

## Table of Contents

<b>Acronyms</b> .....	9
<b>Executive Summary</b> .....	13
<b>Chapter 1. How Much is Too Much? Value for Money in Health Spending</b> .....	21
1. Introduction .....	22
2. Health care spending: developments over recent decades .....	25
3. Spending by type of health care services .....	30
4. The drivers of health care spending .....	32
5. Will financial sustainability be a problem in the future? .....	33
6. Is fiscal sustainability a problem now? .....	36
7. How can we ensure economic sustainability of health systems? .....	38
8. Conclusions .....	39
Notes .....	40
Bibliography .....	40
<b>Chapter 2. Policies for Health Care Systems when Money is Tight</b> .....	43
1. Introduction .....	44
2. Overview of policy options .....	46
3. Supply-side policies intended to restrain expenditure and increase cost efficiency .....	48
4. Demand-side issues and policies .....	67
5. Conclusions .....	74
Notes .....	76
Bibliography .....	78
<b>Chapter 3. Rational Decision Making in Resource Allocation</b> .....	81
1. Introduction .....	82
2. The potential for enhanced efficiency .....	82
3. EBM and HTA offer opportunities to rationalise health care provision .....	87
4. Health technology assessment .....	88
5. The current use of technology assessment in OECD countries .....	90
6. The impact of health technology assessment .....	96
7. The future of health technology assessment .....	97
8. Conclusions .....	100
Notes .....	101
Bibliography .....	101

<b>Chapter 4. Improving Value for Money in Health by Paying for Performance</b> . . . . .	105
1. Introduction . . . . .	106
2. Difficulty in defining and measuring quality of care . . . . .	106
3. Pay for performance: a new paradigm . . . . .	107
4. Getting the design right in P4P: multiple agent problem . . . . .	108
5. Defining P4P . . . . .	109
6. P4P programme design framework . . . . .	110
7. Rewarding providers . . . . .	112
8. P4P programmes in OECD countries . . . . .	113
9. Conclusions . . . . .	120
Notes . . . . .	122
Bibliography . . . . .	122
<b>Chapter 5. Improving Co-ordination of Care for Chronic Diseases to Achieve Better Value for Money</b> . . . . .	125
1. Introduction . . . . .	126
2. Changing burden of disease in OECD countries . . . . .	128
3. Adapting health systems to meet the needs of the chronically ill . . . . .	129
4. OECD care co-ordination survey . . . . .	129
5. Models of care co-ordination . . . . .	132
6. Disease management: a yet unproven tool for bending the cost curve . . . . .	135
7. Improving the cost effectiveness of disease management . . . . .	143
8. Achieving better returns from care co-ordination . . . . .	147
9. Conclusions . . . . .	149
Notes . . . . .	150
Bibliography . . . . .	150
<b>Chapter 6. Drawing all the Benefits from Pharmaceutical Spending</b> . . . . .	155
1. Introduction . . . . .	156
2. Pharmaceutical spending in OECD countries . . . . .	156
3. Reimbursement and pricing policies in OECD countries . . . . .	159
4. Recent developments in reimbursement and pricing policies . . . . .	167
5. Efforts to develop generic markets . . . . .	173
6. Conclusions . . . . .	179
Notes . . . . .	180
Bibliography . . . . .	181
<b>Chapter 7. Redesigning Health Systems with the Support of ICTs</b> . . . . .	185
1. Introduction . . . . .	186
2. What ICT can (and cannot) do for health care . . . . .	187
3. How can ICT improve value for money in health care . . . . .	187
4. Use of electronic health records is slow with a few exceptions . . . . .	192
5. More widespread adoption requires overcoming several challenges . . . . .	194
6. ICT is the foundation for a wider approach to improving health system performance . . . . .	198
7. Conclusions . . . . .	198
Bibliography . . . . .	199

**Tables**

1.1. OECD and selected national projections of public health and long-term care spending, 2005 to 2050 .....	35
2.1. Policies for limiting spending in a period of budget restraint .....	47
2.2. Trends in doctor numbers per 1 000 population, 1980-2008 .....	49
2.3. Trends in nurse numbers per 1 000 population, 1980-2008 .....	50
2.4. Regulation of physician workforce .....	53
2.5. Regulation of hospital and high-tech equipment and activities .....	55
2.6. Regulation of prices/fees of physicians' services .....	57
2.7. Regulation of hospital prices for covered services .....	58
2.8. Stringency of the budget constraint .....	60
2.9. Policies to control volumes of care .....	65
2.10. Exemptions from co-payments .....	70
2.11. Gate keeping .....	73
3.1. Use of HTA in OECD countries .....	92
4.1. Pay-for-performance definitions .....	110
4.2. P4P programmes and measures in OECD countries .....	114
5.1. Problems with care co-ordination in OECD countries .....	130
5.2. Evaluation of US Medicare disease management initiatives .....	138
6.1. Policies to promote the use of generic drugs .....	174
7.1. Current budget for ICT initiatives in three OECD countries .....	192
7.2. Total budget allocated by national government in two OECD countries .....	192
7.3. Measures to address lack of interoperability by country .....	196

**Figures**

1.1. Average health spending as a share of gross domestic product (GDP) across OECD countries .....	26
1.2. Annual growth in per capita health expenditure, 1993 to 2008 .....	26
1.3. Growth in total health expenditure and GDP in OECD countries, 1993 to 2008 .....	27
1.4. Annual growth in total health spending and GDP, 1993 to 2008 .....	27
1.5. Per capita total spending on health in 1993 and annual growth in spending, 1993 to 2008 .....	29
1.6. Ratio of private to public health spending growth, 1993 to 2008 .....	29
1.7. Contribution to health spending growth by main functions of health care, 2003 to 2008 .....	31
1.8. Projections of public health and long-term care spending, 2005-50 .....	33
1.9. Forecast debt-to-GDP and general government financial balances, 2011 .....	37
1.10. Public spending on health as a share of total government spending, 2008 .....	38
2.1. Expenditure scenarios for health: the potential impact of reforms .....	45
2.2. Health professionals per 1 000 population, 2008 .....	51
2.3. Acute care hospital beds per 1 000 population, 1995 and 2008 .....	52
2.4. Ratio of nurses to physicians, 1995 and 2008 .....	53
2.5. Purchasing power parities (PPPs) for health goods and services, 2005 .....	56
2.6. Percentage of in-patient care in total health expenditure, 1980, 1990, 2000 and 2008 .....	63
2.7. Health care spending by component, 2008 (or most recent year) .....	64
2.8. Doctors consultations and density of physicians, 2008 .....	68
2.9. Discharges per capita and number of beds, 2008 .....	69
2.10. Out-of-pocket payments as a percentage of total health expenditure, 1990, 2000 and 2008 .....	71
3.1. International variations in medical practice .....	83

3.2. Local variations in medical practice .....	86
4.1. P4P programme framework .....	111
4.2. P4P payment models and implementation .....	112
4.3. Value Incentive Programme mechanisms in Korea .....	119
4.4. Composite quality score of AMI .....	119
5.1. Improving outcomes in chronic illness .....	129
5.2. Population management: more than care and case management .....	134
5.3. Disease management programmes in Germany .....	139
5.4. DMPs for type 2 diabetes programmes reduce hospital cost .....	139
5.5. Enrolment in DMP type 2 diabetes in Austria, May 2010 .....	141
5.6. Primary care depression .....	145
6.1. Pharmaceutical spending is a share of total health expenditure and GDP, 2008 .....	157
6.2. Per capita pharmaceutical spending, 2008 .....	157
6.3. Pharmaceutical spending, by funding sources, 2007 .....	158
6.4. Pharmaceutical spending growth, 2003 to 2008 .....	159
6.5. Typology of product-specific reimbursement and pricing agreements .....	171
6.6. Generic drug market shares in 2008 .....	175
7.1. The effects of telemedicine .....	190
7.2. Use of Electronic Health Records in Finland, Norway and the United States .....	194