Health Care Costs and Access

Bagels & Briefing Presentation
to the Utah Legislature
July 18, 2007

Office of Legislative Research and General Counsel

**Growth in Health Care Spending**

<table>
<thead>
<tr>
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<th>Average Annual Rate of Growth, 1980–2004</th>
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<tbody>
<tr>
<td>U.S. Health Expenditures</td>
<td>8.6%</td>
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<tr>
<td>UT Health Expenditures</td>
<td>9.7%</td>
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<tr>
<td>U.S. Medicaid</td>
<td>10.5%</td>
</tr>
<tr>
<td>UT Medicaid</td>
<td>12.0%</td>
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Factors Affecting Growth in Personal Health Care Expenditures


Average Annual Growth, 2000--03 = 8.2%

Factors

- Intensity: 40%
- Economy-wide Inflation: 25%
- Medical Inflation: 22%
- Population: 13%

National Center for Health Statistics, "Health, United States, 2005 With Chartbook on Trends in the Health of Americans" (Hyattsville, Maryland: 2005), Table 121, p. 362, accessed 6/13/06 at http://www.cdc.gov/nchs/hus.htm. "Intensity" is "the residual percent of growth which cannot be attributed to price increases or population growth [and] represents changes in use or kinds of services and supplies."
Utah’s Uninsured Rate: 11.9%
State Policy Developments

#1 Consumerism Reforms
Allowing consumers to have greater choices over health care and experience the economic consequences of those choices

#2 Access to Private Coverage
Improving access to private coverage with a primary focus on promoting the use of employer-sponsored health benefit plans

#3 Expansion of Public Coverage

But, there are two constraints:
- ERISA (Employee Retirement Income Security Act)
- HIPAA (Health Insurance Portability and Accountability Act)
#1 Consumerism Reforms
Allowing consumers to have greater choices over health care and experience the economic consequences of those choices

- HSAs, HRAs, MSAs, FSAs
- Wellness Programs and Incentives
- Changing Health Care Provider Behavior
- Caveat: Need for Good Data
#2 Access to Private Coverage
Improving access to private coverage with a primary focus on promoting the use of employer-sponsored health benefit plans

- **Risk Pool Reforms**
  To spread risk and cost

- **Insurance Mandate Reforms**
  “Mandate Lite” coverage to reduce cost

- **Employer Offering/Employee Purchasing**
  State subsidies, incentives, penalties, Section 125 plans, etc.
State Policy Developments

#3 Expansion of Public Coverage

- **CHIP**
  Fund additional slots for the Children’s Health Program

- **PCN**
  Fund additional slots for the Primary Care Network (a Medicaid program)

- **UPP**
  Fund additional slots or increase subsidy for the Utah’s Premium Partnership for Health Insurance (a Medicaid program)

- **HIPUtah**
  Fund additional slots for the Utah Comprehensive Health Insurance Pool

- **Medicaid**
  Fund additional slots or services