

**The Changing Health Care
System: The Growing
Importance of *States***

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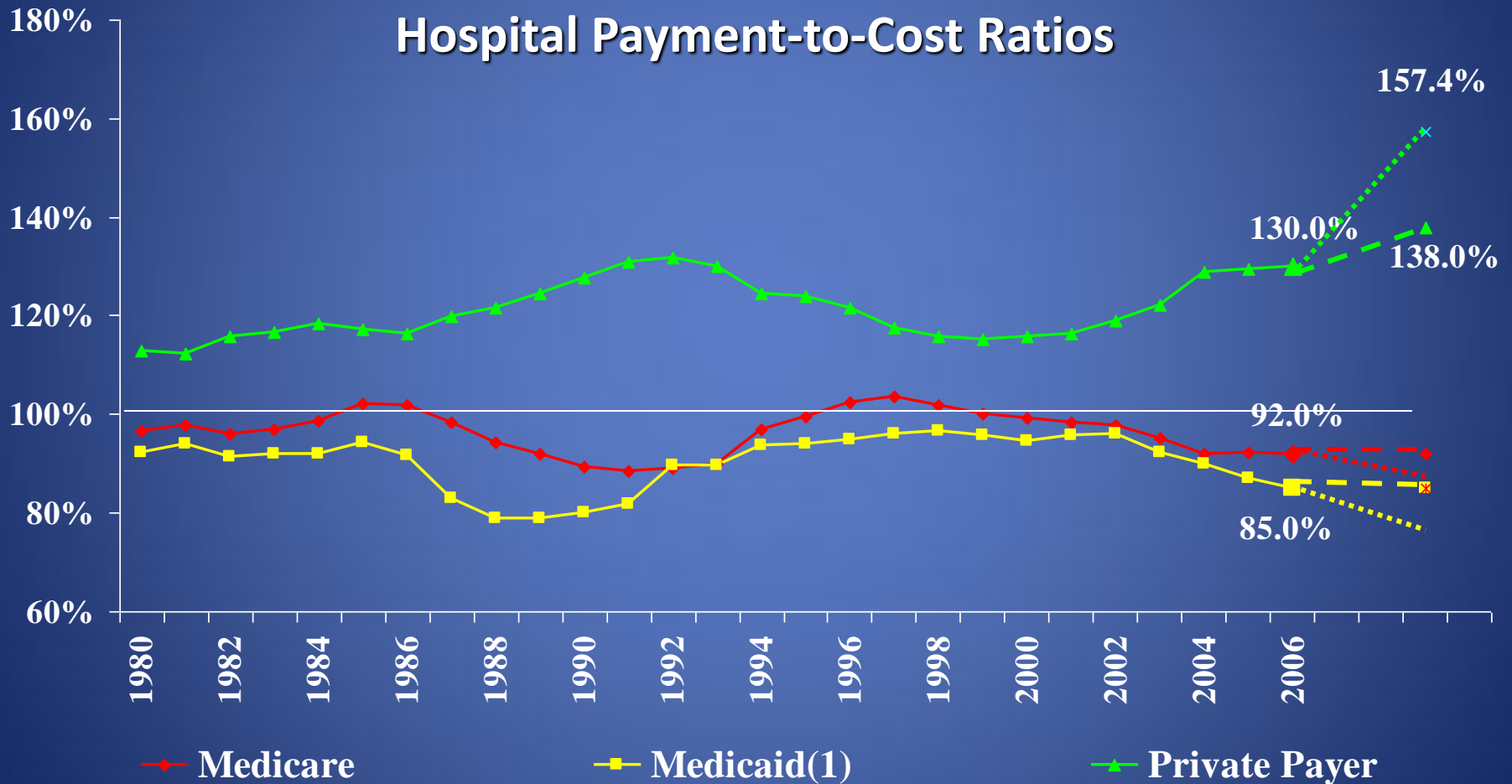
At The State Level---

**States Being Pushed to Be
Concerned About *TOTAL* (Not
Just Medicaid) Health Care
Spending---**

**Why--- Problem of Rising
Private Insurance Premiums**

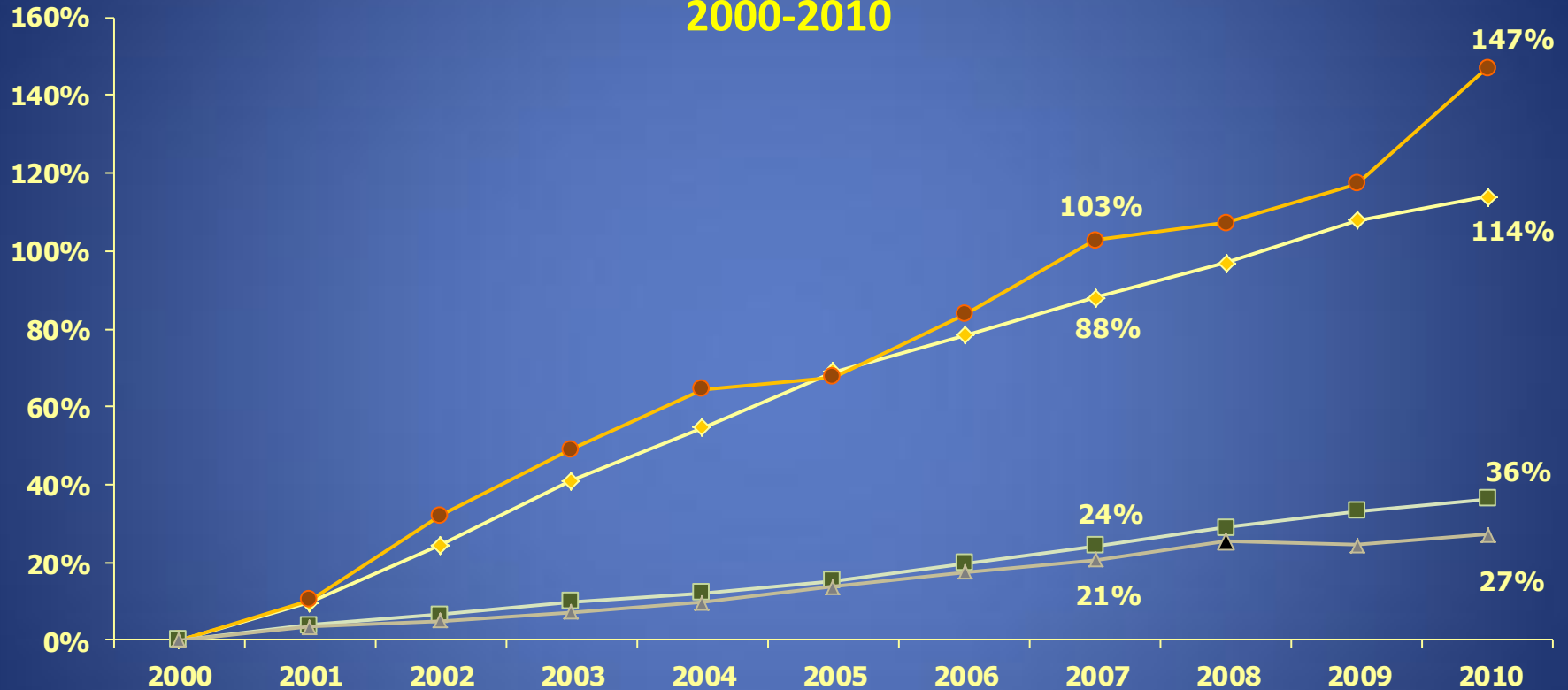
The Cost-Shift Issue---

Private Insurance Payments Used To Pay For Lower Government Payments



Source: Avalere Health analysis of American Hospital Association Annual Survey data, 2005, for community hospitals.
 (1) Includes Medicaid Disproportionate Share payments.

Cumulative Increases in Health Insurance Premiums, Workers' Contributions to Premiums, Inflation, and Workers' Earnings, 2000-2010



Notes: Health insurance premiums and worker contributions are for family premiums based on a family of four.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2011. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2011. Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2011 (April to April).



**Involvement Need Not Mean
REGULATION**

But It Might!!!

The Role of States In Promoting A More Efficient Health System

The Massachusetts Story

Spending & Delivery Reform Oversight

Health Policy Commission*
(11-member board)

Distressed
Hospital Fund
\$135M

Executive
Director and
Staff

Payment
Reform Fund
\$11.5M

Center for Healthcare Information and Analysis

* In EOHS but not subject to EOHS control. Exempt from state civil service requirements and pay scales.

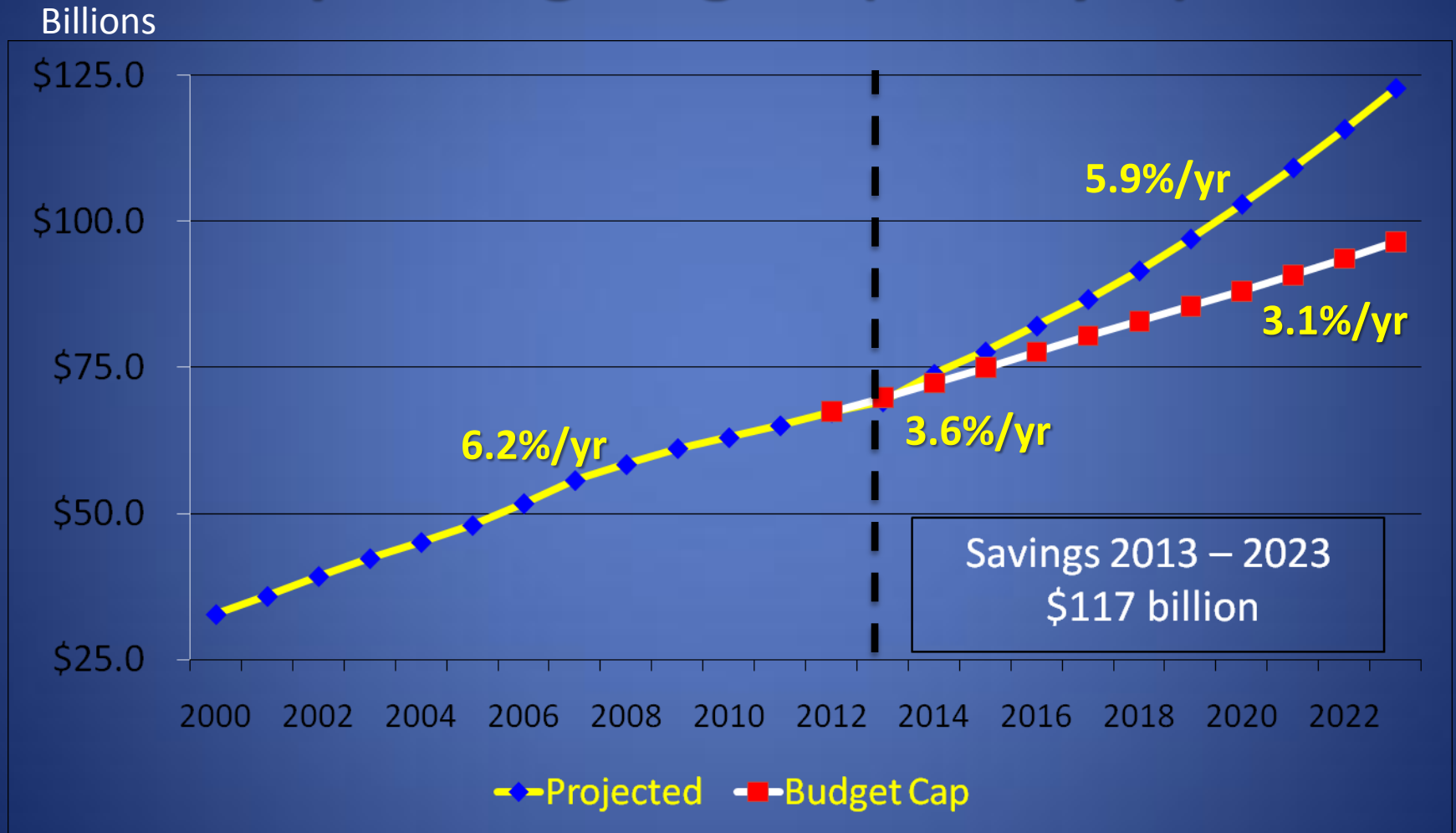
How Is The Commission Organized

Issues of Major Importance to Commission

- Assuring That State Meets Spending Growth Target
- Allocating Grant Funds To Community Hospitals To Help Develop:
 - New Delivery System
 - New Payment Systems
- Conducting Cost and Market Reports for Those Consolidations and Merger That Could Impact On:
 - Total Medical Spending
 - Availability of Services e.g. Behavioral Health
 - Regional Access to Care
- Certification of Patient Centered Medical Home (PCMH)

Reaching The Goal of The Law---

Massachusetts Statewide Health Care Spending Targets (All Payer)



Source: Author's calculation based on historical state spending estimates and projected national health spending growth from the CMS Office of the Actuary and targets set forth in Chapter 224
Brandeis University

Health Policy Commission Not a Regulatory Body---

*Ultimate Responsibility
Still Within Private Sector!*

HPC is Like The Health Systems Mother---



We Keep Reminding The System to
Eat It's Vegetables

**BUT--- If Rates Shoot Up Again
What Could Happen?**

What Could Be Next?

