



# An Update on MN Spending From Within The Pandemic

## MN House, Health Finance & Policy (Jan. 19. 2021)

Stefan Gildemeister | State Health Economist

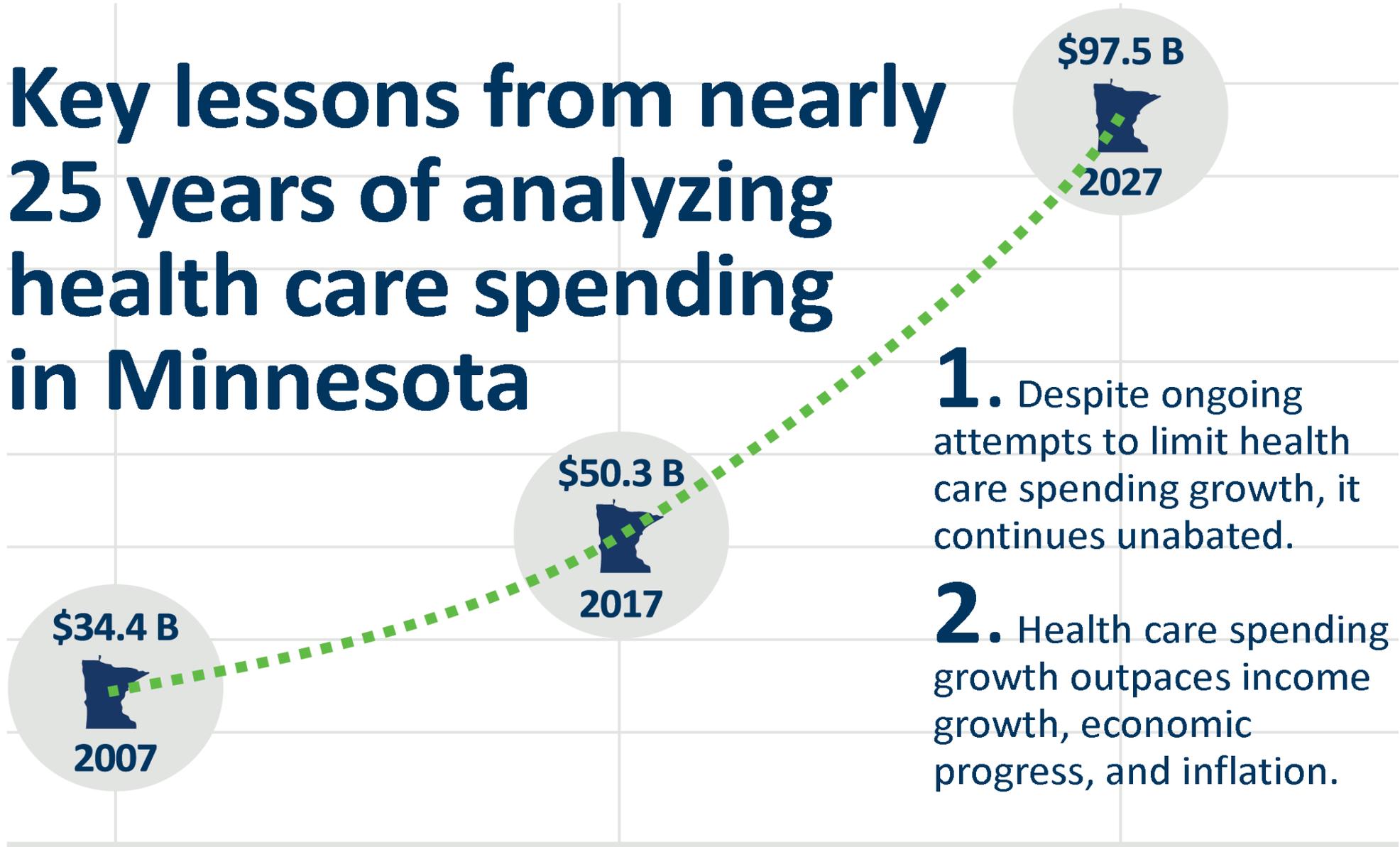
PROTECTING, MAINTAINING AND IMPROVING THE HEALTH OF ALL MINNESOTANS

# How MDH Monitors Health Care Spending

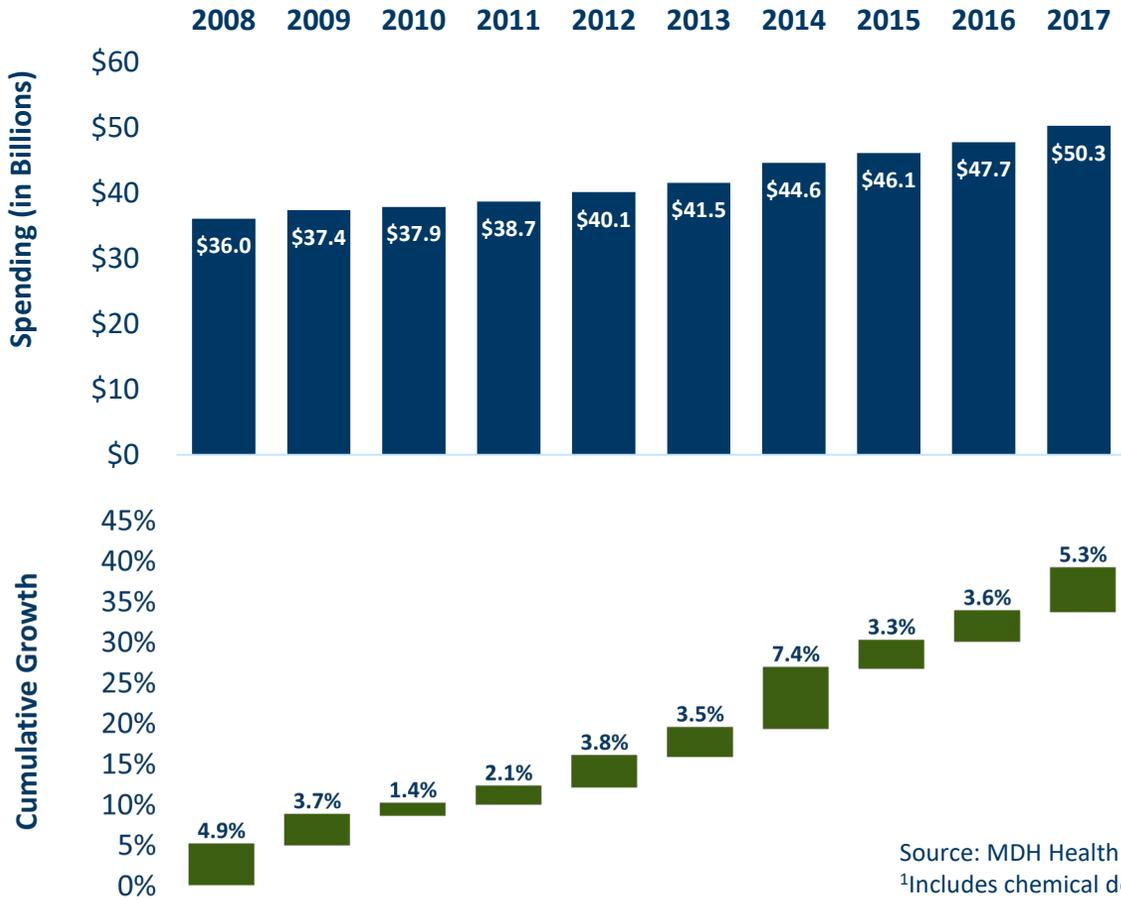


- **Available Data**
- Federal and state spending & actuarial forecasts
- NAIC/ MCHA + other carriers reports
- Surveys on coverage & burden of cost
- MN APCD (service/ site-specific)
- Public health and other spending
  
- **Examples of Topic-specific Analyses**
- Capital expenditures (providers)
- Chronic disease spending
- Low-value care
- Spending in the individual market

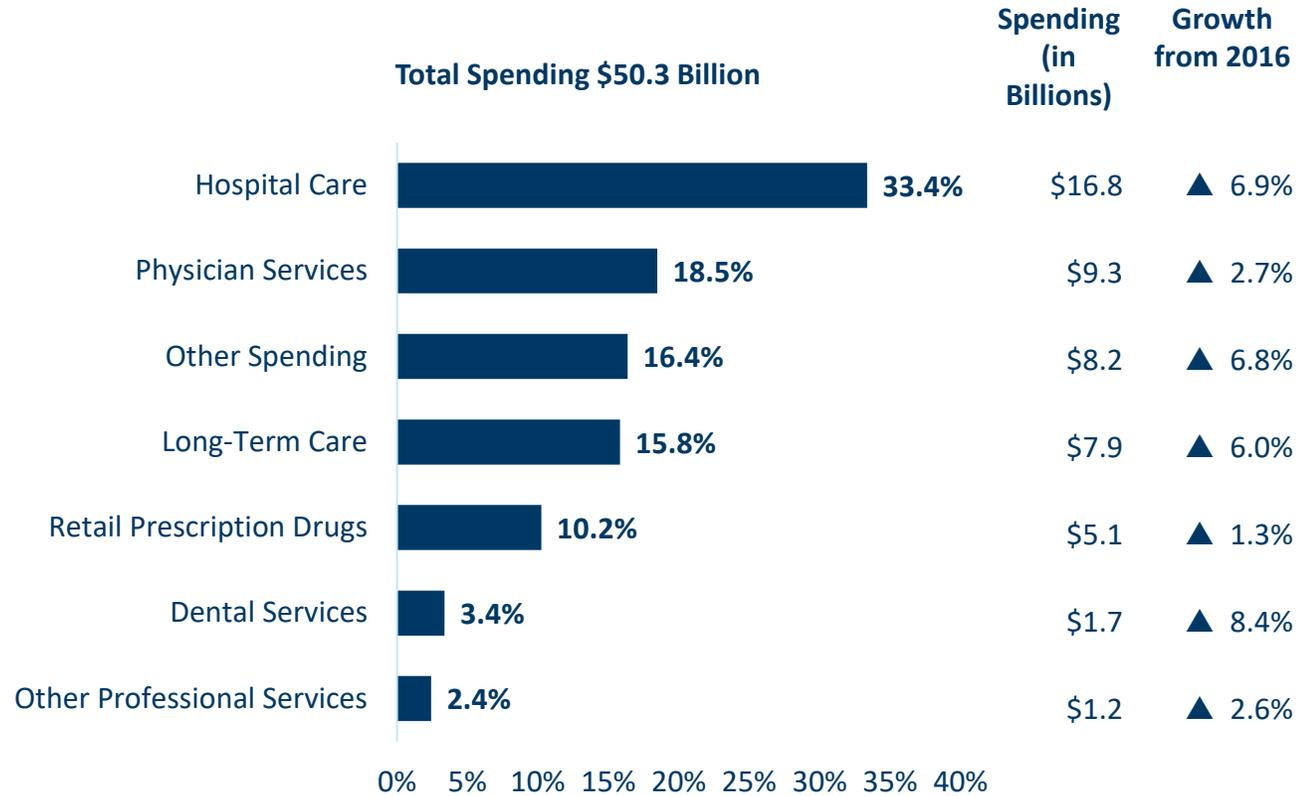
# Key lessons from nearly 25 years of analyzing health care spending in Minnesota



# Trends In Minnesota Health Care Spending, 2008-2017



Source: MDH Health Economics Program.  
[Summary of graph](#)



Source: MDH Health Economics Program. May not total to 100% due to rounding.

<sup>1</sup>Includes chemical dependency/mental health, durable medical, health plan administrative expenses and revenues in excess of expenses, public health spending, correctional facility health spending, Indian Health Services, not itemized spending, and uncategorized spending.

<sup>2</sup>Includes home health care services.

<sup>3</sup>Includes services provided by health practitioners who are not physicians or dentists.

[Summary of graph](#)



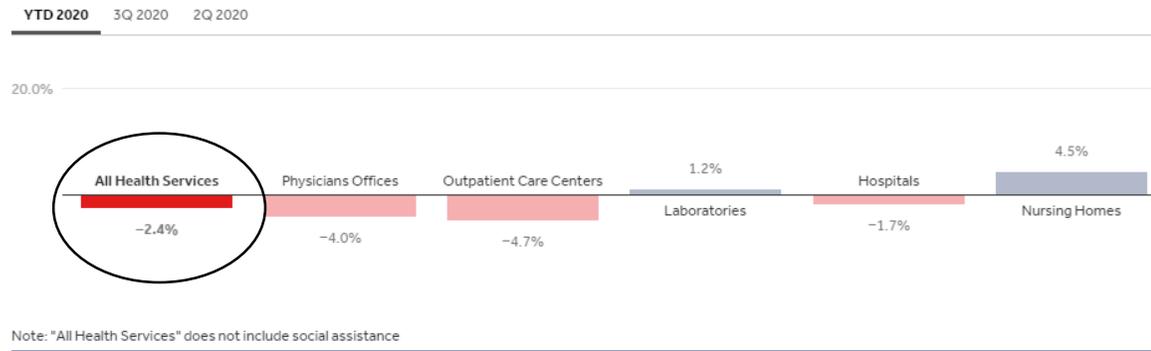
# Current Evidence – 2020 Utilization and Spending

# How Has MN Health Care Spending Been Affected by COVID-19?

- Substantial decrease in health care utilization (particularly in first part of 2020)
  - Care avoidance, including delay, due to COVID-19
  - Restrictions on elective procedures
  - Changes to care systems
  - Additional services for the diagnosis and treatment of COVID-19
- Limited use of preventive services, including childhood vaccination
- Increasing use of telehealth utilization for certain services
- **In summary:** COVID-19-related spending increases across the US were more than offset by reductions in spending for non-COVID-19 services

# Nationwide – Health Care Spending

Percent change from previous year in health services spending

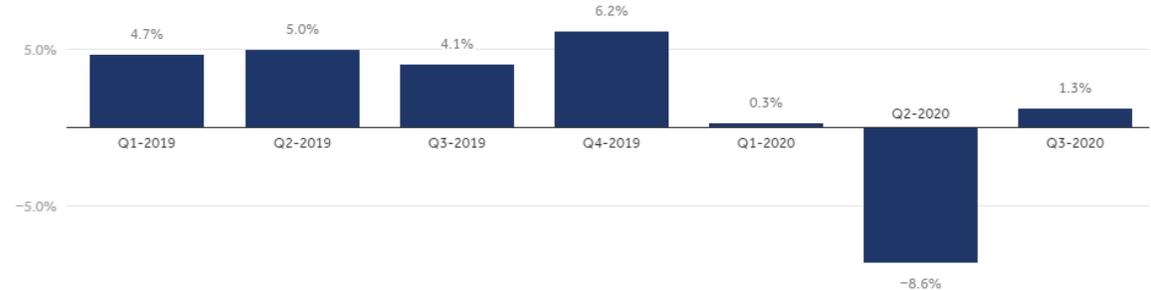


Note: "All Health Services" does not include social assistance

Chart: KFF analysis of Quarterly Services Survey • [Get the data](#) • PNG

Peterson-KFF  
Health System Tracker

Year-over-year growth in health services spending, Q1 2019 - Q3 2020



Note: Does not include spending on social assistance

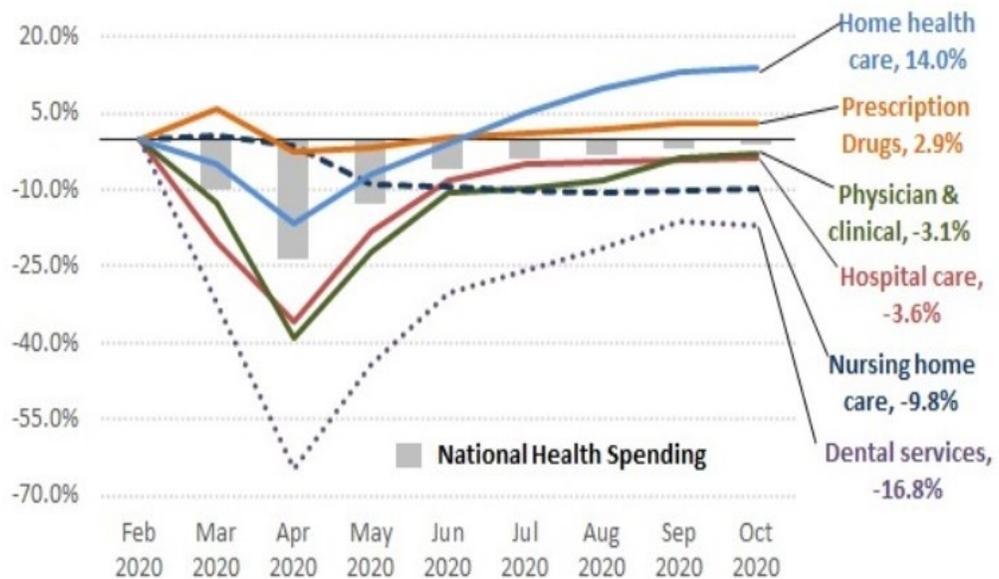
Source: KFF analysis of Quarterly Services Survey (QSS) • [Get the data](#) • PNG

Peterson-KFF  
Health System Tracker

- Through Q3 2020, health services spending was down 2.4%
- Decreases greatest in clinical settings (physician offices, outpatient care centers)
- The disruption in spending has been felt throughout 2020, but was largest in Q2

# Cumulative Spending Growth Compared to Previous Year: National Trends

Exhibit 1: Cumulative Spending Growth since February 2020 for Major Categories

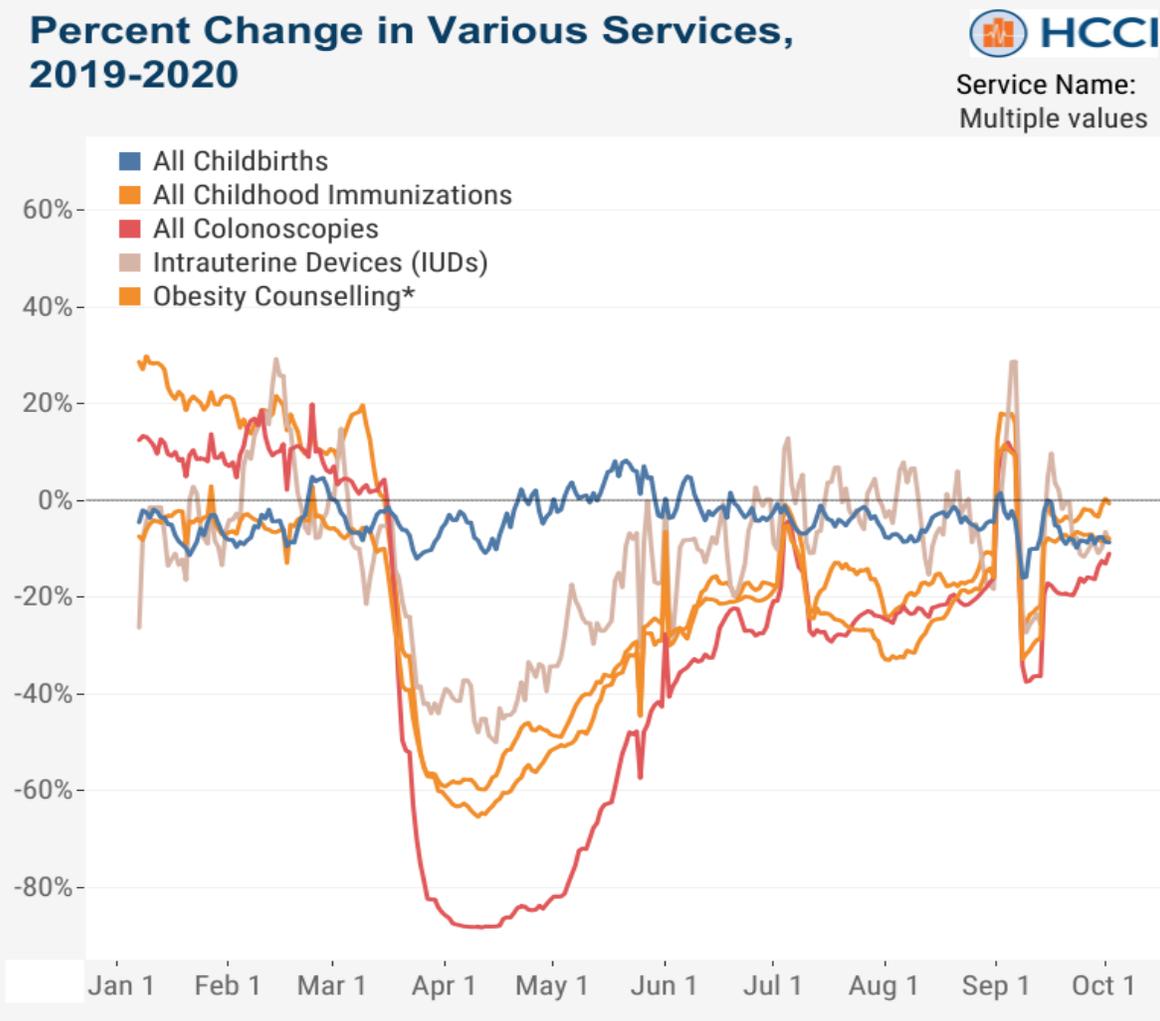


Note: Percent differences between February and October are shown in the data labels.

- Hospital care and physician spending fell in March and April; rebounded over the summer of 2020, but remains diminished
- Nursing home care declined -- counterbalanced by increases in home health care spending
- Dental services utilization and spending were greatly impacted by COVID
- Minimal impact on Rx spending

# Use of Preventive Services: National Trends

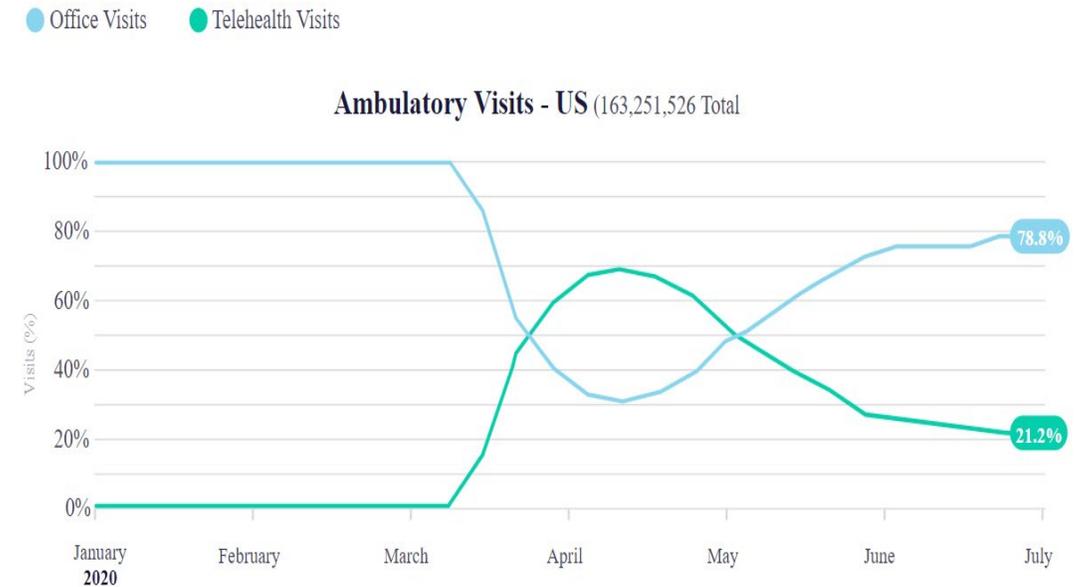
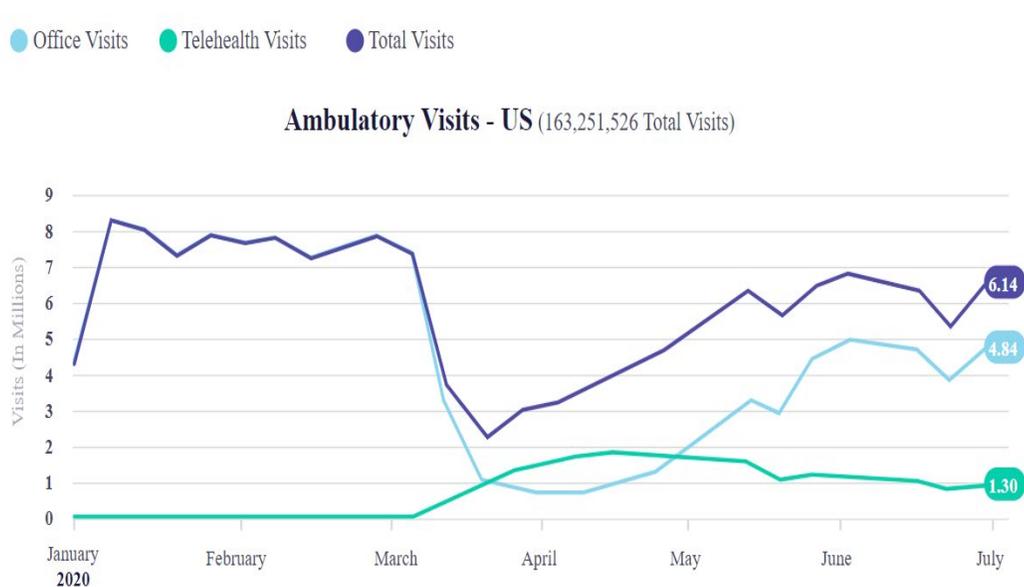
Percent Change in Various Services, 2019-2020



- Large decrease in preventive services between March and July 2020
- Compared to same month previous year, immunizations and colonoscopies substantially below 2019 levels
- It will take time to understand impact of these (and other) dynamics and whether and how they can be overcome

# Trends in Use of Telemedicine Services: National Data

## Number and percent of ambulatory visits by type, 2020

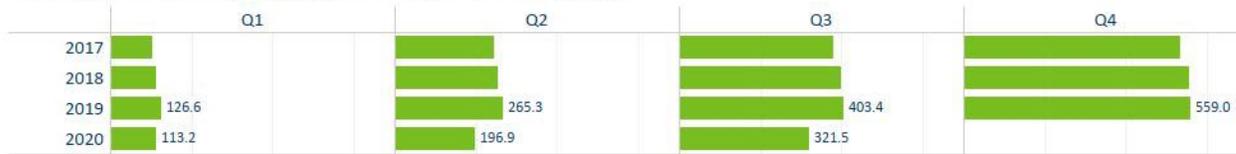


Telemedicine visits increased dramatically in March 2020 and peaked in mid-April when they comprised 69 percent of total ambulatory visits. Levels have since dropped to make up 21 percent of total visits in mid-July, which is still substantially higher than pre-COVID.

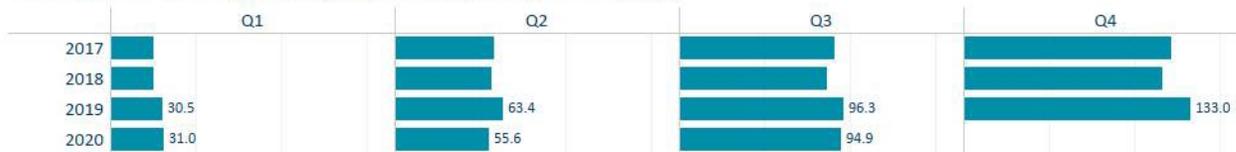
Source: Epic Health Research Network. Data are pooled from 37 health care organizations representing 203 hospitals and 3,513 clinics that include visits from patients in all 50 states. <https://www.ehrn.org/articles/telehealth-fad-or-the-future/>

# Minnesota's Individual Market

Cumulative Quarterly Physician Encounters per 100 people



Cumulative Quarterly Non-Physician Encounters per 100 people



Cumulative Quarterly Hospital Days per 100 people



Cumulative Quarterly Inpatient Admissions per 100 people



- Quarterly data from individual market carriers shows decreases in physician encounters.
- Unlike previous years, average monthly claims paid decreased in Q2 (not shown)
- Reinsurance costs were 2.1 percent lower in Q2 2020 than in Q2 2019; by Q3 had recovered and were 2.7 percent higher (not shown)

# Private Market Premium Holiday/Discounts in 2020

- Four Minnesota Carriers announced Premium Rebates
  - Blue Cross/Blue Shield of Minnesota (August) and UCare (May), UnitedHealth Group (May):
    - Noted lower utilization of health care services
    - Premium credits for commercial and Medicare plans
  - HealthPartners (October):
    - Premium credits for fully-insured plans (group and individual)
- Carriers also providing resources for telehealth to providers, members; waiving cost sharing for mental health and COVID-related services

# Minnesota State Public Programs

- Minnesota State Public Programs expect reductions in spending over the next two years from lower utilization by enrollees in 2020 :
  - Medical Assistance: \$386 Million
  - MinnesotaCare: \$15 Million

# Concluding Thoughts

- The direct and indirect effects of the pandemic represented a devastating shock to our lives, economy and well-being.
- The health care system, which is at the front lines, has not been left untouched either:
  - Utilization, including for preventive services, declined
  - The number of providers and the sites through which they deliver services have contracted
  - Weaknesses across a number of dimensions have been laid bare
- In 2020, health care spending likely will decline for the first time in years

- There are numerous aspects of the pandemic and its impact we will not understand for a long time:
  - Care avoidance, delayed care and pent-up demand
  - Excess mortality and its long-term consequences
  - Long-term effects of COVID-19 infections and treatment costs
  - The “new normal” for telemedicine and its effect on quality and spending
  - How (and when) will the delivery system (and the front-line staff) emerge
  - What has the pandemic taught us individually about health and tradeoffs
- But there are also opportunities in a crisis to reimagine a system and its financing to better serve the public

# Thank You!

Health Economics Program: [www.health.state.mn.us/health/economics](http://www.health.state.mn.us/health/economics)

MN All Payer Claims Data: [www.health.state.mn.us/data/apcd/publications.html](http://www.health.state.mn.us/data/apcd/publications.html)

Health Care Market Statistics: [www.health.state.mn.us/data/economics/chartbook/](http://www.health.state.mn.us/data/economics/chartbook/)

The Health Care Spending Dilemma (Video): <https://youtu.be/aitOKUtAgrs>

Contact: [Stefan.Gildemeister@state.mn.us](mailto:Stefan.Gildemeister@state.mn.us) | 651.201.3550