

Health Care Growth Strategies

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Direct and Indirect Costs of Diabetes Estimated at \$100 Billion Annually

With the already high prevalence of diabetes in the population growing significantly, demand for diabetes-related services continues to surge. Alarming increases in Type II diabetes have been seen in both adults and children, due, in part, to a national epidemic of obesity, poor nutrition, and lack of exercise.

The increasing prevalence and high costs associated with diabetes have drawn attention to the need for diabetes programs. The Centers for Disease Control estimate the direct and indirect costs of diabetes are nearly \$100 billion a year. The average health care costs for a person with diabetes (\$10,071 in 1997) is nearly five times that of an individual without diabetes (\$2,699 in 1997).

Growth and Revenue Opportunities: Hospital-Based Diabetes Programs

The chronic nature of diabetes and the treatable nature of the exacerbating factors make the condition an attractive target for program development.

The American Diabetes Association (ADA) formally recognizes individual hospital programs if they adhere to ADA national standards. By following the guidelines set by the ADA, programs are often able to receive reimbursement from insurance companies while considerably reducing health complications and lowering overall health care expenditures.

The ADA's Standards of Medical Care for Patients with Diabetes Mellitus state that "people with diabetes should receive their treatment and care from a physician-coordinated team." The ADA requires that the program staff include a registered nurse (RN) and a registered dietician, both with education and experience in diabetes health. Programs interviewed by HS&S consultants extend their staff to include endocrinologists, exercise physiologists, nutritionists, and clerical staff.

A diabetes program typically includes patient evaluation, education, monitoring health through exams and regular screenings, and identifying the need for early intervention to prevent serious complications of diabetes such as amputation and blindness. Hospital-based diabetes programs generally operate as an outpatient service on a hospital's campus or at an ambulatory care center.

Programs are typically provided weekdays during regular business hours, with some programs providing additional Saturday or evening hours. Approximately 25 to 30 follow-up patients are seen weekly by the medical staff in a typical diabetes program, according to ADA estimates.

A diabetes program coordinates and clinically packages the services and resources that are needed by diabetic patients. Marketing a program lets patients know that the services and resources they need to control their diabetes are available at the sponsoring organization with one-stop shopping.

Diabetes programs can be marketed to physicians and directly to patients. Programs generally garner most new

Diabetes Program Components

Initial Individual Assessment

Physician evaluation followed with referral to diabetes program, which then starts with one-on-one visit (one to two hours) with a certified diabetes educator (CDE) or dietician to discuss patient history, diet, medications, etc.

Classroom Instruction

10 to 12 hours of classroom instruction per patient (typically in two-hour sessions) run by a CDE who teaches self-management skills; often includes guest speakers (physical therapists, podiatrists, etc.)

Patient Education

Education activities include classes, individual and group consultations, support groups, community lectures and outreach programs (i.e., screenings and information for those at risk); education topics include nutrition and exercise, special diet concerns and food exchanges, medications, monitoring blood glucose, diabetic complications, and personal health tips

Follow-Up Visits

Three-month, six-month, and one-year follow-up with medical staff and a CDE or dietician



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patients through physician referrals. Representatives of diabetes programs often visit physician practices, building relationships with physicians and providing information on the program.

Primary care physicians and other referring providers need to be informed of the recommendations made by diabetes program staff to ensure patient compliance and best outcomes.

Tracking progress and outcomes helps ensure program quality and provides evidence-based information for marketing and outreach.

A suburban community hospital estimated that adding a diabetes program would generate over \$250,000 in annual net revenue. The hospital serves a population of approximately 135,000 individuals with a diabetes prevalence rate of over four per 100 people. Included in the revenue estimates were diagnostic tests and radiology exams. Expenses included compensation for an endocrinologist, podiatrist, nurse practitioner, and health educator.



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