Forecasting Trends in Healthcare: A Conversation With Dr. Chris Murray at the Institute for Health Metrics and Evaluation

The Center recently announced a new initiative designed to analyze drivers of healthcare spending and forecast future spending by modeling plausible changes to the U.S. healthcare system. The project, led by the University of Washington’s Institute for Health Metrics and Evaluation (IHME), will not only unpack the various factors that have historically impacted healthcare spending, but will also provide stakeholders a glimpse of which investments can potentially offset its upward trajectory.

Dr. Chris Murray, institute director of IHME, recently spoke with the Center about identifying future trends to guide efforts to improve health outcomes and bend the cost curve.

The Center: With all the innovations in pharmacology and technology that are predicted to occur in the next twenty-five years, how is it possible to predict costs with any accuracy over such a long time frame?

Murray: At IHME we are completing what we call the U.S. disease expenditure project. Through this project, IHME has collected private claims, household survey, budget, and health system administrative data to generate annual, granular health spending estimates, split out by age, sex, type of care, and causes of illness, for 1996 through 2013. In addition to this, IHME has gathered data from all over the world going as far back as we can to estimate disease burden. Together, these data sources allow us to draw on a wealth of information to make reasonable predictions about the future. We know what has happened over recent decades, and will estimate future spending based on these trends and relationships. The benefit of having so much accumulated knowledge is that, going forward, we can set up different scenarios that draw on these trends to provide insights into what the future might hold. The average pace of innovation is reflected in the trends of the last few decades. But some breakthrough innovations in certain disease areas could lead to alternative scenarios. Understanding what is likely to happen based on past trends is a good starting point for such scenario building.

The Center: The U.S. is currently spending $3 trillion on healthcare, how will predictive modeling help us bend the cost curve?

Murray: There is a lot of clutter when it comes to healthcare spending, and the sheer volume of information tends to make us focus on whatever is the most immediate. We focus on the thing that has happened in our own family, or to a neighbor, or to a celebrity. By looking at
different scenarios for the future, we can see where it would make the most sense to focus our collective energy and resources. Comparing different scenarios for the future that include the impacts on how much we spend on health can identify pathways to bending the cost curve.

**The Center:** As you develop a forecast on health spending through the year 2040, how will the learnings gained from this project be beneficial to patients, providers, payers, and policymakers alike?

**Murray:** Providers and payers will have a new window into the mess of health data and health spending data, which is currently disorganized and, frankly, not very useful. They will be able to see the real drivers of growth and of contraction in health spending. Policymakers will be able to use that same information to better plan for how to spend government resources. And for patients, they will be able to better understand healthcare spending trends long term and potentially make choices about things like health savings accounts, retirement planning, and long-term care insurance.

**The Center:** Can predictive modeling on healthcare costs give us insight on how to improve quality of care?

**Murray:** Yes. If a large proportion of your spending is on problems that can be more effectively managed, thereby reducing costs in that area, that will free up resources to spend on areas that might require more attention. For example, we know that high blood pressure drives a significant proportion of disease burden in the U.S. And we have interventions and treatment regimens that work. What can we do to better manage blood pressure, reduce the costs of treating the chronic diseases that come from untreated high blood pressure, and reallocate those resources to other areas that have traditionally received less attention? It might be identifying and treating musculoskeletal injuries before they lead to mobility impairments. It might be better management of opioid use to avoid addiction problems. It might be simply creating effective weight loss programs for patients on the verge of developing heart disease or diabetes. Understanding spending trends can—and should—lead to higher quality of care.
Dr. Chris Murray

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