Bending the HealthCare Cost Curve:

(Part 2) Supplemental Charts to Live Presentation

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Supplemental Charts

- Recent slow-down in rate of growth per person: private and public
  - Medicare little to no growth: historic lows
- Medicaid slow growth harder to see with growth in enrollment

- Premiums continue to rise faster than income in all states
  - Affordability concerns for insured
  - Higher deductibles + cost-sharing = substantial share of income
  - Extra costs if go out of network

- Price paid by private insurers have been driving claims costs
  - Widely variations within markets reflect provider market power

- Medicare data enables geographic comparisons
  - Wide variation in potentially preventable hospital use
  - Private sector (higher/lower use) tend to track Medicare patterns

- Readmission rate decline in Medicare benefits private sector and Medicaid
  - States with the highest rates had the largest 2013 decreases
Marked Slow-Down in Medicare and Private Spending Growth Per Enrollee

Medicaid as Share of State Budgets, 2013

State Funded Budget
$1.2 Trillion

Total State Budget*
$1.8 Trillion

* Includes federal funds. Federal Medicaid = 13.9% state total budget.
Medicaid (including federal funds) as percent of Total State Expenditures, 2014*

Percent

All State Average 2014 = 26%

*Includes federal and state funds for Medicaid and total state spending from all sources. Federal $ average 58% of Medicaid. Range from lows of under 50% in high income states such as MA and CT to more than 70% in low-income states such as WV, Mississippi, New Mexico

Costs a Shared Concern: Total Premiums Increase Faster than Median Income in All States

82 percent of under-65 population in live where total premiums amount to 20 percent or more of median income


Insurance Expensive No Matter Where you Live:
Insurance Premiums for Family Coverage 2015

U.S. average total family premium = $17,322

Data source: 2015 Medical Expenditure Panel Survey–Insurance Component Private-Employer Sponsored Plans..

Single-Person Deductibles, 2015
Average $1,000 or more in all but 3 States

Affordability Concerns: Out-of-Pocket Medical Spending, 2013-14

Percent of under age 65 population spending 10% or more of income or 5% if low-income on medical care, not including premiums

Low income is below 200% of the federal poverty level. State estimates average of the two years.
Analysis to Inform Strategic Efforts

• Payment reform
  – Payment methods and price levels
  – Incentives across a care continuum

• Value oriented Insurance benefits
  – Information on price variation for benefit design
  – Transparency for patients before access care

• Market wide policies
  – Better, transparent information
  – Medicare data on variations may provide insights
  – Accountability: balance market power of consolidated systems and insurers
  – Other: malpractice; licensure

• Alignment across public and private payers
Knee Replacement facility prices vary widely within markets.

**Denver, CO**
- Min/Max Ratio: 3.09
- Gini: 0.190
- CoV: 0.382

**Atlanta, GA**
- Min/Max Ratio: 6.10
- Gini: 0.170
- CoV: 0.316

**Manhattan, NY**
- Min/Max Ratio: 2.10
- Gini: 0.125
- CoV: 0.260

**Columbus, OH**
- Min/Max Ratio: 2.77
- Gini: 0.121
- CoV: 0.262

**Philadelphia, PA**
- Min/Max Ratio: 2.94
- Gini: 0.162
- CoV: 0.292

**Houston, TX**
- Min/Max Ratio: 5.42
- Gini: 0.167
- CoV: 0.304

Source: Z. Cooper et al. The Price Ain't Right. Hospital Price and Health Spending on Privately Insured. NBER December 2015. © Cooper, Craig, Gaynor, and Van Reenen
Potentially Avoidable Hospital Use Among Medicare Beneficiaries Varies Widely

30-Day Hospital Readmission, 2013

Potentially Avoidable ED Visits, 2013

Note: Potentially avoidable emergency room (ED) visits are treatment was not required within 12 hours, or urgent but primary-care treatable, could have been provided in a primary care setting. Data: Analysis of Medicare Claims

SOURCE: Commonwealth Fund State Scorecard on Health System Performance, December 2015
Unsafe Prescribing: Medicare beneficiaries with drugs should avoid in elderly: 2012 Range from 9% to 24%
30-Day, All-Condition Medicare Readmission Rates