

# VA HEALTH ECONOMICS BULLETIN

A VA Health Services Research & Development Resource Center

Volume 15, Issue 2  
May, 2015



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The VA Health Economics Bulletin is a quarterly publication of the Health Economics Resource Center (HERC) to bring VA researchers updates on datasets and data sources.

For more information on VA datasets, visit the HERC web pages for [Guidebooks](#) and [Technical Reports](#).

For economics-related questions, please view our [Methods](#) web pages.

For economics advice, please call the HERC consulting service at (650) 617-2630 or email us at [here@va.gov](mailto:here@va.gov).

## Measuring overuse of low-value care using claims data

Although wasteful spending in healthcare has been well-documented, the U.S. continues to provide low-value healthcare services across the country. In the HERC seminar, *Choosing Wisely and Overuse: Prevalence, Variation, and Reform*, Carrie Colla, PhD, presented research documenting the variations in overuse of low value care using claims data. This project demonstrates the feasibility of measuring low-value services using claims data, and lays the groundwork for a policy agenda to reduce utilization of low-value services.

Dr. Colla, Health Economist at the Dartmouth Atlas, along with a team of researchers, based their work on the *Choosing Wisely* campaign, in which the American Board of Internal Medicine and other physician specialty societies asked physicians to identify low-value medical procedures. In this project, they used claims data to measure the prevalence, variations, and regional correlates for a subset of 11 *Choosing Wisely* recommendations. They found significant variation in utilization of low-value care across both services and regions.

In addition to examining regional variations, Dr. Colla and team examined characteristics associated with high use of low-value services. They found that regions with high use of low-value services also have high Medicare spending, and clinicians who do more beneficial testing also do more wasteful testing.

[\(continued on page 4\)](#)



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the quality of health  
economics research

## Federal Supply Schedule of drug costs has moved

There is a new location for information on the cost of pharmaceuticals to Federal agencies. The Federal Supply Schedule (FSS), which is a publicly available source of information on the relative cost of prescription medications, is now available at the web site of the [VA National Acquisition Center](#). Pharmaceuticals may be searched by name or the VA drug class on the [Pharmacy Catalog Search](#) page of the VA National Acquisition Center website

The cost of pharmaceuticals to the “Big 4 Agencies” is not always disclosed. These agencies (VA, Department of Defense, Public Health Service, and the U.S. Coast Guard) have negotiated discounts on many drugs that results in a cost that is below that paid by other Federal agencies.

The Federal Supply Schedule is no longer available at the web site of the VA pharmacy benefits program.

## HERC welcomes its new director

The Health Economics Resource Center welcomes Todd Wagner, PhD as the new center director. Dr. Wagner has been with HERC since 1999, serving as Associate Director since 2011. Over the past two decades, his work has investigated the cost-effectiveness of new technology, the effects of organizational changes on costs, and the use and effects of consumer health information. Most of his research relies on quantitative analyses of large data sets, and he has published over 100 papers using a wide array of statistical models. Todd’s current work examines how Veterans with complex conditions are using specialty care and ways to improve access and outcomes.

Former HERC director Paul Barnett will continue to head the customer service product line for HERC, and to conduct health services research as investigator at the Centers for Innovation to Implementation, the COIN at VA Palo Alto Health Care system.

“We are pleased that Dr. Wagner has been named the new HERC Director,” said Amy Rosen, Co-Chair of the HERC steering committee. “He is a talented health services researcher and an innovative thinker who will provide great leadership to the center. We will miss Dr. Barnett who provided extraordinary leadership and insights from HERC’s beginnings until now. We are relieved to learn that Dr. Barnett will be staying on as an investigator at the COIN.”

## HERC guidebooks updated

HERC has updated guidebooks to the Managerial Cost Accounting (MCA) System (formerly Decision Support System, or DSS) and the PSSG Enrollee File. These guidebooks describe databases useful to researchers working with VA data. They are part of a series of guidebooks on economics-related topics created to facilitate health services research at the VA.

### *Research Guide to the Managerial Cost Accounting National Cost Extracts*

The Managerial Cost Accounting System (MCA; formerly Decision Support System (DSS)) maintains National Data Extracts (NDEs) that track cost and utilization of care provided by the U.S. Department of Veterans Affairs medical centers. This guidebook describes the contents of the MCA core NDEs and provides instructions on how they may be used for research.

The 2015 guidebook describes the new data access requirements and has been updated to report the NDE variables as they are in CDW, including both SAS and SQL names. To access to guidebook, please visit the [HERC website](#).

### *HERC's MCA Discharge Dataset with Subtotals for Inpatient Categories of Care, Fiscal Year 2013*

The MCA Discharge (DISCH) NDE includes information on the entire span of an inpatient hospitalization. The HERC Discharge dataset includes cost and length of stay (LOS) subtotals for each inpatient category of care. The guidebook has been updated to show all variables in SAS and SQL. For the crosswalk of SAS to SQL variables, see the MCA NDE Layout Specifications Excel sheet on the [MCA website](#). The guidebook is available on the [HERC website](#).

### *PSSG Enrollee File*

The Planning Systems Support Group (PSSG) Enrollee File is a geographic dataset that presents the most current data needed for studies of veterans' health care access, travel, and demand for health services. The Enrollee File is updated quarterly and at the federal fiscal year-end using information from VA files and the U.S. Postal Service National Change of Address files. This guidebook describes how the Enrollee File is created, which variables are included in the file, variable descriptions, and where to access the files. For more information on PSSG, please visit the [PSSG website](#). You can access the guidebook on the [HERC website](#).

## HERC staff update

Juliette Hong joined HERC as a Programmer in February 2015. She worked as a Biostatistician, SAS programmer and Data Analyst in research institutes and pharma industry over 8 years. She earned a MS in Biostatistics from University of California, Los Angeles, and she is a SAS Certified Advanced programmer for SAS 9. In her spare time, Juliette enjoys swimming and gardening with her kids.

## New VA/CMS data

The VA Information Resource Center (VIREC) released additional years of data through the VA/CMS (Centers for Medicare and Medicaid Services) Data for Research Project.

New data includes 2012 Patient Assessment data for the Minimum Data Set (MDS) & The Outcome and Assessment Information Set (OASIS), 2013 USRDS Core CD, Transplant CD, Hospital CD, and 2011 USRDS Medicare Claims data. This project serves as the data custodian for CMS and United States Renal Data System (USRDS) data for VA research use. Additional information is available at [VIREC's VA/CMS website](#).

## Using Propensity Scores to correct for bias

Propensity Scores are a method of correcting for bias in observational studies. In this lecture, which is part of the spring Econometrics lecture series, Todd Wagner, Ph.D. explained the concept behind propensity scores and described how they have been used (and misused) in practice. Dr. Wagner worked through an example using propensity scores and discussed the strengths and limitations of this model. You can view the recorded archive of this lecture at the [HSR&D website](#).

Please visit the [HERC website](#) to register for the upcoming May and June lectures.

**May 27**      Cost As the Dependent Variable  
(Part I)  
*Paul Barnett, Ph.D.*

**June 3**      Cost as the Dependent Variable  
(Part II)  
*Paul Barnett, Ph.D.*

## Measuring overuse of low-value care using claims data (continued from page 1)

They found that although physicians believe they have a role of controlling costs and limiting unnecessary tests, multiple factors drive the continued overuse of low-value services. In future work, they will link the physician self-reported data to claims data to explore how self-reported drivers of overuse impact physician practices.

Low value diagnostic tests are not the only services being overused across the country. Dr. Colla and team found that low value treatments, which can actually cause harm to patients, are also being overused by some providers. As one example, spending on antipsychotics in dementia patients, a low value

treatment which can potentially be harmful to patients, reached \$765.1 million annually from 2006-2011.

Please visit the [HSR&D cyberseminar website](#) to watch Dr. Colla's seminar and learn about this project in more detail.

Upcoming HERC seminars and the registration link can be found on the [HERC Seminars webpage](#). The next seminar is *The Cost-Effectiveness of Smoking Cessation for Patients with Psychiatric Illness*, presented by Paul Barnett, Ph.D., on May 20, 2015.

## HERC

The Health Economics Resource Center produces pioneering, rigorous health economics and related research that improves health care within and beyond VA.

Our research activities include innovation and excellence in:

- Performing cost and cost-effectiveness analyses
- Studying the efficiency of health care
- Evaluating health programs and interventions
- Planning, managing, and analyzing randomized clinical trials
- Health care decision modeling
- Assessing health-related quality of life
- Health economics and health services research

We are committed to:

- Integrity
- High quality of work
- Productivity
- Transparency
- Mutual trust and respect
- Teamwork
- Investment in people through learning and mentoring
- A flexible, supportive, and enjoyable work environment



**Health Economics Resource Center**  
VA Palo Alto Health Care System  
795 Willow Road (152 MPD)  
Menlo Park, CA 94025

Phone: (650) 617-2630  
Fax: (650) 617-2639  
Email: [herc@va.gov](mailto:herc@va.gov)

Visit us online at:  
<http://www.herc.research.va.gov>

**Editors:**  
Paul Barnett  
Samantha Murrell

## HERC Cyber Seminars

Each hourly session begins at 11:00am Pacific (2:00pm Eastern), unless otherwise noted.

Register: <http://www.hsrc.research.va.gov/Cyberseminars>  
Schedule & archives: <http://www.herc.research.va.gov/include/page.asp?id=courses-seminars>

### Cyber Seminars

The Health Economics Cyber Seminars feature presentations on a variety of health economics and health services topics.

**May 20, 2015**

#### **The Cost-Effectiveness of Smoking Cessation for Patients with Psychiatric Illness**

*Paul Barnett, Ph.D.,*  
Health Economics Resource Center (HERC)  
VA Palo Alto Health Care System

Target audience: Health care providers interested in the value of smoking cessation services and economic researchers interested in cost-effectiveness modeling.

**June 17, 2015**

#### **Reconciliation of Different Estimates of the Impact of Nurse Staffing on Patient Outcomes: The Effect of Data Aggregation and Estimation Models**

*Ciaran Phibbs, Ph.D.,*  
Health Economics Resource Center (HERC)  
VA Palo Alto Health Care System

Target audience: Health services researchers, nursing managers and policy makers.

*Interested in presenting in the HERC Health Economics Cyber Seminar Series? Contact HERC Economist Jean Yoon ([Jean.Yoon@va.gov](mailto:Jean.Yoon@va.gov)) for more information.*

## HERC Staff

### Director

Todd Wagner, Ph.D.

### Associate Staff

Lakshmi Ananth, M.S.  
Shuo Chen, Ph.D.  
Adam Chow, B.A.  
Elizabeth Cowgill, M.P.H.  
Sharon Dally, M.S.  
Angela Fan, M.P.H.  
Nicole Flores, B.A.  
Juliette Hong, M.S.  
Howard Jiang, M.S.  
Vilija Joyce, M.S.  
Jeanie Lo, M.P.H.  
Samantha Murrell, M.P.H.  
Siphannay Nhean, M.P.H.  
Angel Park, M.S., M.P.H.  
Susan Schmitt, Ph.D.  
Winifred Scott, M.P.H.  
Pon Su, M.S.

### Health Economists

Paul Barnett, Ph.D.  
Christine Pal Chee, Ph.D.  
Risha Gidwani, Dr.P.H.  
Ciaran Phibbs, Ph.D.  
Jean Yoon, Ph.D.  
Wei Yu, Ph.D.

### Administrative Officer

Yoko Ogawa, B.S.