health policy issues facing states

Dr. Jeanne Wendel
### State healthcare functions:

**Payers:**
- Medicaid recipients
- Prisoners
- Employees & retirees

### Consumer protection
*(define licensure and scope of practice for medical professionals)*

### Competition
*(among healthcare providers and health insurers)*

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Public Health * Insurance Regulation
Payers for

- Medicaid recipients
- Prisoners
- Employees & retirees
Healthcare expenditures increasing → tough choices
$3$ new treatments extend life.

Will Medicaid cover them?

Prison system?
When they consider these decisions:

**Serious Issues**
- Health inequality
- State budget reality
- Costs and benefits of new technology
health inequality
“cost-containment” ?
What is fueling the cost increases?

- Population aging
- Lack of competition
- Patients
  - don’t shop wisely
  - don’t embrace healthy behaviors
- Insurance companies/providers/ are “greedy”
- Real income has been increasing

- R&D

Empirical evidence
Are the new treatments a good use for our money?
actions outside the healthcare system that prevent injuries and illnesses:

Highway design improvements
EPA regulations to reduce chemical exposures

Criteria for comparing costs & benefits

Willing to spend: $100,000 - $150,000 per life-year
Cardiac care improved ≈ 1990

– Average $ per patient increased $10,000
– Average life expectancy increased by 1 year
Has Medical Innovation Reduced Cancer Mortality? (pub. 2013)

1996-2009: age-adjusted cancer mortality rate decreased 19%

– 2/3 of this decline: drug innovation and imaging innovation

Value of the reduced mortality > cost of the drugs
Compared to spending to prevent injuries and illnesses, the new treatments are cost-effective.
Other options to reduce healthcare expenditures?
Efficiency revolutions

- Small retail
  - High prices

- Word processing = mainframe task
  - Specialists

- Tax accountants

- Big box stores
  - Lower prices

- Desktops
  - Laptops
  - Tablets

- Better
  - Cheaper
  - Faster

- Turbotax

- Simple tax returns: cheaper
Efficiency revolutions

- New definition of “the product”
- Less personal interaction (DIY)
- Only relevant for “simple” tax returns (still need skilled tax accountants for complex returns)
- Algorithm captures the logic → individuals can implement the process at home
Is the medical version of turbo-tax good for patients?

– New types of providers
– New roles for consumer-patients
New types of providers: retail clinics

Nurse practitioners
- Offer services with clear protocols
- Customer service
  - Extended hours
  - Drop-in
  - Wait times ~15 min.
Changing roles for patients and providers.

Eric Topol (cardiologist):
A portable eye test — using a cell phone?

By Tiffany O’Callaghan | June 24, 2010

Researchers from the Massachusetts Institute of Technology’s Media Lab have come up with a way to test vision that doesn’t involve any hefty optometry equipment or even a visit to the eye doctor. A small, simple plastic device they’ve developed, when attached to the screen of a cell phone, can scan the eye and determine the appropriate prescription for a patient within minutes.

According to MIT News, here’s how the device works:

Production cost = $2.
For use in developing countries
Will you be allowed to purchase eyeglasses with a prescription written by your cell phone?

State law:
optometry licensure and scope of practice
If:

– Quality is lower than quality offered by optometrist
– Cost is substantially less

Who should make the decision?
What criteria should be used?
FDA approval of at-home screening test for colon cancer:

Quality of the test is not as good as in-office test
More people will be screened

CDC: a good test for colon cancer is a test that people will complete.
Consumer protection

• increasingly important
• increasingly complex
Interstate competition

- Join the interstate insurance compact?
- Interstate medical licensure compacts?
- Telemedicine?

Retaining in-state control vs. larger market area?
Interstate competition:

– Join the interstate insurance compact?
– Interstate medical licensure compacts?
– Telemedicine?
Interstate issues

– Join the interstate insurance compact?
– Interstate Medical licensure compacts?
– Foreign medical graduates?
– Telemedicine?
INTERSTATE LICENSURE MODELS

17 STATES
joined the Federation of State Medical Boards Compact, which has been activated

10 STATES
joined the National Council for State Boards of Nursing’s Enhanced NLC Compact, which needs 26 states to be activated.

2 STATES
joined the National Council for State Boards of Nursing’s APRN Compact, which needs 10 states to be activated.

1 STATE
joined the Association for State and Provincial Psychology Boards’ PSYPACT Compact, which needs 7 states to be activated.

2 STATES
joined the Federation of State Boards of Physical Therapy Compact, which needs 10 states to be activated.
Nurse Licensure Compact
allows nurses to have one multistate license

Source: National Council of State Boards of Nursing
Interstate issues

– Join the interstate insurance compact?
– Interstate Medical licensure compacts?
– Telemedicine?
States with Parity Laws for Private Insurance Coverage of Telemedicine (2017)

http://www.americantelemed.org/policy-page/state-policy-resource-center
Regulators peer into the future.

What policies balance cost and consumer protection issues for patients in NV?
• How much/ what types of innovation are good for patients?

• How much competition is optimal? (insurance/ healthcare)
Implications of competition over a wider geographic area for healthcare in Nevada?

- Allow new types of competition
- Reduce range of services provided locally
- Lower prices for services
Map 1.3. Active Primary Care Physicians per 100,000 Population, 2014

Source: July 1, 2014, population estimates are from the U.S. Census Bureau (Release date: December, 2014). Physician data are from the 2015 AMA Physician Masterfile (December 31, 2014).

https://members.aamc.org
US Patient Mortality Lower With Non-US-Trained Physicians

Medicare patients admitted to the hospital and treated by internists who graduated from medical schools outside the United States had lower 30-day mortality than matched patients cared for by graduates of US schools, according to results of a study published online today in the British Medical Journal (BMJ).
College of Business resources to support and facilitate discussion

- **Economists**: Jeanne Wendel + Sankar Mukhopadhay (healthcare industry issues, HIE, and econometric analyses of employer wellness program, prenatal care, impacts of incentives on youth BMI reduction)
- **University Center for Economic Development**:  
  - Tom Harris (rural hospital issues and economic impact of healthcare industry in NV)  
  - Loretta Singletary (facilitating collaborations)
- **Information Systems**: Dana Edberg

Could people with business acumen enrich the discussion?