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# The Role of Prevention in Bending the Cost Curve

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## Introduction

To help finance its historic expansions of insurance coverage, the Patient Protection and Affordable Care Act (ACA) includes several provisions aimed at slowing the rate of growth of personal health expenditures. This goal is addressed partly by reductions in payments to health care providers and partly by future reductions in the tax subsidies for extremely generous insurance plans—often referred to as "Cadillac plans"—to increase the price sensitivity of consumers. Another ACA strategy is a focus on disease prevention to reduce the future need for care. According to polling conducted during the 2009 health care reform debate, the public believes that disease prevention is a key component of improving the long-term prospect of the nation's health care system,[1] and the rhetoric about reform has often included references to prevention. However, not until the passage of the ACA was health care reform linked to funding for public health and prevention.

The ACA includes provisions supporting coverage of clinical preventive services in insurance benefit packages and innovative new funding for public health through the Prevention and Public Health Fund (PPHF). The use of the fund is flexible but it will be guided by the National Prevention Strategy, which was published in June 2011.[2] Although current funding decisions had to be made before the strategy was finalized, they are consistent with its goals, and substantial PPHF expenditures have been dedicated to funding evidence-based interventions to address tobacco control, obesity prevention, better nutrition, and physical activity.[3] Taken as a group, these interventions target primarily chronic diseases like diabetes, hypertension, heart disease, stroke, and renal disease. Recent research has demonstrated just how costly this limited set of diseases is to the U.S. health care system.[4] The primary focus of this brief is to explore the contribution that disease prevention efforts can make toward bending the cost curve.

A growing body of research has demonstrated that community-based approaches can be successful in changing behaviors and reducing risk factors for these diseases, especially if implemented with the knowledge and participation of clinicians.[5] It is specifically this type of lifestyle-modification interventions that a significant portion of the PPHF's Community Transformation Grants have targeted.[6]

Some large private businesses have recognized the potential savings from disease prevention and are developing lifestyle modification or wellness programs.[7] The impact of these programs, however, is limited to the population employed by such firms, which leaves several important segments of the population unaffected. Economies of scale in wellness programs make widespread private sector adoption unlikely. The case for public intervention in this area is bolstered by the fact that the greatest impact of disease prevention on spending will accrue to the Medicare and Medicaid programs.[8] Further, the aging of the population means that the Medicare costs associated with this set of diseases will only grow. In the current debate over the future fiscal status of the federal government, cutting a set of evidence-based programs that can relieve pressure on the largest contributor to fiscal imbalance over the long run seems short-sighted at best.

The following overview outlines several promising approaches targeted in the first round of funding for the PPHF. It enumerates the benefits that these interventions can produce for both health and cost containment and that would be foregone if the PPHF were eliminated either through a full repeal of the ACA or through targeted budget cuts. Then, based on estimations of the cost of illness by age, it explores what reducing or eliminating the PPHF would mean for Medicare and Medicaid over the next 20 years.