Health Care Costs and Spending in New York State

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Prepared by:
Diana Rodin, M.P.H.
Jack Meyer, Ph.D.
Health Management Associates

NYS HEALTH FOUNDATION

Improving the state of New York’s health
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Executive Summary

Slowing the growth of health care spending continues to be a major challenge for the federal and state governments. In 2012, total U.S. health expenditures reached $2.8 trillion—17% of gross domestic product (GDP). Although health care spending growth has slowed in recent years, it is projected to grow faster than GDP over the next decade. While total U.S. health care spending grew slowly in 2012, rising about 4%, the story for state and local governments was different. According to the Centers for Medicare & Medicaid Services, health care spending by states and localities increased 10% in 2011, and consumed a larger share of revenues—about 3 out of every 10 dollars—than has been the case for these expenses since at least 1987. As states emerge from the Great Recession, health care spending remains a source of financial stress.

New York’s health care spending overall and per capita are among the highest in the nation. Health spending has accelerated over time and is projected to increase to more than $300 billion by 2020. New York’s total health spending as a percent of gross state product is similar to the national average, but has grown over time.

Outpacing both inflation and overall economic growth, the rising cost of health care has far-ranging consequences for wages, employment, the price of goods and services, and the ability to fund other public services.

Increased health care costs are also reflected in the growing costs of health insurance. Insurance premiums in New York have risen dramatically and faster than household incomes. The high cost of coverage is felt by both employers and their workers and has adverse effects on New York’s economic growth.

New York’s health spending is evenly split between public and private payers. Private spending on health care has grown faster than public spending. New York’s Medicaid program covers millions of New Yorkers and is costly both overall and per capita. New York and U.S. spending on health services are generally similar. Spending on nursing
homes, home health care, and personal care comprises the majority of the difference between New York and average U.S. spending. New Yorkers also are admitted to hospitals more frequently and have longer lengths of stay than U.S. averages.

Although New York fares well on key public health measures, such as obesity and smoking rates, it has high health care costs. Despite its high rate of spending, New York does not consistently demonstrate better quality of care. It ranks among the worst states on some measures of avoidable hospital costs and use. New York’s hospitals do exhibit relatively low mortality rates, and its health plans do achieve superior results on some measures of care. Generally, payment levels and quality of care bear little relationship to one another in New York.

The past four years witnessed a slowdown in the growth of national health expenditures. There is broad agreement that the recession and the associated increase in unemployment and decline in insurance coverage led individuals to cut back on their use of health care services. Yet there is also evidence that the slowdown in spending preceded the recent recession and seems to be continuing during the modest economic recovery. Underlying structural changes in the health system may also be playing a role in recent spending trends.

Ongoing pressure to control health care costs requires a serious, focused effort to fundamentally restructure the delivery of health care and associated spending. While different strategies exist, there is growing consensus that payment reform—as a move away from fee-for-service reimbursement—is required to drive meaningful change in health care costs. Fee-for-service methods of reimbursement encourage a volume-driven health care system rather than a value-driven system. Moreover, such payments can penalize providers for keeping people healthy, for managing chronic diseases, and for avoiding unnecessary and expensive care.
This chart book, “Health Care Costs and Spending in New York State,” pulls together a compendium of information on health care costs, spending, and payments based on existing State and national research. It synthesizes a wide range of data into an objective, easy-to-use resource that is intended to support and facilitate ongoing research and conversation on health care cost trends.

This product was prepared by Health Management Associates, with the support of New York State Health Foundation staff, including David Sandman, Amy Shefrin, and Emily Parker. Numerous individuals provided helpful comments and assistance, including David Cutler, Rose Duhan, Foster Gesten, Sherry Glied, and Karen Heller.
HEALTH CARE SPENDING GROWTH IN NEW YORK STATE
Health Care Spending Growth in New York State

- Health care expenditures in New York totaled $163 billion in 2009, the second highest in the country.

- New York is ranked sixth highest in the nation for per capita health care expenditures as of 2009.

- New York health care expenditures have grown rapidly in recent years.

- Total health care spending in New York is projected to rise by more than $100 billion from 2013 to 2020, or about 53%.
New York Is Ranked Second Highest in the Nation for Total Health Care Expenditures

Health Care Expenditures by State of Residence (in Millions), 2009

NOTE: Data are for 2009.
New York Is Ranked Sixth Highest in the Nation for per Capita Health Care Expenditures

Per Capita Personal Health Care Expenditures, 2009

NOTE: Personal health care expenditures include all spending on a wide range of services to treat individuals with specific medical conditions, but exclude other types of health care-related spending, such as health care-related research, government public health activity, and government administration and the net cost of health insurance. District of Columbia is not included.

HEALTH CARE COSTS AND SPENDING IN NEW YORK STATE
New York’s Total Health Expenditures as a Percent of Gross State Product (GSP) Are in Line with the National Average

Total Health Expenditures as a Percent of GSP, 2009

New York is ranked 29th in the nation

N.Y., 15.1%

U.S., 15.1%

NOTE: GSP is the state-level equivalent of gross domestic product (GDP), and is the sum of the GDP originating in all of the industries in a state. State-level GSP data are available from 1997 through 2012. The time period over which state health expenditures are reported on the CMS website is 1991 through 2009. The U.S. amount is the weighted average among the 50 states. District of Columbia is not included.
New York’s Health Care Expenditures as a Share of Gross State Product (GSP) Have Grown

New York’s Health Care Spending as a Percent of GSP

<table>
<thead>
<tr>
<th>Year</th>
<th>Health/GSP</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>12.4%</td>
<td>22</td>
</tr>
<tr>
<td>1998</td>
<td>12.6%</td>
<td>22</td>
</tr>
<tr>
<td>1999</td>
<td>12.6%</td>
<td>22</td>
</tr>
<tr>
<td>2000</td>
<td>12.6%</td>
<td>24</td>
</tr>
<tr>
<td>2001</td>
<td>12.9%</td>
<td>27</td>
</tr>
<tr>
<td>2002</td>
<td>13.7%</td>
<td>26</td>
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<tr>
<td>2003</td>
<td>14.5%</td>
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<tr>
<td>2004</td>
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<tr>
<td>2005</td>
<td>14.1%</td>
<td>28</td>
</tr>
<tr>
<td>2006</td>
<td>13.9%</td>
<td>30</td>
</tr>
<tr>
<td>2007</td>
<td>13.9%</td>
<td>31</td>
</tr>
<tr>
<td>2008</td>
<td>14.4%</td>
<td>30</td>
</tr>
<tr>
<td>2009</td>
<td>15.1%</td>
<td>29</td>
</tr>
</tbody>
</table>

*Even though New York’s health care share of GSP increased from 1997 to 2009, it did not increase as much as in other states. Therefore, its ranking was more favorable in 2009 (29th) than in 1997 (22nd).*

Health Care Expenditures in New York
Nearly Tripled Over 18 Years


New York Has Been Among the Highest-Spending States in Total Health Care Expenditures Since 1991

The average rate of growth of total health care spending in New York between 1991 and 2009 is relatively low among states at 5.9%, compared to the U.S. average of 6.5%.

However, over nearly two decades, the spending gap has widened among a set of states, in particular California, New York, Texas, and Florida. The four highest-spending states are shown here; all others have spending below $100 billion.

SOURCE: The Kaiser Family Foundation State Health Facts.
New York’s Compounded Rate of Growth in per Capita Total Health Spending Has Been Modest in Recent Years

Compound Annual Growth Rate of Total Health Care Expenditures per Capita, 2004–2009

U.S., 4.7%
N.Y., 4.5%

NOTE: Data are for 2009. The U.S. amount is the weighted average among the 50 states. District of Columbia is not included.
New York Health Care Spending Growth Is Projected to Continue

Projected New York Spending (in Billions), 2013–2020

Nationally, Health Spending Absorbs a Growing Share of State and Local Government Spending

Health and Nonhealth Expenditures of State and Local Governments as a Percentage of Gross Domestic Product (GDP)

- 10.4%, 2014
- 4.1%, 2014
- 7.2%, 2060
- 7.7%, 2060

Nonhealth care expenditures
Health care expenditures

NOTE: Historical data are from the U.S. Bureau of Economic Analysis’s National Income and Product Accounts. Data in 2011 are GAO estimates aligned with published data where available. GAO simulations are from 2012 to 2060, using many Congressional Budget Office projections and assumptions, particularly for the next 10 years.

Nationally, state and local spending on Medicaid and health benefits for state and local government employees and retirees is projected to grow faster than the GDP.

The U.S. Government Accountability Office (GAO) projects that nonhealth-related state and local government spending, such as on education, will decline as a percentage of the GDP.
Health Spending Is Projected to Remain the Second-Largest Segment of New York State’s Budget

Spending by Function of State Operating Funds (in Millions)

NOTE: Disbursements include grants to local governments, State operations, and general State charges. Health spending summarized here includes not only Medicaid benefits and administration, but also public health spending, the Office for the Aging, and State funding for certain medical research. The mental hygiene category includes all mental and behavioral health, and developmental disabilities agency budgets.

Substantial federal funding for the Affordable Care Act’s Medicaid expansion will reduce pressure on the State budget even as Medicaid enrollment grows.
The Growing Cost of Health Insurance Coverage

- New York’s large employers contribute higher shares of premium costs than employers in any other state.

- Over the last decade, the cost of employer-sponsored family health insurance premiums in New York rose by an average of 92%.

- Rising premiums translate to lower wages, reduced benefits, more restrictive health coverage eligibility, and less affordability for employees to take up insurance.

- In New York over the last decade, employees’ required premium contributions as a percentage of their income roughly doubled.
New York State Health Insurance Premiums Have Grown Steadily

Average Family Premiums For Employer-Based Coverage, United States and New York State, 1996–2012

SOURCE: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey data.
NOTE: Average total family premium (in dollars) per enrolled employee at private-sector establishments that offer health insurance by firm size and selected characteristics. Data not available for 2007. These data show the total cost of the premium, rather than the total employee contributions, which are shown on page 23.
Nationally, Workers’ Health Insurance Costs Have Grown Faster than Earnings and Inflation

**Health Insurance Premium Growth, 1999–2012**

<table>
<thead>
<tr>
<th>Year</th>
<th>Workers’ Contribution to Premiums</th>
<th>Overall Inflation</th>
<th>Workers’ Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>11%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>2000</td>
<td>38%</td>
<td>38%</td>
<td>38%</td>
</tr>
<tr>
<td>2001</td>
<td>47%</td>
<td>47%</td>
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<td>2002</td>
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<td>24%</td>
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<td>2005</td>
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<tr>
<td>2006</td>
<td>109%</td>
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<td>2007</td>
<td>113%</td>
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<tr>
<td>2008</td>
<td>172%</td>
<td>172%</td>
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<td>2009</td>
<td>172%</td>
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<td>2010</td>
<td>172%</td>
<td>172%</td>
<td>172%</td>
</tr>
<tr>
<td>2011</td>
<td>172%</td>
<td>172%</td>
<td>172%</td>
</tr>
<tr>
<td>2012</td>
<td>172%</td>
<td>172%</td>
<td>172%</td>
</tr>
</tbody>
</table>

Family Health Insurance Premiums Are Growing Faster than Household Income in New York

New York Average Family Premiums and Median Income, 1999–2011

Average family premiums in New York were 33% of median household income in 2011 compared to 16% in 1999.

While employers pay most of the premiums, ultimately their cost is passed through to employees in the form of lower wages and income.

**SOURCE:** Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey data.

**NOTE:** Average total family premium (in dollars) per enrolled employee at private-sector establishments that offer health insurance by firm size and selected characteristics. Data not available for 2007. These data show the total cost of the premium, rather than the total employee contributions, which are shown on page 23. Data for median income from U.S. Census Bureau, State Median Income. Median Household Income is in 2011 inflation-adjusted dollars.
Employee Contributions to Health Insurance Premiums Have Roughly Doubled in New York


From 2000 to 2009, New York family contributions to health insurance premiums grew 6.4 times faster than median income. Family contributions rose by an average of 92.3%, while median income rose by only 14.4%.

SOURCE: Chart data are from the Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey data.

NOTE: The employee contribution includes the portion of the total health insurance premium paid by the enrolled employee, but does not include other employee cost sharing. Data not available for 2007. Median household income is in 2011 inflation-adjusted dollars.


HEALTH CARE COSTS AND SPENDING IN NEW YORK STATE
Rising Premiums Adversely Affect Employer Decisions About Hiring, Wages, and Benefits

New York Employer Responses to Increasing Premium Costs

- Reduced or froze wages: 25%
- Avoided hiring more workers: 22%
- Reduced benefits: 20%
- Relied on more part-time workers: 15%
- Eliminated positions: 14%
- Increased waiting periods for eligibility: 5%
- Reduced eligibility for benefits: 5%
- Dropped dependent coverage: 4%

Even though the percentage of New York employers offering coverage remains high, employers have increased restrictions on employee eligibility for coverage; costs are going up for both the employer and employee; and fewer employees are choosing to take up coverage when available.

The percentage of workers in New York insured by their employer's coverage has decreased from 69% in 2001 to 58% in 2009.

Enrollment in preferred provider organizations and high-deductible plans has grown, while use of health maintenance organizations and point-of-service plans has declined.


NOTE: Totals are not additive.
WHERE ARE WE SPENDING OUR MONEY?

HEALTH CARE COSTS AND SPENDING IN NEW YORK STATE
Where Are We Spending Our Money?

- In New York, health spending by private payers has grown faster than health spending by public payers, such as Medicaid and Medicare.

- Medicaid spending on aged and disabled enrollees is second highest in the nation, and is driving New York’s high Medicaid spending per enrollee.

- New York has higher hospital admission rates, longer lengths of stay, more hospital outpatient visits, and slightly higher emergency department use compared to the national average.

- While the high levels of hospital utilization help explain New York’s overall high costs, they are not necessarily driving rapid year-to-year cost growth.

- New York has a high number of physicians and specialists per capita.

- Prices are a likely driver of continuing cost growth.
New York Health Spending Is Evenly Split Between Public and Private Payers

Total Health Care Expenditures by Payer in New York (in Millions), 2009

- Private/Other: $81,207 (50%)
- Medicare: $34,081 (21%)
- Medicaid: $47,557 (29%)

NOTE: Data are for 2009.
Public Payers Account for a Larger Share of Spending in New York than Nationwide

**United States**
- Medicare: 23%
- Medicaid: 17%
- Private/Other: 61%

**New York**
- Medicare: 21%
- Medicaid: 29%
- Private/Other: 50%


*Note:* Data are for 2009; Payer shares may not sum to 100% because of rounding.
Private Health Spending Has Grown Faster than Public Spending, Growing 250% Between 1991 and 2009

Total Personal Health Expenditures by Payer in New York, 1991–2009 (in Millions)

Private health spending was 2.5 times higher in 2009 than in 1991, and the gap in growth between private and public spending is growing.

Medicaid Enrollment Has Continued to Grow in New York

Average Monthly Total Medicaid Enrollment, New York, 2007–2012

By 2022, New York’s Medicaid program is projected to grow by 1.03 million enrollees, with the Affordable Care Act (ACA) Medicaid eligibility expansion adding an estimated 320,000, or 31.2%, of the total increase.


NOTE: Figures are averages of monthly total enrollment for calendar years except 2012 data, which are for the fourth quarter. They are therefore lower than the annual enrollment totals shown on page 31, since many individuals move in and out of coverage over the course of a year, increasing annual total enrollment compared to estimates derived from monthly snapshots.
## New York's Overall and per Capita Spending on Medicaid Is High

<table>
<thead>
<tr>
<th></th>
<th>New York</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>19,541,453</td>
<td>307,006,550</td>
</tr>
<tr>
<td>Total Medicaid Enrollment</td>
<td>5,208,135</td>
<td>62,692,693</td>
</tr>
<tr>
<td>Percent of Population Enrolled in Medicaid</td>
<td>27%</td>
<td>20%</td>
</tr>
<tr>
<td>Total Medicaid Spending (State and Federal) *</td>
<td>$52,122,037,794</td>
<td>$389,084,333,952</td>
</tr>
<tr>
<td>Per Enrollee Medicaid Spending</td>
<td>$8,960</td>
<td>$5,527</td>
</tr>
<tr>
<td>Per Capita Medicaid Spending</td>
<td>$2,388</td>
<td>$1,129</td>
</tr>
</tbody>
</table>

* Total spending is for FY 2010.


**NOTE:** Medicaid enrollment is based on data for FY 2009. Population data estimates are for July 1, 2009.
New York Has the Third-Highest Medicaid Spending per Enrollee Among States

Total Annual Medicaid Spending per Enrollee, FY 2009

N.Y., $8,960

U.S., $5,527

SOURCE: The Kaiser Family Foundation State Health Facts.
NOTE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on data from FY 2009 Medicaid Statistical Information System and Centers for Medicare & Medicaid Services CMS-64 reports, 2012. Spending includes both state and federal payments to Medicaid. These figures represent the average (mean) level of payments across all Medicaid enrollees. Spending per enrollee does not include disproportionate share hospital payments.
New York has the second-highest Medicaid spending per capita among states.

**Medicaid Spending Per Capita, FY 2009**

- New York: $2,388
- United States: $1,129


New York’s Medicaid Spending on Aged and Disabled Enrollees Is Among Highest in the Nation, and Is Driving New York’s High Spending per Enrollee

Total per Capita Annual Medicaid Spending on Aged and Disabled Enrollees, FY 2009

SOURCE: The Kaiser Family Foundation State Health Facts.
NOTE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on data from FY 2009 Medicaid Statistical Information System and Centers for Medicare & Medicaid Services CMS-64 reports, 2012. The chart shows a sampling of states from all four quarters, representing a range of spending levels. Spending includes both state and federal payments to Medicaid. These figures represent the average (mean) level of payments across all Medicaid enrollees. Spending per enrollee does not include disproportionate share hospital payments.
Nursing Home, Home Health, and Personal Care Are Contributing to the Differences Between New York and U.S. Health Care Spending

New York per Capita Spending by Service, 2009

- Hospital Care: 36%
- Physician and Clinical Services: 23%
- Drugs and Other Medical Nondurables: 20%
- Nursing Home, Home Health, and Other Personal Care: 13%
- Dental and Other Professional Services: 7%

United States per Capita Spending by Service, 2009

- Hospital Care: 36%
- Physician and Clinical Services: 16%
- Drugs and Other Medical Nondurables: 14%
- Nursing Home, Home Health, and Other Personal Care: 14%
- Dental and Other Professional Services: 8%


NOTE: Hospital services include all services billed by hospitals, including room and board, ancillary charges, services of resident physicians, inpatient pharmacy, and hospital-based nursing home and home health care. Physician services include all services provided by physicians and laboratories. Drugs and other medical nondurable equipment include prescription and nonprescription drugs and medical sundries. Nursing home, home health, and other personal care services include spending for Medicaid home- and community-based waivers; care provided in residential care facilities; ambulance services; school health; and work site health care. Dental and other professional services include care provided by private-duty nurses; chiropractors; podiatrists; optometrists; and physical, occupational, and speech therapists. Durable medical equipment includes retail sales of items such as contact lenses, eyeglasses, and other ophthalmic products; surgical and orthopedic products; hearing aids; and wheelchairs. For full definitions, see http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/quickref.pdf.
Medicaid Spending per Recipient of Long-Term Care Services Is Higher in Downstate Regions of New York

Medicaid Long-Term Care Spending per Elderly Dual Recipient*, 2005

*Dual-eligible for Medicare-Medicaid.


NOTE: Almost all Medicaid enrollees age 65 and older are also enrolled in Medicare, and thus are considered dually eligible for these programs.
In New York City, use of nursing facilities is less common and home health care is more common.

Percentage of Medicaid elderly dual beneficiaries* using long-term care, by region and service, 2005

*Dual-eligible for Medicare-Medicaid.

**Source:** United Hospital Fund, "Medicaid Long-Term Care in New York: Variation by Region and County," 2010.
Nursing Facility Use Has Declined for Oldest New Yorkers

Percent of Elderly in Nursing Facilities (Age 85+)

New York Is Among States with the Most Physicians and Specialists per Capita

Specialists as a Share of all Physicians by State, 2006 (Physicians per 100,000)


NOTE: Physician counts are estimated from rates and population and are not exact. District of Columbia is excluded.
New York is above average in total hospital admissions.

**Hospital Admissions per 1,000 Population, 2010**

New York is ranked 13th in hospital admissions per 1,000 people and 13% above the national average.


**NOTE:** Data include staffed beds for community hospitals, which represent 85% of all hospitals. Federal hospitals, long-term care hospitals, psychiatric hospitals, institutions for the intellectually disabled, and alcoholism and other chemical dependency hospitals are not included.
New York Has the Third-Highest Length of Stay for Inpatient Admissions

Average Length of Stay (Days)

New York’s average length of stay, the third highest nationally, is 22% above the national average.

New York Medicare Beneficiaries Have Second-Highest Use of Inpatient Hospital Care in Last Two Years of Life

Hospital Care Intensity Index for Beneficiaries in the Last Two Years of Life, by State, 2010

New York hospital inpatient days for Medicare enrollees in the last two years of life totaled 23.9 on average in 2010, the most of any state, compared to the national average of 16.7 days and exceeding the 90th percentile of 18.6 days.

SOURCE: Dartmouth Atlas of Health Care, Hospital Care Intensity Index and Inpatient Days in the Last Two Years of Life, 2010.

NOTE: The Hospital Care Intensity Index is computed by comparing each hospital’s utilization rate, which is based on the number of days patients spend in the hospital and their total physician visits, with the national average and adjusting for age, sex, race, and severity of illness.
### New York Hospitals Exhibit Comparatively Low Mortality Rates

<table>
<thead>
<tr>
<th>Condition</th>
<th>Percent of New York Hospitals with Medicare Risk-Adjusted 30-Day Mortality Rates Better than the U.S. Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heart Attack</td>
<td>59%</td>
</tr>
<tr>
<td>Heart Failure</td>
<td>60%</td>
</tr>
<tr>
<td>Pneumonia</td>
<td>52%</td>
</tr>
</tbody>
</table>

Despite high admission rates, longer lengths of stay, more outpatient visits, and higher emergency department use in New York’s hospitals, mortality rates are relatively low compared with the national average.

**Source:** Centers for Medicare & Medicaid Services, Hospital Compare Database, [https://data.medicare.gov/data/hospital-compare](https://data.medicare.gov/data/hospital-compare), July 2013.
New York’s Rates of Hospital Admissions and Bed Counts Have Declined, but Remain Above the National Average

Hospital Admissions and Beds, per 1,000 Population, 1999–2010

The number of inpatient hospital beds declined in New York from 1999 to 2010, mirroring national trends, while New York’s hospital admission rates decreased less than national rates.


NOTE: Data include staffed beds for community hospitals, which represent 85% of all hospitals. Federal hospitals, long-term care hospitals, psychiatric hospitals, institutions for the intellectually disabled, and alcoholism and other chemical dependency hospitals are not included.
Outpatient Visits Have Increased and Inpatient Days Have Fallen in New York

Hospital Outpatient Visits and Inpatient Days, per 1,000 population, 1999–2010


NOTE: Data include staffed beds for community hospitals, which represent 85% of all hospitals. Federal hospitals, long-term care hospitals, psychiatric hospitals, institutions for the intellectually disabled, and alcoholism and other chemical dependency hospitals are not included.
New York Hospitals Provide a Substantial Amount of Outpatient Care

Hospital Outpatient Visits per 1,000 Population, 2010

31% Higher than U.S. Average

2,767

New York

2,106

United States

While the State is slightly above average in its number of inpatient visits, it is more significantly above average in outpatient hospital use.

New York has reduced inpatient admissions, and outpatient hospital visits continue to grow.

New York Has the 13th-Highest Hospital Spending per Capita

Hospital Spending per Capita, 2009

N.Y., $2,949
U.S., $2,475


New York's per capita hospital spending is 19% above the national average.

All readmissions in New York—nearly 274,000 hospital stays for all patients in 2008—cost $3.7 billion. Readmissions for avoidable costs occurred in 3.9% of initial hospital stays and cost $1.3 billion out of the total of $3.7 billion.
## Hospital Readmission Rates Vary Across New York State; the Bronx Has Highest Rates in Nation

<table>
<thead>
<tr>
<th></th>
<th>30-Day Medical Readmissions</th>
<th>30-Day Surgical Readmissions</th>
</tr>
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<tbody>
<tr>
<td>National Average</td>
<td>15.9%</td>
<td>12.4%</td>
</tr>
<tr>
<td>Bronx</td>
<td>18.1%</td>
<td>18.3%</td>
</tr>
<tr>
<td>Manhattan</td>
<td>17.3%</td>
<td>16.0%</td>
</tr>
<tr>
<td>East Long Island</td>
<td>16.7%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Rochester</td>
<td>16.6%</td>
<td>12.5%</td>
</tr>
<tr>
<td>White Plains</td>
<td>16.1%</td>
<td>17.4%</td>
</tr>
<tr>
<td>Binghamton</td>
<td>16.0%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Albany</td>
<td>16.0%</td>
<td>15.2%</td>
</tr>
</tbody>
</table>


**NOTE:** The authors note that “efforts to draw firm conclusions about the causes of specific differences in readmission rates among hospitals or regions—or of changes over time—are challenged by the multiple factors that can influence inpatient severity of illness, the settings to which patients are discharged, and the effectiveness of post-discharge care coordination. It is also important to recognize that readmission rates and early follow-up visits are only indirect measures of the effectiveness of care coordination. Better measures, such as patient reports of their care experiences or health outcomes, are not yet widely available.”
Rapid Growth of Hospital Prices in New York May also Help Explain Cost Trends

New York had the highest absolute growth in average prices per hospital admission from 2008 to 2010, at 10.5%, and the third highest after adjusting for intensity of services (i.e., the use of more procedures or more complex procedures per admission), at 8.9%. These prices are the amount agreed to between insurers and providers.

Nationally, prices for inpatient hospital care grew from 2008 to 2010, even after adjusting for intensity. However, prices and their growth varied widely among states and locally.

Source: Jeff Lemieux and Teresa Mulligan, “Trends in Inpatient Hospital Prices, 2008 to 2010,” American Journal of Managed Care, published online March 6, 2013.

NOTE: Data from MarketScan for the commercially insured population under the age of 65; calculations by the authors. Average prices were defined as the average of insurer-paid reimbursements plus patient cost-sharing obligations. Not all states are included because MarketScan restricts the publication of information to states or localities where the data include a sufficient number of respondents to maintain the confidentiality of the employers and health insurance plans that contribute data.
New York Ranks Poorly on Health Care Price Transparency

New York is one of 29 states receiving an F grade on health care price transparency laws from Catalyst for Payment Reform in 2013.

## Price-Standardized Medicare Spending per Beneficiary—a Measure of Service Utilization—is Below the U.S. Average in All Regions of New York

<table>
<thead>
<tr>
<th>New York Hospital Referral Regions (HRRs)*</th>
<th>Monthly Spending Below the U.S. Average</th>
<th>Percentile Rank Among 306 HRRs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rochester</td>
<td>($174)</td>
<td>0%</td>
</tr>
<tr>
<td>Bronx</td>
<td>($166)</td>
<td>1%</td>
</tr>
<tr>
<td>Buffalo</td>
<td>($166)</td>
<td>1%</td>
</tr>
<tr>
<td>Syracuse</td>
<td>($131)</td>
<td>6%</td>
</tr>
<tr>
<td>Binghamton</td>
<td>($121)</td>
<td>8%</td>
</tr>
<tr>
<td>Elmira</td>
<td>($117)</td>
<td>8%</td>
</tr>
<tr>
<td>Albany</td>
<td>($97)</td>
<td>14%</td>
</tr>
<tr>
<td>New York City (Manhattan, Brooklyn, Staten Island)</td>
<td>($51)</td>
<td>31%</td>
</tr>
<tr>
<td>White Plains (northern suburbs)</td>
<td>($17)</td>
<td>46%</td>
</tr>
<tr>
<td>East Long Island (Long Island and Queens)</td>
<td>($15)</td>
<td>47%</td>
</tr>
</tbody>
</table>

*Hospital referral regions (HRRs)—Created by Dartmouth to represent regional health care markets for tertiary (complex) medical care. Dartmouth Atlas Project defined 306 HRRs by assigning hospital service areas to regions where the greatest proportion of major cardiovascular procedures were performed, “with minor modifications to achieve geographic contiguity, a minimum total population size of 120,000, and a high localization index.”

**SOURCE:** Committee on Geographic Variation in Health Care Spending and Promotion of High-Value Care, Institute of Medicine, “Variation in Health Care Spending: Target Decision Making, not Geography,” July 2013.

**NOTE:** Price standardization removes payments associated with local wage differentials, graduate medical education, and disproportionately poor patients, thereby distilling differences due to utilization.
Getting More Bang for the Buck: The Quality Question

- Despite high spending, hospital quality in New York is similar to U.S. averages.
- New York ranks poorly on several measures of avoidable hospital use and costs.
- In New York, an individual hospital’s costs show no consistent relationship to quality.
Despite High Spending, New York Is Similar to the United States on Overall Hospital Quality

Overall Recommended Hospital Care Score

<table>
<thead>
<tr>
<th></th>
<th>New York</th>
<th>National Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Recommended Care</td>
<td>97.1%</td>
<td>97.5%</td>
</tr>
<tr>
<td>Overall Heart Attack Care</td>
<td>97.7%</td>
<td></td>
</tr>
<tr>
<td>Overall Heart Failure Care</td>
<td>98.0%</td>
<td></td>
</tr>
<tr>
<td>Overall Pneumonia Care</td>
<td>96.0%</td>
<td>95.8%</td>
</tr>
<tr>
<td>Overall Surgical Care</td>
<td>95.8%</td>
<td>95.9%</td>
</tr>
</tbody>
</table>

**SOURCE:** WhyNottheBest.org, “Quality – Overall Recommended Care,” data for Q3 2011–Q2 2012. Data are from the Centers for Medicare & Medicaid Services (CMS).

**NOTE:** Medical record, all patients 18 years old and older, all-payer. These totals reflect a combined 31 measures that capture how often hospitals delivered recommended care processes in the following four areas: heart attack, heart failure, pneumonia, and surgical care improvement. This includes 13 legacy measures, which CMS has retired and for which hospitals are no longer required to report data.
New York Fares Poorly on Several Measures of Avoidable Hospital Use and Costs

<table>
<thead>
<tr>
<th>Potentially Avoidable Hospital Use and Cost of Care—New York Overall Rank: 50th</th>
<th>N.Y. Rank</th>
<th>State Rate</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital admissions for pediatric asthma per 100,000 children</td>
<td>35</td>
<td>253.5</td>
<td>2005</td>
</tr>
<tr>
<td>Percent of adult asthmatics with an emergency room or urgent care visit in the past year</td>
<td>31</td>
<td>21.2</td>
<td>2001–2004</td>
</tr>
<tr>
<td>Medicare hospital admissions for ambulatory care sensitive conditions per 100,000 beneficiaries</td>
<td>40</td>
<td>7,269</td>
<td>2006–2007</td>
</tr>
<tr>
<td>Medicare 30-day hospital readmissions as a percent of admissions</td>
<td>29</td>
<td>18.3</td>
<td>2006–2007</td>
</tr>
<tr>
<td>Percent of long-stay nursing home residents with a hospital admission</td>
<td>34</td>
<td>20.6</td>
<td>2006</td>
</tr>
<tr>
<td>Percent of short-stay nursing home residents with a hospital readmission within 30 days</td>
<td>35</td>
<td>22.5</td>
<td>2006</td>
</tr>
<tr>
<td>Percent of home health patients with a hospital admission</td>
<td>49</td>
<td>39.3</td>
<td>2007</td>
</tr>
<tr>
<td>Hospital Care Intensity Index, based on inpatient days and inpatient visits among chronically ill Medicare beneficiaries in last two years of life</td>
<td>50</td>
<td>1.322</td>
<td>2005</td>
</tr>
<tr>
<td>Total single premium per enrolled employee at private-sector establishments that offer health insurance</td>
<td>38</td>
<td>$4,638</td>
<td>2008</td>
</tr>
<tr>
<td>Total Medicare (Parts A and B) reimbursements per enrollee (higher-spending states get higher numerical rankings)</td>
<td>51</td>
<td>$9,564</td>
<td>2006</td>
</tr>
</tbody>
</table>

Individual Hospital Medicare Payments Show No Consistent Relationship to Quality Scores

Hospital Medicare Reimbursement as Compared to Quality Scores

SOURCE: Dartmouth Atlas, Total Medicare Reimbursements per Decedent in the Last Two Years of Life, 2010 (extracted from CMS data), and CMS Hospital Compare Quality Summary Score by New York Hospital, 2007.

NOTE: Each bar represents a hospital in New York State. Only hospitals for which both quality scores and total Medicare reimbursements are available are included.
New York Health Plans Exhibit High-Quality Diabetes Care

Comprehensive Diabetes Care: Good Glycemic Control (HbA1c<7% for a selected population), 2011

New York Health Plans Exhibit High-Quality Mental Health Follow-Up Services

Follow-Up After Hospitalization for Mental Illness: Within Seven Days Post-Discharge, 2011

CONCLUSION
Conclusion

- Health care costs in New York State are high and growing.

- Health care costs are reflected in high health insurance premium expenses for businesses and their workers, which adversely affect wages, employment, and economic growth.

- Despite high levels of spending, New York does not consistently demonstrate better quality of care.

- There are gaps in publicly available data on health care costs in New York.

- Improved data access and price transparency could enable purchasers and consumers to make better-informed decisions about the cost and quality of providers and services, and stimulate payment innovations.

- Further payment reforms can drive better outcomes and lower spending.