

Dirigo Health Agency Board of Trustees 12.17.08

The Cost Problem

- Maine's health care spend \$8.6 billion in 2004
- Per capita health care spending in Maine 3rd highest in nation at \$6540 (2004)
- Utilization (volume of services), not price, explains most of costs of care
- Both utilization and cost vary widely in Maine
 - Cost per adjusted discharge varies as much as two-fold across Maine hospital peer groups
 - Utilization of supply-sensitive and preference-sensitive care varies widely in Maine
- Even with high utilization of services, health outcomes in the U.S. (and presumably in Maine) are among the lowest of OECD countries
- In spite of high utilization of some services, effective care measures are often inappropriately omitted (Rand study (NEJM 2004) showed effective measures applied only ~50% of the time.
- As a result, 37% of the last decade's cost increase is attributable to costs of avoidable complications of chronic illness (diabetes, congestive heart failure, coronary heart disease, chronic lung disease).

MQF Cost Driver Study

- What are services and procedures that drive 80% of health care spending in Maine?
- What are medical conditions behind them?
- How do they vary geographically?
- What are supply-sensitive; what are preference-sensitive?
- What are possible solutions?
 - Regulatory
 - Provider feedback
 - Benefit design

