

Health Care Spending Framework Report 08-12

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JOINT LEGISLATIVE AUDIT AND
REVIEW COMMITTEE

STUDY TEAM

Cynthia L. Forland, Ph.D.

PROJECT SUPERVISOR

Keenan Konopaski

LEGISLATIVE AUDITOR

Ruta Fanning

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are available on the JLARC website
at:

www.jlarc.leg.wa.gov

or contact

Joint Legislative Audit & Review
Committee

1300 Quince St SE
Olympia, WA 98504
(360) 786-5171
(360) 786-5180 FAX

REPORT SUMMARY

Currently, state policymakers do not have detailed information on public and private health care spending that would allow them to model how policy changes could impact future health care spending across the state.

The 2008 Supplemental Operating Budget (ESHB 2687) directed JLARC to develop a framework for future efforts to quantify and analyze health care spending across all sectors of the state. This report focuses on identifying the relevant types of spending in the public and private sectors, the availability of information on each of those types of spending, and the extent to which that available information could be tracked over time.

This framework catalogues sources of health care spending data, but does not provide the tools for analyzing or modeling data from those sources. JLARC staff did not attempt to collect and analyze spending data, but in most cases used specific examples of data from these sources to document the type of data that would be available. JLARC staff focused specifically on health care spending data, without also pursuing data on any potentially related health outcomes.

What Did JLARC Learn About Data on Health Care Spending in the State?

For the purposes of this study, JLARC identified a broad range of data sources on spending for 82 health-related activities occurring across the state. We then grouped these activities into seven categories: direct health services, health care delivery system, personal spending, health care coverage, public health, regulation and policy, and research and training programs. The sources of data encompass a variety of both public agencies and private entities.

JLARC also identified challenges in using these data sets to analyze health care spending. These challenges include difficulty in comparing one set of data to another, overlaps among sets of data, and variations in how readily available and how reliable the individual data sets are.

What Would It Take to Develop a Health Care Spending Model for the State?

JLARC staff concluded that developing a health care spending model, as a potential future effort, would require four basic but time- and resource-intensive steps:

1. *Decision-making by policymakers* on the scope of health care spending, the level of detail on health care spending to include in the model, and who would develop and maintain the model.
2. *Designing the model*, which would require expertise in health economics to determine the specific relationships among data elements and to identify any additional data required for building the model.
3. *Collecting and analyzing the health care data* needed to populate the model.
4. *Maintaining the model*, which would require regular updates to the data and could also require updates to the structure of the model itself.