

Nevada spending on health care among the lowest of all states

By Sean Whaley, Nevada News Bureau

CARSON CITY – Nevada ranks 46th among states on spending on health care per capita, according to a report released this month by the Centers for Medicaid & Medicare Services.

Nevada spends \$5,735 per person on total personal health care as of 2009, the report says. The national average is \$6,815. The highest per capita spending was found in Massachusetts at \$9,278.

Larry Matheis, executive director of the Nevada State Medical Association, said Nevada's low spending on health care is a reflection of the large number of residents who don't have health insurance.

U.S. Census data released in October shows Nevada is the third most uninsured state per capita in the U.S as of 2009.

"On first blush it's good news that we're not on the high end of spending per person," Matheis said. "But a more balanced look at the data says we have a lot of warning signs in this pool of data. It renders a number that looks like we've got costs under control. It actually just means we have a big access problem."

The report found that eight of the 10 top states for total health care spending per capita, including Massachusetts, Connecticut, and New York, are also ranked in the top third in the nation for annual personal income per capita.

"Income appears to have an important and positive relationship with health spending," the report said.

Matheis said the study provides much-needed information as the country moves forward with full implementation of the national health care law.

“They need much better baseline information about how much they are spending and on what with every population and in every part of the country, because a big part of the reform proposals are aimed at trying to, if not reduce costs, reduce the things that lead to higher costs,” he said.

Medicare and Medicaid spending

The report shows Nevada is in the middle of the pack in terms of Medicare spending per enrollee at \$9,692, and ranks toward the bottom of the states on Medicaid spending per enrollee at \$6,003. The national averages are \$10,365 and \$6,826, respectively.

But in terms of the percentage of health care dollars spent on Medicaid, Nevada is lowest among all states at only 8.6 percent. Nevada is the only state where spending is in the single-digits. The highest is New York, where 29.2 percent of all personal health care spending is via Medicaid.

Medicaid is the health care program for low income seniors, disabled and families, the cost of which is shared by states and the federal government.

Charles Duarte, administrator of the state Division of Health Care Financing and Policy, which oversees the Medicaid program, said Nevada’s spending is low because of the policy decision to restrict eligibility. The program also doesn’t offer many optional services that can increase costs.

“We’ve made decisions as a state that we’re not going to expand the program from an eligibility perspective,” he said. “And so in other states Medicaid makes up 14, 15, 16 percent of coverage for people in the state. In some states it is as high as 30 percent.

“We don’t cover as many people in our public programs, but our employers are kind of right in the middle there, slightly above the national average,” Duarte said. “And what the means is the uninsured group are those that could be covered by Medicaid if our rules allowed it.”

Federal health care law

This situation is expected to change as the Medicaid program expands beginning in 2014 as part of the implementation of the federal health care law, he said. As many as 100,000 new residents could be eligible for Medicaid. There are residents eligible for Medicaid now who are not participating in the program who will have to be covered as well, Duarte said.

The cost of the newly eligible residents will be covered almost entirely by the federal government, but the state will share in the cost of those who are eligible now but who have not signed up for the program, he said.

This Medicaid expansion is one reason Nevada joined with many other states in challenging the constitutionality of the health care law. The U.S. Supreme Court has agreed to review the law. Former Gov. Jim Gibbons in 2010 estimated the Medicaid mandate will cost Nevada \$613 million over six years beginning in 2014. Gibbons initiated Nevada’s participation in the challenge to the law which is being continued by Gov. Brian Sandoval.

Matheis said there is a strong feeling in the Nevada medical community that the state is under-spending on this population, which will have to change with the implementation of the health care law.

“Nevada is going to go from where we are now, which is a very low spending per Medicaid patient; we’re going to jump a huge amount because there are going to be so many people that will be identified for the new Medicaid expansion that is coming under the Affordable Care Act,” he said.

This rapid expansion will create budget challenges for state lawmakers, Matheis said.

Policy-makers need to seriously consider the data and build it into the state's planning efforts, he said.

"At some point we do have to invest in a health care system that we want," Matheis said. "Right now we're doing that in Nevada minimally and that's what this report really shows."