



# Health Care Spending Framework

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## Presentation Overview

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- Study Mandate
- Background
- Methodology
- Results
- Potential Spending Models

## Study Mandated by 2008 Supplemental Operating Budget



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- 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?



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- 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?



METHODOLOGY

- Used broad definition of health care, including:
  - Medical and dental care
  - Substance abuse treatment
  - Mental health treatment
  - Services for seniors and individuals with disabilities
- Identified wide range of data sources with varying levels of data detail
- Did not collect, link, or analyze data

## What Did JLARC Find?



RESULTS

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

## Limits of JLARC's Efforts



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- *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



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- 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
- Nursing Home 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
- Washington State Developmental Disabilities Council
- Developmental Disabilities Endowment Trust Fund
- Services Provided through the Division of Alcohol and Substance Abuse of DSHS
- Residential Substance Abuse Treatment Program of CTED
- 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
- Crime Victims Compensation
- Appeal of Benefits 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



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- 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



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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?



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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

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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



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