

Sustainable Health Expenditures Workgroup

Methodology for tracking health care spending

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Overview

- Description of overall plan
- Medicaid pricing example
- Questions for group

Overall plan

1. Use available data to construct estimates of per-member, per-month spending for relevant insurance groups (commercial, Medicaid, Medicare, other)
2. Use available data to estimate member months in each group
3. $\text{Spending} = \text{PMPM} * \text{MemberMonths}$

Medicaid data

- Data for non-duals relatively complete
- Contracted (e.g. capitation amounts) missing
- Administrative costs missing
- Flexible spending categories (air conditioners) hard to track
- $\text{Spending} = \text{PMPM} * \text{MemberMonths}$
- Example shown later

Commercial data

- APAC data allows for PMPM and total enrollment
- Not all health plans are in APAC
- Some claims (substance abuse) are missing
 - These should be relatively small % of total spend
- If we have some idea of the percent of commercial population covered by APAC, should be able to extrapolate to all of Oregon
- $\text{Spending} = \text{PMPM} * \text{MemberMonths}$

Medicare

- Three populations
 - Medicare Advantage
 - Medicare FFS
 - Duals
- Would use APAC for MA estimates
- Would work off available data (Kaiser Family Foundation, CMS) to develop estimates on populations and PMPM for Duals and FFS
- In each case, will generate
 - Spending = PMPM*MemberMonths

Other Insured Groups

- CHAMPUS, VA, etc?
- Will search available sources to build up estimates
- $\text{Spending} = \text{PMPM} * \text{MemberMonths}$

Uninsured

- CHAMPUS, VA, etc?
- Will search available sources to build up estimates
- $\text{Spending} = \text{PMPM} * \text{MemberMonths}$

Taking all these together...

- For each group, can track population and per capita spending
- Allows assessment of impacts of population growth and coverage changes
- In future iterations, also possible to attach “standardized” price to all groups
 - Total spending is then a proxy for utilization
 - Changes in actual spending can be decomposed into changes in utilization vs. changes in price

Developing Spending Estimates for Medicaid Population - I

- Challenges:
 - Different eligibility groups with different service needs
 - Managed care claims for capitation

Developing Spending Estimates for Medicaid Population - II

- Exclude Medicare/Medicaid “dually eligible”
- Exclude individuals 65 and over
- Break down spending into 4 cohorts
 - Non-pregnant adults
 - Pregnant women
 - Infants (0-1)
 - Children 1-18

Developing Spending Estimates for Medicaid Population - III

- Data are “repriced”
 - “Average” price attached to each claim
 - Allows us to attach a “price” to capitation/encounter claims
- Results are per capita or “PMPM” spending

Medicaid acute care spending

Group	PMPM (allowed)	PMPM (repriced)	Member Months	Total (Repriced)
Non-pregnant adults (19-64)	\$346	\$368	2,068,871	\$761,344,528
Pregnant Women	\$1024	\$1062	163,619	\$173,763,378
Children (1-18)	\$84	\$93	4,032,015	\$374,977,395
Infants (0-1)	\$1029	\$1012	140,830	\$142,519,960
TOTAL				\$1,452,605,261

Medicaid pharmacy spending

Group	PMPM (allowed)	Member Months	Total
Non-pregnant adults (19-64)	\$92	2,068,871	\$190,336,132
Pregnant Women	\$23	163,619	\$3,763,237
Children (1-18)	\$15	4,032,015	\$60,480,225
Infants (0-1)	\$5	140,830	\$704,150
TOTAL			\$225,283,784

Medicaid total spending

Total Acute Care	Total Pharmacy	Total
\$1,452,605,261	\$225,283,784	\$1,707,889,005

Questions for group

- Is this appropriate & useful as a first step?
- What are the major concerns?
 - Are there workarounds to address those concerns?