

# Update on Minnesota Health Care Reform

---

Julie Sonier  
Director, Health Economics Program  
Minnesota Department of Health

Presentation at ICSI Colloquium  
May 9, 2008

# Overview of Presentation

---

---

- ★ Background on Minnesota health reform as a legislative issue in 2007/08
- ★ Why is health reform needed?
- ★ Key elements of reform proposals
- ★ Update on current status

# Background: Setting the Stage for 2008 Health Reform Proposals

---

---

- ★ 2007 Legislature required two groups to bring forward proposals to improve health care access, cost, and quality in Minnesota
- ★ Legislative Commission on Health Care Access
- ★ Governor's Health Care Transformation Task Force

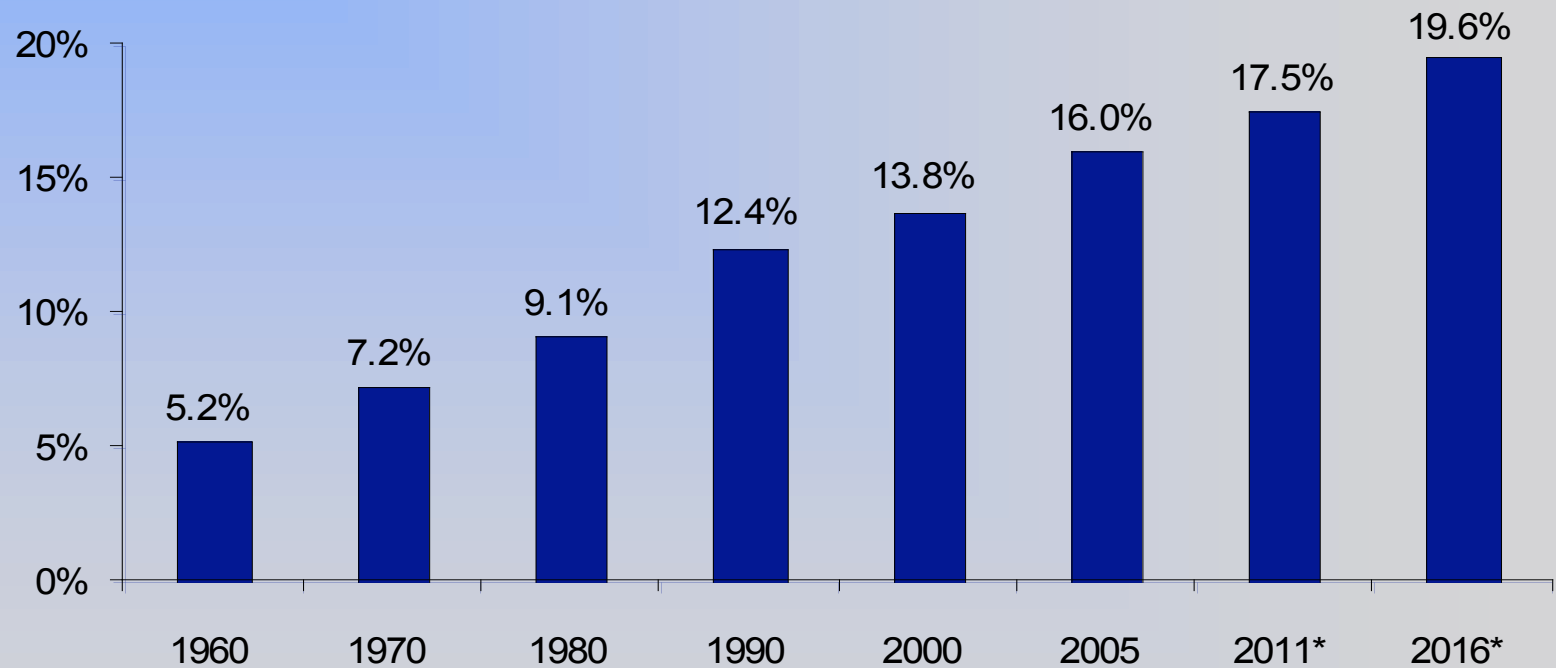
## Why is Reform Needed?

---

---

- ★ Costs are rising unsustainably
- ★ Uninsurance is rising, and private health coverage is eroding
- ★ Quality of health care is uneven and needs to improve across the board
- ★ Unhealthy behaviors are driving costs up

# Health Care Spending as a Share of Gross Domestic Product

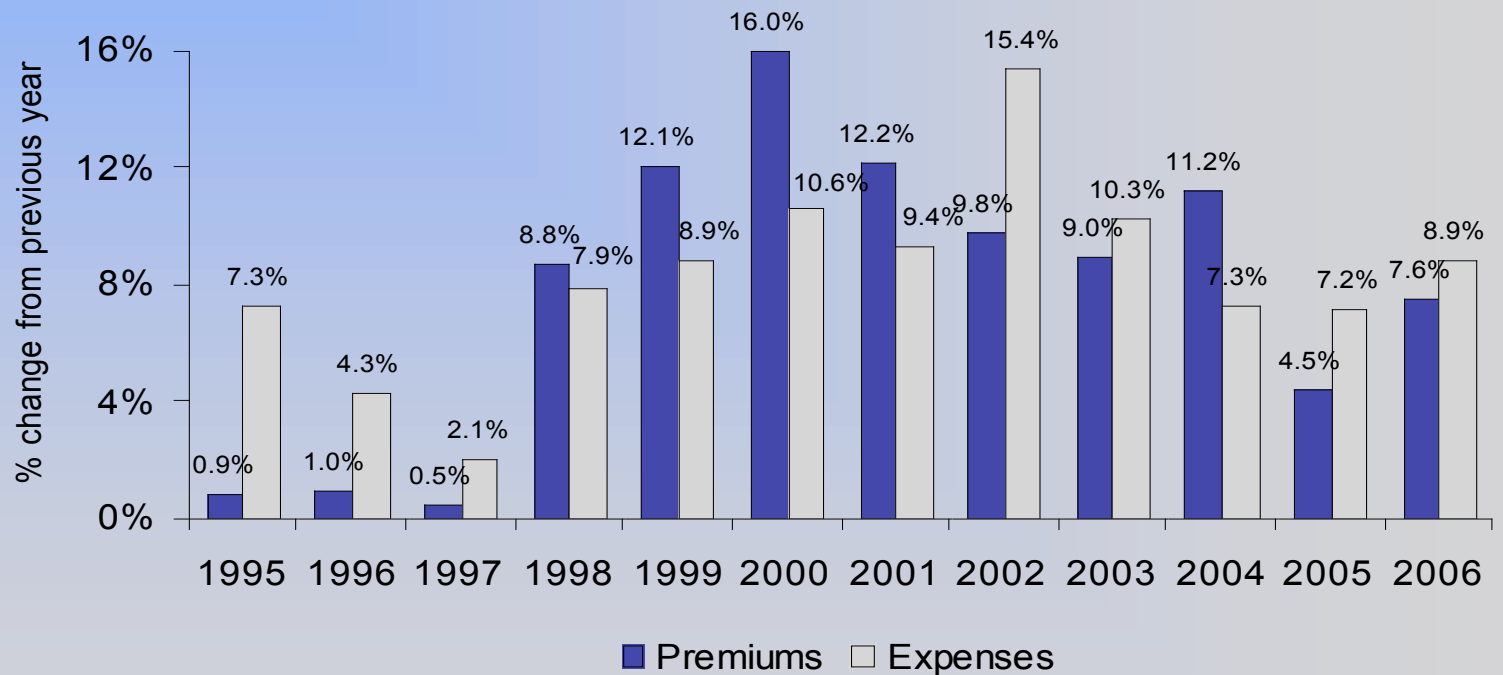


# Trend in Minnesota Health Care Spending



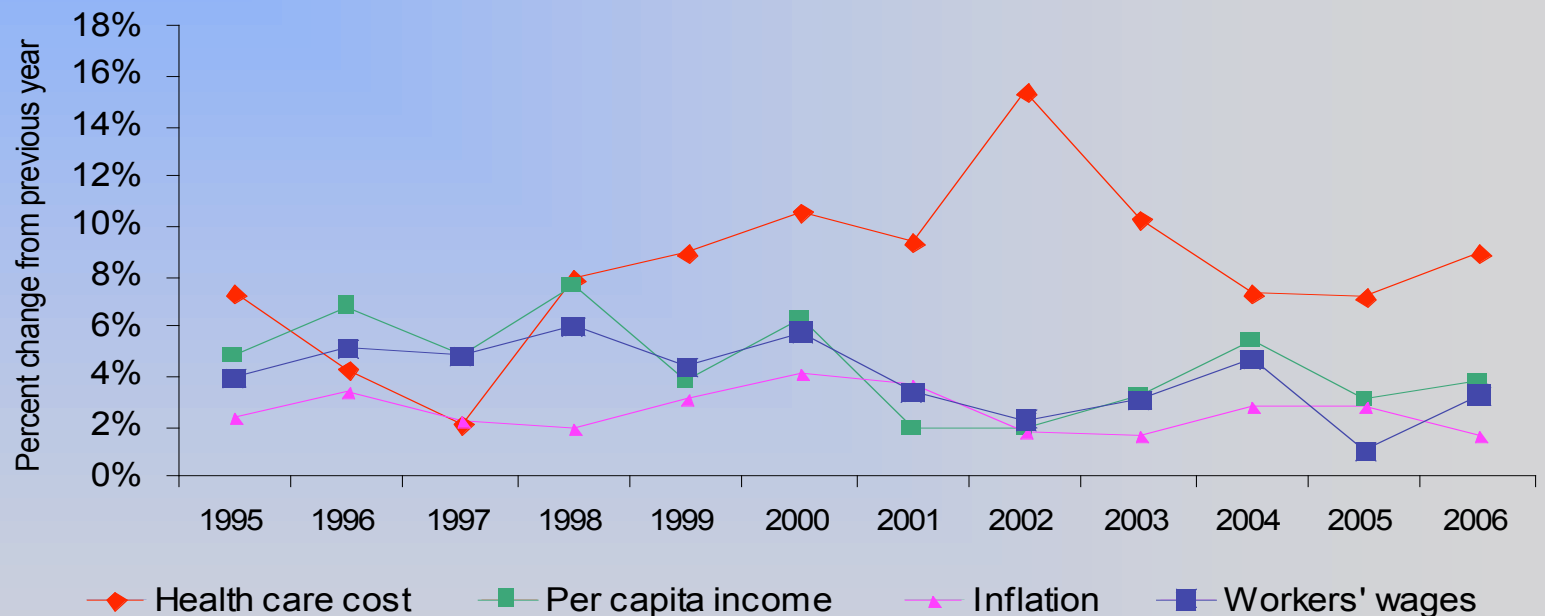
# Private Health Insurance Premium and Spending Trends, 1995 to 2006

## Per Minnesota Resident With Private Health Insurance



Source: MDH Health Economics Program. Fully-insured market only.

# Key Minnesota Health Care Cost and Economic Indicators, 1995 to 2006

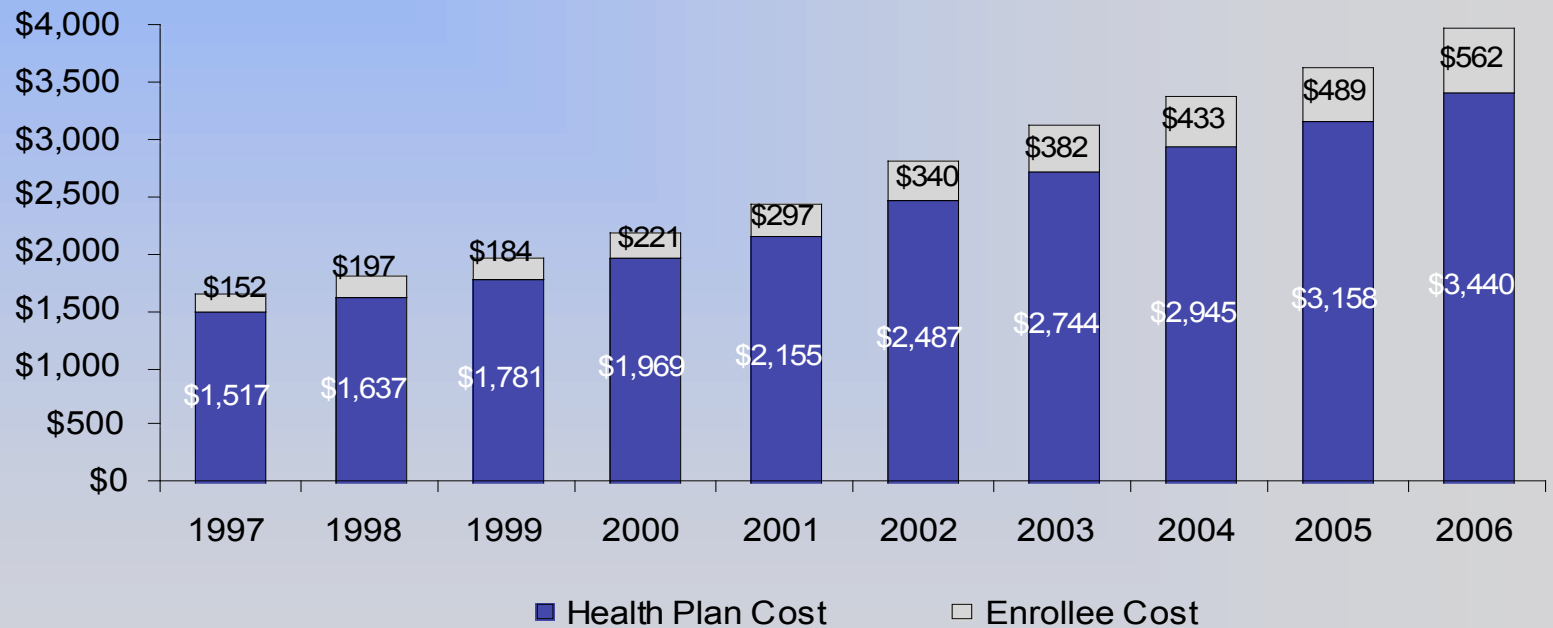


Notes: health care cost is MN privately insured spending on health care services per person, and does not include enrollee out of pocket spending for deductibles, copayments/coinsurance, and services not covered by insurance..

Sources: Health care cost data from Minnesota Department of Health, Health Economics Program; per capita personal income from U.S. Department of Commerce, Bureau of Economic Analysis; inflation data from U.S. Bureau of Labor Statistics (consumer price index); workers' wages from MN Department of Employment and Economic Development

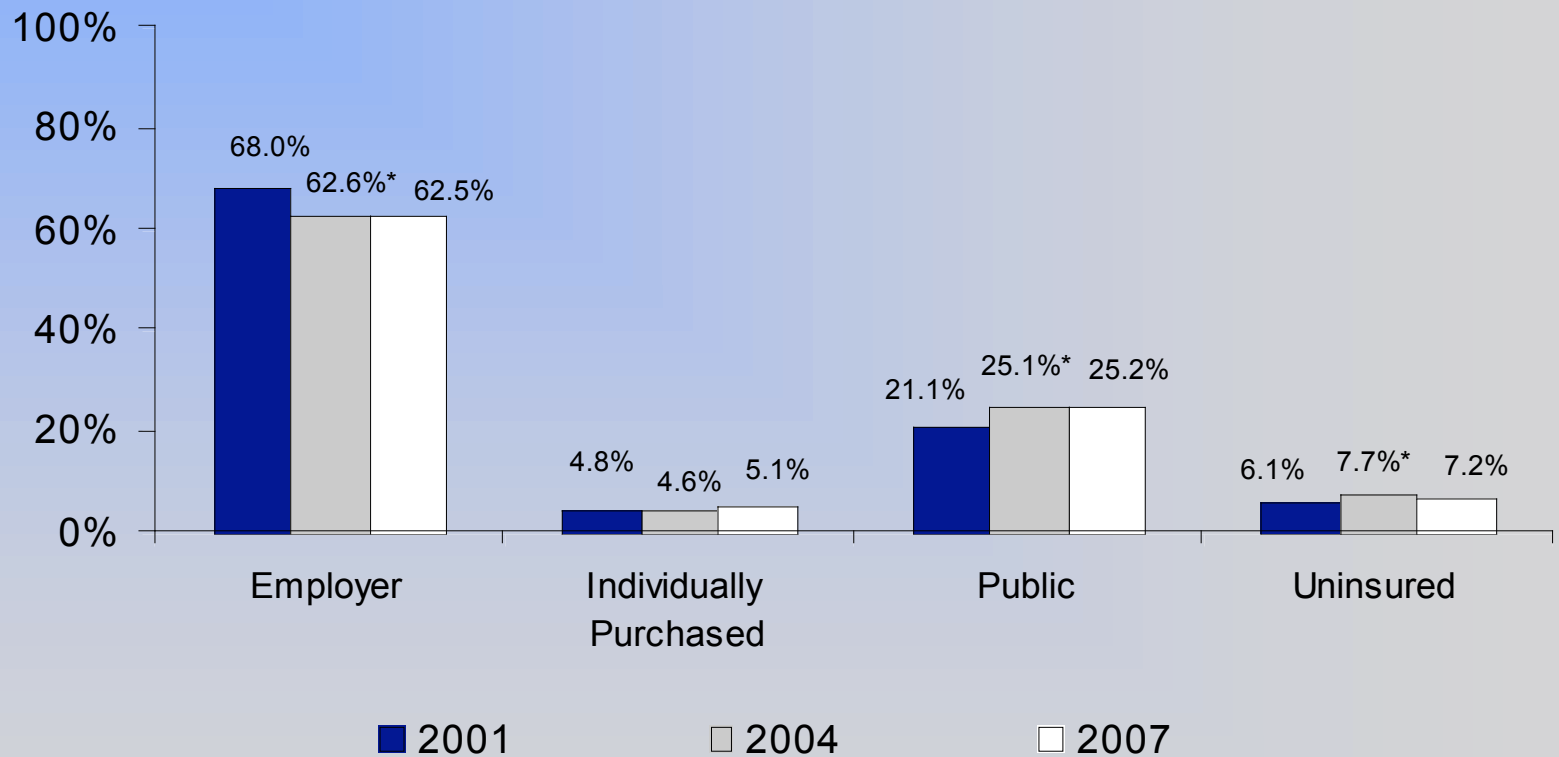
# Total Cost Per Person and Health Plan/Enrollee Shares, 1997 to 2006

## Minnesota Fully-Insured Private Market

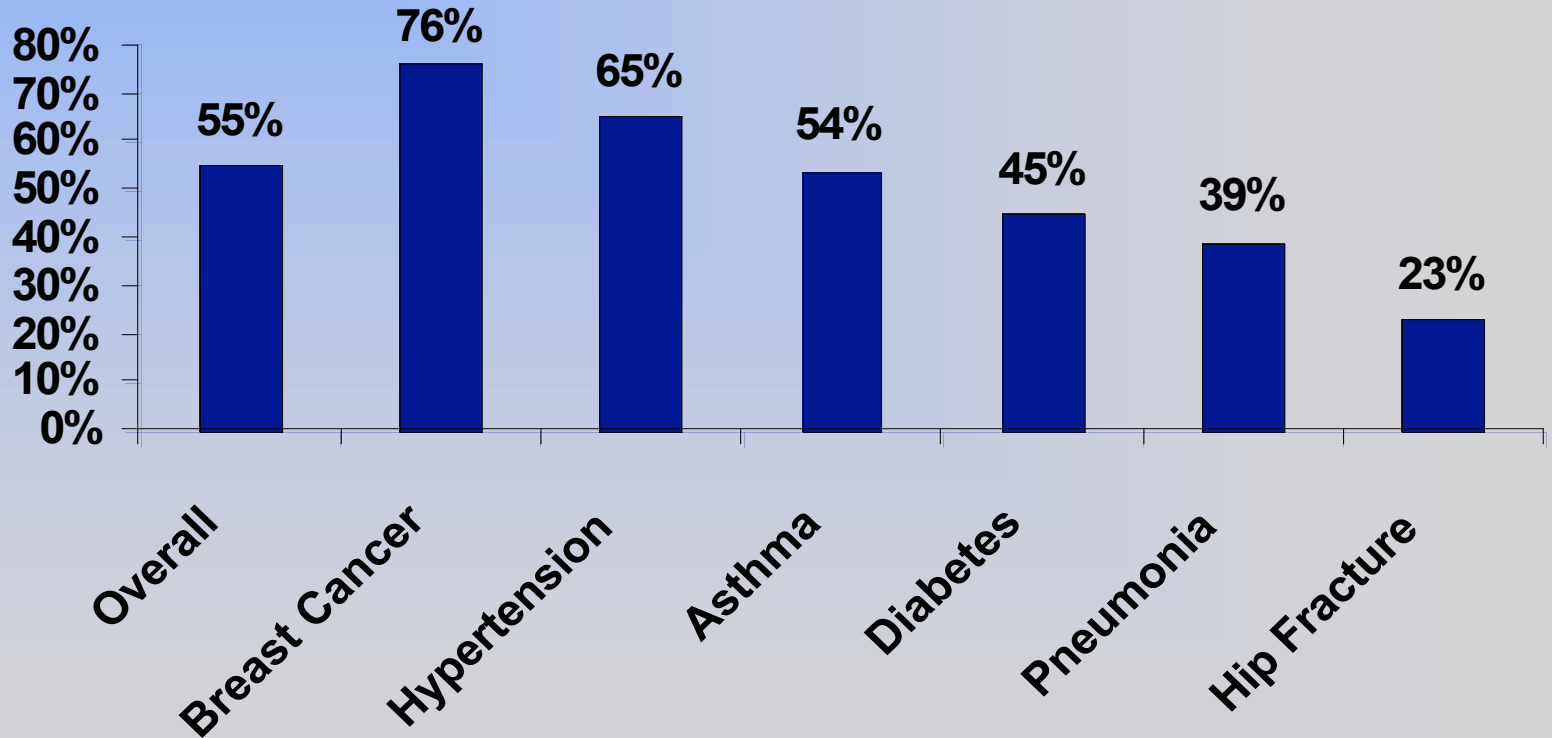


Source: MDH Health Economics Program.

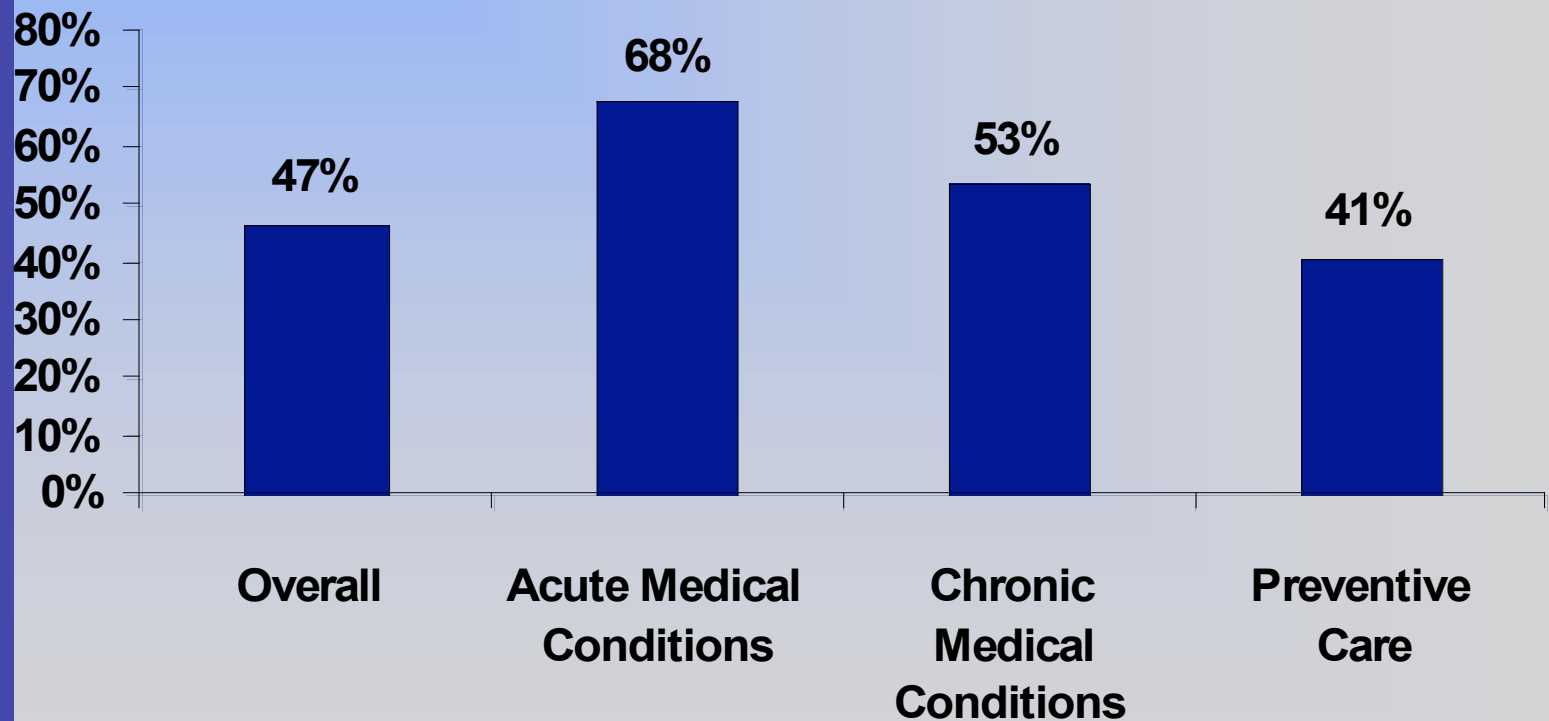
# Sources of Insurance Coverage in Minnesota, 2001 to 2007



## Percentage of U.S. Adults who Receive Recommended Care for their Conditions



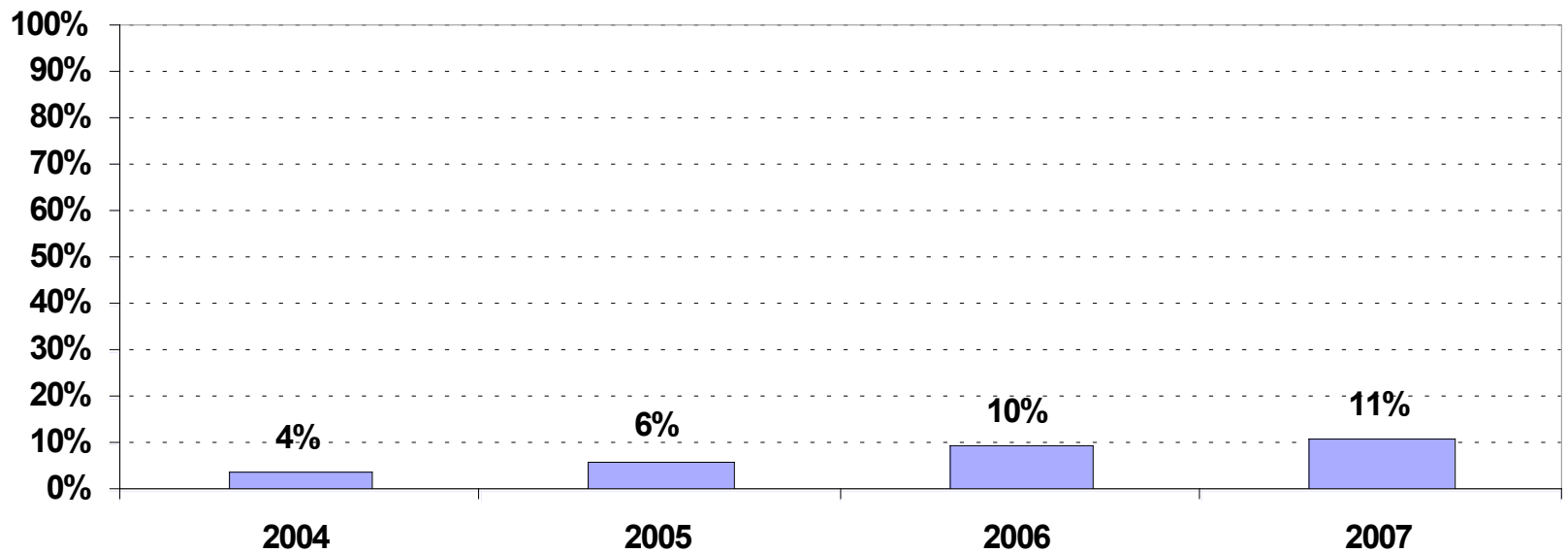
## Percentage of U.S. Children who Receive Recommended Care for their Conditions



Source: The New England Journal of Medicine 2007; 357, 1515-23.

# Minnesota Diabetes Care

Percent of diabetics receiving optimal diabetes care



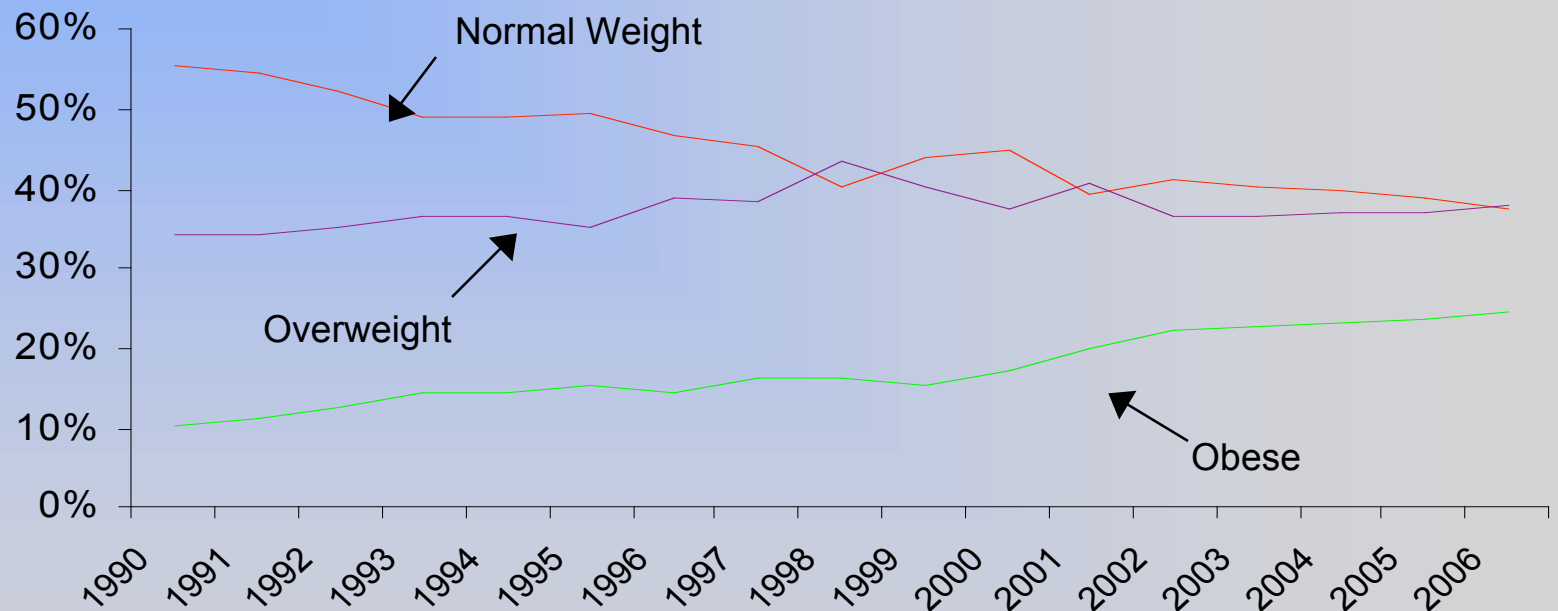








# Trends in Overweight/Obesity in Minnesota



Source: Behavioral Risk Factor Surveillance Survey

# Impact of Rising Obesity on Health Care Costs (National study)

---

---

- ★ Increasing prevalence
  - Between 1987 and 2001, obesity prevalence increased 10.3 percentage points, while normal weight prevalence declined 13 percentage points
- ★ Widening gap between health care spending for obese vs normal weight population
  - Difference grew from 15% to 37%
- ★ As a result of both these factors, obesity-related health spending accounted for an estimated 27% of inflation-adjusted per capita health spending increases
  - 41% of the rise in heart disease spending
  - 38% of the rise in diabetes-related spending

# Health Care Transformation Task Force Key Recommendations

---

---

- ★ Improve population health
- ★ Improve the quality, cost, and patient-centeredness of health care system
- ★ Restructure the payment system
- ★ Reduce the overall size and cost of the health care system
- ★ Ensure health insurance access and affordability

# Payment Reform

---

---

- ★ Current system: based on individual services
  - Few incentives for prevention, care coordination/management, quality improvement, innovation, or value
  - Few consumer incentives to choose provider based on quality or cost
  - Limited information on price and quality of care
  - Incentives to invest in high margin services and to avoid low margin services

## A reformed payment system should:

---

---

- ★ Improve the health care outcomes of Minnesotans
- ★ Improve the coordination and delivery of care for Minnesotans
- ★ Create a system of transparent price and quality to the marketplace
- ★ Provide incentives for consumers to choose and use high quality, efficient providers
- ★ Allow providers the opportunity to innovate and redesign their care delivery in ways that support high quality, lower cost, high value health care

# Update on Current Status of Reforms

---

---

- ★ Transformation Task Force and Health Care Access Commission recommendations were similar
- ★ Legislation would implement reforms by:
  - Investing in public health
  - Reforming the payment system
  - Improving affordability and access to insurance coverage
- ★ Current status

# Contact Information

---

Julie Sonier, Director  
Health Economics Program  
Minnesota Department of Health  
651 201-3561  
[julie.sonier@state.mn.us](mailto:julie.sonier@state.mn.us)

Website: [www.health.state.mn.us/health/economics](http://www.health.state.mn.us/health/economics)