

# **Rhode Island Can Afford Health Care for All**

## **Appendix III: Detailed Tables**

***Part 3 of a Three-Part Report***

## Appendix III: RI Health Spending Without and With Reform - Detailed Tables

<b>Section 1: Projected Health Expenditures for Rhode Island Residents for 2002</b>		
This section portrays the projected cost of health care for residents of Rhode Island in the baseline year (1999) before any reforms have been implemented.		
<b>Expenditures assuming no reform</b>	<b>Amount (\$Millions)</b>	<b>Share of Resident Spending</b>
1) Hospital Care	<b>\$2,172</b>	30.1%
2) Physician & Other Professional Services	<b>\$1,572</b>	21.8%
3) Dental Services	<b>\$314</b>	4.4%
4) Home Health Care	<b>\$169</b>	2.3%
5) Prescription Drugs & Medical non-durables	<b>\$919</b>	12.7%
a) Prescription Drugs	<b>\$795</b>	11.0%
6) Vision Products and Other Medical Durables	<b>\$52</b>	0.7%
7) Nursing Home Care	<b>\$586</b>	8.1%
8) Other Personal Health Care	<b>\$568</b>	7.9%
9) Personal Health Care Total	<b>\$6,345</b>	87.9%
10) Program Administration and Net Cost of Private Health Insurance	<b>\$472</b>	6.5%
11) Government Public Health Activities	<b>\$259</b>	3.6%
12) Research	<b>\$142</b>	2.0%
13) Construction (not included in total to avoid double counting)	<b>\$100</b>	1.4%
14) Total	<b>\$7,217</b>	100.0%

**Section 2: Sources of Projected Rhode Island Beneficiary Health Expenditures  
(for Residents and for Non-resident Workers)**

**Expenditures assuming no reform**

In this section, we divide the total health expenditures for residents between public and private sources. We also add health expenditures for non-residents working in the state.

	<b>Amount (\$Millions)</b>	<b>Share of Beneficiary Spending</b>	<b>Share of Resident Spending</b>
<b>1) Public</b>			
A) Medicare (less privately paid premiums)	\$1,246	16.7%	17.3%
B) Medicaid	\$1,199	16.1%	16.6%
C) Other government expenditures	\$1,063	14.2%	14.7%
<b>D) Total public</b>	<b>\$3,508</b>	<b>46.9%</b>	<b>48.6%</b>

<b>2) Private</b>			
A) Private health insurance & other private health spending	\$2,462	33.0%	34.1%
B) Out of pocket expenditures	\$867	11.6%	12.0%
C) Workers Compensation privately funded medical portion	\$284	3.8%	3.9%
D) Medicare privately paid premiums (subtracted from 1a)	\$105	1.4%	1.5%
E) Payments for health insurance for non-residents working in-state	\$255	3.4%	3.5%
<b>F) Total private</b>	<b>\$3,973</b>	<b>53.2%</b>	<b>55.0%</b>
<b>3) Total public and private (including out of state worker health expenditures)</b>	<b>\$7,472</b>	<b>100.1%</b>	<b>103.6%</b>

<b>Section 3: Net Cost of Universal Coverage</b>	
In this section, the additional costs incurred for universal coverage, and the savings resulting from universal coverage and delivery system reforms are itemized.	
	<b>Single Payer Without Cost Sharing</b>
<b>4) Additional costs associated with universal coverage (\$ millions)</b>	
A) Cost of increased utilization due to universal access to comprehensive benefits	
i) Bringing currently uninsured to average health service use rates	\$128
ii) Additional utilization resulting from reduction or elimination of patient cost sharing	\$818
a) Increased use of hospital services	\$111
b) Increased use of physicians' and other professionals' services	\$206
c) Increased prescription drug utilization	\$259
d) Increased use of nursing home services	\$0
e) Increased use of home care services	\$25
f) Increased use of dental care	\$157
g) Increased use of medical durables	\$30
h) Increased use of other personal health care	\$29
iii) Total increased spending (sum of i and ii)	\$946
B) Cost of added use of assistive technology, rehab services, and attendant care	\$44
C) Cost of increased coordination, health data collection, and analysis services	\$37
<b>D) Total additional costs for Rhode Island beneficiaries (Aiii + B + C)</b>	<b>\$1,027</b>
<b>E) Subtotal (2 F + 4D -- health spending requiring public or private funding)</b>	<b>\$4,999</b>
<b>F) Total expenditures for full coverage for all benefits (1E + 4D)</b>	<b>\$8,507</b>
G) Increase over current expenditures for Rhode Island residents (Section 1, line 15)	17.9%
H) Increase over current expenditures for Rhode Island beneficiaries (Section 2, line 3)	13.9%

	<b>Single Payer Without Cost Sharing</b>
<b>5) Savings associated with universal coverage and delivery system reforms (\$ millions)</b>	
A) Savings due to reduction in workers comp medical payments	\$14
B) Savings from more appropriate treatment for ambulatory sensitive conditions	\$26
C) Savings from cost controls	
i) Savings on hospital/physician use: utiliz. mgmt, practice patterns, timely care	\$184
ii) Savings from capital planning and cap on capital spending	\$46
D) Savings from bulk purchasing discounts/ price negotiations for medical products	
i) Prescription drug savings from payment for added volume at marginal cost	\$251
ii) Durable medical equipment savings	\$21
E) Savings due to simplification of administration	
i) Private health insurance overhead savings	\$314
ii) Hospital administrative savings	\$273
iii) Physicians administrative savings	\$162
iv) Nursing home administrative savings	\$12
v) Dental care administrative savings	\$4
<b>F) Total savings</b>	<b>\$1,306</b>

<b>6) Total cost of health care for Rhode Island beneficiaries after savings</b>	<b>\$7,201</b>
A) Increase (decrease) over projected RI resident spending without reform	(\$16)
B) Percent Increase (decrease) over projected RI resident spending without reform	-0.2%
<b>C) Increase (decrease) over projected RI beneficiary spending without reform</b>	<b>(\$271)</b>
<b>D) Percent Increase (decrease) over projected RI beneficiary spending without reform</b>	<b>-3.6%</b>

**Section 4: Financing Universal Coverage**

This section shows potential funding sources for universal coverage alternatives.

	<b>Single Payer Without Cost Sharing</b>
<b>7) Out-of-state funding that can finance part of the cost of reform (\$ millions)</b>	
A) Federal share of increased spending resulting from Medicaid expansion	\$0
B) Federal funds generated by higher Medicaid use	\$64
C) Federal funds generated by higher Medicare use	\$145
D) Estimated employer contributions for residents working out-of-state	\$435
<b>E) Total additional costs paid for through non-state sources (no cost sharing)</b>	<b>\$644</b>

<b>8) Net cost of Rhode Island health care after increased out-of-state financing</b>	<b>\$6,557</b>
A) Increase (decrease) over projected RI resident spending without reform	(\$660)
B) Percentage Increase (decrease) over projected RI resident spending from existing revenue sources without reform	-9.1%
C) Increase (decrease) over projected RI beneficiary spending without reform	(\$915)
D) Percentage Increase (decrease) over projected RI beneficiary spending from existing revenue sources without reform	-12.2%

	<b>Single Payer Without Cost Sharing</b>
<b>9) Source of health spending after reform (\$ millions)</b>	
A) Existing public spending for health care	\$3,508
B) Additional public spending for health care after reform	\$2,822
C) Private insurance and other private payments for health care	\$0
D) Out-of-pocket (patient cost sharing) spending for health care	\$227
i) Patient cost sharing for Hospital and Physician services	\$0
ii) Patient cost sharing for room and meal cost in nursing homes	\$103
iii) Patient cost sharing for home care	\$0
iv) Patient cost sharing for prescription drugs	\$0
v) All other patient cost sharing -- medical non-durables	\$124
<b>E) Total private health spending after reform</b>	<b>\$227</b>

	<b>Single Payer Without Cost Sharing</b>
<b>10) Cost of health care to be paid by public or private insurance under universal coverage reform (\$ millions) (line 8 less public spending and out-of-pocket spending)</b>	<b>\$2,822</b>
<i>Source of spending replaced by above amount</i>	
A) Existing private health insurance spending	\$3,106
B) Existing out-of-pocket health spending replaced by public or private insurance	\$640
C) Total existing health spending replaced by public or private insurance	\$3,746
D) Change in revenues needed to purchase full coverage of health services	(\$923)

<b>11) Increased cost (savings) to Rhode Island residents</b>	
<b>A) Additional (reduced) health spending (\$ millions)</b>	<b>(\$923)</b>
B) Percentage Increase (decrease) over existing private health spending	-24.7%



**Section 5: Changes in Spending on Care and Administration  
and in Spending by Type of Care**

In this section, the change in allocation of spending by type of care is shown, and the change in allocation of spending between administration and actual care.

**12) Changes in Area of Expenditure**

	Resident Spending Prior to Reform	Beneficiary Spending Prior to Reform	Beneficiary Spending in Single Payer Without Cost Sharing
(\$Millions)			
1) Hospital Care	\$2,172	\$2,223	\$1,869
2) Physician Services	\$1,572	\$1,647	\$1,699
3) Dental Services	\$314	\$335	\$485
4) Home Health Care (and other new services for people with disabilities - see line 4B)	\$169	\$173	\$248
5) Prescription Drugs & Other Medical Non-durables	\$919	\$973	\$977
6) Vision Products and Other Durable Medical Equipment	\$52	\$54	\$65
7) Nursing Home Care	\$586	\$596	\$605
8) Other Personal Health Care	\$568	\$575	\$628
9) Personal Health Care Total	\$6,345	\$6,567	\$6,575
10) Program Administration and Net Cost of Private Health Insurance	\$472	\$500	\$211
11) Government Public Health Activities	\$259	\$259	\$268
12) Research	\$142	\$146	\$147
13) Construction (not included in total to avoid double counting)	\$100	\$100	\$100
14) Total	\$7,217	\$7,472	\$7,202

<b>Change in Area of Expenditure for beneficiaries after reform compared to existing resident spending</b>	
	<b>Single Payer Without Cost Sharing</b>
	<b>(\$Millions)</b>
1) Hospital Care	(\$303)
2) Physician Services	\$127
3) Dental Services	\$170
4) Home Health Care (and other new services for people with disabilities - see line 4B)	\$79
5) Prescription Drugs and Other Medical Non-durables	\$58
6) Vision Products and Other Medical Durables	\$12
7) Nursing Home Care	\$19
8) Other Personal Health Care	\$60
9) Personal Health Care Total	\$230
10) Program Administration and Net Cost of Private Health Insurance	(\$260)
11) Government Public Health Activities	\$9
12) Research	\$5
13) Construction (not included in total to avoid double counting)	\$0
14) Total	(\$16)

<b>13) Spending on actual services</b>		
	<b>Prior to Reform</b>	<b>Single Payer Without Cost Sharing</b>
1) Hospital Care	\$1,590	\$1,559
2) Physician Services	\$1,190	\$1,480
3) Dental Services	\$289	\$463
7) Nursing Home Care	\$506	\$537

<b>Change in spending on actual services (compared to existing resident spending)</b>	
	<b>Single Payer Without Cost Sharing</b>
1) Hospital Care	(\$31)
2) Physician Services	\$289
3) Dental Services	\$174
7) Nursing Home Care	\$31

<b>Change from current resident administration spending</b>	
	<b>Single Payer Without Cost Sharing</b>
1) Hospital Care	(\$273)
2) Physician Services	(\$162)
3) Dental Services	(\$4)
7) Nursing Home Care	(\$12)