A Picture of Health

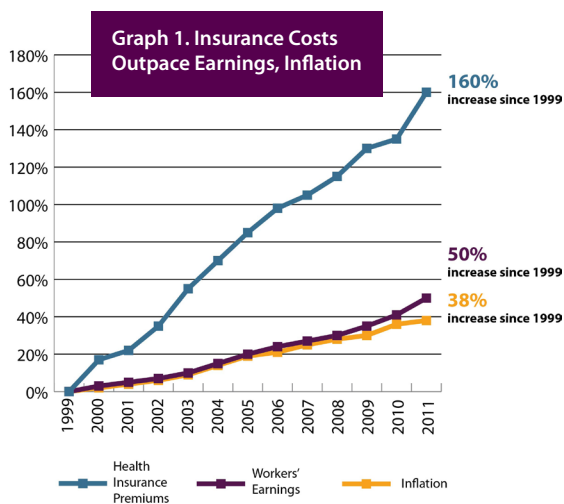## *Why Health Policy Matters*

Summary:

Health policy has never been more crucial – or complicated. Budgets are tight, a tough economy is sending enrollment in public insurance programs to all-time highs, medical costs are skyrocketing and debate surrounding national health care reform has heightened opinions about what should be done. At the same time, a commitment across Colorado's public and private sectors to work on innovative solutions to make the health care system more efficient and cost-effective presents unprecedented opportunities to craft health care policies that improve the health of all Coloradans at reasonable and sustainable costs.
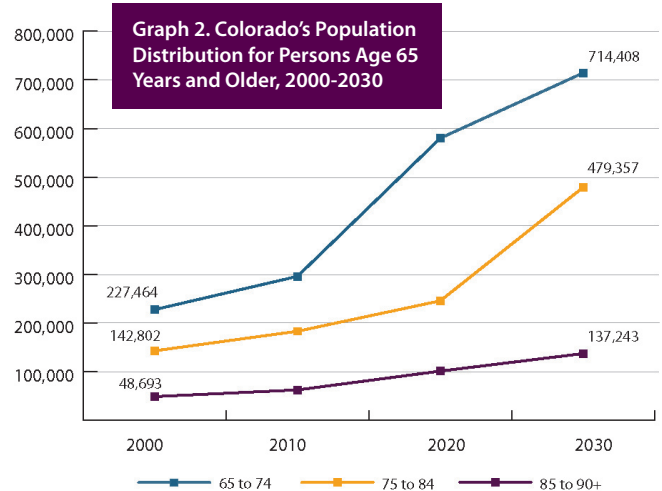
Background:

Insurance costs have increased 160 percent between 1999 and 2011 while workers' earnings have gone up 50 percent. At the same time, the quality and cost-effectiveness of the nation's health care system has lagged. About 30 percent of all medical spending – a staggering $750 billion – was wasted on unnecessary services,

excessive administrative costs, fraud and other problems, according to a report by the Institute of Medicine. Add in the aging of Colorado's Baby Boomers – Coloradans aged 65 and older will top 1.3 million by 2030, an increase of 218 percent from 2000 – and there is an urgent need to transform the health care system.

The Data:

Graph 1. Insurance Costs Outpace Earnings, Inflation

160% increase since 1999
50% increase since 1999
38% increase since 1999

Legend: Health Insurance Premiums, Workers' Earnings, Inflation

Source: ftp://ftp.bls.gov/pub/suppl/empsit.ceseeb2.txt, ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt

Graph 2. Colorado's Population Distribution for Persons Age 65 Years and Older, 2000-2030

227,464 ... 714,408
142,802 ... 479,357
48,693 ... 137,243

Legend: 65 to 74, 75 to 84, 85 to 90+

Source: Colorado State Demography Office, population estimates, 2000-2030

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HOT ISSUES IN HEALTH CARE

Addressing the Problem:

Colorado has experienced a decade of big investments in health information technology and health data and data transparency. The state also is home to a range of projects designed to achieve the Triple Aim: Better outcomes, lower costs and better patient experience. What many of these projects have in common is the relationship between federal and state governments. Federal initiatives and funding often define the "what" while Colorado and other states furnish the "how." Projects often start as academic research, proceed through a demonstration stage, become pilot programs and then are scaled to nationwide initiatives.

Table 1. Examples: Colorado Health Care Projects

Innovation Challenge	Partnership for Patients	Colorado Health Benefit Exchange
• Denver Health • Upper San Juan Health Service District	• More than 175 Colorado hospitals, clinicians, patient advocates	• One of 15 states, plus DC, who have started

Tools For Policymakers:

Lawmakers address health care problems by altering the:

- Services provided
- Populations served
- Location of service
- Reimbursement levels
- Providers allowed

Questions for Policymakers:

When considering health care policy decisions, ask yourself:

- What's the "Big Problem" being addressed?
- Who is being served?
- What's the (relative) need?
- What options are available?
- Where's the "locus" of decision making?
- What are the federal considerations?
- What's the cost of doing? The cost of not doing?

Conclusion:

The good news is that many of Colorado's best thinkers are focused on improving the state's health system. Groups both public and private are collaborating, investments in health technology and upgraded systems are showing great promise and policy decisions are more likely to be data-driven and evidence-based. But the state's demographic clock is ticking, providing great urgency for Colorado leaders in the health policy arena.