



HEALTH

Estimating the Incidence of Health Spending for Vermont

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Project Goals

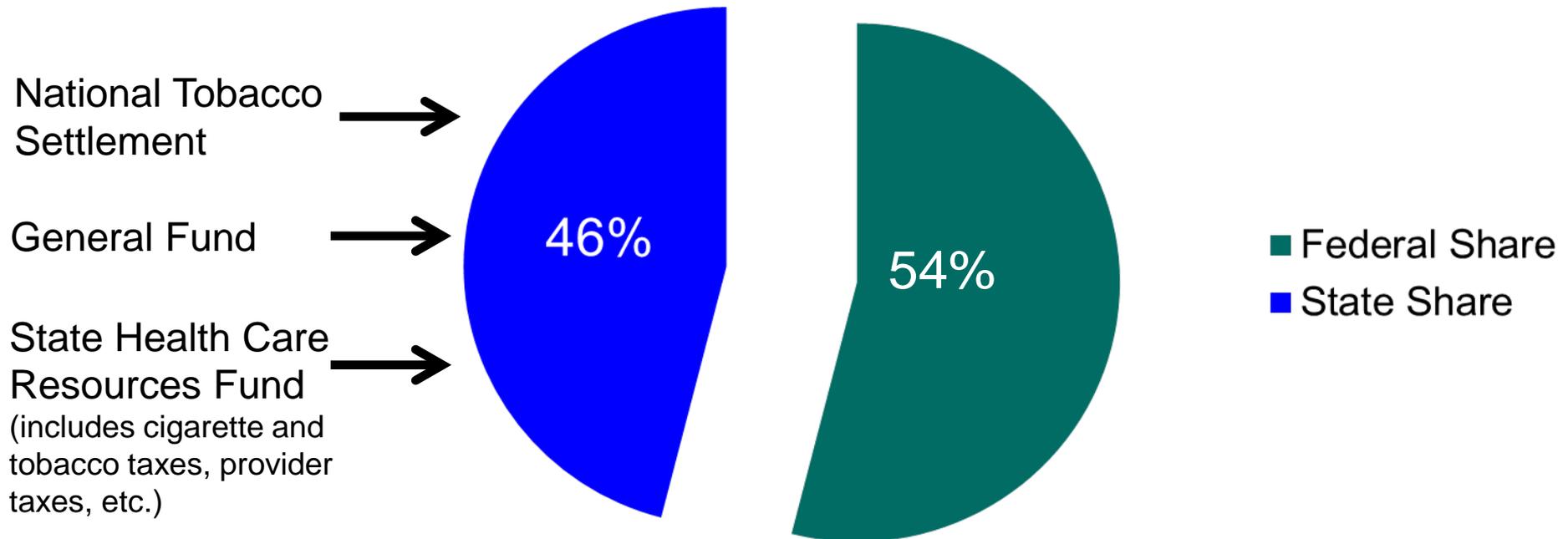
- **Estimate health spending for Vermont residents**
 - **Baseline in 2012 (pre-Affordable Care Act)**
 - **Estimate in 2017 (post-Affordable Care Act)**
- **Determine who pays for care**
 - **Nominal incidence: who is writing the check for the state's portion of Medicaid spending (e.g. the state treasury)**
 - **Economic incidence: who is really paying for the state's portion of Medicaid spending (e.g. the taxpayer)**
- **Assess whether the system is equitable**
 - **Vertical Equity: Do higher-income people pay more than lower-income people**
 - **Horizontal Equity: Do people with the same income pay the same amount?**

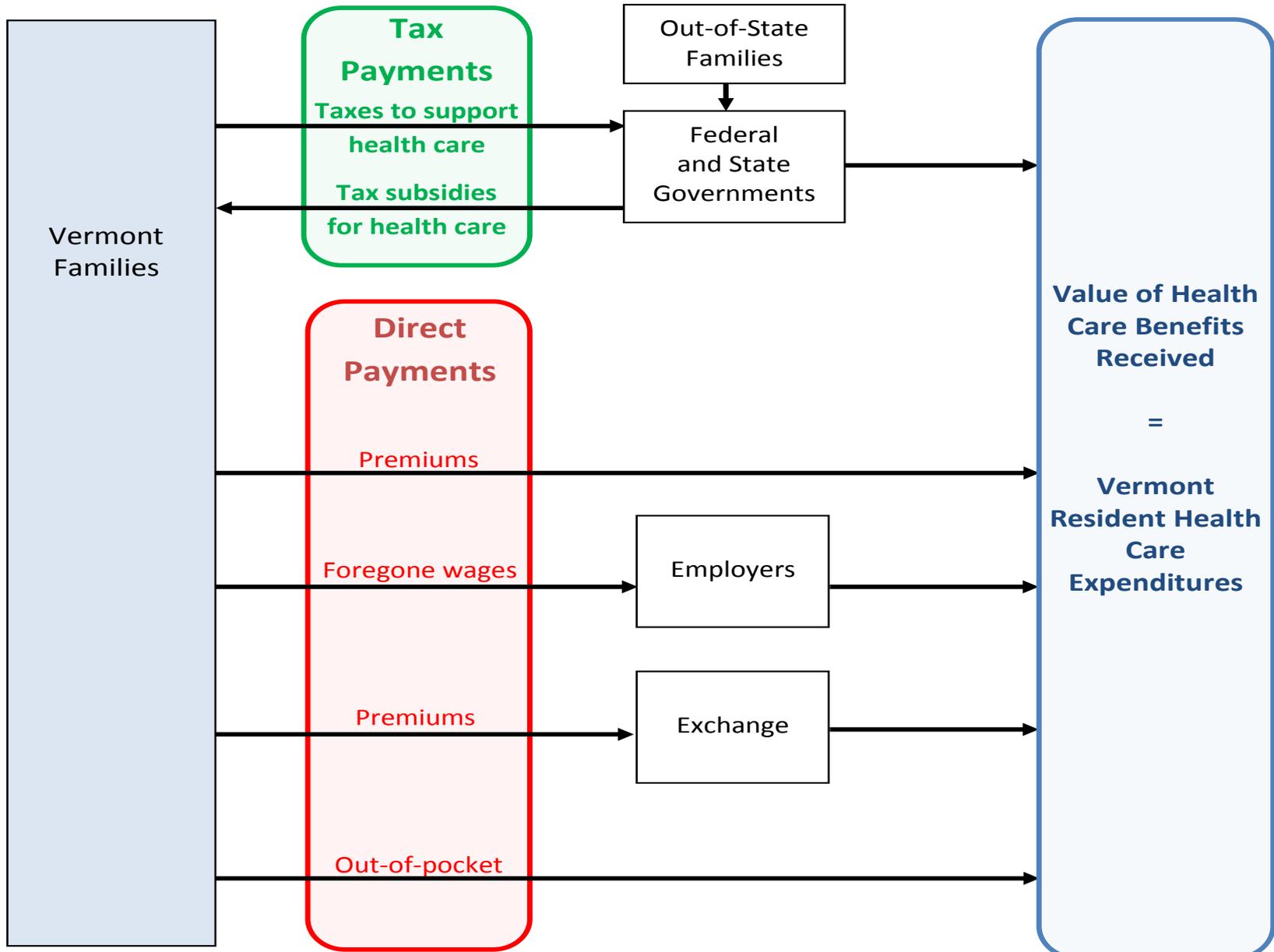
Analytic Approach

- **Use Vermont-specific data to estimate health insurance enrollment and health care spending among Vermont residents in 2012**
- **Use RAND's COMPARE microsimulation model to predict how health insurance enrollment and spending patterns will change in 2017 under current law, including any ACA effects**
- **Estimate the contributions from various financing sources for predicted expenditures**
 - **Premiums or premium contributions (including contributions made by employers)**
 - **Out-of-pocket spending**
 - **Federal and state subsidy spending (including ACA)**
 - **Medicaid**
 - **Medicare**
 - **Other public health programs**
- **Allocate spending across individuals, by income and other characteristics**

We Mapped Spending for Public Programs Back to Tax Sources

Example: Medicaid Spending





Some Terminology

- **Payments:** Payments made by Vermont residents to support health care consumptions. This includes
 - Direct payments
 - Net tax payments (taxes paid minus tax benefits received)
 - Does not necessarily equal Vermont resident expenditure (because some spending is financed through net federal inflows)
- **The value of health benefits received:** Value of the health insurance policy (e.g. the premium), or the value of a public program (Medicare, Medicaid), plus the value of out-of-pocket medical spending, plus the value of any additional public health spending the individual may receive
 - Equals Vermont resident expenditure

Data Sources

- **Vermont Household Health Interview Survey (VHHIS)**
- **Vermont Health Claims Uniform Reporting and Evaluation System (VHCURES)**
- **State administrative data on taxes paid**
- **2013 Fringe Benefit Survey (from VT's Department of Labor)**
- **Vermont specific reports and analyses (e.g., Expenditure Analysis)**
- **Other state and federal data sources needed to fill gaps**

Total Expenditure (Value of Health Benefits Received) In Vermont: Nominal Incidence, millions of dollars

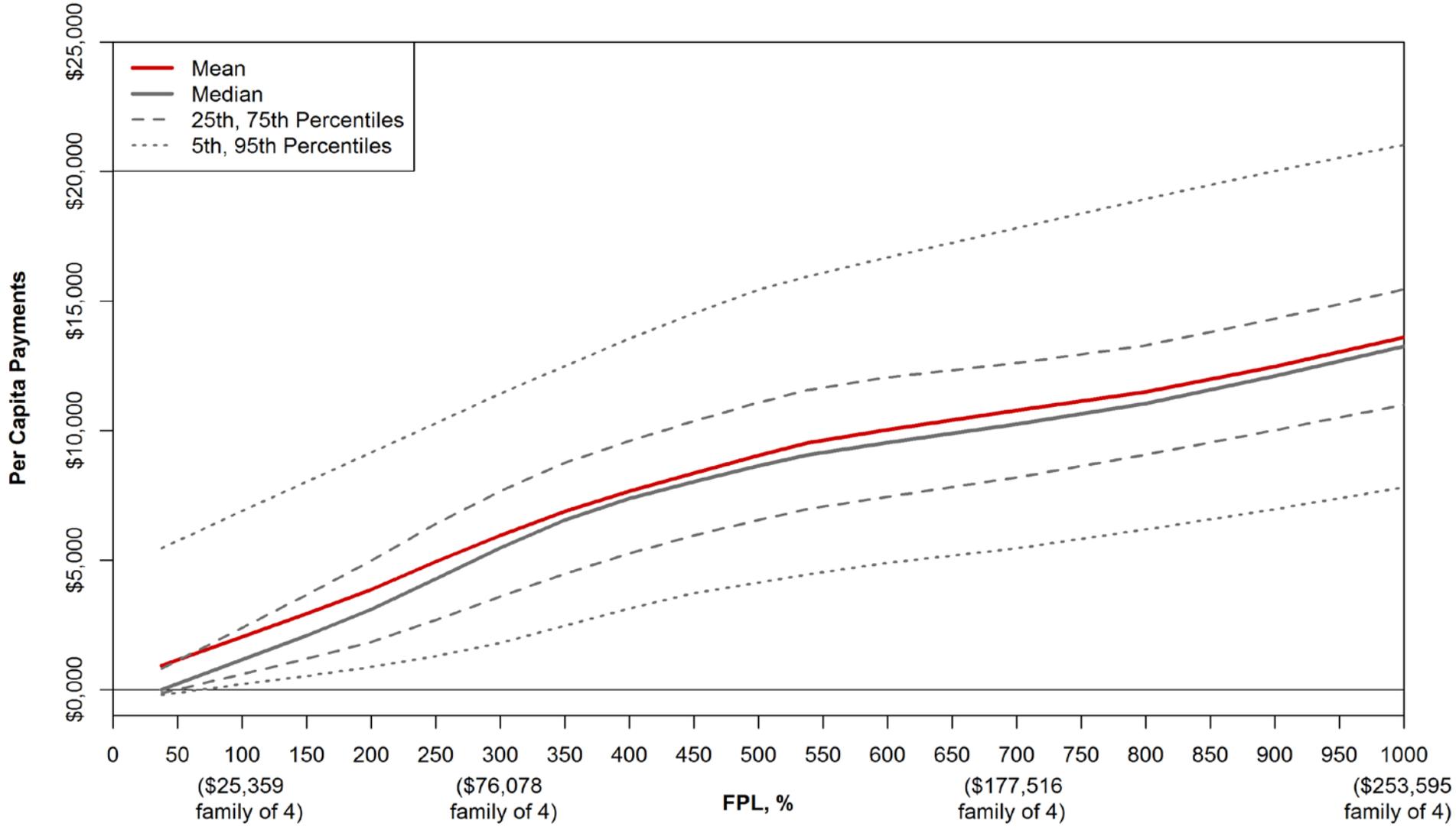
	2012	2017
Employer Insurance	\$1,690	\$2,034
Employee Contributions	\$407	\$496
Employer Contributions	\$1,283	\$1,538
Medicare	\$1,074	\$1,440
Medicaid/CHIP/VHAP	\$1,246	\$1,661
Non-group/Catamount/Exchange	\$85	\$359
Out of Pocket	\$720	\$944
Other State and Federal	\$270	\$373
Total	\$5,084	\$6,810

NOTES: Other state and Federal spending includes DVHA appropriations, disproportionate share hospital (DSH) payments, and non-Medicaid health-related appropriations.

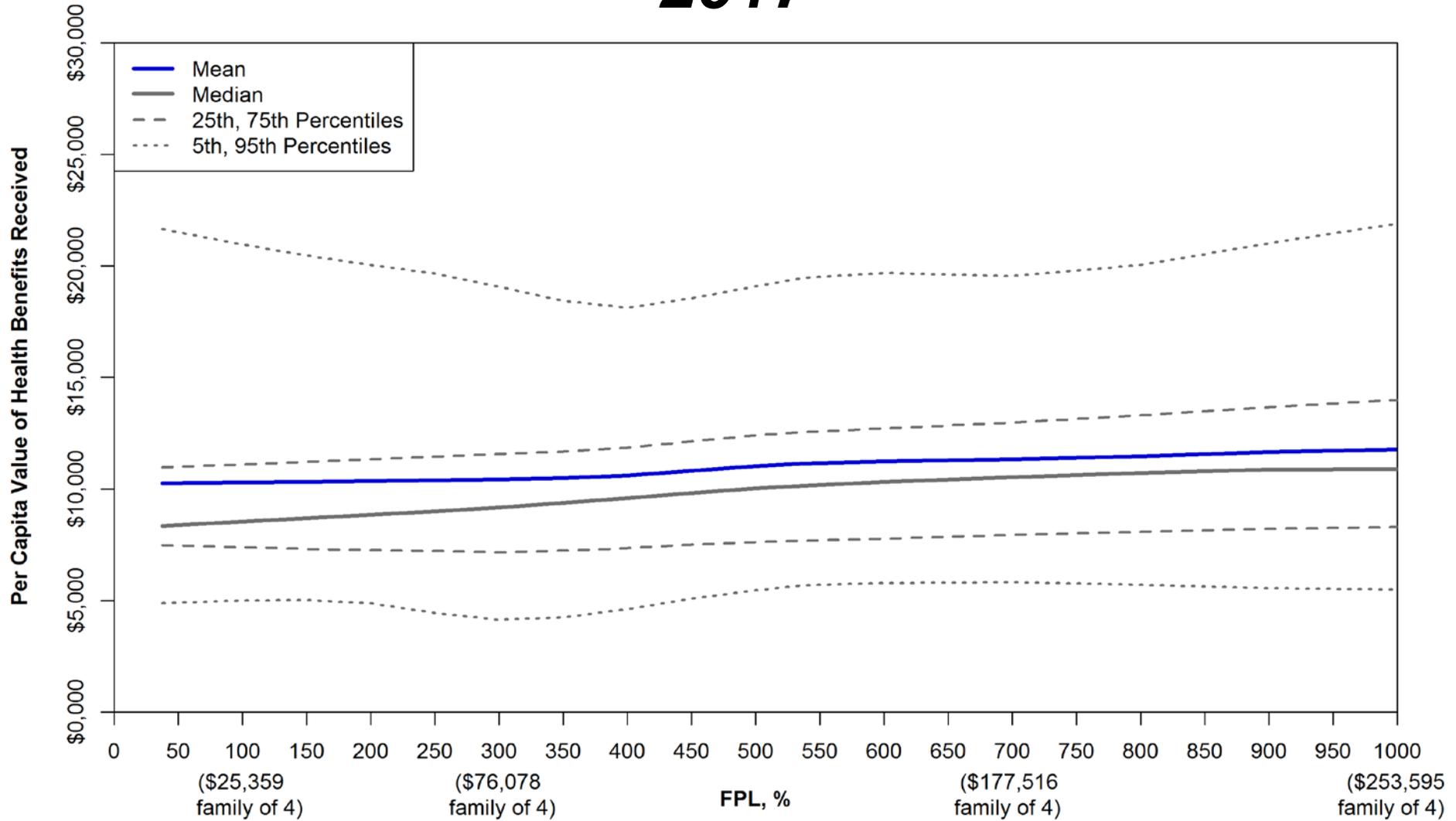
Total Expenditure (Value of Health Benefits Received) in Vermont: Economic Incidence millions of dollars or percentage

	2012		2017	
Total payments by Vermont residents	\$3,602	71%	\$4,666	69%
Direct payments	\$2,670	53%	\$3,592	53%
Tax payments	\$932	18%	\$1,073	16%
Corporate income tax payments by Vermont businesses	\$55	1%	\$79	1%
Vermont state tax payments by out-of-state residents	\$5	<1%	\$6	<1%
Net federal government inflows	\$1,412	28%	\$2,044	30%
Retiree health incidence	\$10	<1%	\$15	<1%
TOTAL	\$5,084	100%	\$6,810	100%

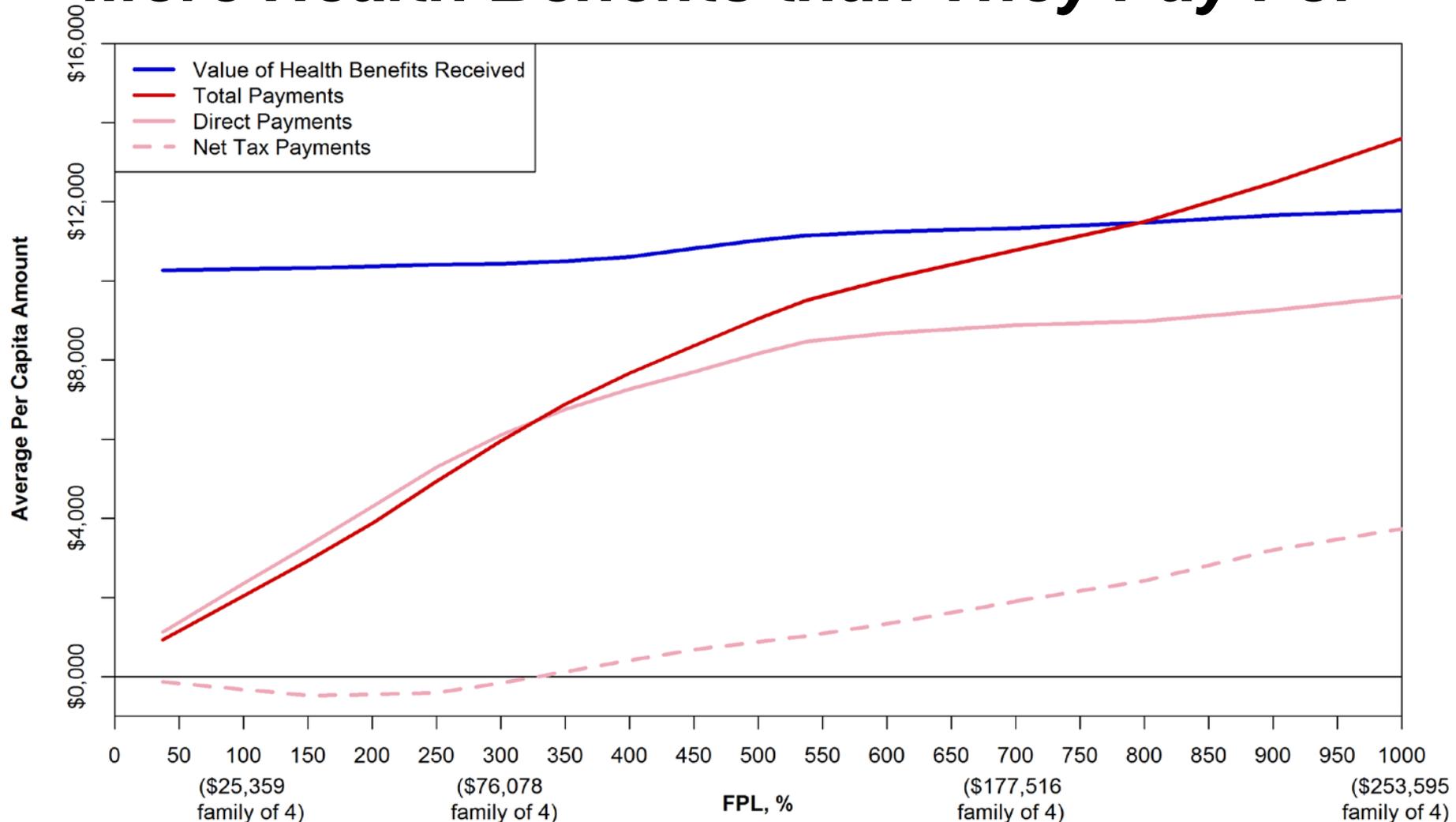
Per Capita Payments, By Income, 2017



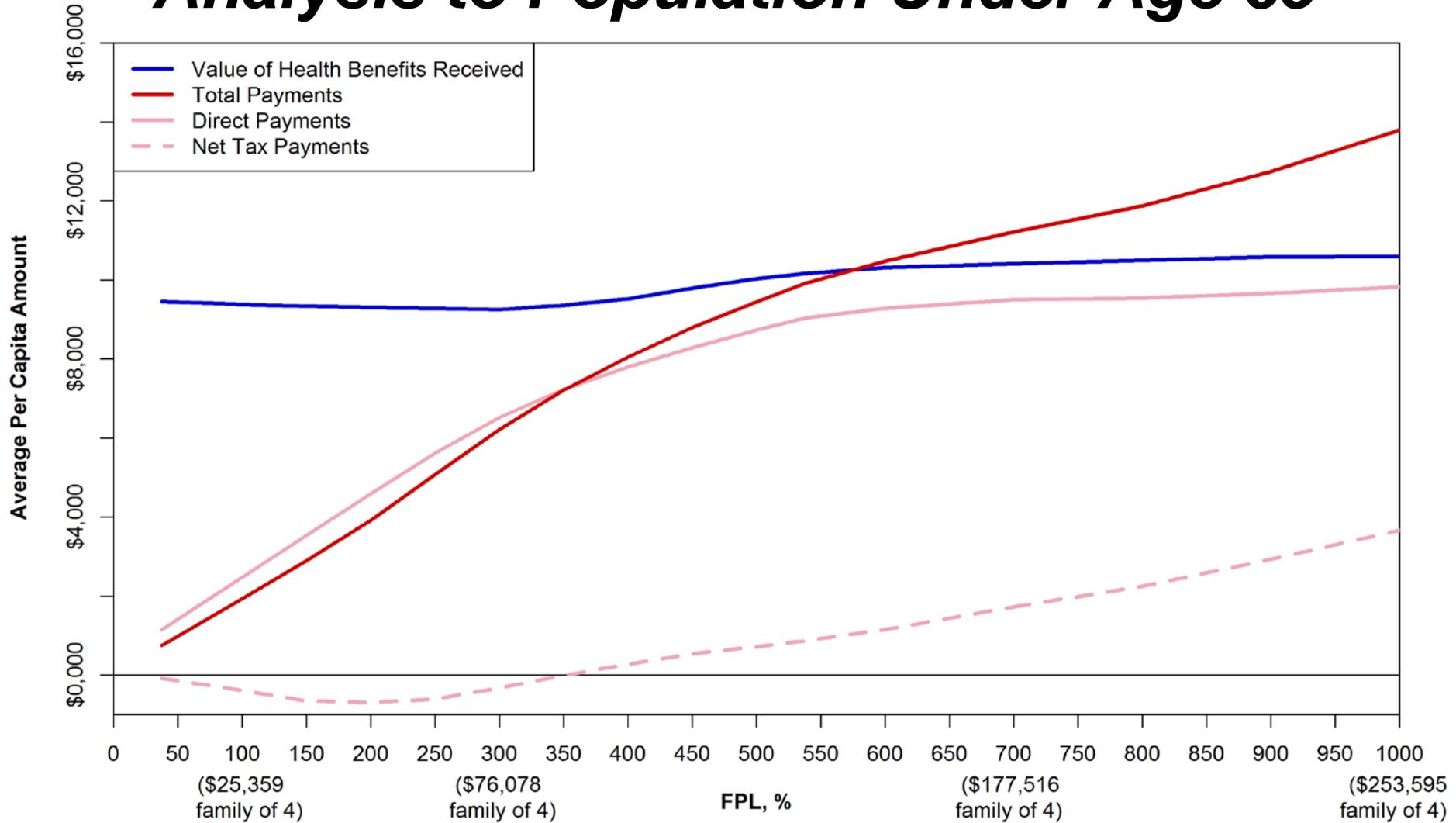
Value of Health Benefits Received, by Income, 2017



All But Highest Income Residents Receive More Health Benefits than They Pay For



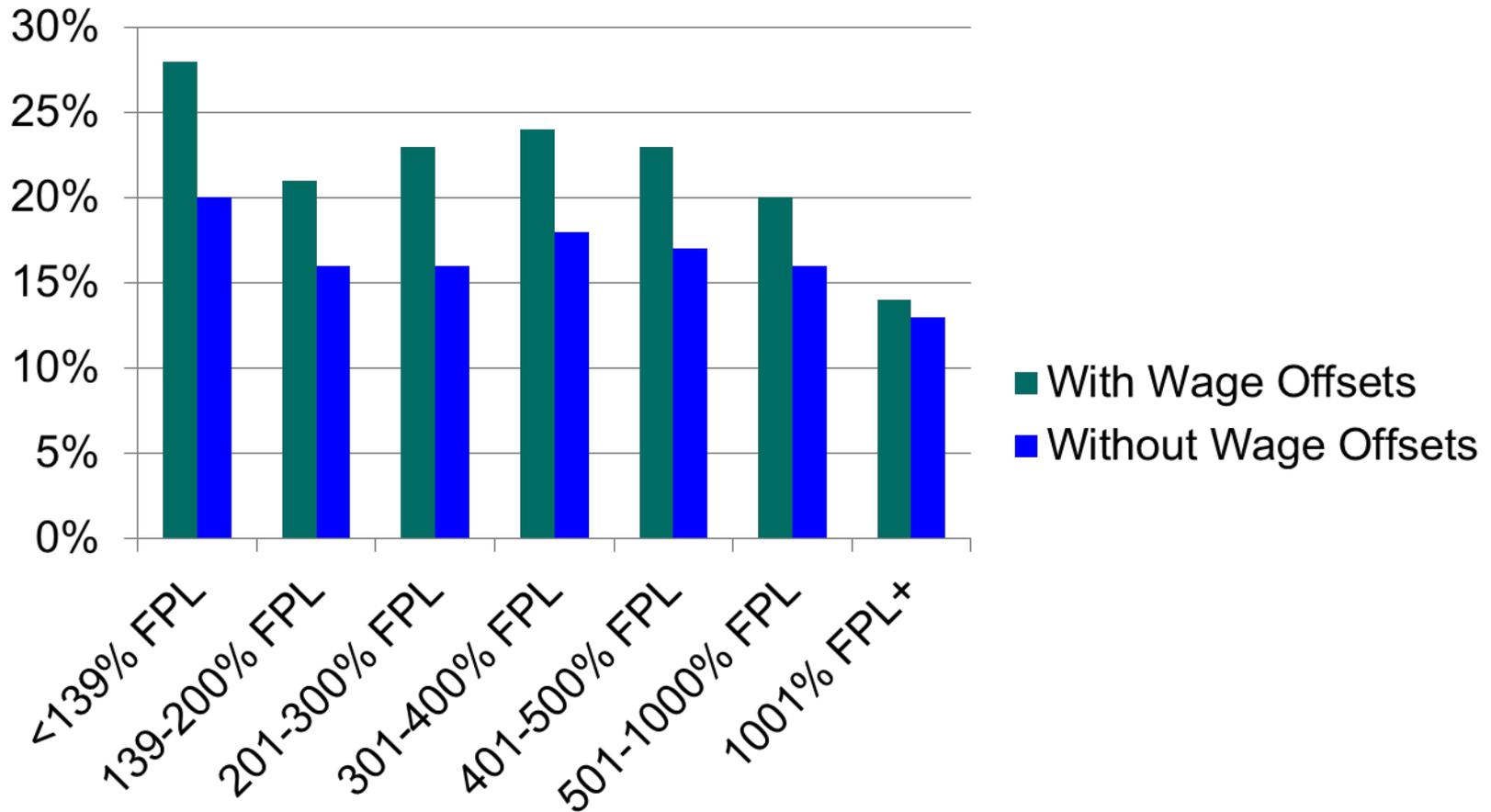
Cross-Over Point is Lower When We Limit Analysis to Population Under Age 65



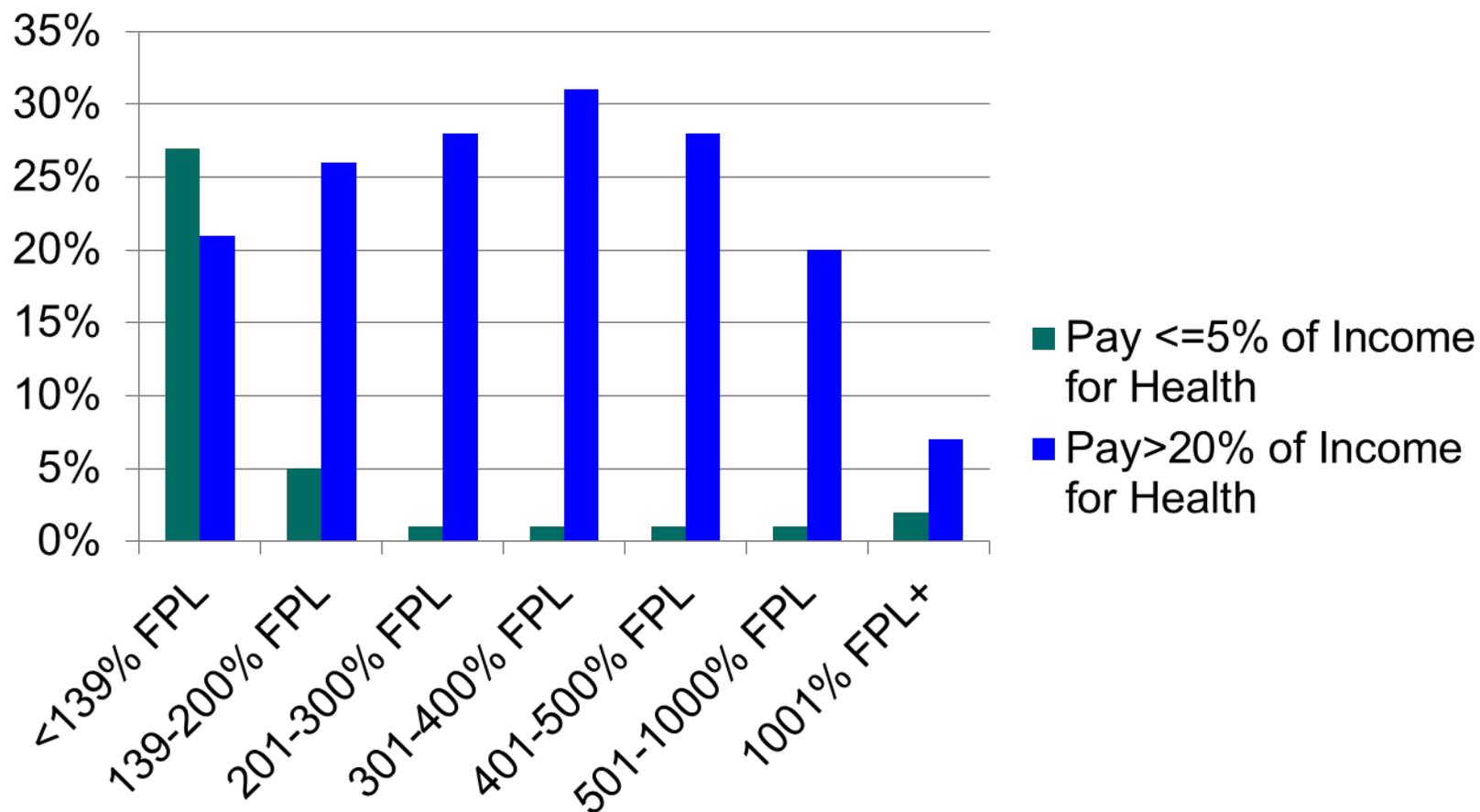
Example Cases: Payments Compared to Health Benefits Received, Different Types of People, 2017

	Payment (P)	Benefit (B)	P/B
Single Parent, 2 Kids, Medicaid	\$810	\$24,590	3%
Family of 4 (Both Parents Work)			
\$35K-65K Total Compensation, Exchange	\$7,730	\$25,280	31%
\$35K-65K Total Compensation, ESI	\$14,960	\$25,070	60%
\$65K-100K Total Compensation, Exchange	\$22,710	\$26,340	86%
\$65K-100K Total Compensation, ESI	\$19,440	\$24,900	78%
\$100K-125K Total Compensation, ESI	\$22,920	\$25,030	92%
\$125K-250K Total Compensation, ESI	\$26,250	\$25,890	101%
Young Adult, Medicaid	\$1,050	\$8,030	13%
Young Adult, \$15K to \$30K, Exchange	\$3690	\$8,660	43%
Young Adult, \$15K to \$30K, ESI	\$6,870	\$8,130	84%
Medicare Couple, \$85-170K	\$13,750	\$24,420	56%
Dual Eligible, 65+	\$2,740	\$30,500	9%

Health-Related Payments as a Share of Income



Fraction Paying Less than 5 Percent or More than 20 Percent of Income Towards Health



Conclusions

- **A relatively large and growing share of health benefits received by VT residents is financed through net federal inflows**
 - **28 percent in 2012**
 - **30 percent projected in 2017**
- **Mixed findings on vertical equity**
 - **High income people pay more in actual dollars**
 - **Low and middle income people pay more as a share of income**
- **Limited evidence for horizontal equity**
 - **People with the same income can pay very different amounts**
 - **Partly relates to different types of insurance**