



# VA HEALTH ECONOMICS BULLETIN

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## Changes Planned to Respond to HERC Customers' Needs

**T**he HERC steering committee and staff met in a day-long meeting in December to plan changes for how the resource center can better serve VA health economics researchers.

The planners repeatedly referred to the results of a recent survey of 400 HERC customers (see HERC Bulletin Volume 11 Issue 3 on the HERC Publications: Bulletin web page at <http://www.herc.research.va.gov/publications/bulletins.asp>). “We were surprised to find that many customers were not aware of all of our products and services” said HERC director Paul Barnett. “We need to do a better job of dissemination, especially to those who are new to VA or new to the field of health economics.”

Steering committee members said that it will be important for HERC to consider upcoming challenges to VA when planning for the future, including the impact of health care reform, the growth in VA contacted care, and renewed interest in containing the cost of health care.

HERC is funded by HSR&D service to provide VA researchers with economic data, documentation, training, and advice. This summer, the center will submit a new strategic plan for peer-review to consider if funding should continue for the period 2013-2017. The steering committee identified criteria for choosing between current products and potential new offerings. Choices will need to be made because no increase in funding is expected.

The HERC steering committee is chaired by Matthew Maciejewski of the Durham HSR&D Center of Excellence. Other members include VA HSR&D researchers Sarah Krein from Ann Arbor, Peter Groeneveld of Philadelphia, Amy Rosen of Boston, Joan Penrod, the director of the Bronx HSR&D REAP, and Gene Oddone, the director of the Durham Center of Excellence.

# New Fields Added to DSS National Data Extracts

The DSS national data extracts are being changed to make it easier to identify information on the care that VA provides to activity duty military personnel. Fields for Patient Type, Eligibility Code and Period of Service will be in the DSS inpatient and outpatient financial extracts. The Patient Type field distinguishes active duty military personnel from other VA patients, including employees, Tricare recipients, veterans whose eligibility is based on service-connected eligibility, and veterans otherwise eligible for VA care. The Eligibility Code field provides more precise information on eligibility, for example, the degree of service connected disability. The period of service indicates the era in which the veteran served.

The change will affect DSS extracts built for FY12, and is expected to be implemented starting in late April. A total of nine extracts will be affected, including four inpatient files (DISCH NDE, OBS-TRT NDE, TRT NDE, TRT-IPD NDE) and five outpatient files (OUT NDE, OUT2 NDE, OUT-IPD, OCRED NDE, CHAR4 NDE).

The Patient Type and Eligibility Code fields are already included in some DSS extracts. These two variables are defined in the HERC “Research Guide to Decision Support System National Cost Extracts,” which is available on the HERC Guidebooks web page on the VA intranet. The guidebook also lists the possible values that these variables can take.

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## Chronic Disease Main Paper

HERC researchers recently published an article on changes in prevalence and total VA spending for 16 chronic conditions (e.g., hypertension, diabetes, heart conditions, depression, PTSD, renal failure, cancer) between 2000 and 2008. The drivers of changes in spending also were examined. Most of the total VA spending increases during the study period were driven by the increase in VA’s patient population – from 3.3 million in 2000 to 4.9 million in 2008. Spending on renal failure increased the most, by more than \$1.5 billion, with 66% of



this increase related to greater prevalence of the disease. Spending increase for other conditions – hepatitis C, stroke, hypertension, diabetes, PTSD, and depression – were driven in large part by higher prevalence among VA patients. Higher treatment costs did not contribute much to higher spending. Instead, lower costs per patient for several conditions may have helped to slow spending. The full article can be obtained here: <http://online.liebertpub.com/toc/pop/14/6>.

## New FAQ on Chronic Disease Files

HERC has released a new FAQ titled “How do I obtain estimates of prevalence and costs of chronic conditions/diseases?” This FAQ describes how HERC researchers have estimated prevalence and costs of common chronic conditions in two publications. An earlier publication estimated costs and prevalence for 40 conditions in 1999. A more recent publication has estimates for 16 conditions in 2000 and 2008. The FAQ also describes how researchers can use the HERC Average Cost Person-Level files to develop their own cost estimates of chronic conditions.

## Changes to the HERC DSS Technical Advisory Panel

The Panel has quarterly conference calls to keep us up to date on DSS activities and to discuss cost data. HERC would like to welcome two new members to our DSS Technical Advisory Panel, Roger Obergefell and Chuan-Fen Liu.

Roger joined the Panel after the retirement of Jim Jackson. Roger is the VISN 10 DSS Program Manager in Dayton, Ohio. HERC would also like to thank Matt Maciejewski who rotated off the Panel this January. Matt is a distinguished health economist at the Center for Health Services Research in Primary Care at the Durham VA Medical Center. Replacing him is Chuan-Fen Lui from the VA Puget Sound HSR&D Center of Excellence in Seattle, Washington. Fen is a senior health economist and has a number of VA projects using DSS data including a funded IIR entitled, "Organizational Factors Related to Hospital Readmissions". Thank you to Matt and Jim for serving on HERC's DSS Technical Advisory Panel and providing HERC with valuable advice and assistance on DSS matters.

## National Leadership Considers HERC Presentation on Health Care Cost

The rising cost of health care will be the topic of a presentation to the VA National Leadership Council that will be made by HERC economists Patsi Sinnott and Paul Barnett on February 22, 2012.

They will discuss the drivers of health care costs, and the data and methods that VA decision makers can use to determine what services to cover, to estimate budget impacts, and to compare VA to other health plans. The talk will draw examples from recent VA studies.

This is the second of a series of talks by HSR&D speakers to the National Leadership Council. The Council consists of senior leaders in the Veterans Health Administration, including the directors of the agency's 21 regional health care networks.

HERC will make a second presentation to the Council this fall, on the topic of improving health care efficiency.

## HERC Staff Update

**Elizabeth Cowgill** joined HERC as a Research Assistant in January 2012. She earned a BS in Kinesiology at San Jose State and an MPH at USC. In her spare time she enjoys cooking, motorcycle riding, and being active by running, cycling, and hiking.

**Sharon Dally** joined HERC as a Programmer in January, 2012. She earned a BS in Statistics from Virginia Tech and an MS in Data Analysis and Statistical Computing from Stanford. She transferred to HERC from the VA Center for Health Care Evaluation, where she worked on a study of predictors and outcomes of treating bipolar depression as a major depressive disorder. Prior to that, she was a Load Research Analyst at various electric utilities. The mother of three daughters, Sharon is an active volunteer in the Palo Alto schools and enjoys old movies, needlework, and skiing.

# Upcoming HERC Cyber Seminars and Course

## Cyber Seminars

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

*The seminars are held on the third Wednesday of each month, except as otherwise noted.*

*Each hourly session begins at 11 a.m. Pacific or 2 p.m. Eastern time.*

**March 21, 2012 – Jason M. Hockenberry, Ph.D.**

*Assistant Professor, Department of Health Policy and Management, Emory University Rollins School of Public Health*  
Cost of Readmission in the VHA: Implications for Reimbursement Policies

**April 18, 2012 – Patsi Sinnott, P.T., Ph.D., M.P.H.**

*Health Economist, Health Economics Resource Center (HERC)*

Budget Impact Analysis: A Worked Example

**May 16, 2012 – Julia Prentice, Ph.D.**

*Health Science Specialist, Health Care Financing & Economics, VA Boston Health Care System*

Outpatient Waiting Time Measures and Patient Satisfaction

## **“Conducting Cost-Effectiveness Analyses with VA Data” Course**

*This course is primarily designed for VA researchers who wish to learn more about cost-effectiveness analyses.*

*The lectures are held on Wednesdays and each hourly session begins at 11 a.m. Pacific or 2 p.m. Eastern time.*

**February 29, 2012 – Paul Barnett, Ph.D.**

How can Cost Effectiveness Analysis be Made More Relevant to US Health Care?

## **HERC “Econometrics with Observational Data” Course**

*This course provides participants with sufficient background in econometrics to choose techniques suited both to their data and to their economic model. There will be a strong emphasis on applied work, illustrating the use of statistical software applied to VA data. The lectures will be held on Wednesdays and each hourly session begins at 11 a.m. Pacific or 2 p.m.*

*Eastern time. This course will begin in spring 2012.*

*We are in the process of revising the course based on user feedback.*

*Please check the cyber seminars and courses website listed below for continuing updates.*

The schedule of upcoming cyber seminars and courses, and information on the archives, are available on our website: <http://www.herc.research.va.gov>.

To register for these seminars and courses, visit

[http://www.hsrd.research.va.gov/for\\_researchers/cyber\\_seminars/catalog.cfm](http://www.hsrd.research.va.gov/for_researchers/cyber_seminars/catalog.cfm)