

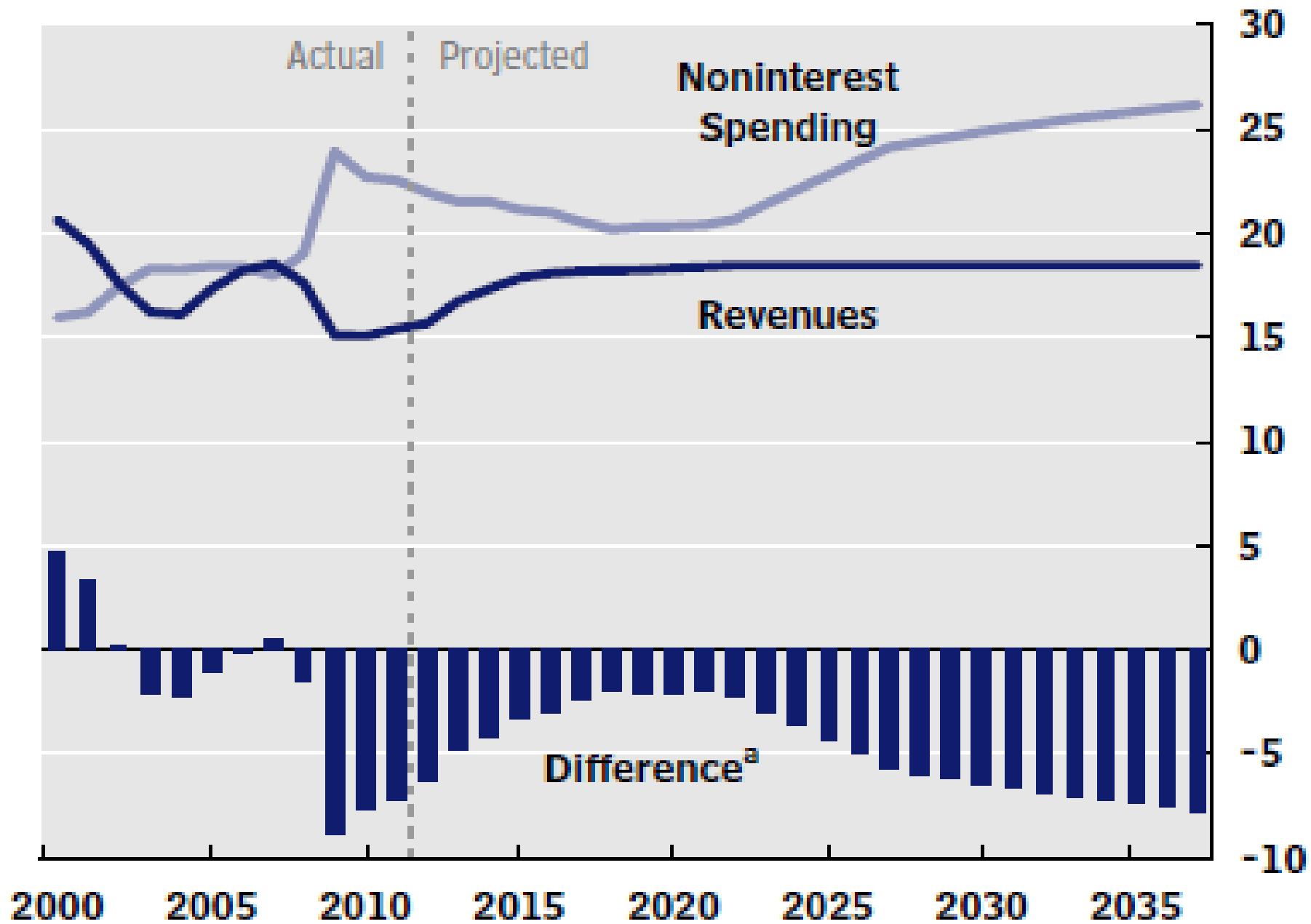
# Demographics, Democracy, and the Public Budget

By Dan Crippen

(Presented by Barry Anderson)

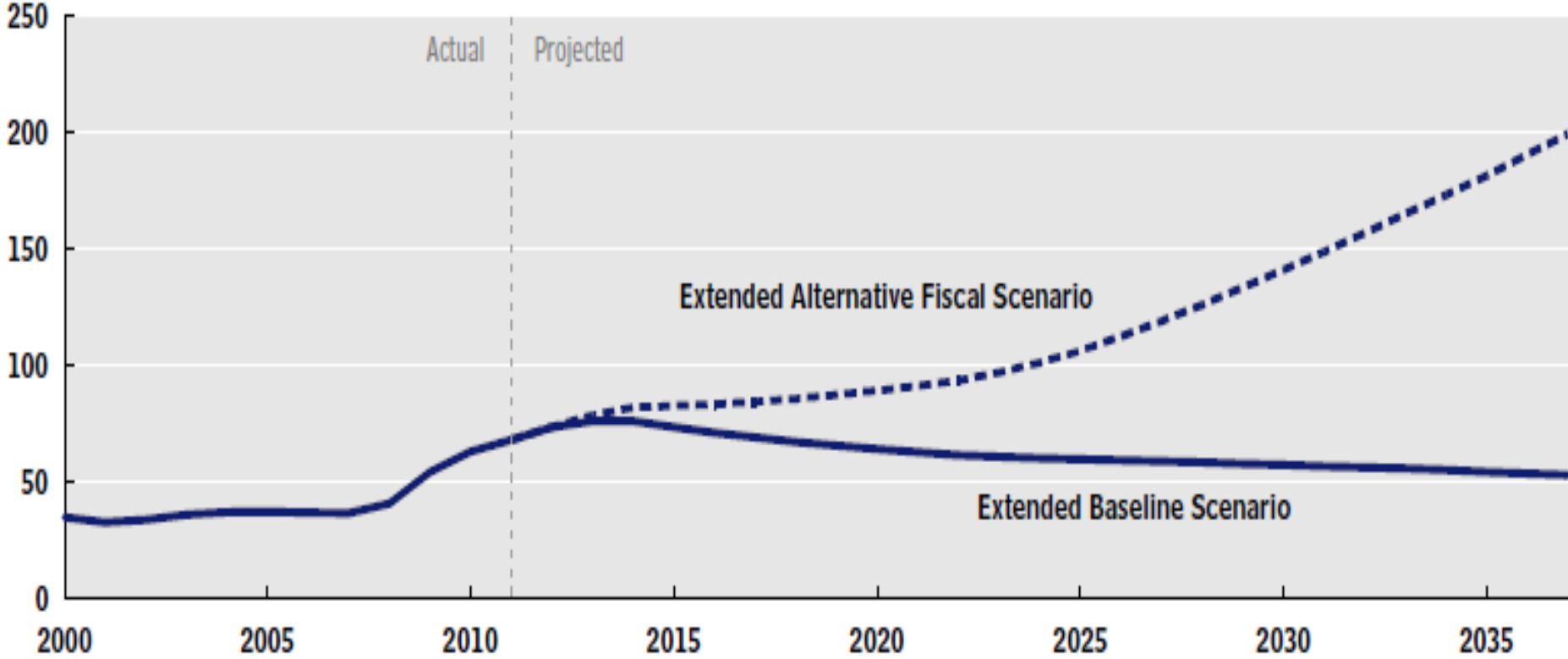
National Governors Association

At the NASI Conference, January 31, 2013



# Federal Debt Held by the Public Under CBO's Long-Term Budget Scenarios

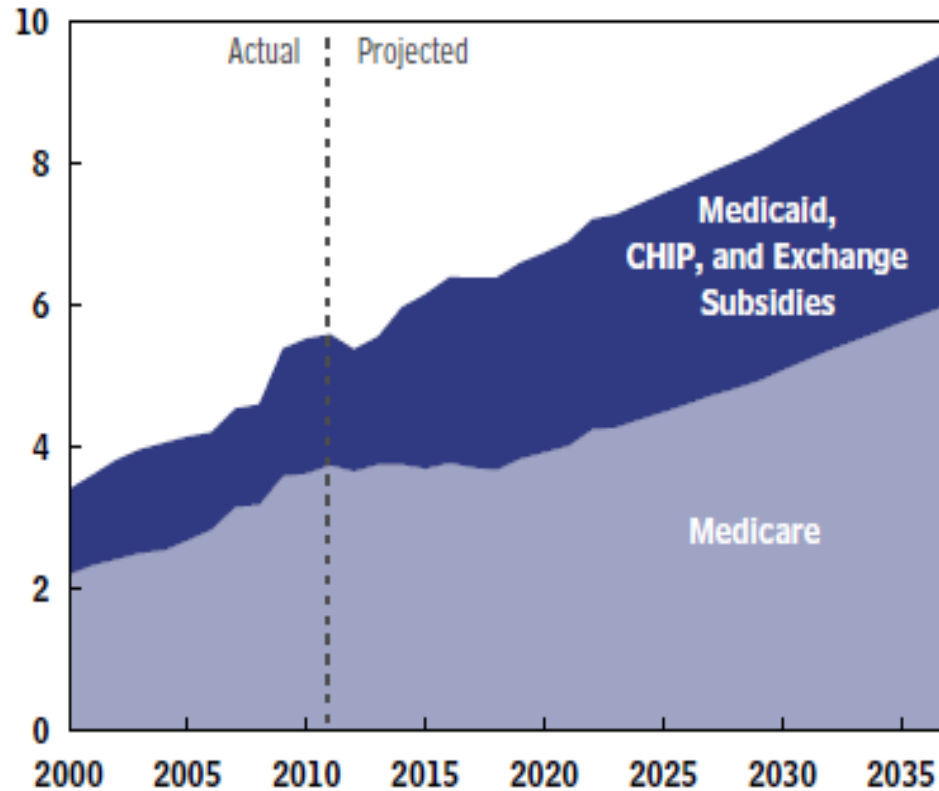
(Percentage of gross domestic product)



Source: Congressional Budget Office.

# Federal Spending on Major Health Care Programs, by Category, Under CBO's Extended Baseline Scenario

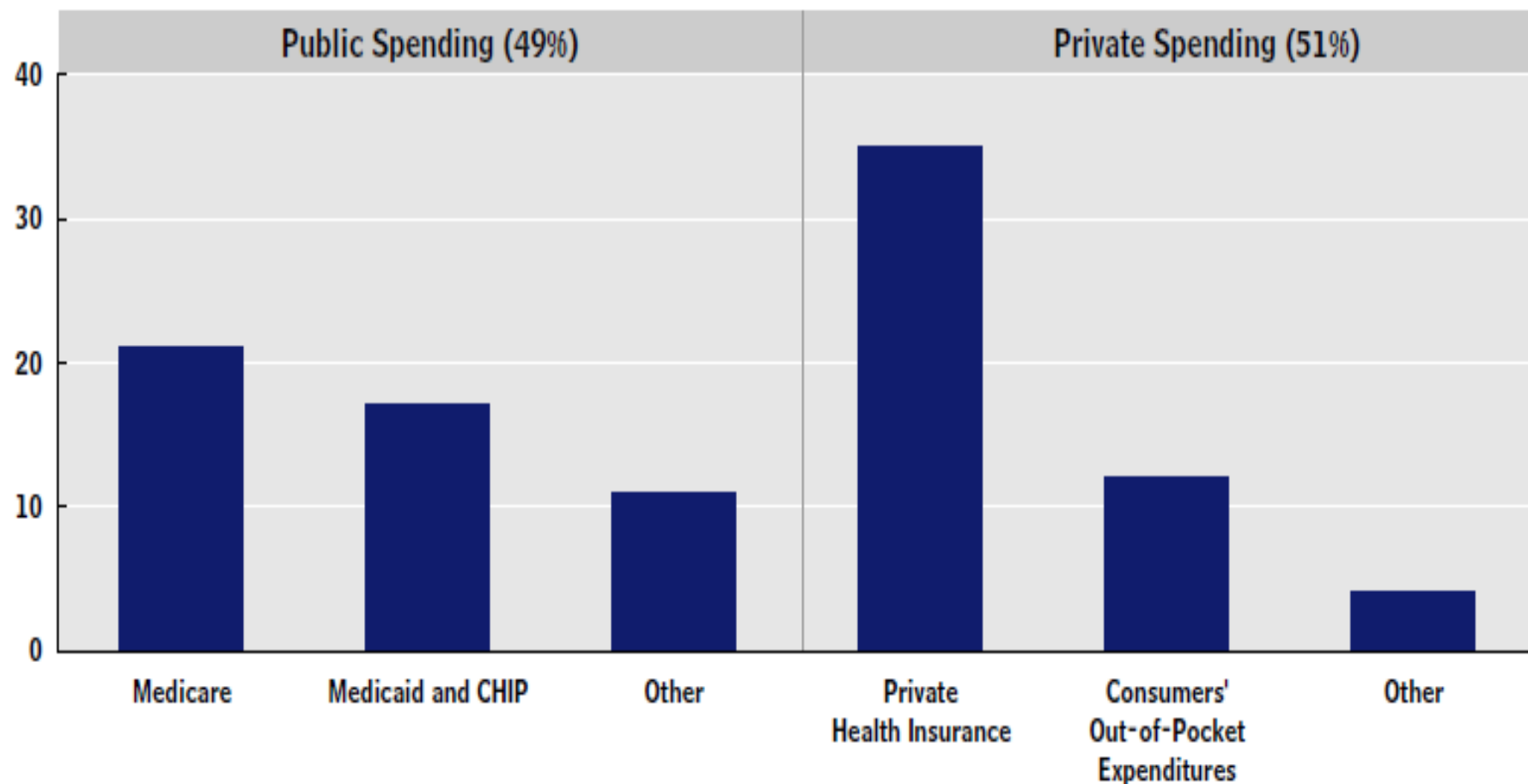
(Percentage of gross domestic product)



Source: Congressional Budget Office.

# Distribution of Spending for Health Care, 2010

(Percent)

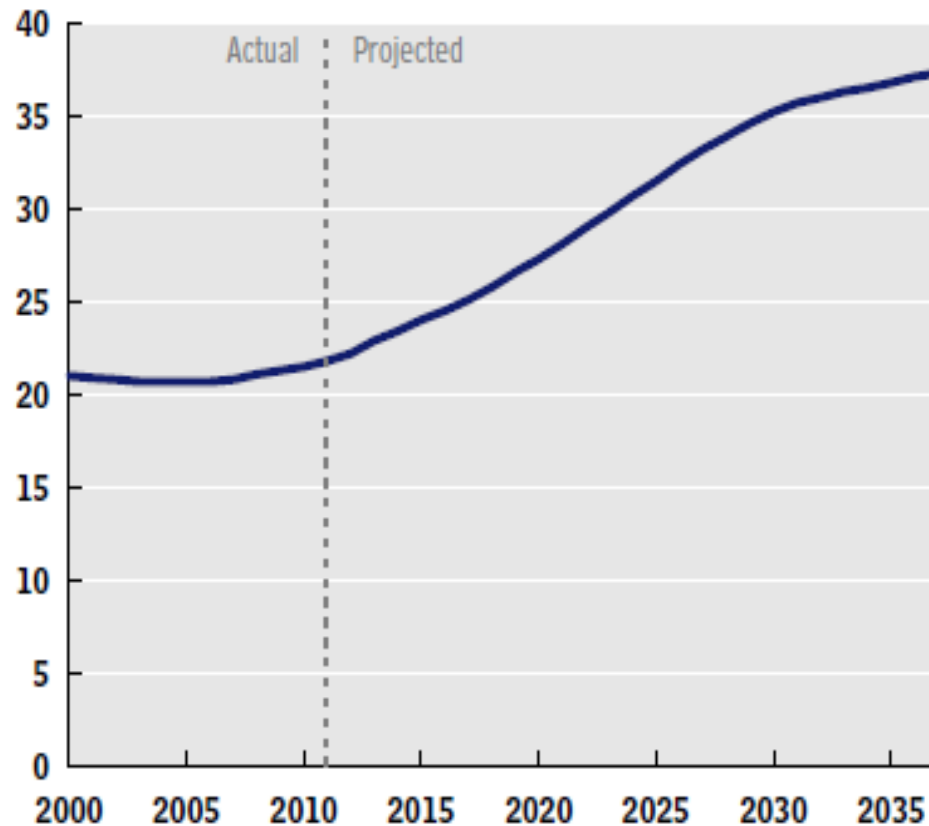


Source: Congressional Budget Office based on data from the Centers for Medicare and Medicaid Services.

Note: CHIP = Children's Health Insurance Program.

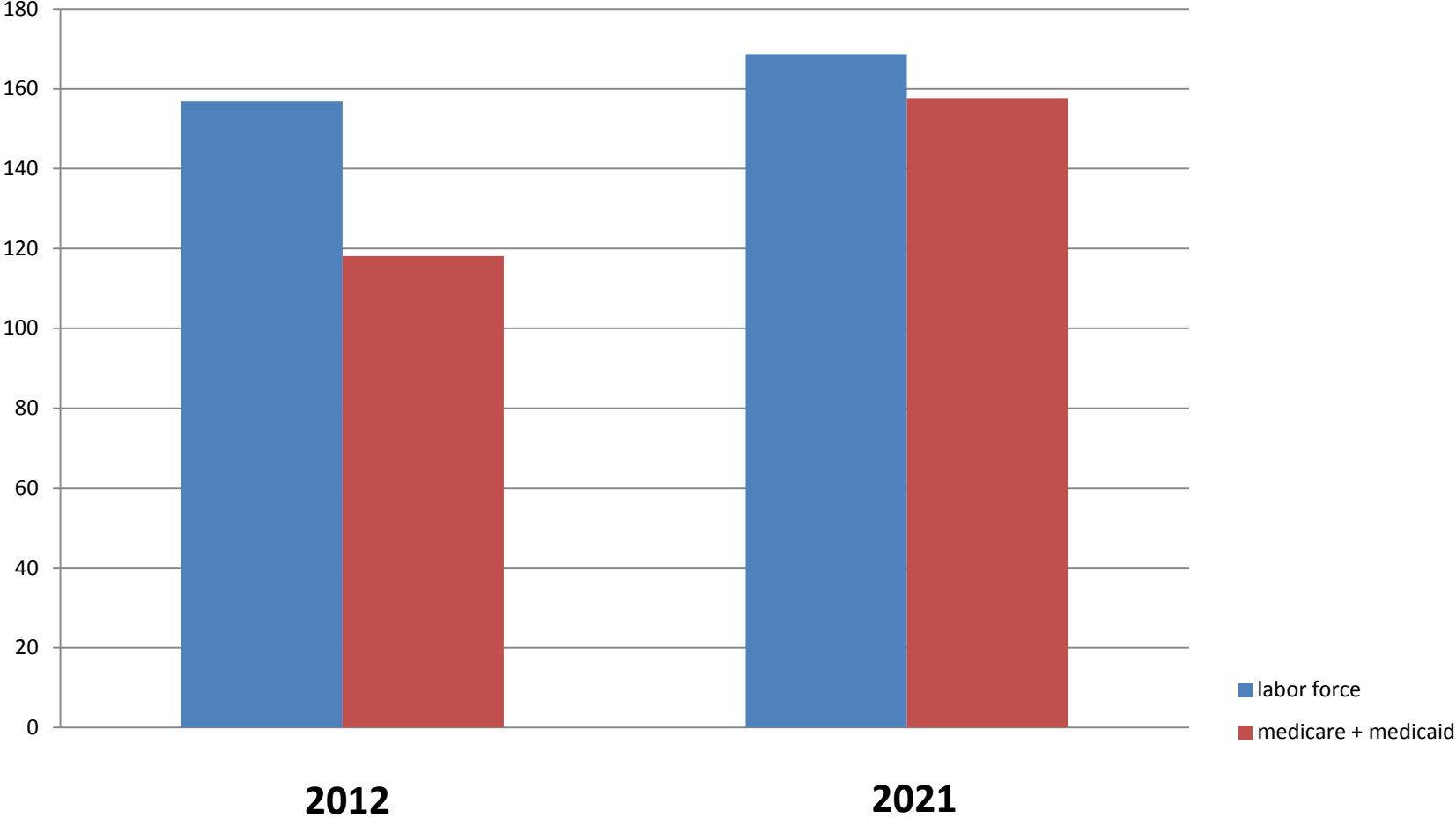
# Population Age 65 or Older as a Share of the Population Ages 20 to 64

(Percent)



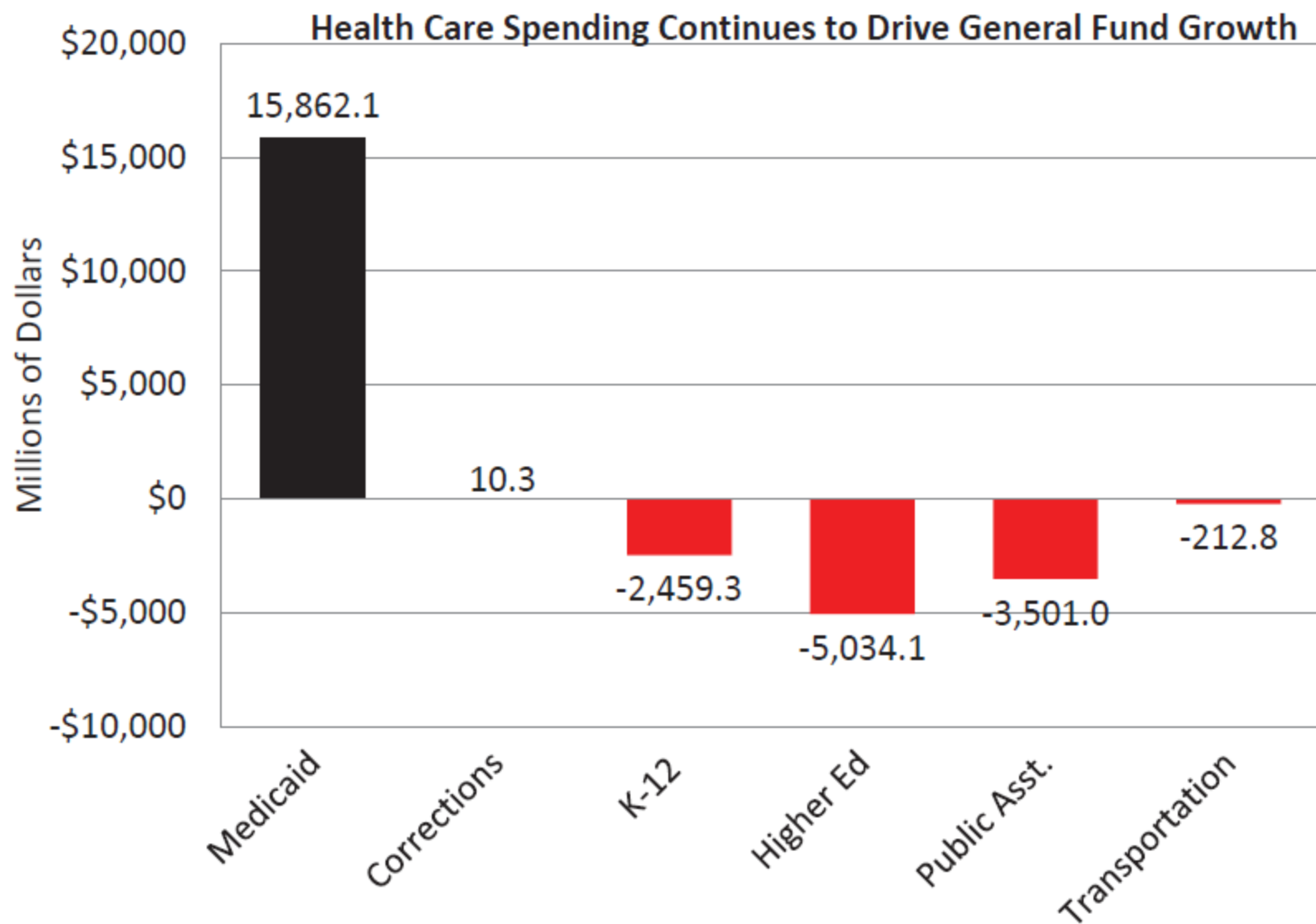
Source: Congressional Budget Office.

# Workforce vs. Medicare + Medicaid Enrollment



Source: CBO and NHE

# Changes in General Fund Spending by Category Between Fiscal 2011 and Fiscal 2012

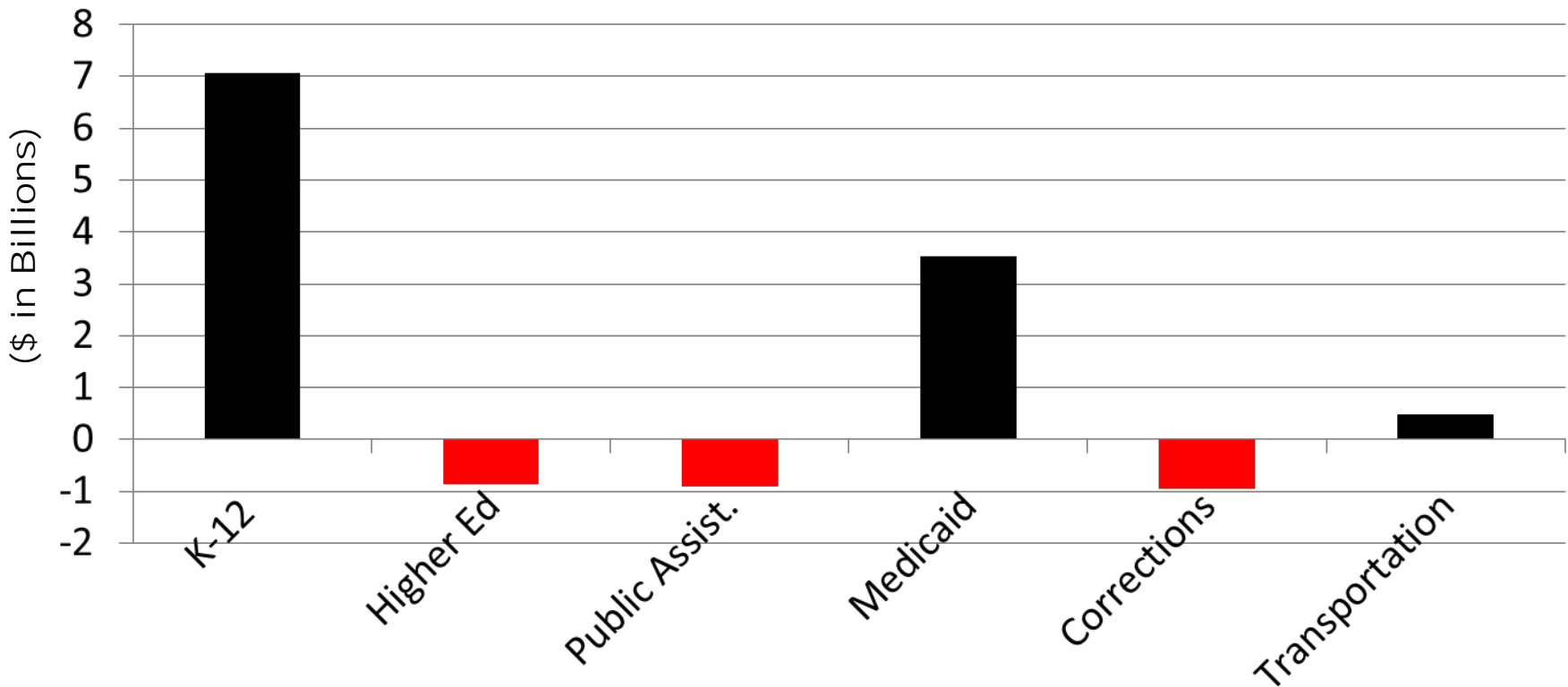


Fiscal 2011 data is based on enacted budgets and fiscal 2012 data is based on governors' proposed budgets

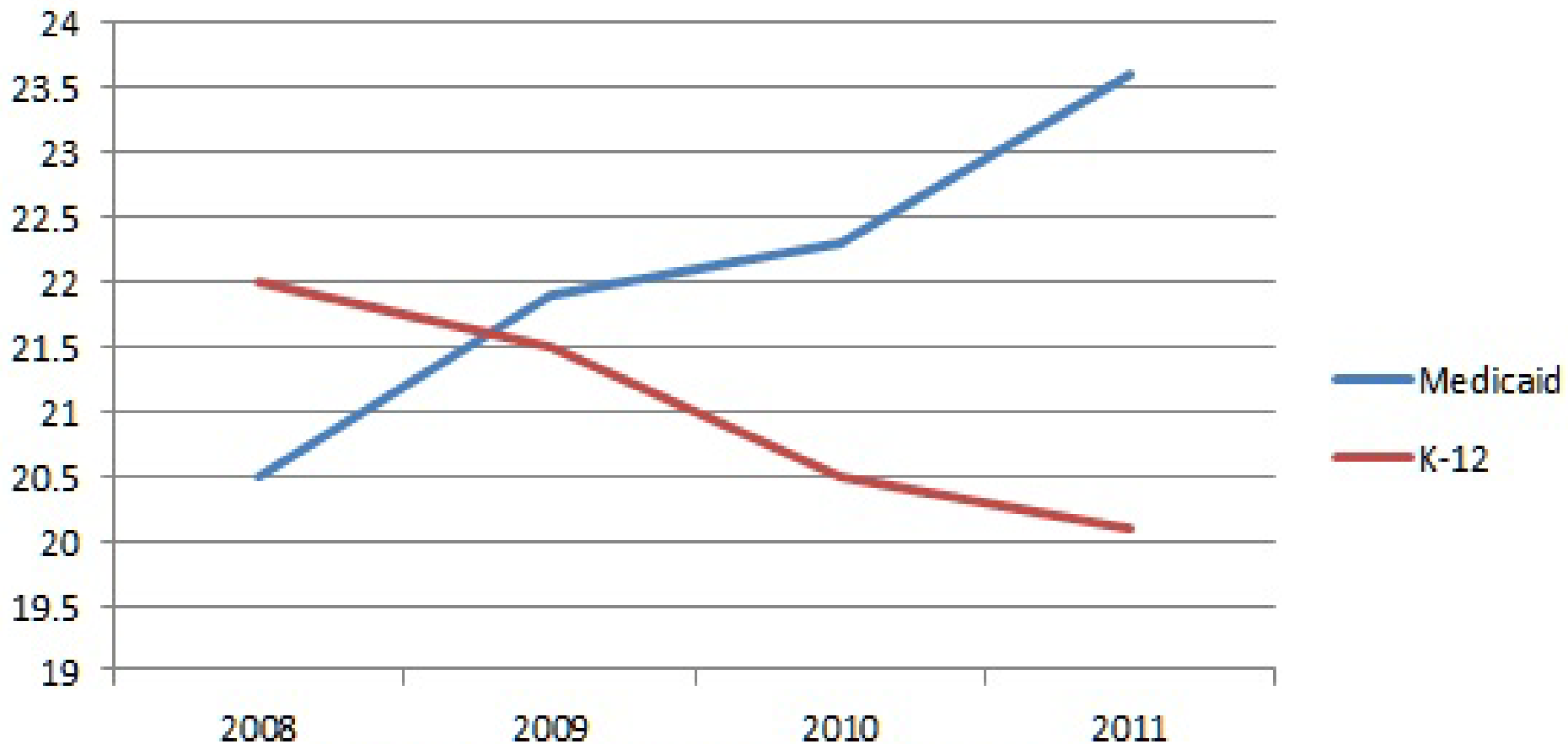


# States Recommended Restoring Some Cuts Made During Recession

**Fiscal 2013 Recommended General Fund Spending Changes by Category (\$ in Billions)**



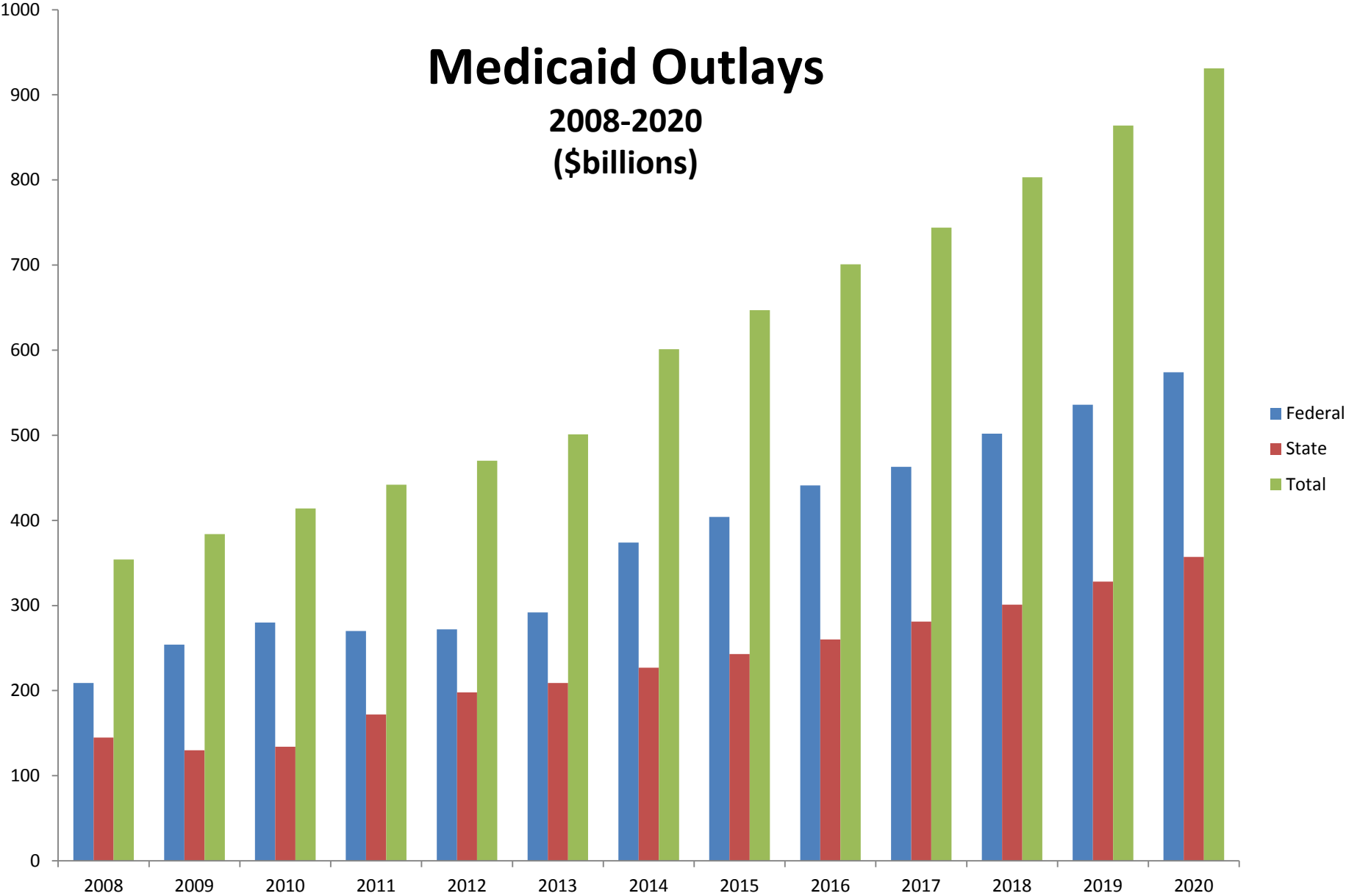
# State Expenditures on Medicaid and K-12 as Percentage of Total 2008-2011



Source: NABSO State Expenditures Report, December 2011

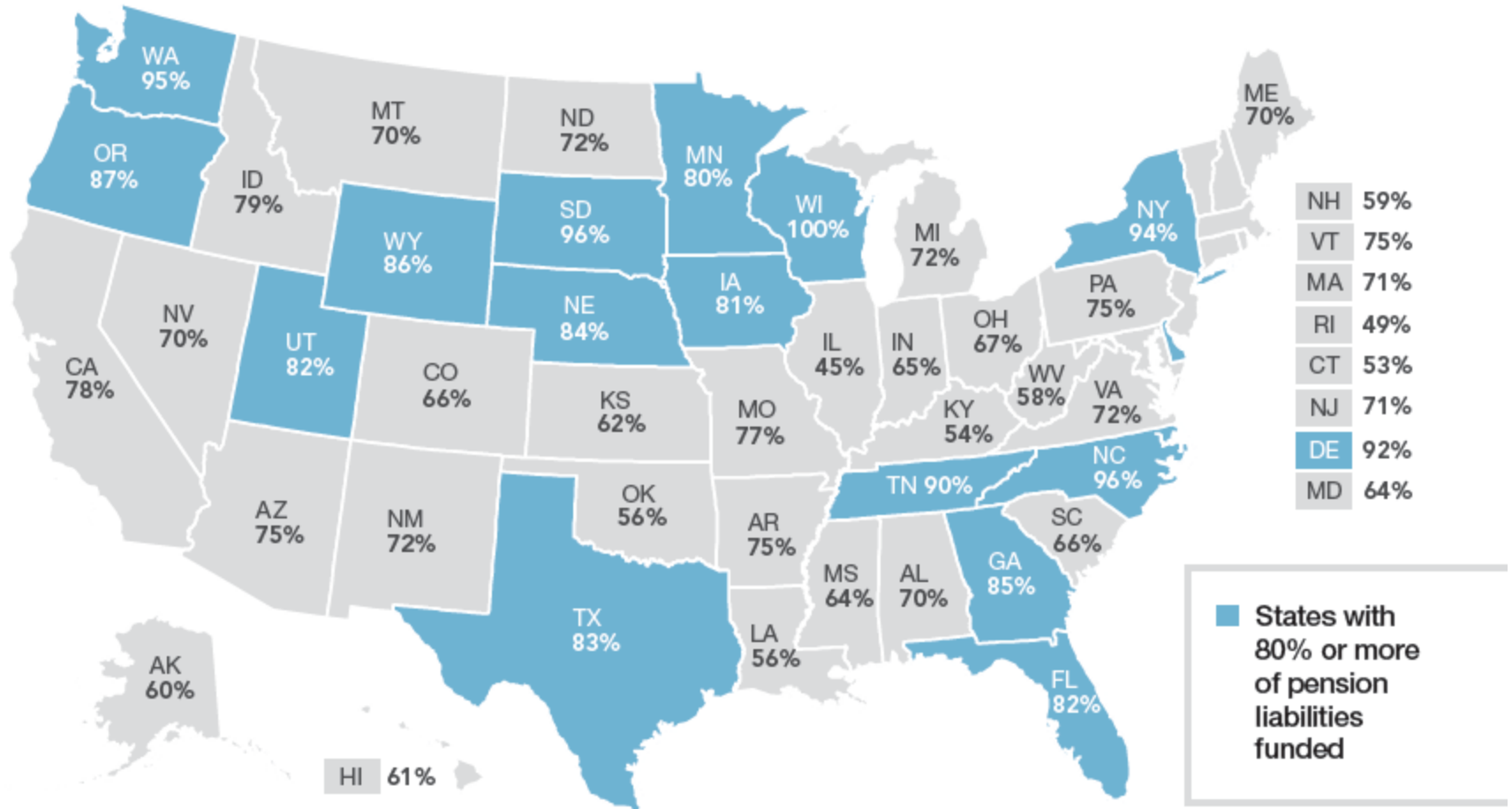
# Medicaid Outlays

2008-2020  
(\$billions)

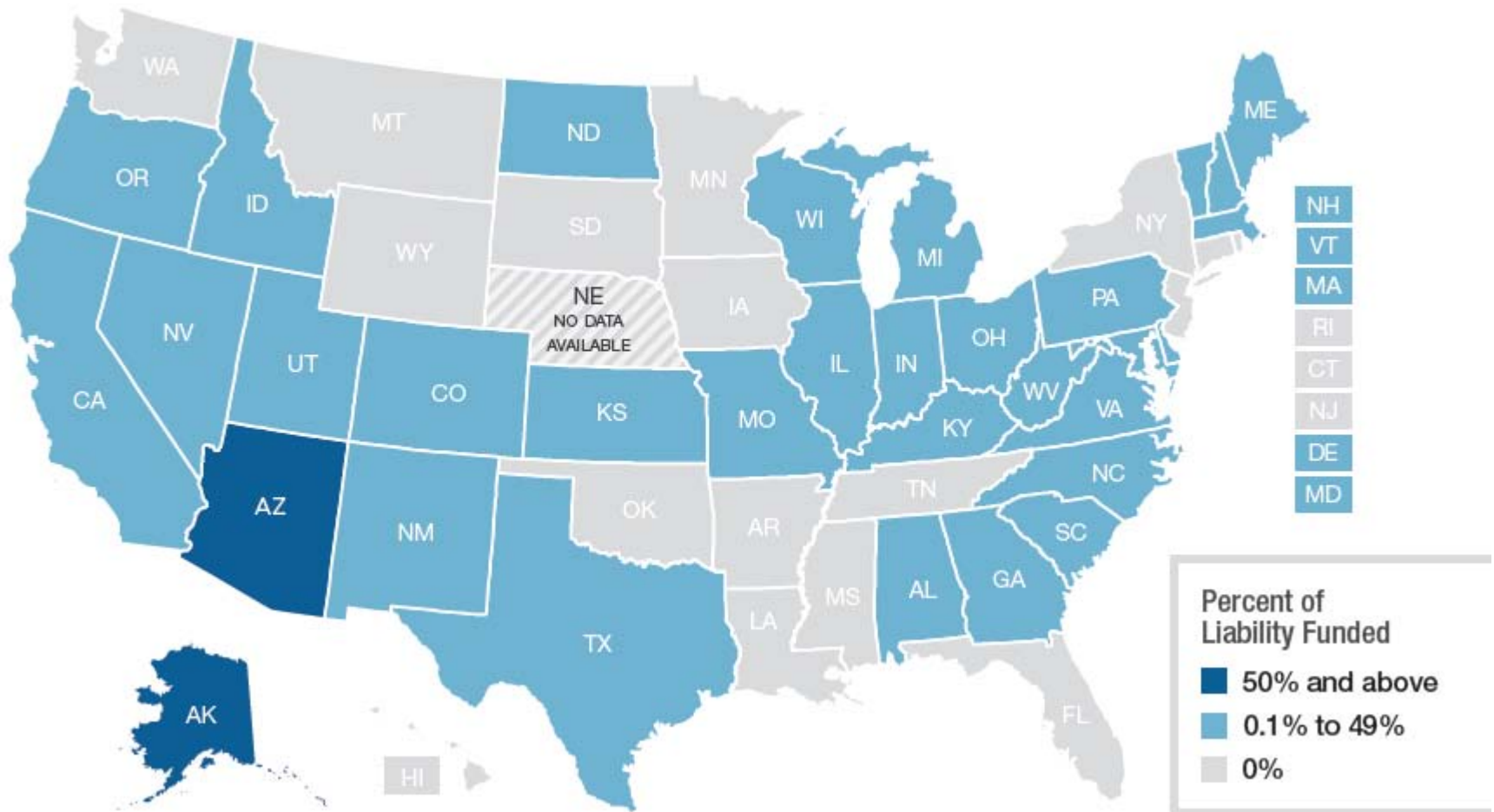


Source: NHE, 2012

# Status of State Pension Funds 2010



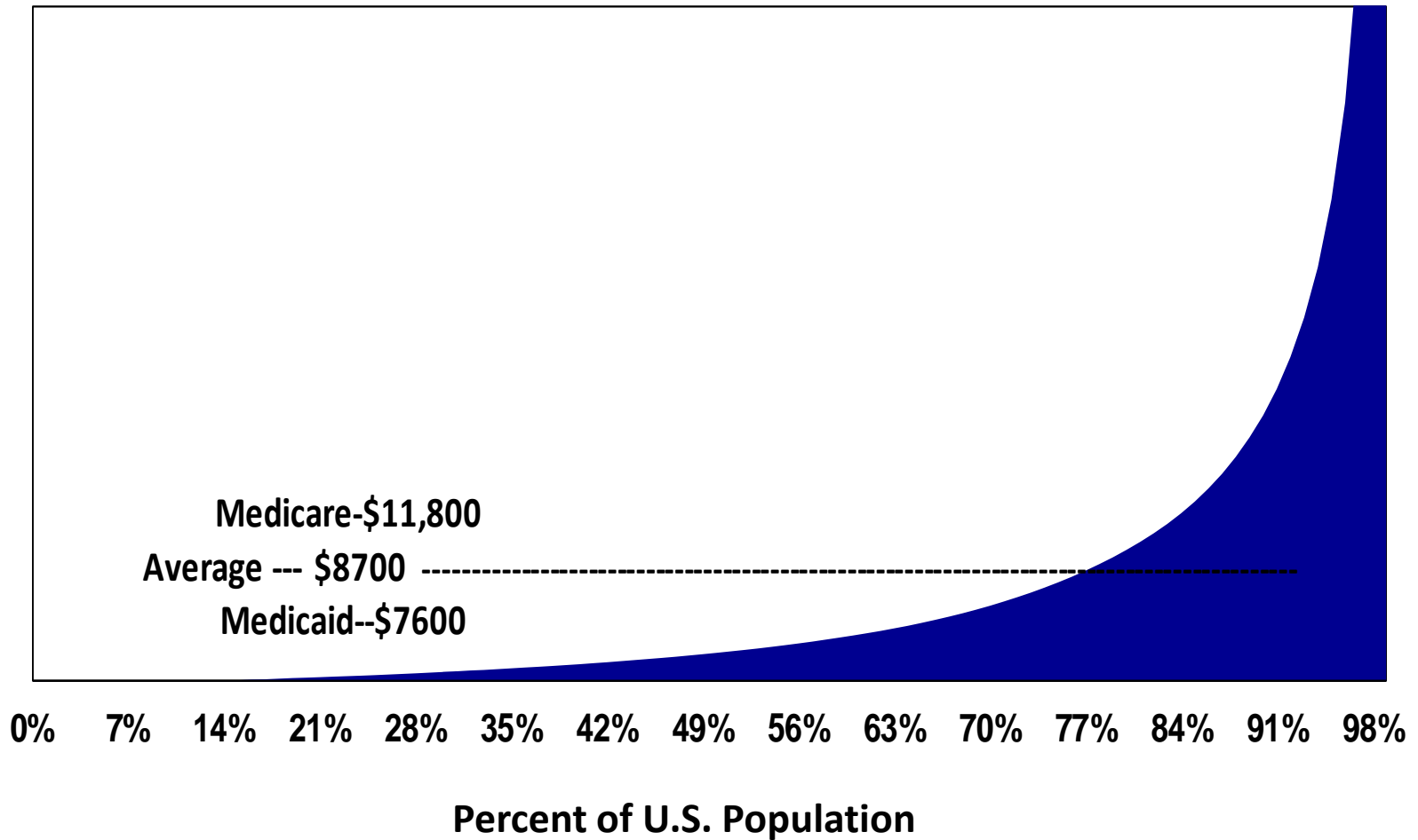
# Funding of State Retiree Health Benefits 2010



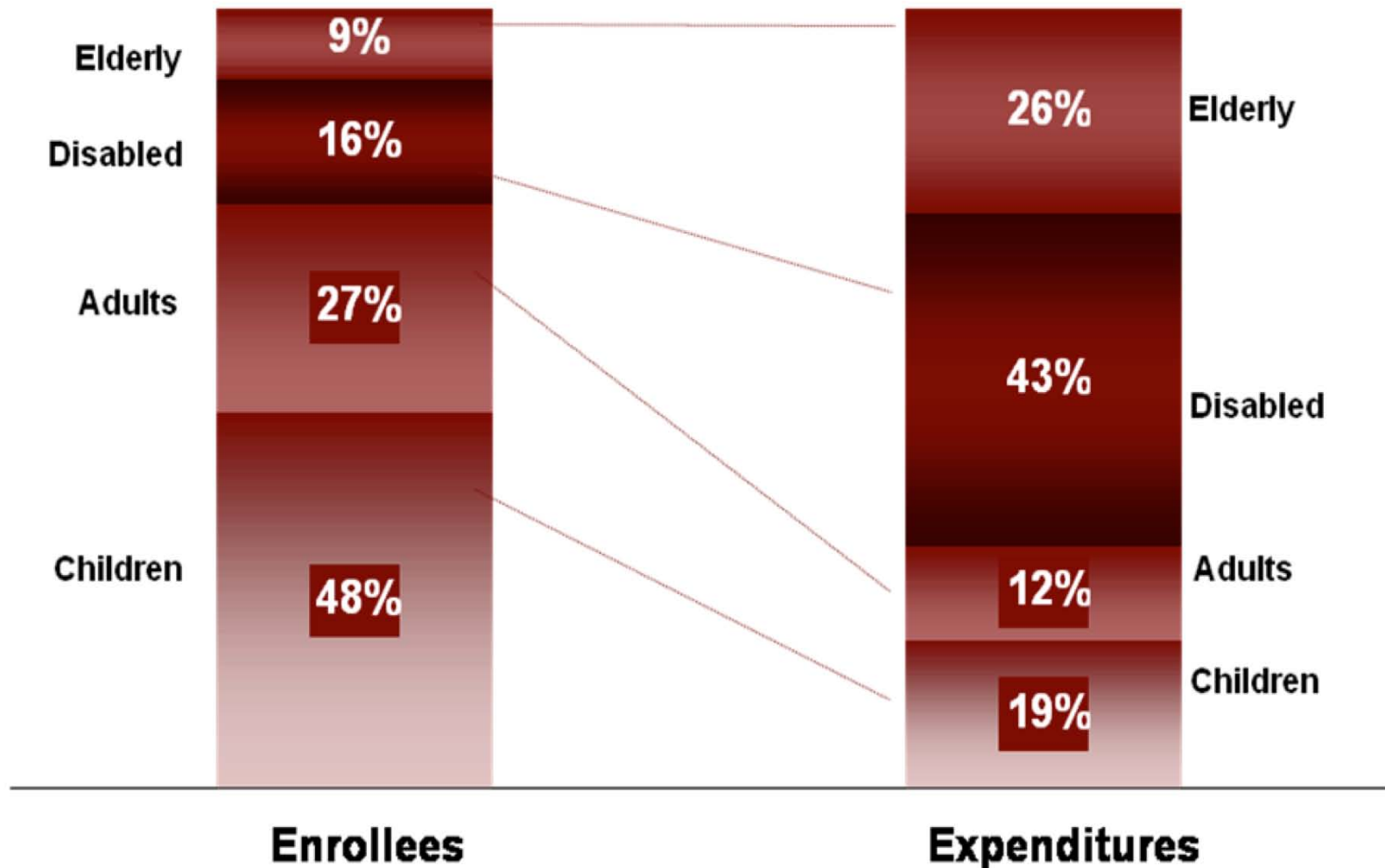
Source: Pew Center for the States

# Per Capita Health Costs

## 2011



# What Groups Drive Medicaid Spending?



## Prevalent Primary Conditions / Comorbidity Analysis

Top 20 Primary Conditions & Comorbidities for the Top 2% Highest Cost Members

RANKED BY % of Total Cost (Mar. 2011-Feb. 2012)

Rank	Primary Diagnostic Condition	Unique Members	% of Total		Most Prevalent Comorbidity		2nd Most Prevalent Comorbidity		3rd Most Prevalent Comorbidity	
			Annual Cost	PMPM Cost	Description	Incident Rate with Prim. Cond.	Description	Incident Rate with Prim. Cond.	Description	Incident Rate with Prim. Cond.
1	Respiratory Failure Conditional	396	28.3%	\$7,856	Other Lower Respiratory Disease	78.3%	HTN	50.0%	Spondylosis, Intervertebral Disc Disorders, Other Back Problems	49.0%
2	CHF	102	7.8%	\$8,281	HTN	90.2%	Other Lower Respiratory Disease	83.3%	Hyperlipidemia	71.6%
3	End-Stage Renal Disease	66	5.8%	\$9,466	HTN	77.3%	Anemia	72.7%	Other Lower Respiratory Disease	59.1%
4	Chronic Kidney Disease	103	5.6%	\$5,867	HTN	88.3%	Acute and Unspecified Renal Failure	71.8%	Hyperlipidemia	67.0%
5	Alcohol Abuse and Related Disorders	155	5.1%	\$3,498	Tobacco Abuse	79.4%	Depression	76.1%	Substance Abuse and Related Disorders	70.3%
6	Congenital Anomalies	110	4.9%	\$5,003	Other Lower Respiratory Disease	31.8%	Conduction Disorders	21.8%	Other Upper Respiratory Disease	20.9%
7	Gastro-Duodenal Ulcer and Inflammation	131	4.4%	\$3,533	Abdominal Pain	80.2%	Spondylosis, Intervertebral Disc Disorders, Other Back Problems	79.4%	Depression	59.5%
8	Epilepsy, Convulsions	97	4.4%	\$4,714	Headache, Including Migraine	44.3%	Anxiety Disorders	37.1%	Other Upper Respiratory Disease	36.1%
9	CAD	108	3.4%	\$3,370	HTN	94.4%	Hyperlipidemia	85.2%	Spondylosis, Intervertebral Disc Disorders, Other Back Problems	71.3%
10	Tobacco Abuse	101	3.0%	\$3,314	Spondylosis, Intervertebral Disc Disorders, Other Back Problems	68.3%	HTN	46.5%	Depression	45.5%
11	Paralysis	56	2.6%	\$4,833	Spondylosis, Intervertebral Disc Disorders, Other Back Problems	50.0%	HTN	48.2%	Headache, Including Migraine	39.3%
12	Fetal Disorders	53	2.5%	\$7,177	Congenital Anomalies	66.0%	Other Lower Respiratory Disease	37.7%	Conduction Disorders	15.1%
13	Regional Enteritis and Ulcerative Colitis	68	2.5%	\$3,813	Abdominal Pain	69.1%	Spondylosis, Intervertebral Disc Disorders, Other Back Problems	51.5%	Depression	42.6%
14	Cerebrovascular Disease	64	2.2%	\$3,751	Spondylosis, Intervertebral Disc Disorders, Other Back Problems	70.3%	HTN	68.8%	Depression	62.5%
15	Headache, Including Migraine	70	2.1%	\$3,241	Spondylosis, Intervertebral Disc Disorders, Other Back Problems	62.9%	Abdominal Pain	52.9%	Urinary Tract Infections	41.4%
16	Substance Abuse and Related Disorders	74	2.1%	\$3,006	Spondylosis, Intervertebral Disc Disorders, Other Back Problems	82.4%	Depression	66.2%	Tobacco Abuse	63.5%
17	Metastatic Cancer	35	2.0%	\$6,596	Cancer	100.0%	Spondylosis, Intervertebral Disc Disorders, Other Back Problems	60.0%	Abdominal Pain	51.4%
18	Cancer	38	1.4%	\$4,176	HTN	36.8%	Spondylosis, Intervertebral Disc Disorders, Other Back Problems	26.3%	Other Upper Respiratory Disease	26.3%
19	Sickle Cell Anemia	33	1.3%	\$4,202	Abdominal Pain	66.7%	Spondylosis, Intervertebral Disc Disorders, Other Back Problems	51.5%	Headache, Including Migraine	42.4%
20	Moderate or Severe Liver Disease	44	1.3%	\$3,210	HTN	68.2%	Depression	65.9%	Abdominal Pain	59.1%
<b>Top 20 Conditions</b>		<b>1,904</b>	<b>92.8%</b>	<b>\$5,306</b>						
<b>All Other Conditions</b>		<b>193</b>	<b>7.2%</b>	<b>\$4,016</b>						
<b>Total of Top 2% of High Risk Mbrs</b>		<b>2,097</b>	<b>100.0%</b>	<b>\$5,187</b>						



## Utilization Metrics

### Top 20 Primary Conditions of the Top 20% Highest Cost Members

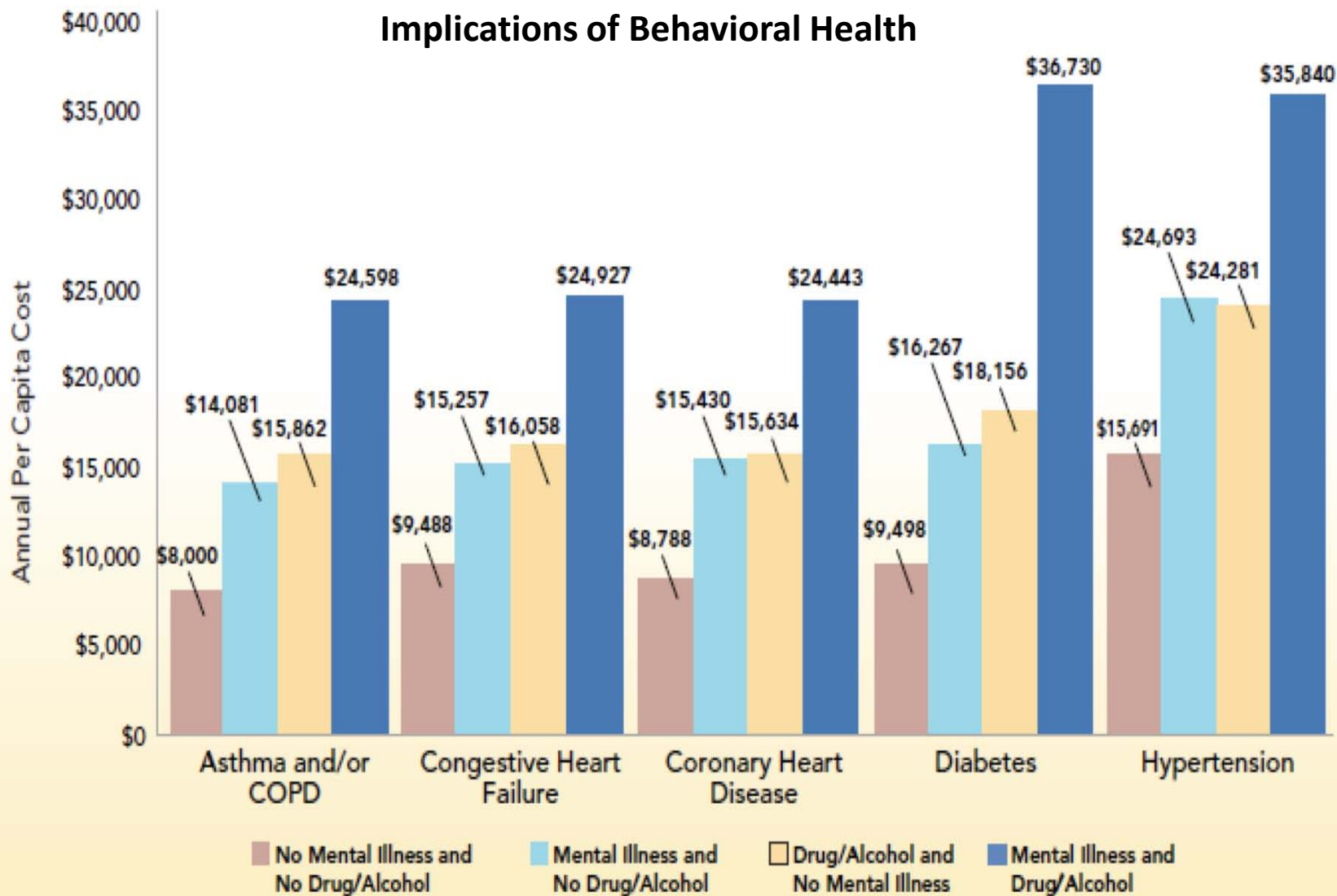
RANKED BY % of Total Cost (Mar. 2011-Feb. 2012)

\* Readmission rates based on Dec. 2010-Nov. 2011

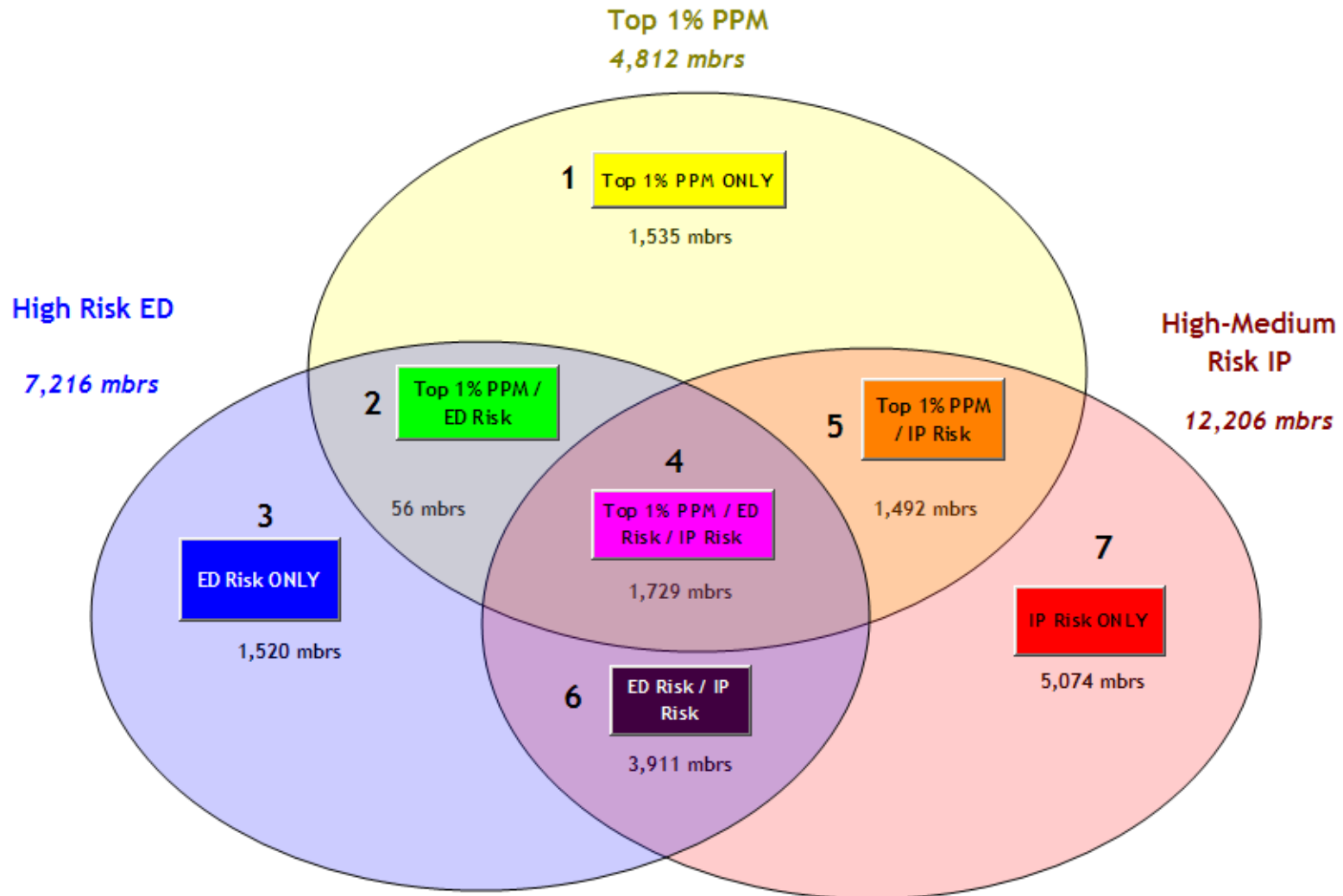
Rank	Primary Condition	Unique Mbrs	% of Total Cost	Total PMPM	Admits PMPY	ALOS	% of One Day Admits	% of 30-day Readmits*	% of Avoidable Admits	ED Visits PMPY
1	Respiratory Failure Conditional	852	15.6%	\$4,257.63	1.3	4.6	20.2%	19.2%	26.6%	3.4
2	Alcohol Abuse and Related Disorders	1,330	6.7%	\$1,176.52	1.0	4.6	24.6%	9.3%	6.4%	3.8
3	Tobacco Abuse	1,704	6.4%	\$870.86	0.2	4.0	17.5%	4.3%	24.1%	2.6
4	Headache, Including Migraine	1,750	5.9%	\$767.50	0.1	3.4	16.4%	10.7%	27.4%	2.2
5	Gastro-Duodenal Ulcer and Inflammation	1,185	5.9%	\$1,127.65	0.3	3.8	16.3%	11.3%	28.2%	2.8
6	Substance Abuse and Related Disorders	1,637	5.8%	\$810.78	0.5	4.2	25.6%	4.8%	5.3%	2.4
7	Congenital Anomalies	1,038	5.3%	\$1,246.68	0.2	2.6	22.0%	5.0%	34.2%	1.2
8	Spondylosis, Intervertebral Disc Disorders, Other Back Problems	1,615	4.9%	\$689.19	0.1	3.3	20.6%		30.9%	1.5
9	Epilepsy, Convulsions	821	4.5%	\$1,242.75	0.3	3.8	25.6%	7.5%	31.5%	2.8
10	CHF	215	4.2%	\$4,416.47	1.3	5.0	18.8%	25.7%	38.1%	3.5
11	Chronic Kidney Disease	315	3.6%	\$2,578.89	1.0	4.1	18.7%	20.2%	29.8%	2.4
12	CAD	530	3.3%	\$1,399.31	0.4	3.6	20.0%	7.7%	22.3%	2.2
13	End-Stage Renal Disease	79	2.8%	\$8,441.75	1.3	5.0	21.9%	18.3%	29.9%	2.4
14	Diabetes	657	2.5%	\$868.99	0.2	3.4	20.3%	7.4%	16.1%	1.3
15	Cerebrovascular Disease	421	2.4%	\$1,272.98	0.5	3.7	18.1%	15.2%	22.9%	2.8
16	Asthma	721	2.3%	\$713.16	0.2	2.3	23.2%	1.5%	76.9%	1.9
17	Fetal Disorders	265	2.1%	\$2,478.26	0.2	3.3	19.4%	12.4%	44.2%	1.7
18	Moderate or Severe Liver Disease	487	2.1%	\$963.70	0.4	4.1	23.7%	9.2%	17.7%	2.2
19	Paralysis	204	1.8%	\$2,035.28	0.5	4.7	19.6%	6.3%	20.4%	3.0
20	Regional Enteritis and Ulcerative Colitis	235	1.8%	\$1,711.70	0.5	4.4	16.5%	23.9%	30.6%	3.2
<b>Top 20</b>		<b>16,061</b>	<b>89.9%</b>	<b>\$1,289.41</b>						
<b>All Other</b>		<b>2,180</b>	<b>10.1%</b>	<b>\$1,060.66</b>						
<b>Total of Top 20% Mbrs</b>		<b>18,241</b>	<b>100.0%</b>	<b>\$1,262.04</b>						

# Per Capita Medicaid Costs

## Implications of Behavioral Health



# Results of Three Predictive Models: High Cost, IP, ED



# Increasing Medical and Behavioral Complexity

## ED Risk Only

**3**

### Group 3:

- Ave age 33
- PMPM \$962
- 5 ED visits
- 0.2 admits
- 32% asthma prevalence
- 25% med adherence for asthma
- 85% MH prevalence
- 58% co-occurring mental health and substance abuse
- 52% with 5+ Rx classes
- 5 Specialist visits
- 10 PCP visits

## ED Risk/IP Risk Only

**6**

### Group 6:

- Ave age 43
- PMPM \$2,425
- 1.6 admits
- 7 IP bed days
- 6 ED visits
- Low medical disease prevalence
- 85% MH prevalence
- 62% co-occurring MH and SA
- 12 Specialist visits
- 9 PCP visits

## Top 1% General/ ED Risk/IP Risk

**4**

### Group 4:

- Ave age 49
- PMPM \$3,908
- 2.6 admits
- 12 IP bed days
- 7 ED visits
- 51% diabetes prevalence
- 73% MH prevalence
- 87% with 5+ Rx classes
- 20 Specialist visits
- 10 PCP visits

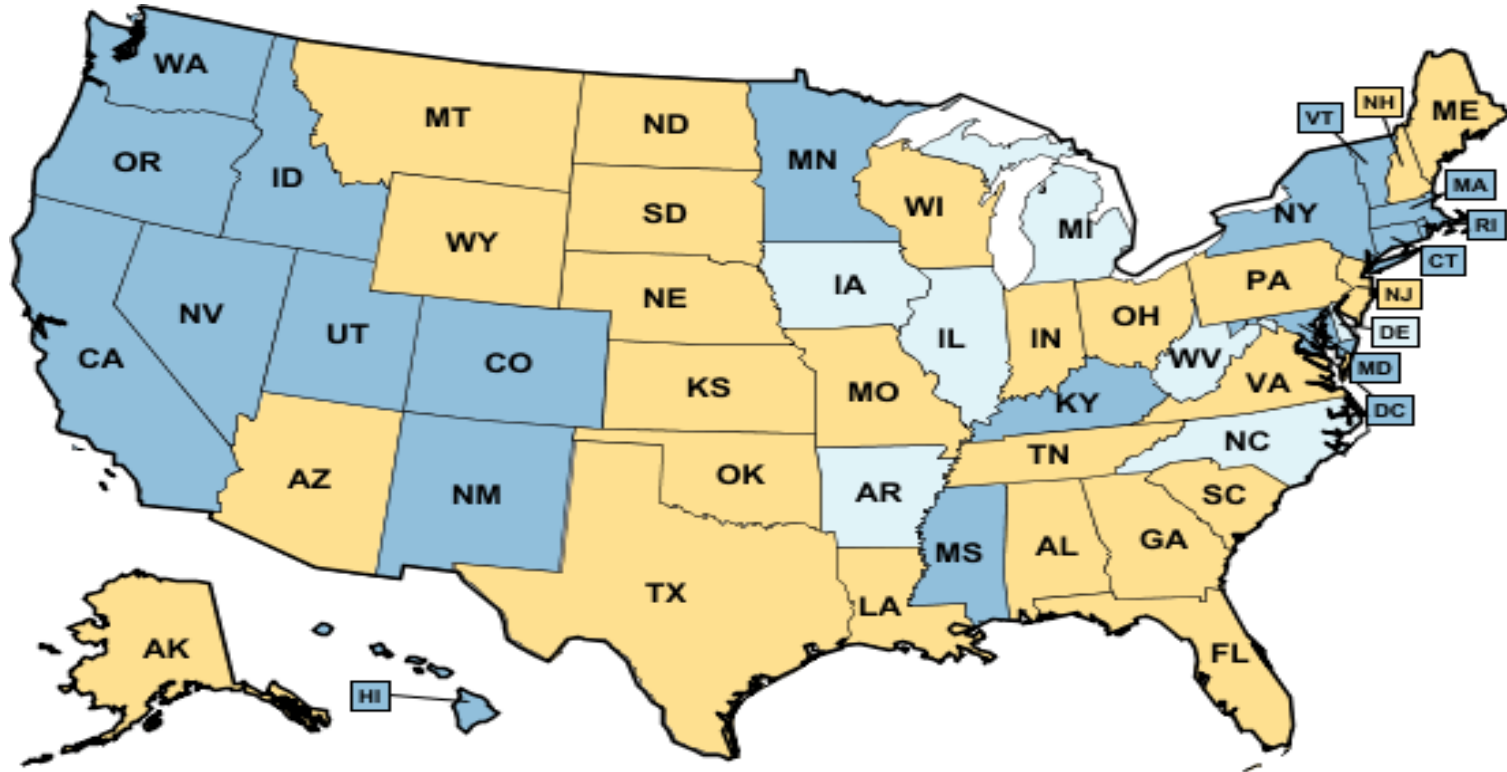
## Top 1% General/ IP Risk

**5**

### Group 5:

- Ave age 53
- PMPM \$3,202
- 2 ED visits
- 2 admits
- 10 IP bed days
- 56% diabetes prevalence
- 41% MH prevalence
- 84% with 5+ Rx classes
- 19 Specialist Visits
- 7 PCP visits

# Exchange Status



Yellow box: Default to Federal Exchange

Blue box: Declared State-based Exchange

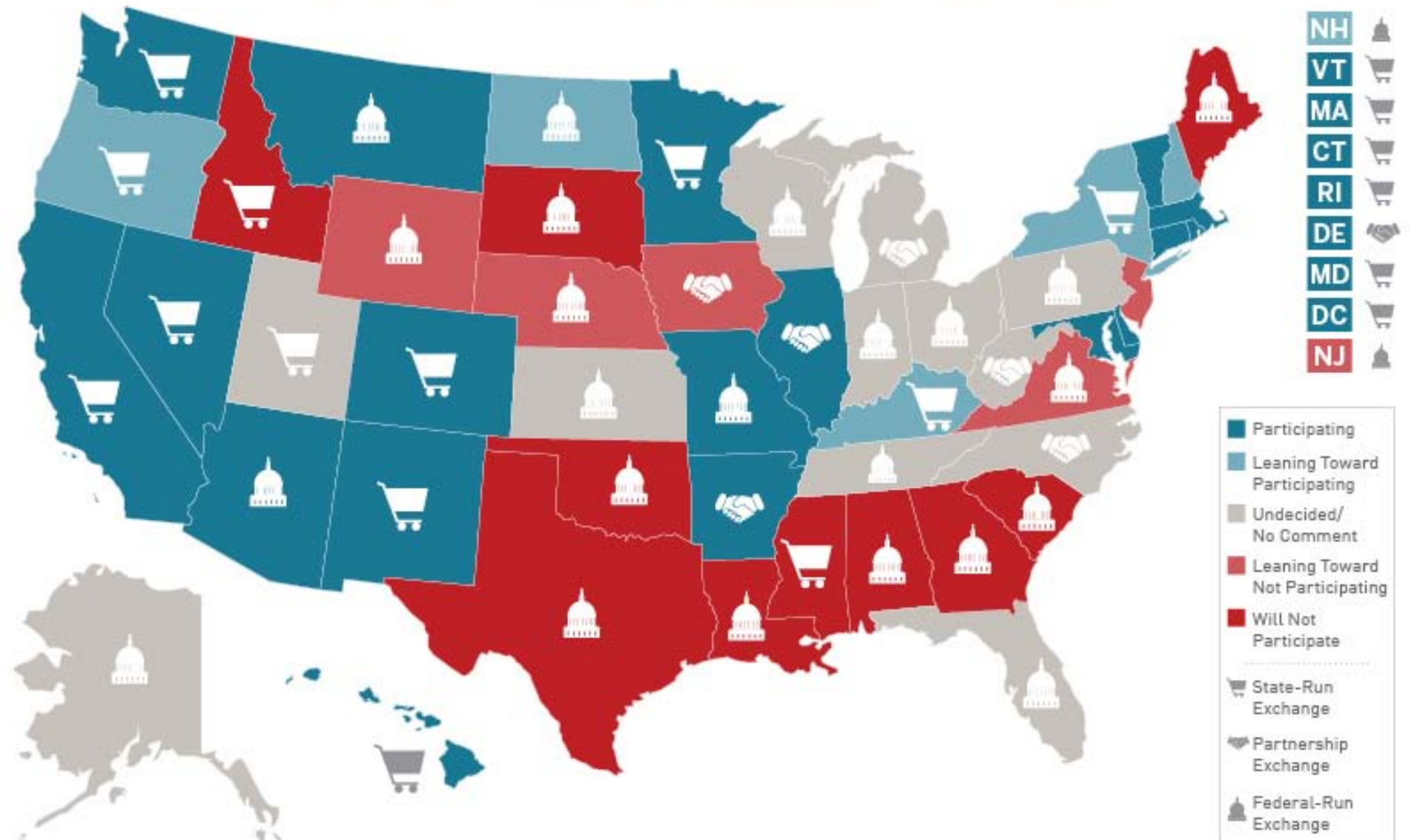
Light blue box: Planning for Partnership Exchange

State Decisions For Creating Health Insurance Exchanges in 2014, as of January 4, 2013: Exchange Decision

Source: Kaiser Foundation

# After Election 2012: Where the States Stand

## What are the States Saying about ACA Medicaid Expansion?



Note: Based on literature review as of 1/15/13.  
All policies possible to change without notice.

Source: American Health Line, <http://ahlalerts.com/2012/07/03/medicaid-where-each-state-stands-on-the-medicaid-expansion/>, accessed 1/15/13.

# State Control of Health

- Purchase: medicaid, employee and retiree benefits...
- Regulation: insurance, medical malpractice...
- Supply
  - Scope of practice/manpower
  - Education
  - CON
- Transparency
- Anti-Trust
- Behavioral Health
- Public Health
- Ancillary Benefits