



**Presentation to Connecticut Policymakers:
Connecticut & U.S. Healthcare Cost Drivers (Solutions & Policies)**

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*Our vision is a nation where the best health and health care
are equally accessible and affordable to all*

Families USA's Mission and Focus Areas

Families USA, a leading national voice for health care consumers, is dedicated to the achievement of high-quality, affordable health care and improved health for all. We advance our mission through public policy analysis, advocacy, and collaboration with partners to promote a patient-and community centered health system.

Working at the national, state and community level for over 40 years



HEALTH EQUITY



HEALTH CARE VALUE



COVERAGE



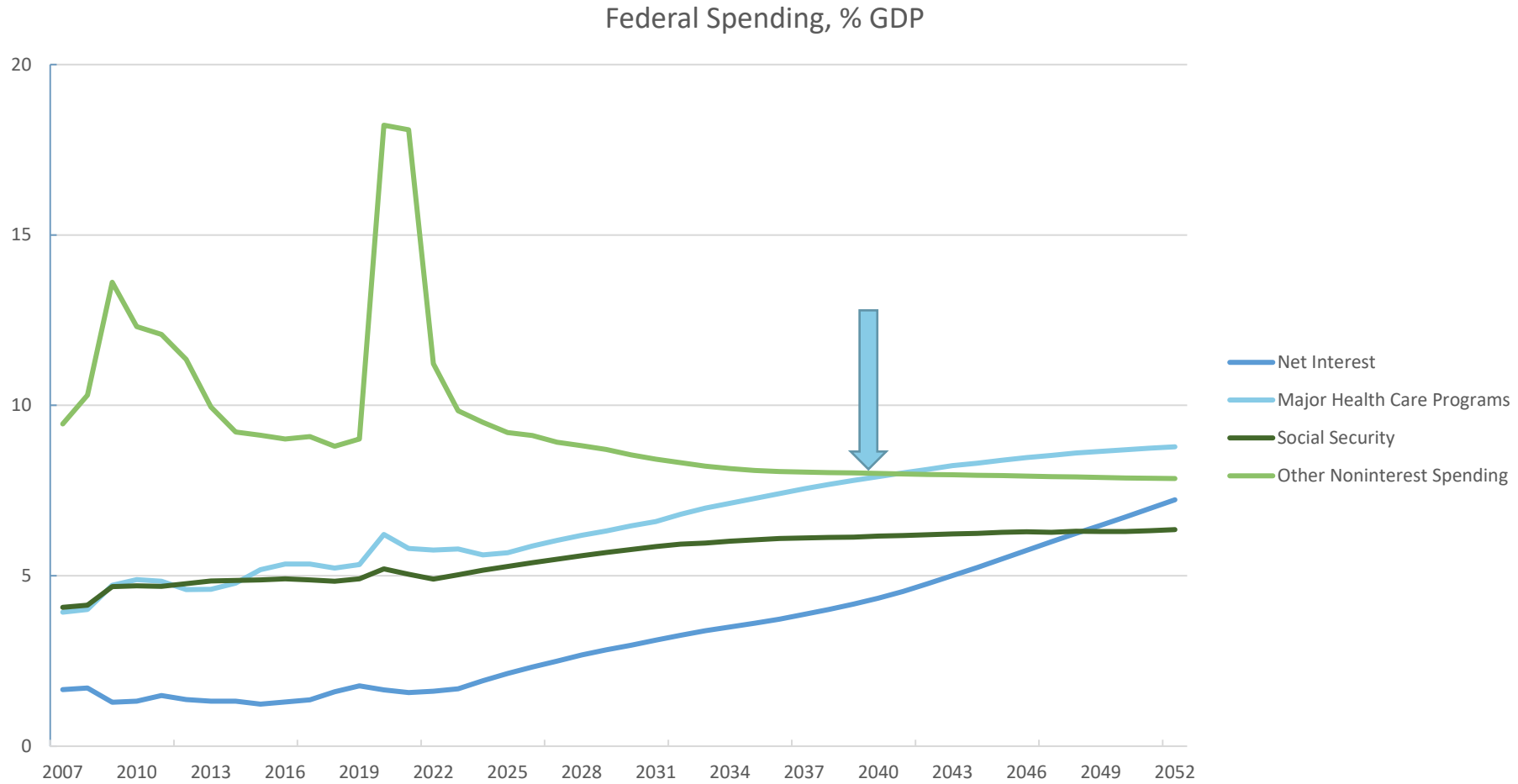
PEOPLE'S EXPERIENCE

Public's Concern About Health Care Affordability Mounting

Health Care Affordability Concerns Are Widespread

- **100 Million** Americans face medical debt.
- **44 percent** of public didn't go see a doctor when they needed to because of cost (NORC)
- **30 percent** report medical care interferes with their basic needs (food, housing, heat, etc.) (NORC)
- **75 percent** of Americans grade U.S. health care affordability a D or F. (Gallup, West Health, 2022)
- **78 percent** of Americans think the government should help make sure everyone has access to affordable, quality health care (Consumers Reports)
- In the 2020 election, **68 percent** of voters stated that health care was “very important” to their vote, second only to the economy in the share of voters who listed it as very important (Pew Research Center)
- In 2022, **66 percent** of voters said they were more likely to vote for candidates who supported limiting out-of-pocket costs in Medicare (KFF)

Federal Health Care Spending to Consume Larger Portion of Federal Resources



Source: Congressional Budget Office, 2022 Long Term Budget Outlook.

The extended baseline generally reflects current law, following CBO's 10-year baseline budget projections through 2027 and then extending most of the concepts underlying those baseline projections for the rest of the long-term projection period.

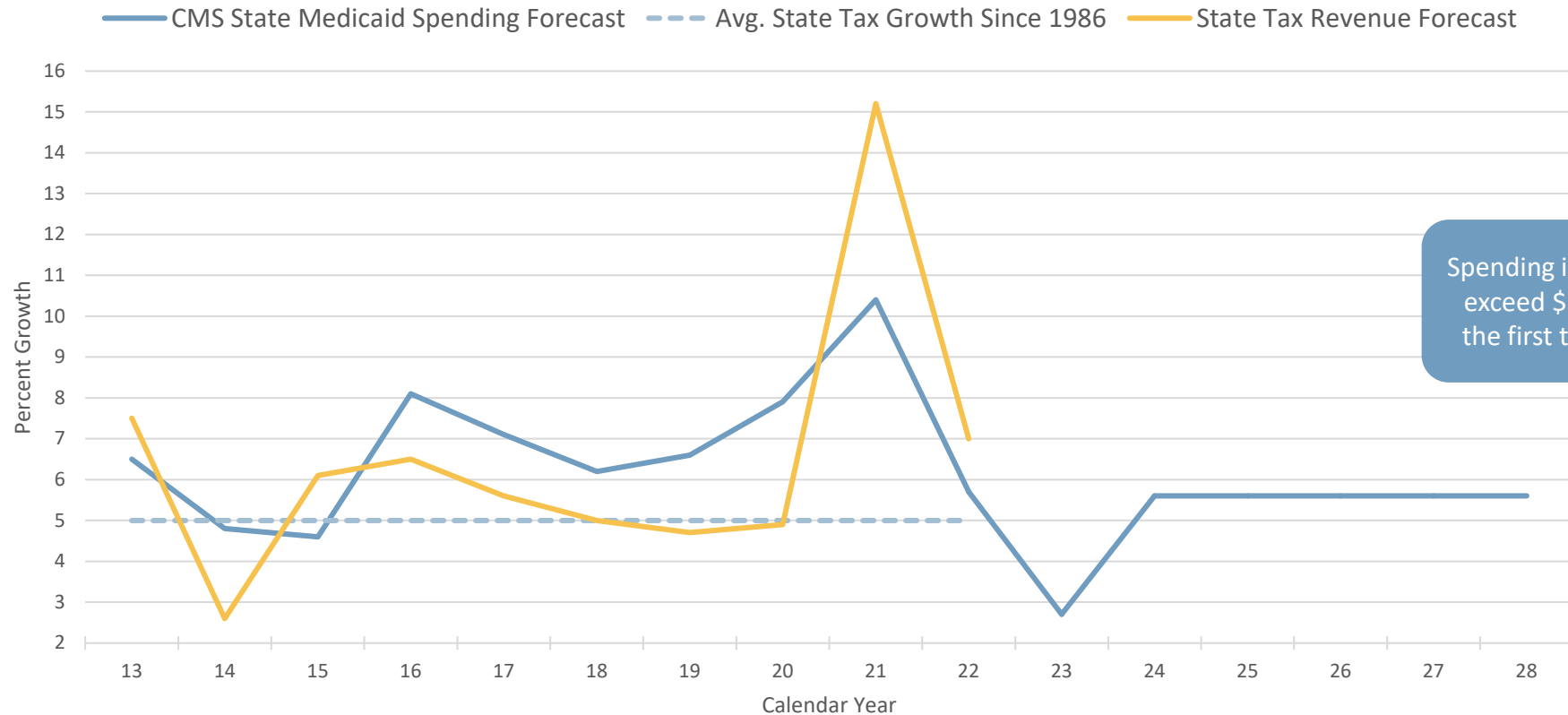
GDP = gross domestic product.

Major Health Care Programs consists of spending for Medicare (net of premiums and other offsetting receipts), Medicaid, and the Children's Health Insurance Program, as well as outlays to subsidize health insurance purchased through the marketplaces established under the Affordable Care Act and related spending.

Other Noninterest Spending consists of all federal spending other than that for Social Security, the major health care programs, and net interest.



State's Face Similar Dilemma: Medicaid Spending Outpacing Growth in State Tax Revenue



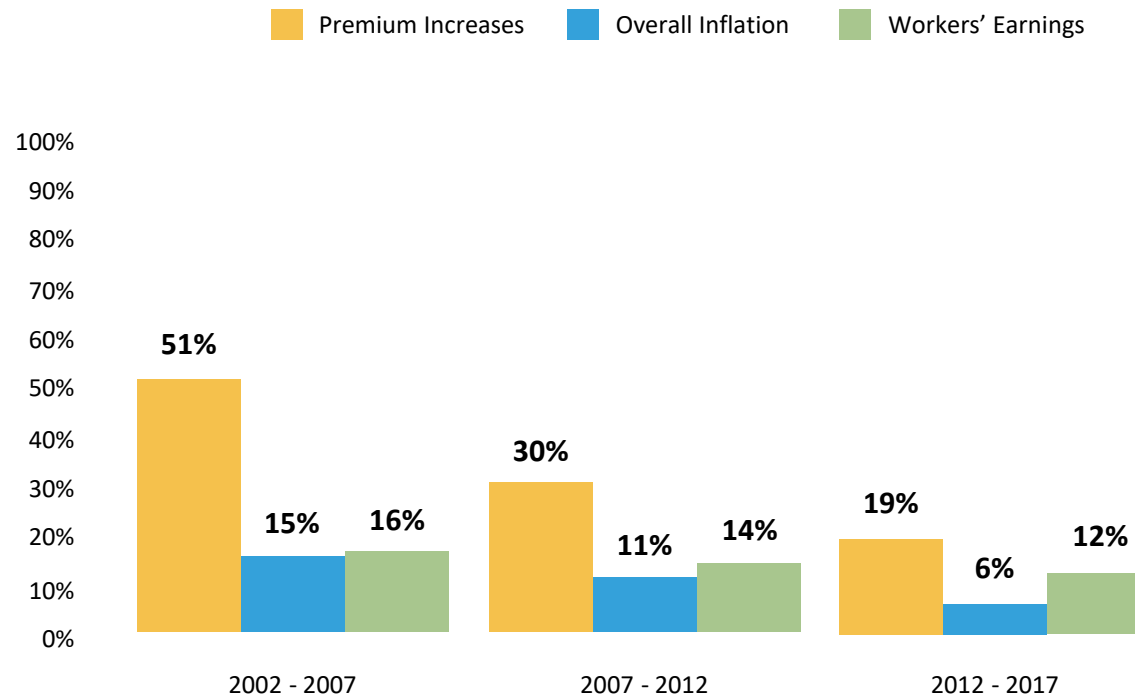
Spending is projected to exceed \$1 trillion, for the first time, in 2028

Source: CMS Office of Actuary Releases, The U.S. Census, Moody's Analytics, 2015, National Association of State Budget Offices, Tax Policy Center
<https://www.cms.gov/newsroom/press-releases/cms-office-actuary-releases-2021-2030-projections-national-health-expenditures>
<https://www.census.gov/programs-surveys/stc.html>
https://www.moodys.com/research/Moodys-Tax-revenues-growing-for-US-states-but-at-a-PR_349370
<https://www.nasbo.org/reports-data/state-expenditure-report>
<https://www.taxpolicycenter.org/taxvox/states-forecast-weaker-revenue-growth-ahead-growing-uncertainties>



Health Care Cost Problems Building for Decades

Cumulative Premium Increases for Covered Workers with Family Coverage, 2002-2017



*Percentage change in family premium is statistically different from previous five year period shown ($p < .05$).

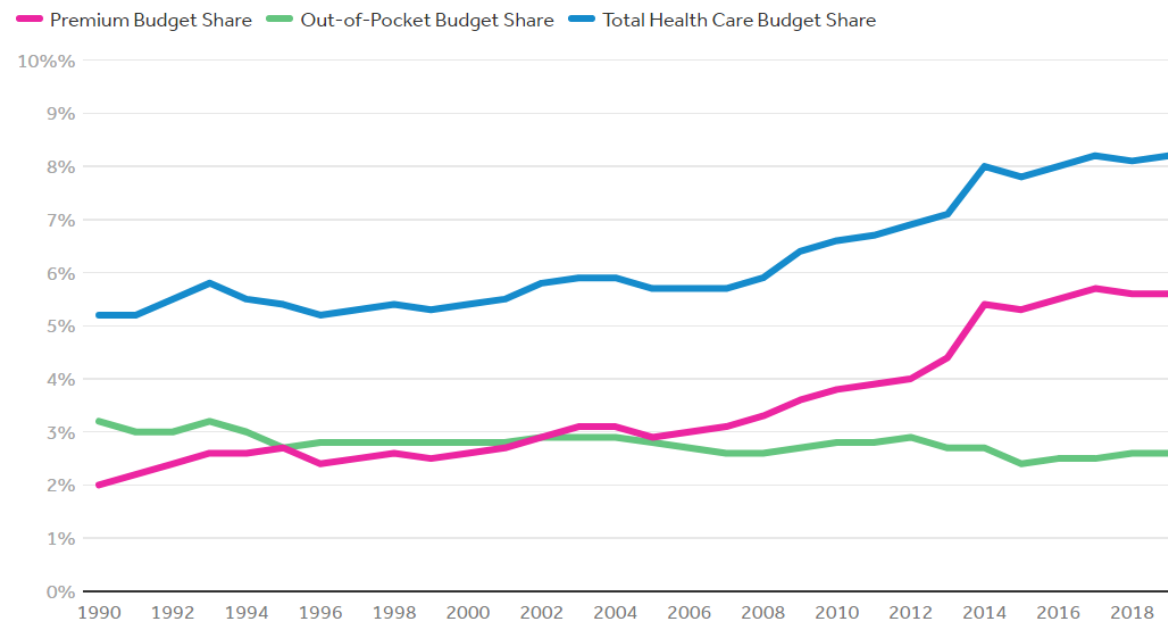
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City/Average of Annual Inflation (April to April), 2002-2017; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2002-2017) April to April).



Health Care Costs as a Total of Family Budgets

Health Care Crowding-out Other Priorities for Families

Average portion of household budget devoted to health (nonelderly families), 1990-2019



Note: Household budget is the average annual expenditures per household. Because of questionnaire changes for health insurance, estimates beginning in 2014 are not strictly comparable to prior years.

Source: KFF analysis of Consumer Expenditure Survey • Get the data • PNG

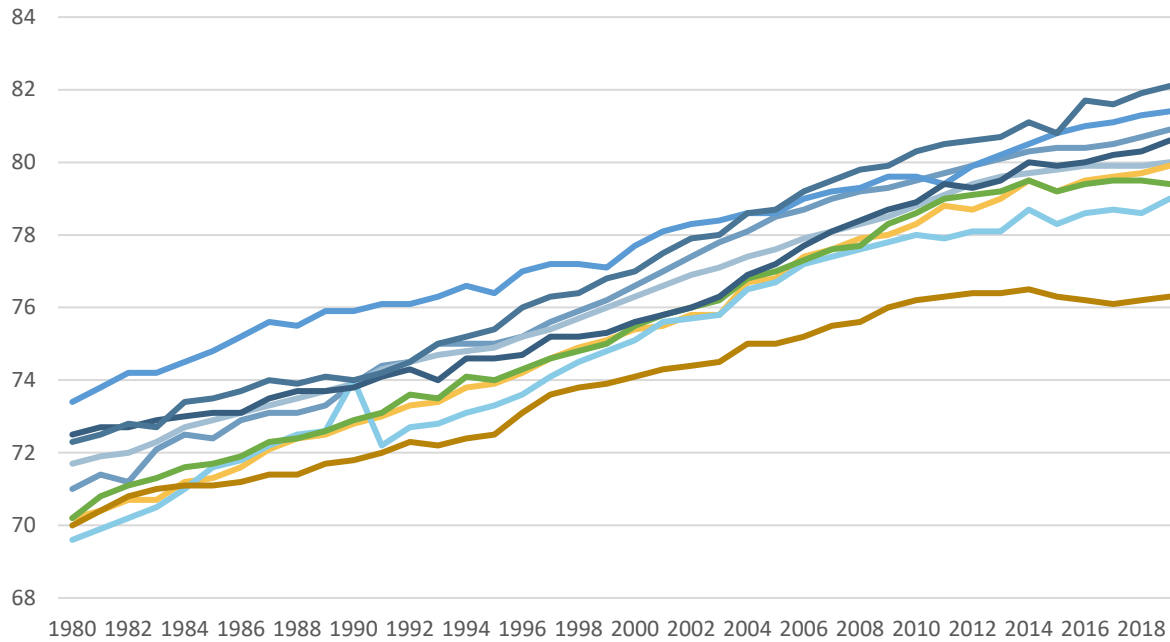
Peterson-KFF
Health System Tracker

Source: Peterson-KFF, Health System Tracker, Affordability
<https://www.healthsystemtracker.org/indicator/access/affordability/spending-relative-household-budgets/>

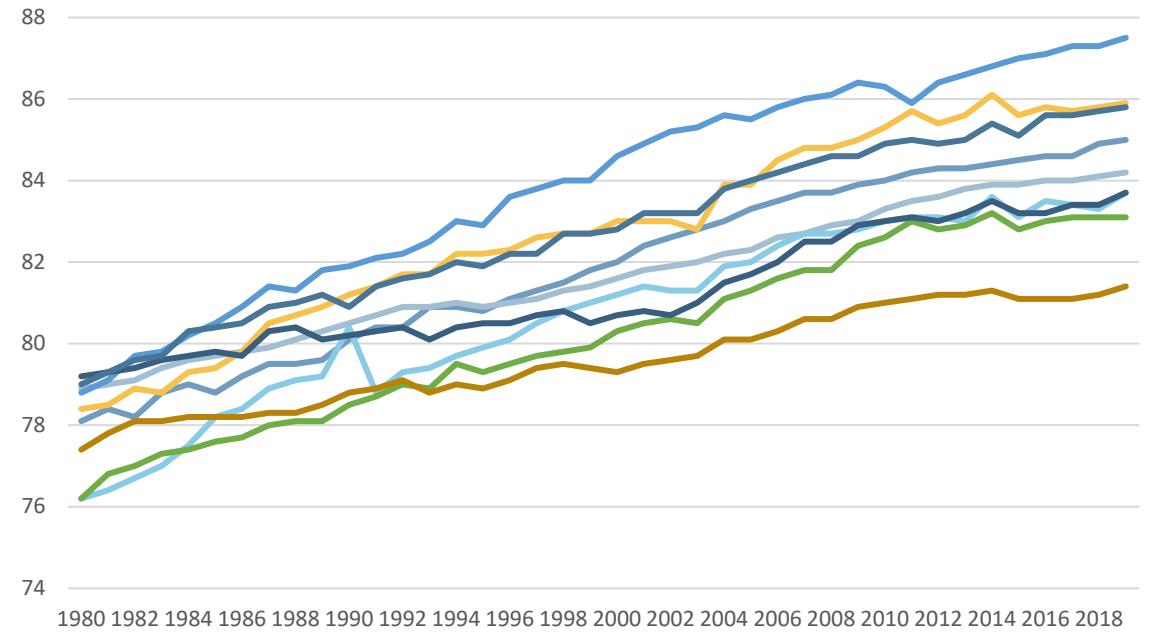


For All of this Spending, Quality Lagging...

Life Expectancy at Birth (Men)



Life Expentancy at Birth (Women)



- Australia
- Canada
- France
- Germany
- Japan
- UK
- Netherlands
- Switzerland
- United States

Source: Peterson-KFF Health System Tracker, How does U.S. life expectancy compare to other countries?, <https://www.healthsystemtracker.org/chart-collection/u-s-life-expectancy-compare-countries/>



The Facts About Health Equity

The Data are clear. Good health and health care are not equally available to all in our nation, particularly, racial and ethnic minorities. For example:

- Cardiovascular disease is the leading cause of death in the United States. Non-Hispanic black adults are at least 50% more likely to die of heart disease or stroke prematurely (i.e., before age 75 years) than their non-Hispanic white counterparts¹
- The infant mortality rate for non-Hispanic blacks is more than double the rate for non-Hispanic whites¹
- Fewer than one-third of adults of color with a mental illness receive treatment, compared to half of White adults²

The Hottest Topics Around Affordability

- **Defending Protections for Pre-Existing Conditions:** Solidifying national norms associated with the quality of health insurance coverage and related financial protections
- **Surprise Billing:** Solidifying national norms associated with the quality of health insurance coverage and related financial protections
- **Prescription Drug Pricing:** Solidifying national norms around the role of government in protecting against abusive health care prices
- **Hospital Pricing Abuses:** One of the most significant contributions to escalating costs and evidence very clear how irrational and abusive pricing has become.

Excessive Health Care Prices Driven by Big Health Care Corporations

- Excessive cost of US health care is driven by high and rising health care prices due to health care industry consolidation — particularly among hospitals:³
 - Average Prices of MRI in the US \$1,475; Switzerland \$503; Australia \$215⁴
 - Price of MRI in **one** US hospital system: \$839-\$4,200⁵
 - Since 2015, **hospital prices increased** by 31%, accounting for 1/3 of US health care spending, and growing **four times** faster than **workers paychecks**.⁶
 - In 2020, privately insured consumers and employers paid on average 2.5 times what Medicare would have paid for same hospital inpatient and outpatient services.⁷
 - **72,000** Hospital Acquired Infections per year; High rates of preventable deaths due to system failure to provide effective care.⁸
- The role of hospitals in our economy has shifted over last 60 years: **charitable institutions vs. corporate entities**.¹
- Fundamental misalignment between hospital business interests and the interests of people.
 - Hospital sector business model: **1)** generate high volumes of tests, procedures through fee-for-service payment and **2)** generate highest possible fees (prices).²

Policymakers are Starting to Pay Attention

- Policymakers are starting to wake up to lack of competition in US health care markets, particularly around hospital pricing abuses:
 - *Consolidated Appropriations Act of 2015* – site neutral payments
 - *Lower Health Care Cost Act, 2019*
 - Hospital Price Transparency Regulation; Transparency in Coverage Regulations – 2020
 - White House Executive Order on Competition, 2021
 - Key committee hearings in hospital consolidation, 2020-2022
 - FTC public hearings on competition and RFI 2022
 - Key pieces of legislation: Braun/Baldwin; Spartz; Healthy Futures Task Force – 2021-2022
- State Efforts:
 - Anticompetitive behavior: 9 states considering or have passed legislation to address anticompetitive behavior
 - Price transparency: 21 states considering or have passed legislation
 - Facility fees: 8 states considering or have passed legislation
 - Statewide cost growth targets: 7 states now run programs
 - Medical debt: AZ referendum, NY legislation etc.
 - 32 State AG's letter to Congress to update antitrust law

Current Connecticut Policies

- **Cost Growth Benchmarks:** Executive Order No. 5 2022. Annual health care cost growth and quality benchmarks for 2021-2025, and primary care spending targets for 2021-2015.
- **All Payer Claims Database:** Public Act 12-66, established 2012. Requires insurers to submit medical and pharmacy claims data.
- **Facility Fees:** Public Act 2281 – prohibits facility fees for telehealth

Policy Solutions To Lower Hospital and Health System Costs

1. Transparency

- a. All payer claims databases
- b. State enforcement of federal price transparency regulations
- c. Enhanced hospital financial reporting
 - a. NASHP Hospital Cost Tool

2. Consolidation

- a. Pre-transaction review and approval of proposed transactions
- b. Prohibit anticompetitive contract terms between providers and physicians

3. Combatting Spending Increases at System Level

- a. Establish health care cost growth benchmarks
- b. Health insurance rate review – affordability standards

4. Regulating High Prices at Provider Level

- a. Limit outpatient facility fees
- b. Establish maximum payment limits for out-of-network services
- c. All-payer model, global budget

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