

# **Connecticut's Health Care System: A network of cracks and who's falling through**

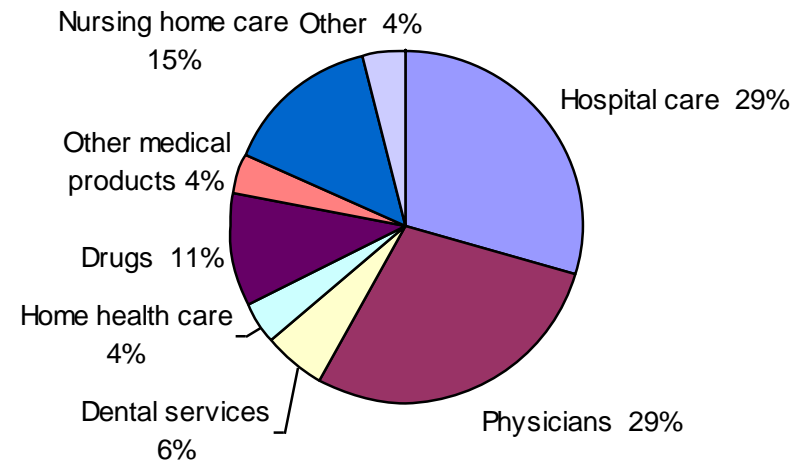
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CT Health Policy Project for  
Waterbury Hospital Care Managers  
10/18/05

# CT's Health Care Dollar

## Where does it go?

(2000 – CMS)

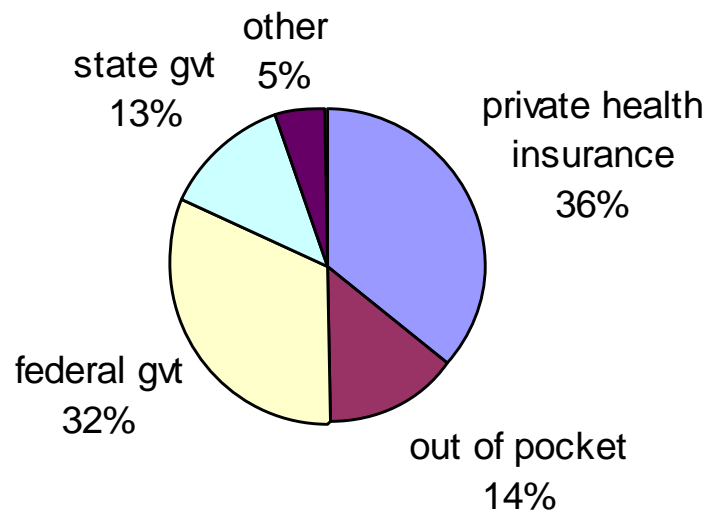
Hospital care	\$4,938,000,000
Physicians	\$4,866,000,000
Dental services	\$950,000,000
Home health care	\$654,000,000
Drugs	\$1,784,000,000
Other Medical Products	\$615,000,000
Nursing home care	\$2,476,000,000
Other	\$657,000,000
Total	\$16,970,000,000



# Where does it come from?

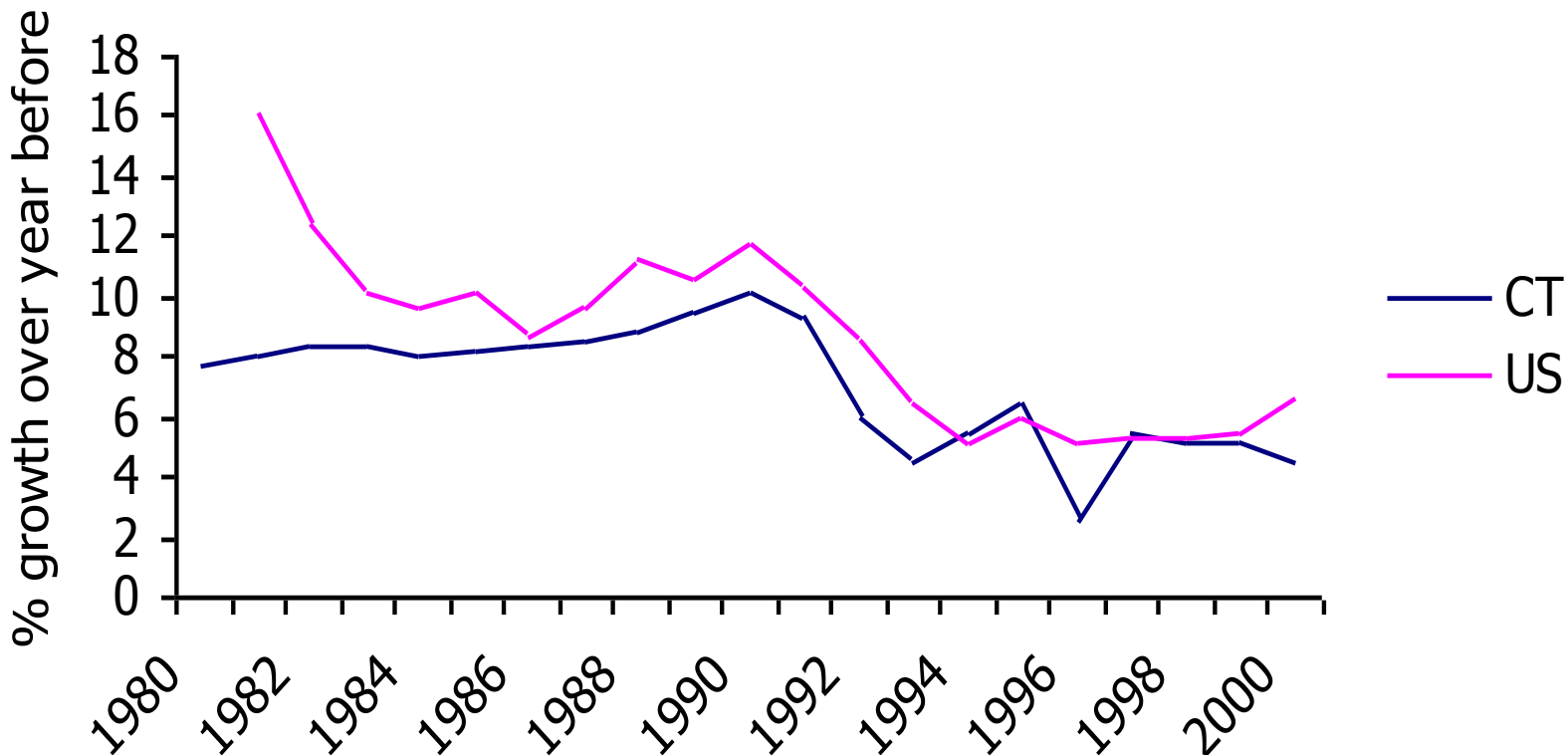
(US – CMS, 2003)

Private health insurance	\$601 billion
Out-of-pocket	\$231 billion
Federal gvmnt	\$542 billion
State and local gvmnt	\$224 billion
Other	\$82 billion
Total	\$1,679 billion



# Growth in CT's health care costs

annual growth, CMS



# Costs of Health Care in CT

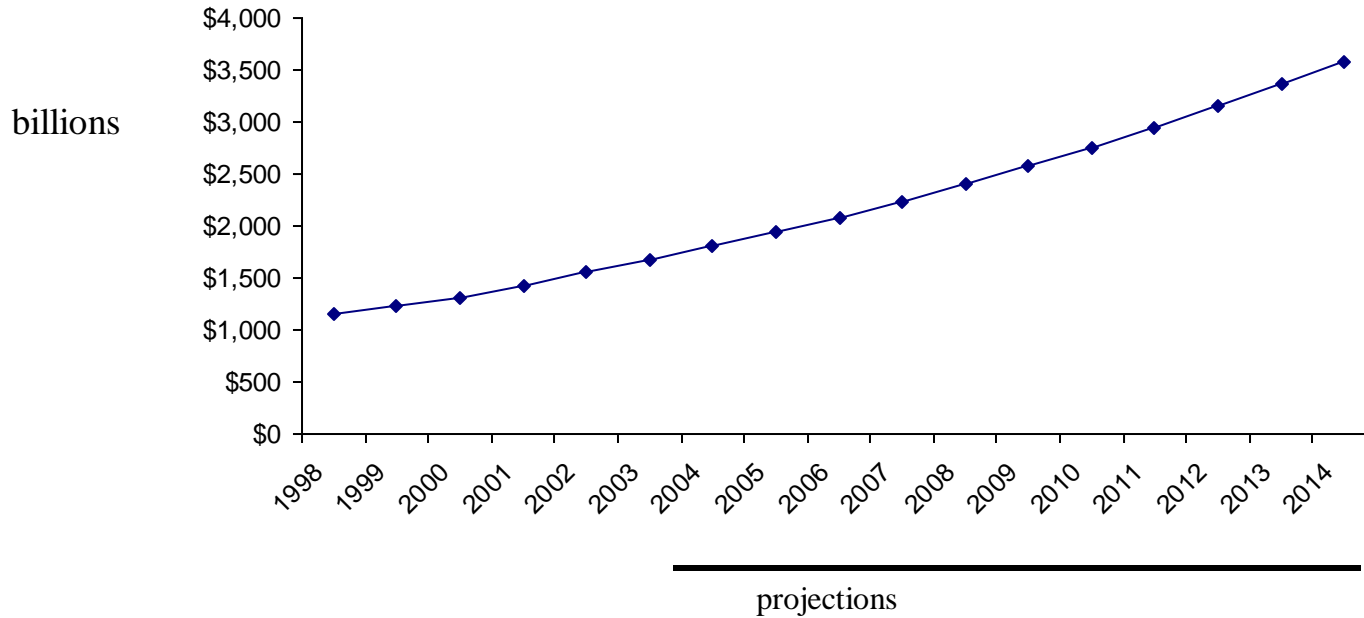
- CT spends 11% of our Gross State Product on health care
- In 2000 we spent \$4991.18 per person -- 24% higher than the US average
- 6th most expensive state in US for family coverage -- 12<sup>th</sup> highest for single coverage
- Average CT premiums up 56% since 2000, but wages are only up 14%

# Why is health care so expensive?

- First, because one in ten CT residents doesn't have coverage -- that costs us an extra \$198 per year for single coverage and \$583 for CT families
- Rise in prevalence of the top five medical conditions accounted for 31% of the growth in costs, not cost per case
- Lifestyles – e.g. Obesity costs each CT resident \$246/year in higher medical costs
- What isn't driving costs – malpractice, waiting lists
- Drivers of cost growth
  - Drug prices up 2.5X faster than rest of medical care over 10 yrs.
  - Hospital costs were growing faster, but have slowed somewhat
  - Profit

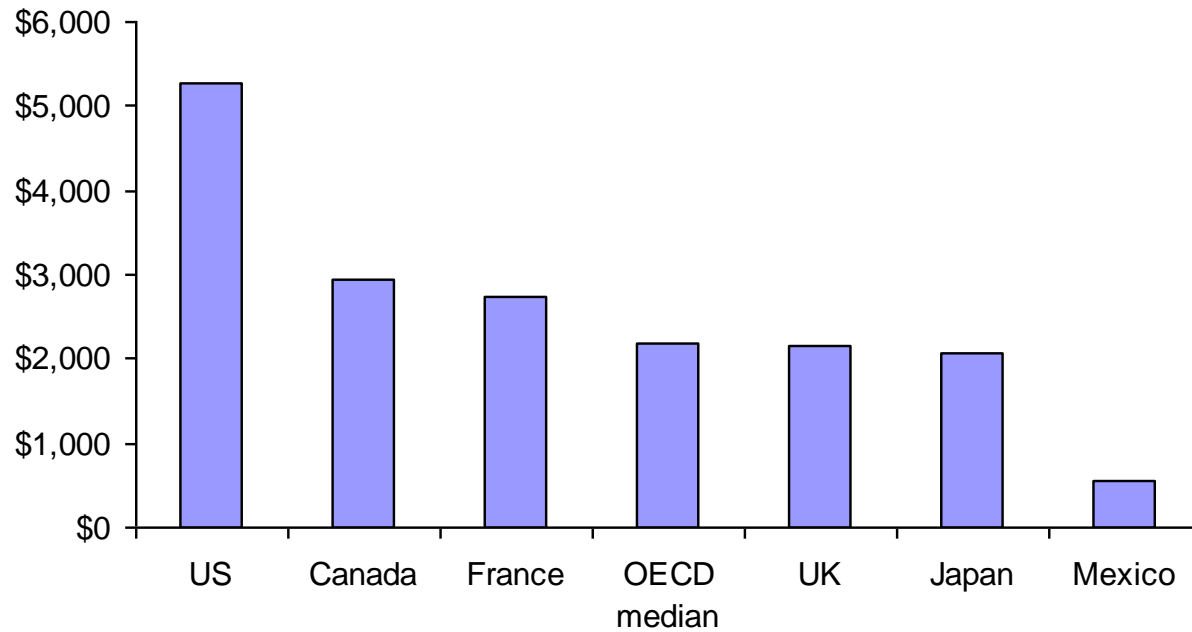
# And it's getting worse

(US, CMS)



# Expensive compared to others

health care spending per capita, 2002





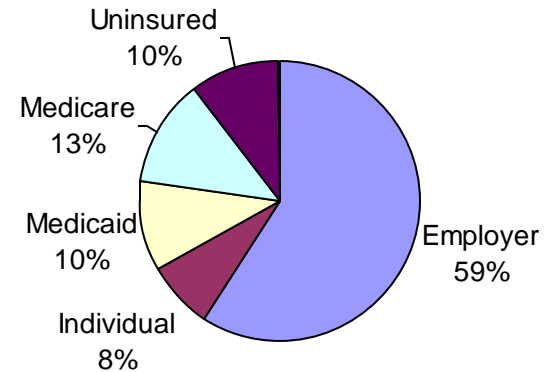
# Health care is critical to CT's economy

- One in nine CT workers is employed in healthcare services
- From 7/00 to 7/05 health care jobs grew by 16% while overall job growth was only less than 2%
- Health care providers lead the list of highest paid workers in a wealthy state – 5 of top 6
- Every dollar spent on Medicaid in CT creates \$2.09 in business activity, generating 31,695 jobs and \$4.5 billion in wages
- CT is central to the growing “US healthcare epicenter” from DC to Boston corridor
- Stock analysts have consistently advised their clients to invest in healthcare during troubled times

# Insurance Coverage in CT

(US Census, 2004 data)

Employer	2,346,000
Individual	312,000
Medicaid	413,000
Medicare	513,000
Uninsured	407,000



# CT's Uninsured is not a small problem

Number of Uninsured in CT

=

The populations of the City of  
New Haven + City of  
Hartford + City of  
Waterbury+ City of  
Middletown

	Population
Fairfield County	882,567
Hartford County	857,183
New Haven County	824,008
<b>CT's Uninsured</b>	<b>407,000</b>
New London County	259,088
Litchfield County	182,193
Middlesex County	155,071
Tolland County	136,364
Windham County	109,091

# Who is uninsured in CT? (2005 – OHCA)

- Two out of three uninsured adults are workers
- Most family incomes \$12,000 to \$45,000/year
- Tend to be single, young adults age 19 to 29
- Nine out of ten do not have a college degree
- Hispanics in CT are >3 times more likely to be uninsured

# Who are CT's Uninsured?

- Income is most closely correlated with insurance
- Most uninsured workers are employed at small firms (<50 workers)
- For 6 in 10, their employer does not offer coverage
- Another 14% are not eligible for health benefits at work
- Half are temporary or part-time

# It's not healthy to be uninsured

- CT's uninsured are 10 times less likely to get care for an injury and 7 times less likely to get care for a medical emergency
- The uninsured often go without screenings and preventive care
  - 12% of hospital stays for the uninsured could have been prevented with early treatment, each avoidable stay averaged \$3300 in 2002
- The uninsured are less likely to access on-going care to manage chronic diseases
- Uninsured Americans are less healthy and die earlier

# It's expensive to be uninsured

- While the uninsured use half as much health care as the rest of us, they pay far more out of pocket
- Half of bankruptcies are due to high medical bills
- The uninsured are four times more likely to delay seeking medical care due to cost
- The uninsured often pay the highest prices for their care, full retail prices, no HMO discounts

# It's not good for communities either

- Taxpayers fund 80 to 85% of care for uninsured
  - Financial strains on safety net providers, funded with public dollars
- Access to care is lower for everyone in communities with higher rates of uninsured
  - Hospitals have fewer beds
  - Less likely to offer trauma and burn care
- Providers raise rates to cover uninsured patients, raising local costs of care and premiums
- Public health hazards of increased populations with untreated disease



# Options

- Tax credits – individuals, small business
- Expand public programs
- Various carrots & sticks for employers
- Individual mandates
- Pools – small business, HUSKY, non-profit, private for-profit, MEHIP
- Better consumer information about options
- Bare bones, reduce mandates
- Defined contributions/HsAs/consumer-directed health plans
- COBRA assistance
- Change lifestyles – smoking cessation, obesity prevention
- Expand clinics and other safety net providers
- Cost controls
- Universal health care

# HUSKY

- Covers 318,538 low-income CT residents, who would be uninsured if not for HUSKY
- Covers 1 in every 5 CT children and 1 in every four CT births
- Comprehensive, affordable coverage, far better than most low wage earners could get from employers
- Expanding coverage for parents and grandparents raising grandchildren to 150% FPL on Friday

# No need to cut HUSKY

- Children and families are the least expensive to cover – Families make up 73% of CT Medicaid recipients but use only 18% of the dollars
- Medicaid is more cost-effective than private insurance – study finds moving privately insured adults to Medicaid could save 16%
- HUSKY cost only \$2090 per person last year, compare to \$8000 single coverage premium average
- CT Medicaid spending is under control – less than other states, fed.s, private increases

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