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 \textit{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

Hospital Payment-to-Cost Ratios

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.

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 Heath 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.
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?