

# Why are we here?



COMMONWEALTH NORTH  
HEALTHCARE ACTION COALITION

WARD B. HURLBURT, M.D., MPH

DECEMBER 2, 2010

# Why are we here?



**COST, COST, COST**

WARD HURLBURT (DOC)

**QUALITY, QUALITY, QUALITY**

BRUCE LAMOUREUX (ADMINISTRATOR)

# Spending on Health Care

## United States

- 18% of GDP currently forecast to be >21% by end of decade by CMS
- Comparable year USA \$5711 per person
- Current year about \$9,000

## Other industrialized countries

- 7% to 12% of GDP. Switzerland next highest at 12%
- Switzerland \$3847
- Canada \$2988
- Japan \$2249

# Spending on Health Care/Outcomes



## United States

- Infant mortality 6.8 per 1000 live births
- Average life expectancy 77 years
- If you reach age 65 in the USA we do not live longer

## Other industrialized countries

- Switzerland 4.2
- Japan 2.8
- Switzerland 81.3
- UK and Germany 79
- Japan 82.1

# Spending on Health Care/Alaska



- Alaska's GDP \$30 billion (ADN)
- Alaska's private sector employee payroll and benefit costs \$12.5 billion (ADN)
- Alaska Health Care cost is \$7.1B (Mark Foster) or 23% of our state's GDP

# Spending on Health Care/Alaska



- Alaska monthly Medicaid enrollment is 110,000 (16% of state's 2010 population)
- Next FY Alaska Medicaid will spend \$1.5 billion
- Medicaid population is largely TANF – relatively healthy young women and children
- Extrapolation of \$1.5 billion to other 5/6 of population = \$9 billion (30% of Alaska GDP)

# Medicaid Pricing



## Alaska

- Code 99213
- Alaska pays \$108.29
  - 172% of Washington
  - 229% of Oregon
  - 188% of Idaho
- 262,107 visits last year
  - If Alaska paid what OR does we would have saved \$16 million just for this kind of visit

## Other Northwest

- Code 99213
- Washington \$63.02
- Oregon \$47.29
- Idaho \$57.45

# Commercial Health Insurance Pricing



- At Rasmussen/Providence health care reform seminar at UAA Premera reported
  - In 1998 they paid prices for comparable visits to providers in the Anchorage area that were 35% greater than in the Puget Sound area.
  - In 2010 the differential is significantly more than 100%
  - Commercial populations are comparable – Alaska's may be a little younger



# Alaska Medicaid Costs



- Do we know what is coming?
  - January 2009 Palin administration projected FY 2013 Medicaid cost of \$1.367 billion and run rate of \$1.5 billion sometime during FY 2014
  - Current expectation for FY 2012 is \$1.5 billion
    - ✦ Price escalation (other states have been reducing rates)
    - ✦ Increased enrollment
      - National economy
      - PPACA
    - ✦ Increased utilization by new enrollees