How Far Can States Take Health Reform?

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New Opportunities, Tough Choices
New York
The Emerging Coverage Consensus

• Expand public programs
• Support employer-based coverage
• Subsidize at the individual/family level
• Balance affordability and comprehensiveness (through pooling)
• Assess employers, but not traditional pay-or-play
• Individual mandate?
The Weil Theorem

• Part 1: You cannot obtain sufficient political support to enact major coverage expansions unless you include credible cost containment provisions.
• Part 2: You cannot obtain sufficient political support to enact major coverage expansions if you include real cost containment provisions.
How Have States Approached Cost and Quality?

• Individual behavior change
  – through financial incentives
  – through public health initiatives

• Condition-specific interventions
  – Tobacco
  – Diabetes
  – Obesity
Approaches (p. 2)

• Chronic care management
• Medical error reduction
• Health Information Technology
  – to improve technical quality
  – to improve care coordination
  – to provide efficiency
Approaches (p. 3)

• Data collection and transparency
  – of prices
  – of quality

• Administrative cost reductions
  – through insurance regulation
  – through regulatory streamlining
Approaches (p. 4)

• Participation in broader initiatives
  – Public-private partnerships
  – Multi-state collaboratives
  – Pay for performance initiatives
The Kitchen Sink Approach

“Rendell: 47 ideas to cut health costs”

- Philidelphia Inquirer

(January 18, 2007)
What Is (Mostly) Missing?

• Direct supply side constraints
• Direct price or profit constraints
• Aggressive competitive models
• Substantial payment reform
The Promise of State Led Reform

- Ability to try things & correct mistakes
- Reflection of local conditions
- Hard work of delivery system reform
- Value judgments regarding coverage/cost
- Even the most divided state looks better than Washington right now
The Limits of State Led Reform

- Cannot touch employers, Medicare, tax code
- Hard to reach multi-state insurers, Pharmaceuticals, medical supplies
- Interstate competition constrains options
- Waivers and their discontents
- Limited opportunities for interstate learning
The Price the Nation Pays
State Variation: Surgical Infection Prevention, 2005

Percent of adult surgical patients who received appropriate timing of antibiotics to prevent infections*

* Comprised of two indicators: before and after surgery.

DATA: 2005 CMS Hospital Compare

SOURCE: Commonwealth Fund State Scorecard on Health System Performance, 2007
Healthy Lives

Mortality Amenable to Health Care by Race, National Average and State Variation

Deaths* per 100,000 Population

- White
- Black
- Overall U.S. Average = 103 Deaths per 100,000

- National average: 94
- Top 5 states average: 84
- All states median: 89
- Bottom 5 states average: 110
- 232

*Age-standardized deaths before age 75 from select causes; includes ischemic heart disease
Note: Top 5 states refer to states with smallest gap between national average and black.
Bottom 5 states refer to states with largest gap between national average and black.
SOURCE: Commonwealth Fund State Scorecard on Health System Performance, 2007
National Strategy Matters

Percentage Change between 1999-2006 and 2005-2006 in Uninsured Adults Ages 18-64 by State

Source: The Commonwealth Fund

Percentage Change between 1999-2000 and 2005-2006 in Uninsured Children Ages 0-18 by State

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