Health Care Spending Framework

Joint Legislative Audit & Review Committee
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Cynthia L. Forland, JLARC Analyst

Presentation Overview

- Study Mandate
- Background
- Methodology
- Results
- Potential Spending Models
Study Mandated by 2008 Supplemental Operating Budget

- JLARC to “develop a framework for future efforts to quantify and analyze health care spending across all sectors of the state”
- Identify:
  - relevant types of spending in public and private sectors;
  - availability of information on each of those types of spending; and
  - extent to which available information could be tracked over time

What’s the Problem?

- Total health care spending:
  - with state dollars ($9.6 billion for 2005-07); and
  - estimate within state for public and private sectors ($31.6 billion for 2004)
- **But**, those totals:
  - Do not include all possible categories of health care spending; and
  - Are limited in level of detail within spending categories
### How Did JLARC Proceed?

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<th>M ETH ODOLOG Y</th>
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<td>• Used broad definition of health care, including:</td>
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<td>- Medical and dental care</td>
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<td>- Substance abuse treatment</td>
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<td>- Mental health treatment</td>
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<td>- Services for seniors and individuals with disabilities</td>
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<tr>
<td>• Identified wide range of data sources with varying levels of data detail</td>
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<td>• Did not collect, link, or analyze data</td>
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### What Did JLARC Find?

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<td>• Identified data sources relating to all identified areas of health care spending, including:</td>
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<td>- Revenues and expenses for nursing homes (WA DSHS), hospitals (WA DOH), and federal primary care centers (US DHHS)</td>
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<td>- Basic financial information for employee health plans regulated under federal ERISA law (private entity)</td>
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<td>- Expenditure information for military health services and benefits (US DOD)</td>
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Limits of JLARC’s Efforts

- *But*, JLARC may not have:
  - identified all areas of health care spending,
  - or
  - found the best sources of data for each area of health care spending

### Seven Categories of Health-Related Activities

- Direct Health Services
- Health Care Delivery System
- Personal Spending
- Health Care Coverage
- Public Health
- Regulation and Policy
- Research and Training Programs
Direct Health Services

- Medicare Services
- Services Provided through the Health and Recovery Services Administration of DSHS
- Health Services Provided through the Children's Administration of DSHS
- Services Provided through the Mental Health Division of DSHS
- Health Services Provided through the Economic Services Administration of DSHS
- Health-Related Administrative and Other Activities of DSHS
- Student Health Services Provided by State Four-Year Colleges and Universities
- Student Health Services Provided by Private Colleges and Universities
- Student Health Services Provided by K-12 Public Schools
- Health Care Authority’s Community Health Services
- Health Care Authority’s Prescription Drug Program
- Federal Health Services for American Indians and Alaska Natives
- Health Services Provided through the Federal Department of Veterans Affairs
- Re-Adjustment Services Provided through the State Department of Veterans Affairs
- Long-Term Care Services Provided through the Aging and Disabilities Services Administration of DSHS
- Services Provided through the Division of Developmental Disabilities of DSHS
- Developmental Disabilities Endowment Trust Fund
- Services Provided through the Division of Alcohol and Substance Abuse of DSHS
- Residential Substance Abuse Treatment Program of CTEC
- Health Services Provided through the Juvenile Rehabilitation Administration of DSHS
- Health Services Provided through the Department of Corrections
- Department of Corrections' Health Services Equipment
- Department of Corrections' Health Services Capital Projects
- Workers' Compensation
- Appeal of Benefit Decisions Reached by the Department of Labor and Industries
- Health Services Provided through the Division of Vocational Rehabilitation of DSHS

Health Care Delivery System

- Hospitals
- Nursing Homes
- Health-Related Businesses (e.g., doctors’ offices, medical laboratories, medical equipment manufacturers)
- Federal Primary Care Centers
- Tax-Exempt Health Services Organizations
- Community Services Block Grant Health Care Projects
- Capital Assistance for Health Care Facilities
Personal Spending

- Individual Out-of-Pocket Health Spending
  Such as --
  - Prescription Drugs
  - Physician Office Visits
  - Dental Services

Health Care Coverage

- Health Care Authority’s Basic Health Plan
- Health Benefit Plans Regulated under State Law
- Health Benefit Plans for Employees of State Government and Other Eligible Agencies
- Health Care Authority’s Uniform Medical Plan
- Employee Health Benefit Plans Regulated under the Federal Employee Retirement Income Security Act (ERISA)
- Employee Health Benefit Plans for Federal Government Employees
- Health Services and Benefits through the Federal Department of Defense
- Health Care Authority’s Health Insurance Partnership
- Health Care Authority’s Self-Insured Co-Pay Plan
- Employee Health Benefits for Public School Employees
- Local Government Self-Insurance Health Benefits Program
- Health Insurance for High-Risk Individuals
- Health Care Authority’s WSHIP Premium Discount
Public Health

- Department of Health's Epidemiology, Health Statistics, and Public Health Laboratories
- Department of Health's Environmental Health Program
- Department of Health's Community and Family Health Program
- Department of Health's Capital Budget
- Department of Health's Administrative and Other Activities
- State Board of Health
- Department of Agriculture’s Food Safety Program and Microbiology Lab
- Local Governments’ Health-Related Services
- Healthy Child Care Washington
- Health Care Specialists
- Early Childhood Education and Assistance Program’s Health-Related Services

Regulation and Policy

- Department of Health’s Health Systems Quality Assurance Program
- State Regulation of Health Insurers
- State Regulation of Local Government Self-Insurance Health Benefits Program
- Medicaid Fraud Control
- Home Care Quality Authority
- Long Term Care Ombudsman
- Health Care Authority’s Health Technology Assessment Program
- Office of Financial Management’s Health Policy Work
- Health Care Authority’s Program Support
- Health Care Authority’s Health Care Policy Administration
- Governor’s Council on Substance Abuse
Research and Training Programs

• National Institutes of Health Grants
• Health-Related Academic Programs Provided by State Four-Year Colleges and Universities
• Health-Related Academic Programs Provided by Private Career Colleges
• Health-Related Academic Programs Provided by Private Colleges and Universities
• Health Professional Loan Repayment and Scholarship Program
• Health-Related Academic Programs Provided by State Community and Technical Colleges
• Health Sciences Vocational Education Programs
• Health-Related Apprenticeship Programs Provided through the Department of Labor and Industries
• Vocational Training in Health Care Fields Provided through the Department of Labor and Industries
• Occupational Training and Support Services for Health Care Fields Provided through the Federal Workforce Investment Act

Challenges for Future Analyses

• Comparability (e.g., timeframe, definitions)
• Overlap (e.g., grant source and grant recipient)
• Availability (e.g., state accounting system, paper documents)
• Reliability (e.g., filed tax forms, information solicited from individual institutions)
Future Analyses Could Include Spending Models

Spending models could predict impacts of policy changes on health care spending in the state, such as—

• Would an increase in physician licensing fees increase individual out-of-pocket spending?

What Would It Take to Develop Health Care Spending Models?

1. Decision-making by policymakers:
   − Scope of data to include
   − Level of data detail to include
   − Who to develop and maintain (expertise in health economics)

2. Designing the model:
   − Relationships among data elements
   − Any additional data needed
What Would It Take to Develop Health Care Spending Models?

3. Collecting and analyzing data needed to populate model

4. Maintaining the model:
   - Regular updates to data
   - Periodic updates to the structure of the model

Contact Information

Cynthia L. Forland
360-786-5178
Forland.cynthia@leg.wa.gov

www.jlarc.leg.wa.gov