Health Care Headlines: Changing Access, Managing Costs, Improving Quality

Bryce Ward, BBER
Percent Without Health Insurance, 2010-2014 (Q2 or Q3)

Notes: Health Insurance Coverage: Early Release of Quarterly Estimates from the National Health Interview Survey, January 2010-June 2014 (12/16/14); Gallup Healthways Well-Being Index; Long et al (2104) Taking Stock: Health Insurance Coverage under the ACA as of September 2014.
Percent Without Health Insurance in Montana 2013-2014 (Q2)

Notes: Gallup-Healthways Well-Being Index, includes all adults 18+, covers first two quarters of 2014, and has a margin of error for MT of +/- 5%.
Since 1990, health care spending in the U.S. has, on average, grown by 6.2 percent each year.

That’s 2.5 times as fast as inflation.
In 1990, health care employed 1 out of every 10 Montana workers.

In 2014, health care employed 1 out of every 7 Montana workers.
In 1999, the average premium for a family plan for a private sector worker in Montana was $7,923 ($2013).

In 2013, the average premium was $15,152.
Slowdown in Health Care Cost Growth

Slowdown in Health Care Cost Growth

Montana Average Annual Premium Growth

- Individual: 6.3% (1999-2010), 5.4% (2010-2013)
- Family: 7.3% (1999-2010), 7.2% (2010-2013)

Notes: BBER analysis of Medical Expenditure Panel Survey
Slowdown in Health Care Cost Growth

Montana Average Annual Premium Growth, Individual Plan, Small vs Large Firms

- < 50 employees: 6.9% (1999-2010), 9.6% (2010-2013)
- > 50 employees: 6.1% (1999-2010), 3.2% (2010-2013)

Notes: BBER analysis of Medical Expenditure Panel Survey
Experiments to Improve Efficiency

Spending = Price x Quantity

(1) Pay less for care (e.g., lower prices by reducing the cost of proving care and increasing competition)

(2) Obtain better care (e.g., eliminate unnecessary or low value care, manage high cost patients more efficiently, eliminate medical injuries).

What Happens When Patients Know Prices?

Within the same market, prices for an identical MRI procedure may vary by over 300%.

Notes: Prices show range for in-network lower back MRI in Denver, for more on variation in MRI prices see http://www.castlighthealth.com/price-variation-map/
Effects of MRI Price Transparency

Notes: Wu, S. J., Sylwestrzak, G., Shah, C., & DeVries, A. (2014). Price transparency for MRIs increased use of less costly providers and triggered provider competition. *Health Affairs, 33*(8), 1391-1398
Effects of Tying Payment to Quality

Figure 1: Medicare FFS All-Cause, 30-day Readmission Rate

Notes:
Effects of Tying Payment to Quality

Reduction in Hospital Acquired Conditions

- 2011: -98,000
- 2012: -420,000
- 2013: -799,800
- Cumulative 2011-2013: -1,317,800

50,000 fewer deaths from hospital

Notes: AHRQ (2014) Interim Update on 2013 Annual Hospital-Acquired Condition Rate and Estimates of Cost Savings and Deaths Averted From 2010 to 2013
### ACA Coverage Expansions in MT

<table>
<thead>
<tr>
<th>Medicaid Expansion</th>
<th>Potential change in number of insured Montanans, 2016</th>
<th>Potential loss of Federal $ in Montana</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;36,000</td>
<td>&gt;$200 million</td>
<td></td>
</tr>
<tr>
<td>King v. Burwell</td>
<td>60,000</td>
<td>$265 million</td>
</tr>
</tbody>
</table>

Notes: Dorn, McGrath, Holahan (2014) “What is the Result of States Not Expanding Medicaid”
Decline in Uninsured Rate 2013 to 2014 by Medicaid Expansion Status

Projected Decline in Uninsured Rate

Slowdown in Health Care Cost Growth

Notes: Bureau of Labor Statistics, Current Employment Statistics for NAICS code 62 – Health Care and Social Assistance. 2014 percent is computed by averaging the annual change for each month through the November preliminary estimate for MT and the US is based on the preliminary annual estimate.

% Change in Health Care Employment

Notes: Bureau of Labor Statistics, Current Employment Statistics for NAICS code 62 – Health Care and Social Assistance. 2014 percent is computed by averaging the annual change for each month through the November preliminary estimate for MT and the US is based on the preliminary annual estimate.
Slowdown in Health Care Cost Growth

% Change in Health Care Payroll

Notes: Bureau of Labor Statistics, Quarterly Census of Employment and Wages for NAICS code 62 – Health Care and Social Assistance. 2014 percent is computed by averaging the annual change for the first 2 quarters of 2014.
Slowdown in Employer Premium

Notes: Kaiser Family Foundation 2014 Employer Health Benefits Survey
Monthly Premium Lowest Cost Silver Plan Before Subsidies

Shopping is Important


% change if renew 2014 cheapest silver  % change if switch from 2014 cheapest to 2015 cheapest

- Billings: 14.6 (red) -5.1 (gray)
- Bozeman: 6.5 (red) -4.1 (gray)
- Missoula: 9.6 (red) -1.8 (gray)
- Other: 7.1 (red) -8.1 (gray)

$900 Billion Slowdown

The Health Care Slowdown Since March 2011

Percent of GDP

- Medicare Parts A and B - $150 bn
- Medicare Part D - $225 bn
- Sequester - $75 bn
- Base Medicaid - $240 bn
- ACA Medicaid and Exchange - $215 bn

Source: CBO, CRFB calculations
Note: All lines use April 2014 CBO GDP estimates and actual data for years prior to 2014.

Notes: http://crfb.org/blogs/900-billion-slowdown-federal-health-care-spending
Medicare cost projections and reality
Real and projected spending per Medicare recipient, in 2014 dollars

In 2006, the C.B.O. thought health care costs would grow very strongly through 2016.

Projected costs

New 10-year projections are much lower.

Actual costs

Affordable Care Act passes