

End-of-Life Medical Expenses

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Motivation

- End of life medical spending has attracted much academic and policy attention
- Key questions:
 - Is end of life care a big driver of aggregate medical spending?
 - Is end of life care unusually expensive in the US?
 - How is it financed?

Key Questions

- How large is medical spending in the last 12 months of life?
- Is the US an outlier?

Main Findings

- Data from developed countries show that 8-11% of total medical spending goes to those in the last 12 months of life.
- US end-of-life spending is not an outlier relative to other countries.
- Most end-of-life spending is publicly-funded, but in some countries, including the US (and UK), long-term care is poorly insured.

Percent of total medical spending incurred in at the end of life

	<i>Last 12 months of life</i>	<i>Last 3 calendar years of life</i>
Denmark	11.0	22.2
Germany	11.0	21.4
Netherlands	10.0	19.4
Taiwan	11.2	24.5
United States	8.5	16.7

- Spending on those in the last 12 months ranged from 8-11% of total medical spending.
 - The US is not an outlier.

Spending in last 12 months of life, by service category and country

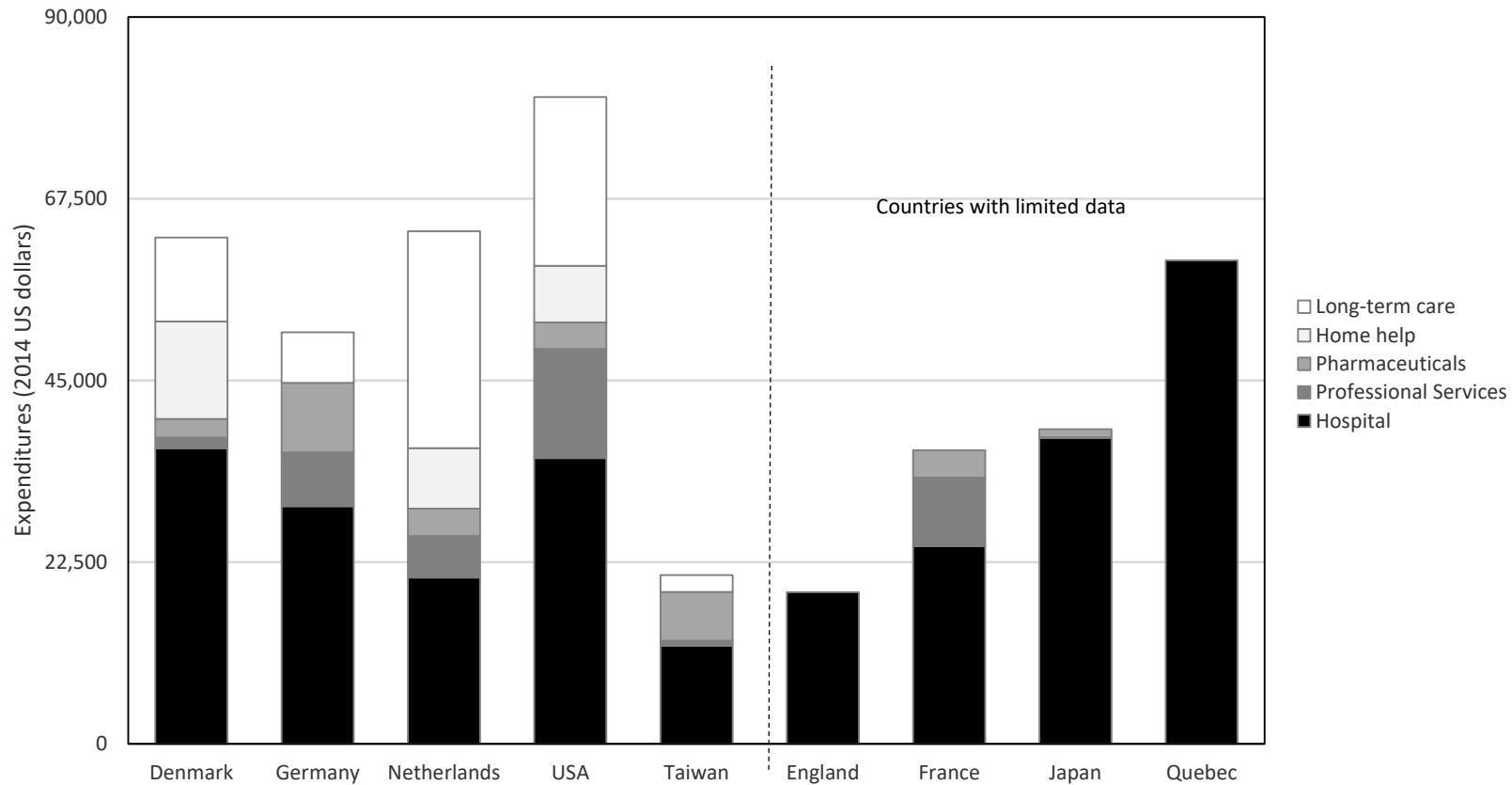
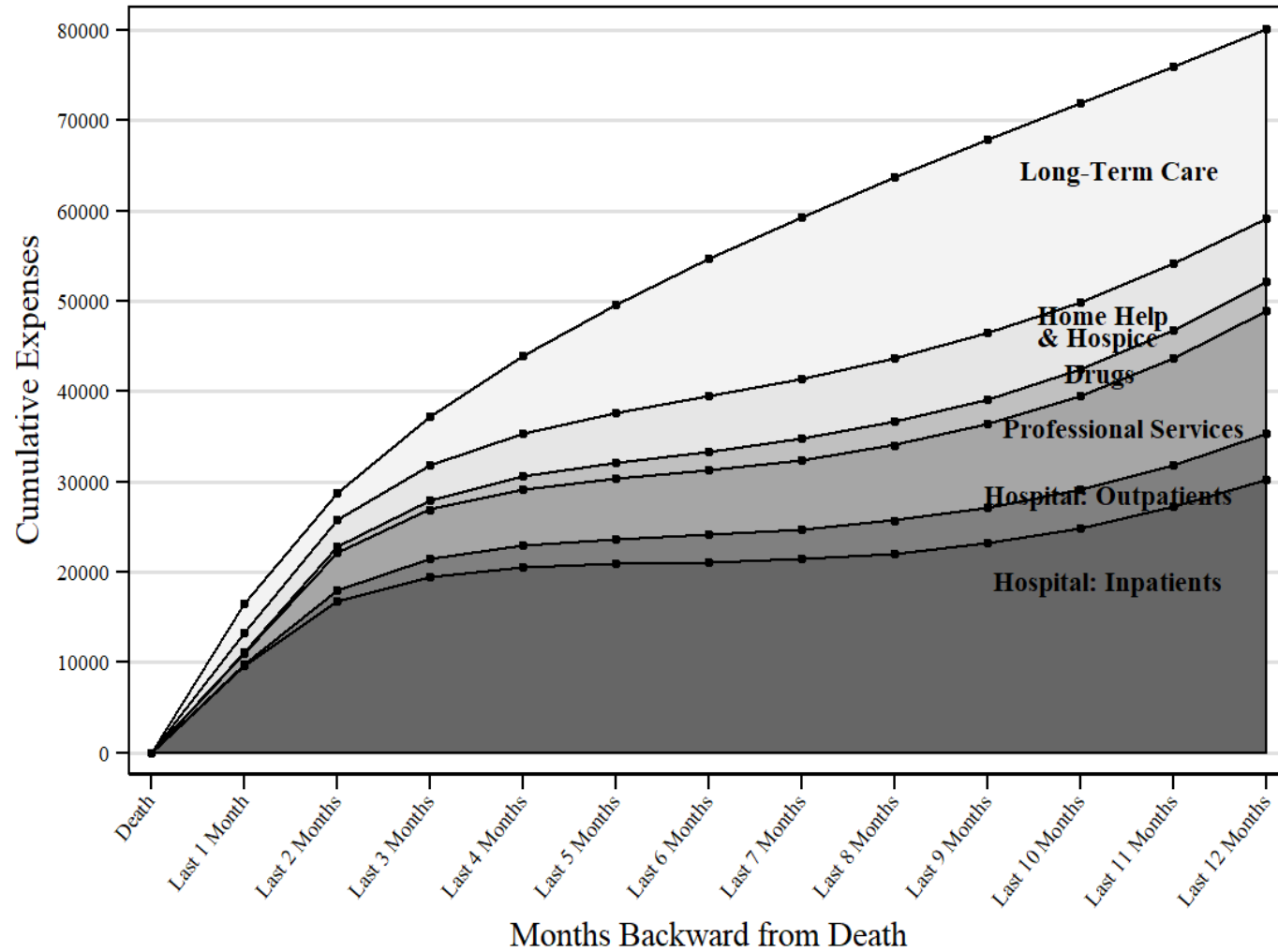


Exhibit: Mean per capita medical spending (in 2014 US dollars) in 9 countries in the last 12 months of life, by category of spending

Key Questions

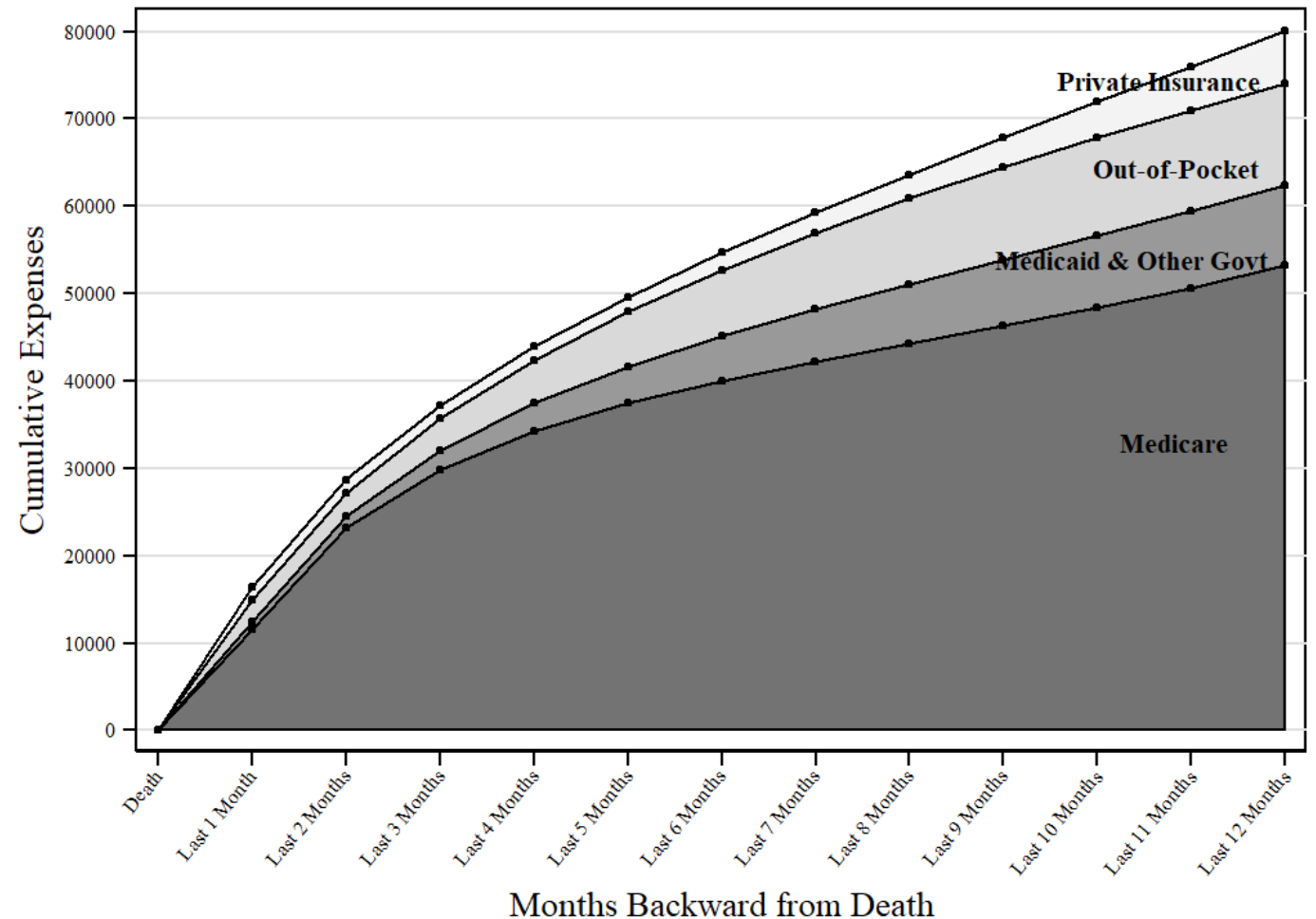
- What types of care is the money spent on?
- Who pays for it?
- Are the elderly in the US well insured?

End of Life spending by Expenditure Type



Who pays for end of life care (in the US)?

- The average American is well-insured.
- Medicare & Medicaid pay for around 80% of end-of-life care.
- BUT as long-term care is not covered by Medicare, certain conditions (e.g., Dementia) are not well-insured.



Conclusions

- Dying is expensive, but the share of the population that die is small.
- Spending on those in the last 12 months ranged from 8-11% of total medical spending
- US end of life spending is higher than elsewhere in absolute terms, but below average relative to total medical spending.

The Big Questions:

- How should we finance long term care?
 - Free formal care through the government?
 - Netherlands, Denmark
 - Cost sharing between households and government?
 - E.g., Japan
 - Out of pocket spending for high wealth individuals + asset tests?
 - US, UK
 - Subsidies for family care?
 - Germany

Future Questions

- Can we make end-of-life spending more efficient?
 - It is hard to identify the “hopeless” cases.
 - An increased emphasis on palliative care appears promising.
- How should we finance long-term care?
 - Formal care funded by the government?
 - Subsidies for family care?
 - Improved insurance products?

Extra slides below

Higher end of life spending in the US reflective of higher overall medical spending

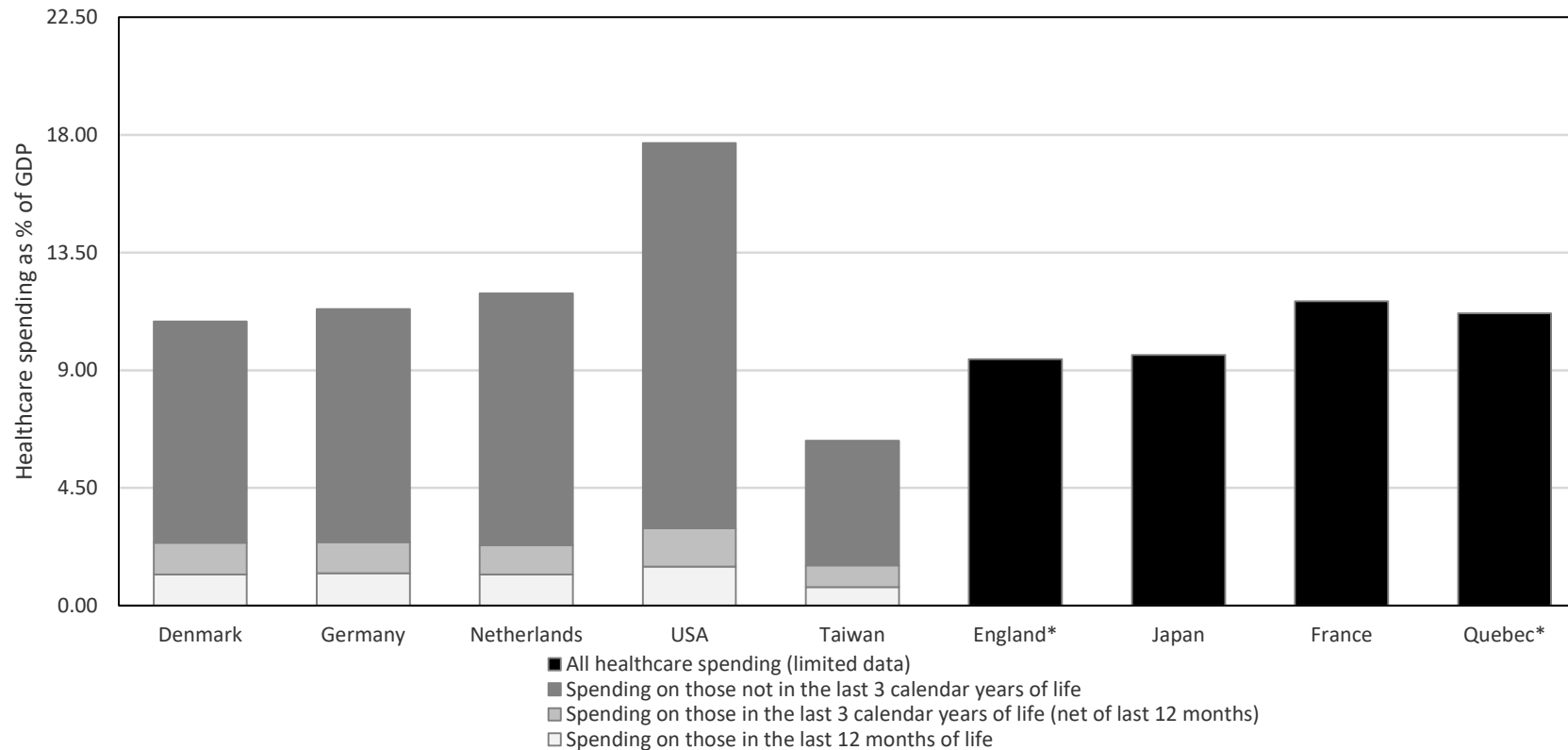


Exhibit: Health care spending in 9 countries as a percentage of GDP overall and for the last 3 calendar years and last 12 months of life

Spending in the last three years, approx double last 12 months; more outside hospital

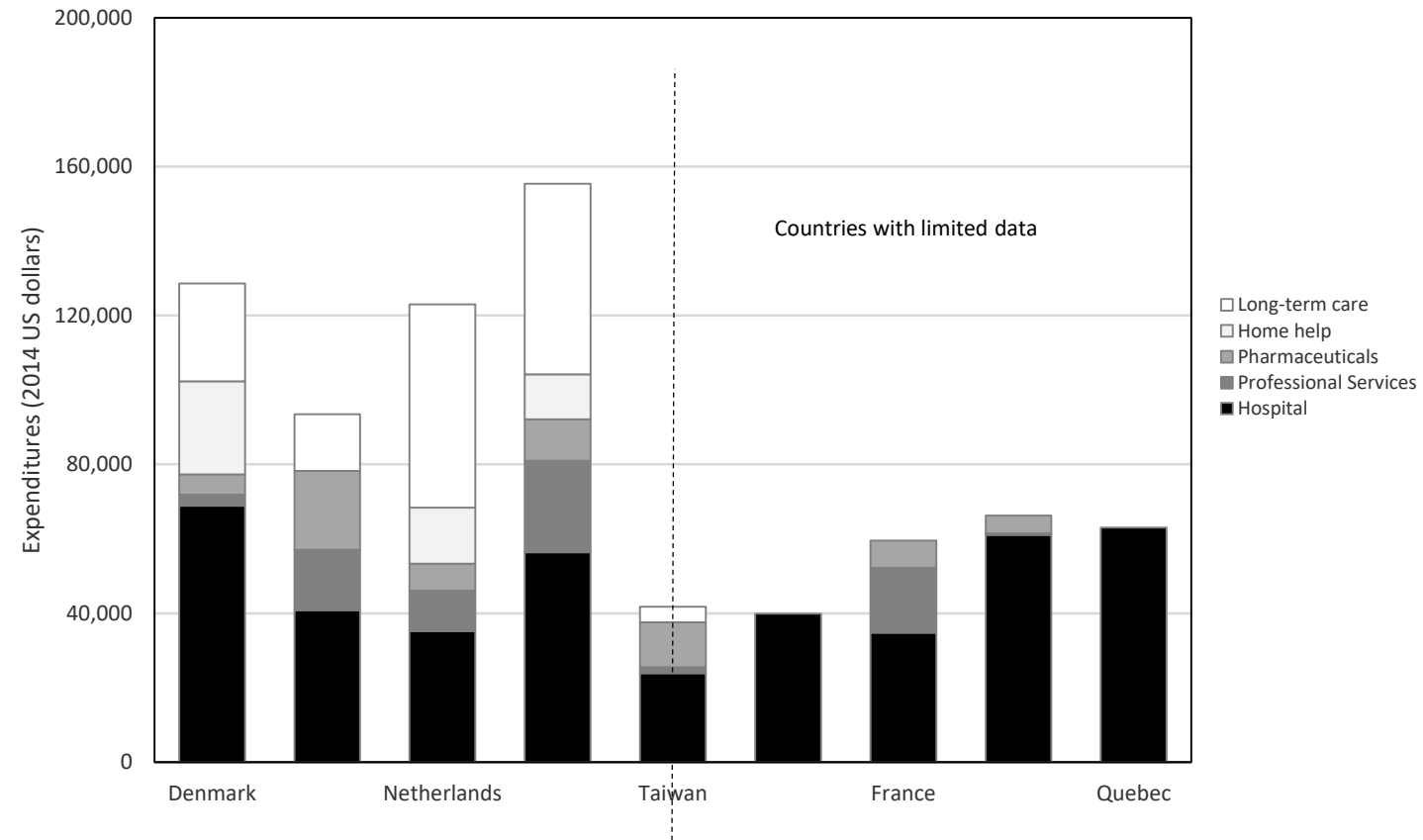


Exhibit: Mean per capita medical spending (in 2014 US dollars) in 9 countries in the last 3 calendar years of life, by category of spending