ill," says O'Grady. He notes that in mid-September

the Senate Budget Committee asked CBO to do a supplementary 20-year estimate of the health care reform proposals under consideration.

"This study highlights a fundamental limitation of the way in which we look at health care," says Michael Chernew, a professor of health care policy at Harvard Medical School in Boston who was not involved in the new research. "Too often we separate the financial projections from clinical projections, and we use a short-term perspective that may bias policy away from initiatives that offer value in the long run."

"If we want to pay more than lip service to the idea of value, we need tools, such as the one proposed, to allow us to integrate spending and health projections over the long run," says Chernew.

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## Closing Army pathology lab bristles at replacement attempt

In an 8 September press release, the Virginia-based company Bostwick Laboratories announced the opening of the American International Pathology Laboratories (AIPL), a "world-class facility providing positions to more than 40 civilian pathologists and staff formerly of the Armed Forces Institute of Pathology (AFIP) laboratories." It was a slightly revised version of the press release the company had published a month earlier. Originally, Bostwick said they would be forming 'AFIP Laboratories' including staff from the Army AFIP facility, which they implied would soon close.

After a request from the Army, the company agreed to amend their press

release and change their laboratory's name, says Evan Farmer, who will serve as director of the new AIPL. The AFIP facility is slated to close, says Paul Stone, a spokesman for the Army institute, but not until September 2011. "That's what it's always been," he says.

The AFIP is part of Walter Reed Army Medical Center, which will itself become part of the National Naval Medical Center some time in the next few years. Parts of the AFIP will survive in the form of the Joint Pathology Center in Washington, DC. The AFIP's deputy commander called Bostwick's move to open a new version of the AFIP premature in a recent *Washington Post* article, saying the AFIP was replacing

the 40 researchers who left to join the AIPL. Meanwhile, Farmer maintains that it was AFIP researchers who first approached Bostwick about starting a new pathology center.

The AFIP has been conducting research for nearly 150 years and has provided samples for historic projects, such as the reconstruction of the 1918 Spanish flu virus. The institute claims to have no plans to slow down. "Please rest assured that the AFIP is open and definitely continues to accept military, veterans' affairs and civilian cases in all pathology departments," reads a September press release.

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