Presentation to the National Governors Association's Health and Human Services Committee

The Outlook for Spending on Health Care and Long-Term Care

February 24, 2008
Federal Spending Under CBO’s Alternative Fiscal Scenario

Percentage of GDP

Actual
Projected

Medicare and Medicaid

Social Security

Other Spending (Excluding debt service)
Sources of Growth in Projected Federal Spending on Medicare and Medicaid

Percentage of GDP

Effect of Excess Cost Growth

Effect of the Aging of the Population
Medicare Spending per Capita in the United States, by Hospital Referral Region, 2003

Source: www.dartmouthatlas.org.

- $7,200 to 11,600 (74)
- 6,800 to < 7,200 (45)
- 6,300 to < 6,800 (55)
- 5,800 to < 6,300 (60)
- 4,500 to < 5,800 (72)
- Not Populated

Source: www.dartmouthatlas.org.
The Relationship Between Quality and Medicare Spending, by State, 2004

Composite Measure of Quality of Care

Source: Data from AHRQ and CMS.
What Additional Services Are Provided in High-Spending Regions?

Discrete: **Effective Care**
- Reperfusion in 12 hours (Heart attack)
- Aspirin at admission (Heart attack)
- Mammogram, Women 65–69
- Pneumococcal immunization (Ever)

Discrete: **Preference-Sensitive Care**
- Total hip replacement
- Total knee replacement
- Back surgery
- CABG following heart attack

Care Delivery: **Who / How Often / Where**
- Total inpatient days
- Inpatient days in ICU or CCU
- Evaluation and management (Visits)
- Imaging
- Diagnostic tests

Source: Elliot Fisher, Dartmouth Medical School.
### Use of Biologically Targeted Interventions and Care-Delivery Methods Among Three of U.S. News and World Report’s “Honor Roll” AMCs

<table>
<thead>
<tr>
<th>Biologically Targeted Interventions: Acute Inpatient Care</th>
<th>UCLA Medical Center</th>
<th>Massachusetts General Hospital</th>
<th>Mayo Clinic (St. Mary’s Hospital)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMS composite quality score</td>
<td>81.5</td>
<td>85.9</td>
<td>90.4</td>
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<table>
<thead>
<tr>
<th>Care Delivery—and Spending—Among Medicare Patients in Last Six Months of Life</th>
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<tbody>
<tr>
<td>Total Medicare spending</td>
<td>50,522</td>
<td>40,181</td>
</tr>
<tr>
<td>Hospital days</td>
<td>19.2</td>
<td>17.7</td>
</tr>
<tr>
<td>Physician visits</td>
<td>52.1</td>
<td>42.2</td>
</tr>
<tr>
<td>Ratio, medical specialist / primary care</td>
<td>2.9</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Source: Elliot Fisher, Dartmouth Medical School.
Medicaid Spending per Patient for Long-Term Care, 2005

Source: CBO calculations using data from Thomson Healthcare and the Medicaid Statistical Information System.
Medicaid Spending for Long-Term Care, by Type of Service

Billions of Dollars

- Skilled Nursing Facilities
- Home and Community-Based Services Waiver
- Intermediate Care Facilities for the Mentally Retarded
- Personal Care
- Home Health

Source: Thomson Healthcare analysis using CMS 64 data.
Note: Data include federal and state spending.
Spending for Long-Term Care, by Source, 2006

Not Including Informal Care

- Medicaid: 45%
- Medicare: 23%
- Private Insurance: 8%
- Out-of-Pocket Payments: 19%
- Other: 5%

Including Informal Care

- Medicaid: 19%
- Medicare: 10%
- Private Insurance: 3%
- Out-of-Pocket Payments: 8%
- Other: 2%

Informal Care: 58%

Sources: CBO (based on conversations with industry experts) and data from AHIP.
Median Assets of Married People Ages 63 to 67 in the Population as a Whole and Within the Impaired Population, 2002

<table>
<thead>
<tr>
<th>Thousands of Dollars</th>
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<tbody>
<tr>
<td>Total Population</td>
</tr>
<tr>
<td>Total Assets</td>
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<tr>
<td></td>
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<tr>
<td>199.4</td>
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<tr>
<td>84.5</td>
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</tbody>
</table>

Source: HRS/AHEAD.

a. Impaired is defined as having three or more losses in the health activities of daily living.
Projections of the U.S. Elderly Population

Percentage of Total Population

Source: U.S. Bureau of the Census.
Increase in Life Expectancy and Increase in Difference in Life Expectancy by Economic Status

Source: Data from Singh and Siahpush (2006) and CDC.
CBO’s Activities in Analyzing Health Care

- **New Hires and Expanded Staffing**
  - New deputy assistant director (Keith Fontenot) in the Budget Analysis Division
  - Increase in health staff agencywide from 30 FTEs to 40 FTEs (Plus 6 new hires)
  - FY 2009 plans

- **Reports and Analysis in 2008**
  - Critical Topics in Health Reform
  - Health Options