

Nykole Roche  
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Members of the Joint Committee on Health Care Financing, thank you for the opportunity to testify before you today. My name is Nykole Roche. I am an Associate Director with the Massachusetts Nurses Association specializing in strategic research.

You will hear a great deal today about the experience in California regarding that state's safe patient limit law, which was passed 15 years ago. You will likely hear a great deal of rhetoric from opponents of this measure, who will undoubtedly use baseless scare tactics threatening increased costs to the state's healthcare system. But there is a strong body of research showing that, when nurses are not forced to care for too many patients at once, our healthcare system will recognize significant savings, which include shorter lengths of stay, fewer readmissions, and checks on preventable medical errors and complications.

Today I present to you a set of findings regarding healthcare costs in California compared to Massachusetts. Using sources identified by the Health Policy Commission's *Preliminary Findings, 2013 Cost Trends Report*, I have compared California cost and utilization data to that of Massachusetts and the United States. I am presenting each of you with those findings today, four of which I would like to bring to your attention now.

The research shows that:

- Healthcare spending per capita is lower in California than in Massachusetts, and lower than the United States average.
- The average annual growth rate of healthcare spending is lower in California than in Massachusetts and the United States.
- Medicaid payments per enrollee are lower in California than in Massachusetts and the United States
- Employee and employer premium contributions for health insurance are significantly lower in California than in Massachusetts

Safe patient limits have been in effect in California Intensive Care Units for 4 decades. Safe patient limits in other hospital units have been in place in California for a decade. Despite all claims to the contrary, the evidence demonstrates overwhelmingly that healthcare costs to the state, to individuals, and to employers are considerably lower in California than they are here in Massachusetts.

Thank you for your time.

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### Comparing Healthcare Costs and Utilization in Massachusetts & California

Using sources identified by the Health Policy Commission's report, *Preliminary Findings, 2013 Cost Trends Report*, I have attempted to compare California cost and utilization data to that of Massachusetts and the United States.

#### Healthcare Spending

*Health Care Expenditures Per Capita by State of Residence, 2009<sup>1</sup>*

Location	Health Spending per Capita
Massachusetts	\$9,278
United States	\$6,815
California	\$6,238

Spending on healthcare per capita in California is 8% lower than the national average, and about 33% lower than per capita healthcare spending in Massachusetts. California is near the bottom in per capita healthcare spending, while Massachusetts leads all other states (and is just behind the District of Columbia).

The average growth in healthcare expenses in Massachusetts between 1991 and 2009 was 5.9%, above the national average of 5.3%. Over the same period in California, the average growth was more than a full percent less at 4.8%.

*Average Annual Percent Growth in Health Care Expenditures per Capita by State of Residence, 1991-2009<sup>2</sup>*

Location	Avg. Annual % Growth per Capita
Massachusetts	5.90%
United States	5.30%
California	4.80%

Healthcare spending for specific populations in this state is also higher than the national average. The average Medicaid payment per enrollee in the United States in FY2010 was \$5,563, while the Massachusetts (which had the thirteenth highest payments in the nation) average was 23% higher at \$6,841 per enrollee. California had the lowest payments per enrollee of all fifty states – and half that of Massachusetts – at \$3,441.<sup>3</sup>

<sup>1</sup> Henry J. Kaiser Family Foundation

<sup>2</sup> Henry J. Kaiser Family Foundation

<sup>3</sup> Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on data from FY 2010 MSIS and CMS-64 reports.

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*Medicaid payments per enrollee, 2010<sup>4</sup>*

Location	Total
Massachusetts	\$6,841
United States	\$5,563
California	\$3,441

**Hospital Admissions & Utilization<sup>5</sup>**

*Hospital Admissions per 1,000 population in 2011:*

Location	Admissions
Massachusetts	127
United States	112
California	90

The Health Policy Commission's report used age-adjusted numbers and found that there were 10% more admissions in MA per 1,000 people than the national average. Using the numbers above, California hospitals admitted an average of about 20% fewer patients to the hospital than the national average, and almost one-third less than were admitted in Massachusetts.

*These numbers are per 1,000 population in 2011:*

Location	Inpatient Days	Outpatient Visits	ED Visits
Massachusetts	631	3,375	468
United States	600	2,106	415
California	454	1,398	294

Utilization of hospital services in Massachusetts is, in general, well above national averages as the Health Policy Commission reports. In contrast, utilization of hospital services by Californians is well below national averages:

- Californians had 24% fewer inpatient days than the U.S. average and almost a third – or 177 days – fewer than Massachusetts residents
- Californians had 34% fewer outpatient visits (which include ED visits in the chart below) than the U.S. average and almost 60% – almost 2,000 – fewer outpatient visits than Massachusetts residents
- Californians visited the ED 29% less than the U.S. average and 37% less than Massachusetts residents. In real numbers, for every 1,000 people, almost 175 more went to EDs in Massachusetts for services than in California.

<sup>4</sup> Henry J. Kaiser Family Foundation

<sup>5</sup> Henry J. Kaiser Family Foundation

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### Costs to Employees and Employers

The data below from the Kaiser Family Foundation shows employee and employer contributions to employer-based healthcare premiums in 2012 for single and family plans in Massachusetts, California, and in the United States.

#### *Average single premium per enrolled employee, 2012<sup>6</sup>*

Location	Employee		Employer	
	Contribution	%	Contribution	%
Massachusetts	\$1,509	25%	\$4,612	75%
United States	\$1,118	21%	\$4,266	79%
California	\$997	18%	\$4,425	82%

Employers in California contributed a larger portion as a percentage (82%) to the costs of single healthcare plan premiums than Massachusetts employers (75%), but in actual dollars, California employers paid about \$187 less per employee than Massachusetts employers. When ranking all states in terms of costs to employers for single plan premiums, Massachusetts employers were #10, while Californian employers were #18. Likewise, workers in California paid \$500 less in healthcare premiums than their Massachusetts counterparts, who paid more than employees in any other state in 2012.

The total cost of single plan healthcare premiums in California was slightly higher than the national average in 2012, but almost \$700 cheaper than the Massachusetts (ranked 2<sup>nd</sup> of all states) average.

#### *Average family premium per enrolled employee, 2012<sup>7</sup>*

Location	Employee		Employer		Total
	Contribution	%	Contribution	%	
Massachusetts	\$4,531	27%	\$12,598	74%	\$17,129
United States	\$4,236	27%	\$11,237	73%	\$15,473
California	\$4,193	26%	\$11,705	74%	\$15,898

The data for family plans is slightly different. Employer contributions at the national level and in both Massachusetts and California are similar (73%-74%), but the cost to employers in real dollars is quite different. Employers in California paid nearly \$900 less in healthcare premiums per employee than employers in Massachusetts, which ranked 6<sup>th</sup> (California was ranked #15) of all states in terms of employer contribution to family plans.

When comparing the cost of employee contributions to family plans across all states, Massachusetts workers paid more than workers in 41 other states, while workers in California were #29 out of 50. That is, workers in California who contributed about the same percentage to the cost of their family plans as workers in Massachusetts, saved \$338 in 2012.

<sup>6</sup> Henry J. Kaiser Family Foundation

<sup>7</sup> Henry J. Kaiser Family Foundation

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**The total cost of healthcare premiums for Massachusetts family plans in 2012 was 3<sup>rd</sup> in the nation, and \$1,231 more per enrolled employee than in California, which ranked 12<sup>th</sup>.**