Cracking the Code on Health Care Costs

Health Policy Institute of Ohio
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Spending 1960 - 2011

1960
$ 27.4 Billion
$ 147 per capita
5.2 percent

2011
$ 2.7 Trillion
$ 8,860 per capita
17.9 percent
The U.S. Relative to the other 34 OECD Countries - 2010

- The Per capita average for the OECD - $4,513
- The per capita average for the U.S. $8,233
THE COST DRIVERS

• Physician, facility and drug costs are high
• Americans use more expensive medicine
• Care is fragmented and uncoordinated
• Consumers do not use costs in decisions
• Fee-For-Service promotes higher spending
• Administrative costs are high
• Unhealthy lifestyle choices are made
• End of Life care is expensive
Governors and States Must Transform the System

• From the convening power of Governors to Medicaid, States have the critical policy levers.

• It needs to be done from the grass roots up by hospitals, physicians, and citizens.

• Citizens and businesses are beginning to hold their state political leadership accountable for the cost of health care.

• States are nimble and innovative and are the laboratories of democracy.
Seven Key Strategies for Cost Control

1. Create an alliance of stakeholders to lead
2. Collect data to create a health care profile
3. Establish Statewide baselines and goals
4. Use spending programs to drive payment reforms
5. Encourage market competition
6. Reform regulations to promote efficiency
7. Help residents make better life style decisions.