Possible Savings from Oregon's UHP and Comments on Milliman Report

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Well Known Benefits of Single-payer Systems from the experience among Global Affluent Countries

Universal coverage with Equal Reasonable Benefit Package

Improved Access and Quality of Healthcare Services for All the People

Reduce administrative Costs and
Improve Efficiencies and Cut WASTES in Healthcare Systems

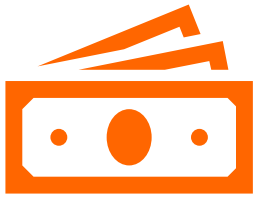
How Single-payer systems Reduce Healthcare Cost?

HEALTHCARE COST ITEMS	HOW?
Providers' billing, insurance related Administrative expense (BIR)	**Instead of multiple insurance plans, each with its own benefit package, rules & procedures for payment, now only one with all people have coverage**
Insurance agency's administrative expenses	With only one agency, it administers with economy of scope. + removes sales/marketing and commission expenses
Fraud and Claim Abuses	One unified clinical/claim information system gives holistic picture of claims of each provider
Duplication of visits, tests and medical history	One unified clinical/claim information system to inform the history and health services the patients have had.
Pharmaceutical prices and use	Bulk purchasing and price bargaining with powerful pharmaceutical companies.

Additional Considerations

Incomes of providers will increase when single-payer system reduces their bad debts

Physicians' gains, on average, 8 hours per week from vastly reduced time spent on BIR work.



Potential savings: set-up global budget payment system such as Maryland Hospital Payment system.

Table taken from presentation to the Transition Committee in May 2026, by Miriam McDonell

BIR Category	Potential BIR Savings (% of operating revenue)*		Sources
	Physician Offices	Hospital Inpatient	
Contracting between insurers & providers	0.05%		Sakowski 2009
Patient insurance + coverage check (eligibility)	0.91%, 1.35%	1.64%	Sakowski 2009, Tseng 2018, Richman 2022
Billing			
Billing - clinician coding	2.8%, 0.64%, 3.8%	2.8%	Kahn 2005, Sakowski 2009, Tseng 2018, Richman 2022
Billing - submit, revise	3.2%, 1.56%	0.39%	Tseng 2018, Sakowski 2009, Richman 2022
Billing support	1.13%		Sakowski 2009
Billing overall	5.3%	2.4%, 4.8%	Morra 2011, Kahn 2005, Richman 2022
Formulary	0.60%, 1.74%		Morra 2011, Sakowski 2009
Managed care (enroll, capita)	0.3%		Sakowski 2009
Quality	0.3%		Morra 2011
Provider credentials	0.35%		Morra 2011
Prior authorizations**	3.8%, 2.9%		Morra 2011, Sakowski 2009
BIR total	10.3%, 9.2%, 10.1%	10.6%***	Kahn 2005, Sakowski 2009, Morra 2011, Kahn 2005, Richman 2022
Administration total		12%	Himmelstein 2014

Reduction in Fraud and Claim Filing Abuses

- The FBI has estimated that medical claim fraud alone accounts for 3-10% of USA health expenditures.
- Numerous empirical studies have found claim filing abuses cost another 5-10% of our annual health expenditures through:
  - Upcoding.
  - code creep (DRG and professional services code creeps).
  - proliferation of codes (DRG codes increased from 478 to 1,000, physician service codes increased to 10,000)

Reduce Duplications and Unnecessary Healthcare + Improve quality of healthcare

Through a unified clinical/claim information system, numerous empirical studies found evidence it can significantly reduce the following wastes:

- **Duplication of office visits and unnecessary visits**
- **Duplication of diagnostic tests and retaking medical history**
- **Reduce readmission to hospitals**

- **Reduce medical errors and medical costs of in treating these errors**
- **Improve coordination of healthcare**

The Expected Amount of Savings from a Single-payer system

HEALTHCARE COST ITEMS	POSSIBLE AMOUNT OF SAVINGS (as % of total annual health expenditure)
Providers' billing, insurance related Administrative expense (BIR)	**10%**
Insurance agency's administrative expenses	**At least 5%**
Fraud and Claim Abuses	6-8%
Duplication of visits, tests, scans, & hospital admissions.	8-10%
Pharmaceutical prices and use	5-8%

Conclusions and my Recommendations

International evidence shows that there are significant possible savings from a single-payer health systems.

Milliman Report did NOT INCLUDE possible savings in its estimated costs of UHP. It, however, acknowledged the savings from billing, insurance related (BIR) expenses, but seems to assume the providers will keep it as increased income.

Cost estimates of Oregon UHP should include savings from reducing fraud and claim abuse and savings from reducing duplication of services and tests derived from a unified clinical/claim information system.

The Board must recommend **WHO** should share and benefit from these savings.

Oregon State should reconsider what agency could be the most capable, efficient and least expensive to administer its UHP.

Oregon UHP should plan transition actions to establish a unified clinical/claim information system to realize the improvement in quality and potential cost savings of such a system.

Transform Health System

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