



Geographic Variations in Public Health Spending: Correlates and Consequences

Policy Highlight

POLICY PERSPECTIVE

Geographic variation in medical care spending has long been a source of policy concern because it implies large inefficiencies and inequities in resource use and availability. New research shows that the geographic variation in public health and prevention spending may be of even greater concern. As policy-makers struggle with how to reform the health care delivery system and how to pay for it, prevention must be front and center. Many of the costly chronic diseases that Americans are suffering from can be prevented. If certain communities spend more on prevention, do they need to spend less on medical care to treat patients? If communities are spending more on medical care, does this mean they are not spending enough to keep people from getting sick in the first place? These are the tough questions policy-makers face as they work to make decisions on how to improve the health system and the health of all Americans.

WHAT IS PUBLIC HEALTH?

Public health departments keep people from getting sick and protect them from health threats. Health departments make sure the tap water we drink, the restaurant food we eat and the air we breathe are all safe; they educate us about and respond to emerging health threats, such as H1N1 influenza; they offer preventive care like vaccines; and they develop and enforce new policies and standards to ensure that communities are as healthy as they can be.

Background

America spends twice as much on health care than any other nation, but we still don't have the healthiest people.¹ Tens of millions of Americans suffer daily with serious and chronic preventable diseases, including heart disease, type 2 diabetes and cancer, putting their quality of life at risk and placing a high financial toll on the health care system. New research by Glen P. Mays and Sharla A. Smith appearing in the October 2009 issue of *Health Services Research* suggests that spending on health care to treat people may actually come at the expense of investing in public health programs meant to keep people from getting sick to start with.

State and local public health departments are the engines of the nation's "prevention delivery" system, responsible for keeping Americans healthy and safe and preventing disease and injury. But in order for this system to work efficiently, all Americans must have access to disease-prevention programs, disaster response plans, food-safety inspections and other services provided by public health departments (*see sidebar*). In this study, Mays and Smith found that local public health agency spending varies widely across communities, suggesting that depending on where they live, people have greater or lesser access to those critical public health services. They also noticed that communities with high proportions of racial and ethnic minority populations were much more likely to have experienced reductions in public health spending over the past decade than were their counterparts. This is due in part, they believe, to the fact that public health funding decisions are often determined by a complex interaction of economic, political, bureaucratic and health-related factors that place some communities at a disadvantage in securing resources for prevention, such as supplies of both seasonal and H1N1 flu vaccine.

Furthermore, this study showed that communities that spent more on public health services were the same communities that have been previously shown to have *lower* levels of medical care spending. Although further research is needed to explain this relationship, it suggests that the availability of public health resources in a community, including disease-prevention programs, might actually offset the need for medical care in that community by limiting disease and injury.

Geographic variations in medical care spending have long been a source of discussion among policy-makers and medical professionals, and this study shows that these variations occur to an even greater degree when it comes to public health spending. Clearly, the nation's medical care and "prevention delivery" systems are closely connected, underscoring the need for an overall health system that takes into account both treatment and prevention.

1 RWJF Policy Highlight—Geographic Variations in Public Health Spending: Correlates and Consequences

FAST FACTS

- Available estimates suggest that less than 5 percent of the nation's health-related spending is devoted to public health activities.
- A recent study by the Urban Institute and Trust for America's Health found that with an investment of \$10 per person, per year, in proven community-based programs to increase physical activity, improve nutrition and prevent smoking and other tobacco use, the country could save \$16 billion annually within five years. This is a return of \$5.60 for every \$1 spent.
- A sedentary 50-year-old man who smokes and is overweight has a 58 percent chance of developing diabetes or heart disease by the time he is 65. Stop the smoking and convince him to slim down and get a little exercise and his chances of getting sick drop by a whopping 75 percent.²

ABOUT THE AUTHORS

Glen P. Mays, M.P.H., Ph.D., is associate professor, chair pro tem, and director of research for the Department of Health Policy and Management in the Fay W. Boozman College of Public Health at the University of Arkansas for Medical Sciences. Sharla A. Smith, M.P.H., is also with the Department of Health Policy & Management, Fay W. Boozman College of Public Health, University of Arkansas for Medical Sciences.

Key Findings

Mays and Smith used existing data on the nation's nearly 3,000 local public health departments to calculate per-capita public health spending rates for each community served by one of these departments. Below are some key findings from the study:

- Wide geographic variations exist in public health spending across communities and such resources may be distributed more unevenly than medical care resources:
 - When measured by spending, public health agencies in the top 20 percent spent 13 times more than communities in the lowest 20 percent.
 - Communities that spent less on public health had a higher number of physicians per capita, were more likely to be served by a federally qualified health center and had higher rates of medical spending per Medicare beneficiary than did those communities that spent more on public health.
- *Higher* levels of public health spending are associated with *lower* levels of medical care spending and health care resources in the community. The authors give several possible explanations for this relationship:
 - Availability and access to public health resources, such as preventive services, may offset the need for medical care in some communities by preventing or limiting the onset of disease and injury.
 - In communities where rates of health insurance coverage are low and there aren't enough doctors to meet demand, more people may take advantage of the preventive and limited clinical services offered by public health agencies.
 - Communities that spend a lot on medical care may not have enough additional resources to invest in public health activities.

Policy Opportunities

As Congress, the Administration and eventually state and local governments move forward in reforming this nation's health system, it is critical that reform examines both sides of the system—delivery and prevention. There is a real opportunity for Congress to make an historic and strategic investment in community-based prevention programs that work—programs that help Americans live a healthier life style and keep them out of doctors' offices and hospitals. In order to efficiently use every dollar allocated to public health wisely, this nation needs a uniform system to track public health spending that occurs through a patchwork of national, state and local mechanisms. By measuring spending levels in specific programmatic areas, such as tobacco control, obesity prevention and communicable disease control, policy-makers and public health officials will be able to identify exactly how funding is being used and the value of each type of investment. A uniform tracking system also will enable policy-makers to correct wasteful and inequitable variations in public health spending. Congress is considering such a proposal as part of health reform.

1 Miller W, Simon P and Maleque S. *Beyond Health Care: New Directions to a Healthier America*. Washington: Robert Wood Johnson Foundation Commission to Build a Healthier America, 2009; see also OECD Health Data. Paris: Organisation for Economic Cooperation and Development, 2008. Available at www.irdes.fr/EcoSante/Download/OECDHealthData_FrequentlyRequestedData.xls.

2 Olshansky, S, Passaro, D, Hershov, R, et al. "A Potential Decline in Life Expectancy in the United States in the 21st Century." *New England Journal of Medicine* 352 (11): 1138–45, 2005.