Competition in Health Care: Why and How

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86% of the nation’s $2.7 trillion in annual health care expenditures are for people with chronic and mental health conditions.¹

Total U.S. Healthcare Spending by Number of Chronic Conditions in 2010

- 35.0% for persons with more than 5 chronic conditions
- 14.2% for persons with no chronic conditions
- 14.8% for persons with 1 chronic condition
- 13.0% for persons with 2 chronic conditions
- 11.2% for persons with 4 chronic conditions
- 11.8% for persons with 3 chronic conditions

DATA HIGHLIGHTS

86% of healthcare spending is for patients with one or more chronic conditions.

71% of healthcare spending is for patients with multiple chronic conditions.

- Said another way, 71¢ of every dollar of healthcare spending goes to treating people with multiple chronic conditions.

Most Prevalent Chronic Conditions in Adults (18 and older) – 2010

- Hypertension (high blood pressure) 26.7%
- Hyperlipidemia (high blood cholesterol or triglyceride levels) 21.9%
- Allergies, sinusitis and other upper respiratory conditions 13.5%
- Arthritis 13.0%
- Mood Disorders (depression and bipolar disorder) 10.6%
- Diabetes (Type 1 and Type 2) 9.5%
- Anxiety Disorders 6.7%
- Asthma 6.2%
- Coronary artery disease (includes myocardial infarction/heart attack) 5.3%
- Thyroid disorders 4.0%
- Chronic obstructive lung disease and bronchiectasis 3.5%

2015 - Georgia PPS Hospitals
Cost Coverage by Payer to Break Even

Uncompensated Care

% of Cost Paid by Medicare
96%

% of Cost Paid by Medicaid*
87%

% of Cost Paid by everyone else to cover uncompensated care
143%

Positive margins used to cover uncompensated care

* considers DSH and Medicaid supplemental payments

Uncompensated care is a problem

- Indigent/Charity/Free Care in 2015 = $1.03 billion
- Bad Debt in 2015 = $710 million
- Total = $1.74 billion

Address uncompensated care, and the case for CON reform becomes much stronger.
But how?

Source: Hospitals 101, Seventh Edition
How federal health reform could have worked for Georgia

- 2017 bill would have increased federal funding to Georgia by about $1.43 billion
- Hospitals’ uncompensated care = $1.74 billion
- Grady pilot of high-use ER patients: reduced ER use, cost by 50%, while increasing use of more appropriate services by 140%
What if there is no federal health reform?

Medicaid expansion would:
- reduce uninsured by only 473,000;
- shift 253,000 people from private insurance to Medicaid;
- cost state taxpayers at least $246 million per year;
- still result in uncompensated care (87% reimb. rate).

Medicaid 1115 waiver would:
- give state more flexibility in design, potentially covering more people;
- allow for pilot programs to demonstrate cost savings (Grady);
- let Georgia design a program with patients in mind;
- better deal with problem of uncompensated care.

What else would boost competition?

Direct primary care
- affordable primary care (as little as $70/month);
- doctors see fewer patients/spend more time with each;
- couple with high-deductible, catastrophic plan and HSA;
- cuts doctor’s cost of dealing with insurance companies.

Scope of practice
Telemedicine
Price transparency
Questions, complaints, recommendations, stock picks:

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