

VA HEALTH ECONOMICS BULLETIN

A VA Health Services Research & Development Resource Center

Volume 13, Issue 1
March, 2013



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

For more information on VA datasets, visit the HERC website for Guidebooks & Technical Reports at <http://www.herc.research.va.gov/publications>

For economics-related questions, please view our Frequently Asked Questions webpage at <http://www.herc.research.va.gov/resources/faq.asp>

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



Dedicated to improving the quality of health economics research

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Choosing Wisely Campaign Expands Lists of Low-Value Care

The Choosing Wisely initiative has updated its list of low-value health services. Released in late February, the new list now includes 130 common tests and procedures whose use should be questioned by patients and providers.

This initiative is a joint effort of 17 medical specialty organizations coordinated by the American Board of Internal Medicine Foundation and Consumer Reports. Additional services are being identified by other specialty societies and these will be added to the list later in 2013.

The Institute of Medicine estimates that unneeded services account for \$210 billion of U.S. health care costs. Choosing Wisely is only the latest effort to identify specific unnecessary services.

Other lists of ineffective and inefficient services have been created by the New England Healthcare Institute, the Tufts Cost-Effectiveness Registry, the American College of Physicians, the United Kingdom's National Institute on Clinical Effectiveness, researchers from the Rand Corporation, and by the National Priorities Partnership, a national panel of health care organizations.

Efforts to reduce health services that are not cost-effective have been called disinvestment or de-implementation programs.

HERC has created a directory of de-implementation resources that includes references to the expanded Choosing Wisely list. For more information, see FAQ A9 on the HERC website under *Resources > FAQ* or http://www.herc.research.va.gov/resources/faq_a09.asp.

New HERC Guidebook on Patient Travel Data

HERC has released a guidebook on geographic data that will be useful for studies of health care access, the choice of whether VA should make or buy specific services, and for research on health care demand, including veterans' choice between VA and alternatives that will become available under the Affordable Care Act.

The database was created by the VA Planning Systems Support Group (PSSG), which is a field unit of the VHA Office of Health Policy & Planning. It has a record for each veteran's residence with the distance to the nearest provider for three different levels of VA service: primary care, secondary care, and tertiary care. Each residence is also characterized as urban, rural, or highly rural.

Referred to as the 'Enrollee file,' it contains information not only on veterans who have enrolled for VA health care benefits but also on veterans who sought care at VA any time since 1999 without enrolling. The file is updated quarterly and at the end of each federal fiscal year using information from VA files and the U.S. Postal Service National Change of Address file.

For over 85% of the records, rural status and travel distance are based on exact residential address. The remaining records rely on the geographic centroid of the zip code.

The guidebook to the PSSG 'Enrollee file' can be found on the HERC web site under *Publications > Guidebooks > 'Other Data Sources'* or by using the following link: <http://www.herc.research.va.gov/publications/guidebooks.asp>.

Researchers with access to the VA network can obtain more information on the PSSG by visiting its website at <http://vaww.pssg.med.va.gov/>. This site is not otherwise accessible via the Internet.

DSS Data Moved to VA Corporate Data Warehouse

Data from the VA Decision Support System (DSS) will soon become available exclusively in the VA Corporate Data Warehouse. Existing copies of DSS files were removed from the mainframe computer at the Austin Information Technology Center on March 1.

DSS uses an activity based cost allocation system to determine the cost of VA health care. DSS national data extracts report the cost of each VA hospital stay and outpatient visit, each prescription filled for VA outpatients, and the results from more than 90 laboratory tests.

National data extracts from 2000 to present are available in the Corporate Data Warehouse as nation-wide structured query language (SQL) tables. Variable

names have been standardized to ensure consistency across years. More information on the DSS transition is found on the VIREC *Data Transition* webpage at <http://www.virec.research.va.gov/Data-Transition/NDE-Transition.htm>.

Specific information DSS tables and variables are from the Decision Support Office at: http://vaww.dss.med.va.gov/nationalrptg/nr_extracts.asp.

Application to use the DSS data must be submitted using the VA Data Access Request Tracker at <http://vaww4.va.gov/NDS>. Note that the latter two links are within the VA private network and cannot be reached from the Internet.

New Cites Added to VA Cost Bibliography

New publications have been added to the HERC bibliography of VA cost studies. This bibliography lists studies of VA health care costs published over the last 30 years and is indexed by keywords for common cost-related terms.

The bibliography has been split into sections based on cost method employed: Decision Support System (DSS) data, HERC average cost data, and Fee Basis (purchased care) data. Studies that are limited to pharmaceutical costs are not included.

The updated bibliography can be found on the HERC website under *Methods > Bibliography of VA Cost Studies* or <http://www.herc.research.va.gov/methods/bibliography.asp>.

Prevalence and Cost of Common Chronic Diseases Determined

A newly released tabulation provides information on the prevalence and cost of 34 chronic diseases common in the VA health care system.

HERC tabulated the quantity of care and the cost of inpatient stays, outpatient visits, purchased care, and pharmacy for the 2010 federal fiscal year. Also included are patient demographics, with gender specific cost and utilization for each chronic illness. Chronic

conditions were identified using diagnosis codes in VA utilization databases. Costs are based on the HERC average cost method for inpatient and outpatient services and on DSS data for pharmacy costs.

The most common conditions affecting veterans using VA are hypertension (35.1% of the patient population), diabetes (19.2%), ischemic heart disease (9.5%), and low back pain

(10.2%). 8.1% of patients using VA services had a health care encounter that was assigned a diagnosis of Post Traumatic Stress Disorder and 1.8% of patients had a diagnosis of hepatitis C infection.

The chronic disease information is accessible via the VA network at the HERC Intranet site under *Data > Tabulations* <http://vawww.herc.research.va.gov/>

data/tabulations.asp. Note that this table is not available through the Internet.

Additional information on the prevalence and costs of chronic conditions in VA can be found on the HERC Internet web site, in FAQ E3 ("How do I obtain estimates of prevalence and costs of chronic conditions/diseases?") under *Resources > FAQ* or http://www.herc.research.va.gov/resources/faq_e03.asp.

Cost-Effectiveness Findings Found to Influence Health Care Policy

A systematic review has found that health care policy decisions are being influenced by cost-effectiveness findings but that improved quality, transparency, and clarity are needed if they are to have greater impact.

The report, prepared for the Agency for Healthcare Research and Quality (AHRQ), is one of the first efforts to understand whether economic studies are actually being used in health care decisions. It found weak evidence that cost-effective studies are having an impact and noted that other factors were often influential.

The systematic review found 43 empirical studies of the effect of cost-effectiveness or cost-utility analysis on health care decision making published between 1991 and 2012. Most of these

evaluations were conducted in other countries, with just 5 studies from the United States, too few to see how the use of economics differs by country. Most of these 43 studies found economic findings were influential, but this evidence was limited by methodological flaws.

The report, *Assessing the Impact of Economic Evidence on Policymakers in Health Care—A Systematic Review*, was prepared by the Johns Hopkins University Evidence-based Practice Center and is available from AHRQ at: <http://effectivehealth-care.ahrq.gov/ehc/products/483/1300/Assessing-the-Impact-of-Economic-Evidence-FinalReport-20121023.pdf>.

HERC Releases Annual VA Patient-Level Cost Data

The HERC person-level dataset and its accompanying guidebook have been updated through FY11. This dataset contains the annual costs of care received by each user of the VA health care system.

It includes cost sub-totals for five categories of inpatient care, four categories of outpatient care, outpatient pharmacy, and purchased care. These data allow researchers to obtain information on the cost incurred by individual patients without needing to extract and summarize information from numerous VA databases.

Because it takes considerable time for all purchased care claims to be submitted and paid, purchased care data are added only after two-years have elapsed. The most recent purchased care

data in the HERC person-level cost files are for FY09. The updated guidebook describes the methods used and provides a brief description of each variable. It can be found on the HERC Internet site under *Publications > Guidebooks > 'HERC Average Cost Datasets'* or <http://www.herc.research.va.gov/publications/guidebooks.asp>.

A tabulation with costs totals total is available for download on the HERC Intranet website on the VA private network, under *Data > Tabulations* or <http://vawww.herc.research.va.gov/data/tabulations.asp>. This table provides the number of unique patients at VA for each fiscal year (FY1998-2011) and the total costs of inpatient, outpatient, pharmacy, and purchased care.

HERC

The Health Economics Resource Center supports and 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
- 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 and people through learning and mentoring
- A flexible, supportive, and enjoyable work environment

HERC Cyber Course and Seminars

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

Register: <http://www.hsrd.research.va.gov/Cyberseminars>

Schedule & archives: <http://www.herc.research.va.gov/training/>

Cyber Seminars

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

March 20, 2013

Using Systems Modeling to Evaluate the Impact of the New York State HIV Testing Law

Erika Martin, PhD, MPH

Assistant Professor

Department of Public Administration & Policy

Rockefeller College at Albany, State University of New York

April 17, 2013

New Guidelines for Cost-effectiveness Models: A Report of the ISPOR-SMDM Modeling Good Research Practices Task Force

Karen Kuntz, ScD

Professor

School of Public Health, University of Minnesota

May 22, 2013

TBA

John Finney, PhD

Investigator

Center for Health Care Evaluation (CHCE), VA Palo Alto HCS

Econometrics with Observational Data

This course provides participants with sufficient background in econometrics to choose techniques suited to both 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.

Beginning Fall, 2013. Please check the cyber seminars and course website for continuing updates.



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