

# We're working to control health care costs



## Your Turn

Wayne A. Smith  
Guest columnist

Imagine a state Medicaid program featuring high-quality acute care, extensive work with patients for preventative and primary care, and costs per patient that are below inflation for a decade.

Is that a bright, shiny fantasy future? No, that's Delaware now.

Medicaid costs per member have increased less than 1 percent per year from fiscal year 2009 through the most recent Department of Health and Social Services report (actually at a rate of only 0.7 percent per year). Our state's health systems have been hard at work delivering value for all Delawareans, including our state's neediest health care recipients.

Hospitals, physicians, and payers have focused on managing the care of our highest risk patients and in getting members into primary care so serious illness can be avoided with preventative measures. These sustained efforts have moderated cost increases associated with caring for the average Medicaid patient to a degree that is both significant and a testament to the transformation that is taking place in health care.

Medicaid does remain a large portion of the state budget – investments in health care are second only to the cost of education in Delaware. And, Medicaid total costs have grown in recent years.

How is this possible with negligible per-member cost increases? The total

number of enrolled Medicaid patients has grown significantly year after year.

This is not a criticism, but a recognition that public policy in our state has sought to ensure that those who need but cannot afford health insurance have access to care – and to care plans that are as good if not better than those available in the private sector.

That's not the only positive view of health costs in Delaware. The weighted average of premium increases approved in the small-group market for 2018 is 3.3 percent. This is the insurance covering many small and medium-sized businesses in our state (those who do not self-insure) and a critical component of how competitive these businesses can be in our economy.

None of this good news means that health care costs do not need to be a focus in Delaware. Cost pressures do exist. It is incumbent that those with the most knowledge of how complex health care systems operate bring their expertise to the discussion.

Our state's hospitals have been fully engaged in the policy development process with Department of Health and Social Services Secretary Kara Odom Walker around the best ways to address cost while maintaining value in a state that unfortunately presents greater health challenges than most in the United States.

Age is a perfect predictor of health care cost. According to the Health Care Cost Institute, someone age 60 will cost a whopping 46 percent more per year than someone age 50. Delaware is an old state – only eight states have an average age older than Delaware.

With our beaches, very low property

tax rates and absence of state taxation on the first \$25,000 of retirement income, we are a very attractive place for people to come and spend the most expensive health years of their lives.

Our neighbors reflect not only health issues incumbent with age, but also social and economic conditions. We have too many low-birth-weight babies – only 11 states rank worse than Delaware.

We are above the national average for diabetes, obesity, tobacco use, and exercise.

Unfortunately, the future does not look promising. Delaware has a very high rate of high-school age obesity – only nine states rank worse than Delaware in this predictor of future health.

The problems are big. The solutions rest with all of us – the health care system, government, parents, and patients.

The health care system has been increasingly focused on population health. Government needs to address under-investment in the social determinants of health.

Parents need to ensure their kids limit screen time and get outside to make exercise a regular part of their routine. Patients need to look at their own unhealthy life choices and make better ones.

We are actively partnering with the state in the focus on value, quality, and cost.

Much positive work has been underway with the transformation of the payment system and the assumption of risk by health care providers. Hospitals are working with the state and Aetna and CareLink to provide state employees and retirees the option of an innovative,

technology-driven and patient-centered care coordination service.

Hospitals have been offering and moving to risk-based contracting not only with the state but with payers in order to align incentives around quality and health maintenance and away from the fee for service system.

Health care is complex. Innovation in the form of new procedures and blockbuster therapies can be extremely costly but are central to the core mission of health care in curing disease and extending both the quality and duration of life.

Consistent with high value is the absolute need to maintain the quality and safety associated with care in our state. Delaware hospitals expend enormous resources in pursuit of high-quality care – an effort that must be continued.

We certainly look forward to working with Secretary Walker, the governor and the General Assembly in continuing to advance the revolution underway in payment reform, data availability and transparency, care management, population health and the delivery of high value for our patients, both present and future.

Ideas like a benchmark are certainly worthy of discussion. Delaware's hospitals are active participants in the debate around all policy issues that seek to produce positive and sustainable change. We look forward to meaningful payment transformation that delivers cost associated with continued innovation, high quality, and excellence in healthcare.

*Wayne A. Smith is president and CEO of the Delaware Healthcare Association, the hospital and health care association for the state of Delaware.*