THE COST OF DIABETES TO MARYLAND TAXPAYERS:

A PRESCRIPTION FOR CHANGE

MedChi
The Maryland State Medical Society

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Figure 1: CDC – Chronic Disease Prevention & Health Promotion

Rising diabetes rates are a primary driver of Maryland's rising health care costs. In 2012, diabetes alone cost families and the US economy more than $245 billion[1] – taking into account both direct costs (e.g., health care services and prescriptions) and indirect costs (e.g., absenteeism, lost productivity, etc.). MedChi, The Maryland State Medical Society, which represents more than 8,000 Maryland physicians and their patients, commissioned this study to estimate both the extent of diabetes in Maryland Medicaid enrollees and the likely financial impact of this largely preventable disease on taxpayers. MedChi is concerned that increasing rates of diabetes and pre-diabetes among our state's youngest generations will place an undue burden on Maryland's healthcare budget now and in the future.

Diabetes is a serious chronic disease that now affects 29 million Americans (Figure 2), including more than 610,000 Marylanders (~10% of the state's population)[2]. Another 567,000 Marylanders have been diagnosed with prediabetes[3] and national trends indicate that up to a third of all adults may have undiagnosed prediabetes.

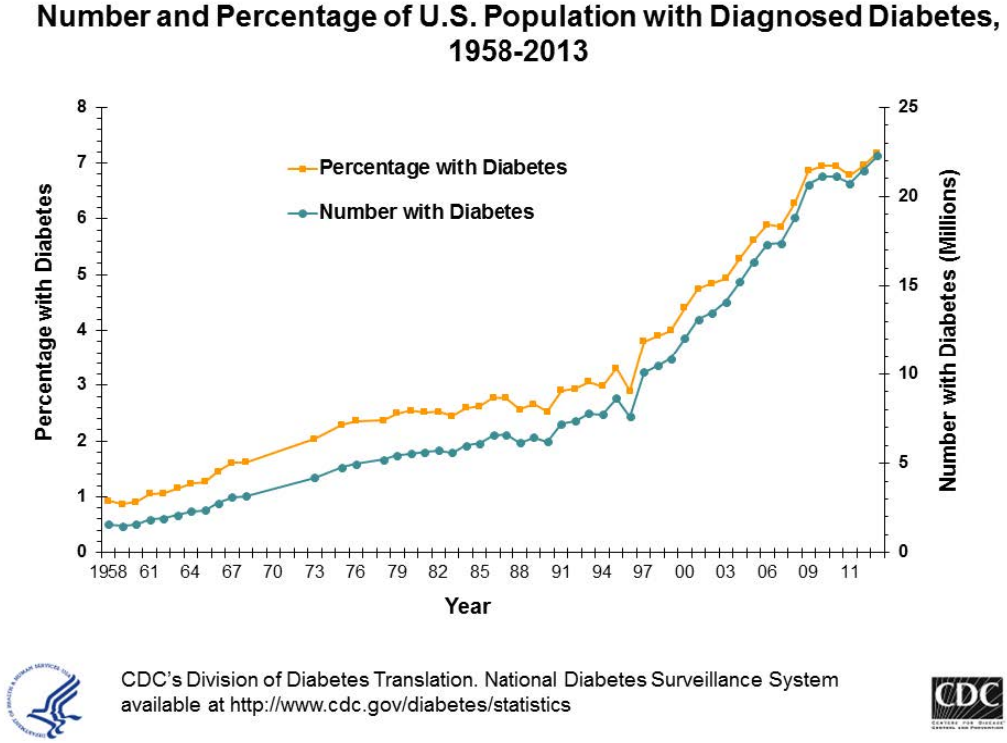

Figure 2

[1] Economic Costs of Diabetes in the U.S. in 2012, American Diabetes Association. Diabetes Care 2013 Mar; DC_122625. http://dx.doi.org/10.2337/dc12-2625
[2] 2014 Maryland Behavioral Risk Factor Surveillance System, based on data from indicated period.
[3] Ibid.

People with diabetes have a heightened risk of developing additional health problems and complications, such as heart disease, blindness, amputations, stroke, and kidney failure. Of greatest concern is the growing number of youth diagnosed with type 2 diabetes. Formerly referred to as adult-onset diabetes, some Maryland children are being diagnosed as young as ten years of age. The full health impact of diagnoses at younger ages is unknown. However, youth onset of type 2 diabetes is proven to lead to earlier death and development of diabetes-related complications when compared to those with early onset type 1 diabetes.[4] Type 2 diabetes is largely preventable. Nationwide, 1 in 3 children alive today will be diagnosed with diabetes during their lifetime unless significant action is taken to prevent and control the disease. Among African American and Latino populations, this number increases to 1 in 2 children.[5,6]

Nationwide, 1 in 3 children born after the year 2000 will be diagnosed with diabetes during their lifetime. Among African American and Latino populations, this number increases to 1 in 2 children.

While data on rates of diabetes and associated costs have been calculated nationally, no clear assessment of cost data had been gathered for state taxpayer-funded, public health care programs in Maryland until now. The attached, *Briefing Report: An Examination of Service Utilization and Expenditures among Adults with Diabetes Enrolled in Maryland's Medicaid Managed Care Program* assesses the impact of diabetes on HealthChoice, Maryland's Medicaid managed care program, over a two year period. HealthChoice plays a major role in providing healthcare coverage for Marylanders with diabetes. The Hilltop Institute at the University of Maryland, Baltimore County (UMBC) conducted this study to examine the extent to which health care utilization and costs for people with diabetes differed from those without diabetes.

Medicaid spending per enrollee with diabetes ($24,387) is more than double the spending per enrollee without diabetes ($10,880).

The Hilltop study suggests what has long been suspected: diabetes within the Maryland Medicaid program is costly to taxpayers. Medicaid annual spending per enrollee with diabetes ($24,387) is more than double the spending per enrollee without diabetes ($10,880). **HealthChoice spent more than $471 million treating people with diabetes in 2014 for hospitalizations, doctor visits, and prescriptions.**[7] More concerning, though, the actual cost of diabetes to the entire Maryland Medicaid program is likely understated since this study did not account for the costs incurred by Medicaid enrollees younger than age 35, enrollees in the fee-for-service program, such as dual-eligible beneficiaries and adults living in long-term care facilities, or enrollees with less than 12 months of enrollment in the HealthChoice program.

As Maryland's youngest generation is diagnosed with escalating rates of diabetes and pre-diabetes, these costs will only increase. The burden to our patients, their families, and state taxpayers will continue to intensify putting strain on Medicaid funding, enrollment, and perhaps even the quality of care provided.

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[4] Constantino, Maria I., et al. Long-term Complications and Mortality in Young-Onset Diabetes. Diabetes Care (2013): 3863-3869.
[5] Centers for Disease Control. U.S. Dept. of Health and Human Services. Number of Americans with Diabetes Projected to Double or Triple by 2050. Cdc.gov. N.p., 22 Oct. 2010. Web. 7 Sept. 2016.
[6] Bushak, Lecia. "If You're Black Or Hispanic, You Have A 50% Chance Of Getting Diabetes." Medical Daily. IBT Media Inc., 13 Aug. 2014. Web. 08 Sept. 2016.
[7] It is impossible to distinguish which portion of the $471 million is directly attributable to diabetes and which portion is not. However, other studies suggest that people living with diabetes experience higher health care utilization and higher costs perhaps due to complications caused by their diabetes diagnosis.

The Hilltop study focused on enrollees aged 35 through 64 years with 12 months of continuous enrollment in HealthChoice. Some other key points came to light upon examination of the 2014 data:

- **Over a quarter of expenditures are attributable to people with diabetes.** Nearly 27% of all estimated HealthChoice expenditures in this study were attributed to the diabetic population, though people with diabetes made up only 14% of all enrollees.
- **Those with diabetes were more likely to be admitted to a hospital.** HealthChoice enrollees with diabetes were more than twice as likely to be admitted to a hospital as enrollees without diabetes. Hospitalization costs were 33% more expensive for the diabetic population than non-diabetic population.
- **Maryland Medicaid enrollees experience higher rates of diabetes than non-enrollees.** Nearly 14% of HealthChoice enrollees had diabetes which is higher than the overall population prevalence of 10% (MD BRFSS, 2014). Nearly all of those with diabetes had a diagnosis of type 2 diabetes.
- **Disparities exist.** African American HealthChoice enrollees were more likely than whites to be diagnosed with type 2 diabetes (15% vs. 12%, respectively).
- **The disease burden in Central Maryland is particularly high**. More than 70% of all HealthChoice enrollees with diabetes lived in Anne Arundel County, Baltimore City, Baltimore County, Montgomery County, and Prince George's County.
- **Younger people are being diagnosed with diabetes.** At least 42% of all HealthChoice enrollees with diabetes in this study were diagnosed on or before the age of 50. Older enrollees may have also been diagnosed in earlier years but this study only determined prevalence of a diabetes diagnosis by age group.
- **More women than men live with diabetes.** 62% of HealthChoice enrollees with diabetes were women.

If this study is any indication, the future cost of diabetes to both Medicaid and private insurance will be difficult for our health care system to absorb making premium costs even more unbearable for most families and potentially eroding taxpayer-funded safety net programs. Together, we must do all we can to help prevent, diagnose, and effectively treat diabetes or it will greatly increase health care expenditures and the taxpayer funds needed to support the Medicaid program.

Fortunately, type 2 diabetes can be largely prevented with an improved diet, regular physical activity, weight loss, and a policy environment supportive of better health decisions.

A Prescription for Change?

MedChi and its member physicians call upon all Marylanders to follow our prescription for change:

For Individuals and Families –

- Learn about diabetes and pre-diabetes and see your doctor for regular check-ups and screenings.
- Maintain a healthy weight by eating foods that are low in fat, sugar, and calories – limit your portion sizes to help make this easier.
- Engage in 30 minutes of physical activity at least five days a week.
- Because of the uniquely harmful effects of sugary drinks like regular soda, sports drinks, energy drinks, juice drinks, and flavored waters and teas, regularly drink water instead. According to the

Institute of Medicine, sugary drinks are the single largest source of added sugar in our diets today and a large source of added calories. Daily consumption of sugary drinks greatly increases your risk of developing diabetes.

- Advocate for federal, state, and local policies to address the growing diabetes epidemic.
- If you already have diabetes, do all the things above, take your medication and tell your doctor about sores that don't heal or if you have trouble with your eyesight.

For Health Insurers and Providers –

- Educate providers about effective diabetes and pre-diabetes prevention, screening and early detection, as well as treatment programs and referrals.
- Ensure patient access to and provider reimbursement for pre-diabetes and diabetes prevention services and screenings, self-management education, and treatment services provided by medical and non-medical providers and specialists.
- Remove sugary drinks from health care facilities. Don't serve them during meetings or stock them in cafeterias, hospital stores, tray lines, or vending machines.
- Dedicate a substantial proportion of community benefit funding to building healthy communities.
- Advocate for federal, state, and local policies to address the growing diabetes epidemic.

For Cities and Counties –

- Implement diabetes prevention recommendations by developing walkable communities, healthy transportation, healthy community design, access to fresh fruits and vegetables and safe places to play and be physically active.
- Ensure access to clean, free drinking water in schools, public parks, and other public places.
- Conduct public education campaigns about products known to contribute to diabetes, particularly sugary drinks, and promote consumption of healthy products including water.
- Pass diabetes prevention policies recommended by national and state health authorities including those that make healthier food and drinks more readily available on all government property including office buildings, parks, libraries, schools, and colleges; require sugary drink warning labels to be displayed at the point of purchase, and reform restaurant children's menus so that they include healthier drinks as the default.
- Establish local taxes on sugary drinks, designating funds for programs to prevent, detect, and treat diabetes.

For State Lawmakers in Annapolis –

- Require public and private health insurers to cover early screening and detection programs, diabetes management support services and equipment, and diabetes prevention services, including those provided by medical and non-medical providers.

- Conduct public education campaigns about products known to contribute to diabetes, particularly sugary drinks, and promote consumption of healthy products including water.
- Pass diabetes prevention policies recommended by national and state health authorities including those that make healthier food and drinks more readily available on all government property including office buildings, parks, libraries, schools, and colleges; require sugary drink warning labels to be displayed at the point of purchase, and reform restaurant children's menus so that they include healthier drinks as the default.
- Work with local school systems to increase the amount of time allotted to physical education and physical activity during the school day.
- Establish a state tax on sugary drinks, designating funds for programs to prevent, detect, and treat diabetes and other diet-related illnesses.

The Institute of Medicine, the Centers for Disease Control, MedChi, and other experts agree on the way forward. As a government program, taxpayers bear the brunt of Medicaid's increasing diabetes-related costs. The actions above must be a state priority. Maryland cannot afford the status quo.

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