Texas Health Planning NEWS

February 1986
Vol. 4 No. 1

Bureau of State Health Planning and Resource Development
Texas Department of Health 1100 W. 49th Street, Austin, Texas 78756

SHP DEVELOPMENT SCHEDULE IS EXPEDITED BY SHCC

The Statewide Health Coordinating Council (SHCC), at its January 7, 1986 meeting in Austin, approved an expedited schedule for the 1987 State Health Plan (SHP 87). In order to distribute the new SHP concurrent with state legislative committee schedules, the SHP 87 will be reviewed for final adoption by the SHCC at the end of June 1986, three months ahead of the original completion date of September 19, 1986. Approval by the governor is anticipated by mid-July, 1986.

At the January 7 meeting, the SHCC approved the following issues in their respective subject areas for presentation in the SHP 87:

Health Protection - groundwater or subsurface water contamination, particularly in aquifers;

Health Promotion and Health Education - comprehensive health education for school children;

Prevention, Detection and Referral - the increasing incidence of AIDS;

Ambulatory Care and Emergency Medical Services - an improved regional EMS communications network throughout the state, emphasizing an upgraded radio communications system between emergency medical and other public safety units;

Short Term Institutional Care - the development of alternative delivery methods by hospitals;

Long Term Institutional Care and Alternatives - the quality of care provided by nursing homes;

Habilitation and Rehabilitation - fragmentation of the delivery system;

Mental Health/Mental Retardation - after-care community based services for MHMR clients;

Alcohol and Drug Abuse - the prevention of alcohol and drug abuse through education at all school levels;

Health Care Costs - patient care management alternatives, health insurance reform, health needs of the working poor, and tort reform;

Health Professions - maldistribution of primary care physicians and nurses resulting in a shortage in some rural and inner-city areas;

Data Needs - incomplete trauma injury data;

Maternal and Child Health Care - the high incidence of unplanned pregnancies among the teenage population; and

Tort Reform - medical liability system reform.

PERSONAL HEALTH CARE EXPENDITURES, '66-'82, GREW AT 13.1% AVERAGE RATE

(Katherine R. Levit, Health Care Financing Review, Volume 6, Number 4, as published in Medical Benefits, January 1986)

"From 1966 to 1982, personal health expenditures in the United States grew from $39.3 to $282.8 billion at an average annual rate of 13.1 percent. Increases in the proportion of spending for institutional services (those services included in National Health Expenditure hospital and nursing home categories) dominated the health industry. The nation's bill for hospital care grew at 14.4 percent per year and the bill for nursing homes at 16.3 percent per yer through the 16-year period. In 1966, 45.7 percent of all personal care services went for institutional care. By 1982, hospital and nursing home spending accounted for 56.6 percent of all expenditures. At the same time, the percentage of health expenditures for the purchase of drugs and medical sundries declined from 13.9 percent to 7.7 percent. Much of this decline can be attributed to a slower growth rate in drug prices than in prices for overall health care.

Methods of financing health care shifted during the period 1966-82. In 1966, the consumer paid directly for half of all health care spending, with the other half financed about equally by insurance and public programs. By

(continued on page 2)

HEALTH CARE EXPENDITURES
(continued from Page 1)

1982, public programs accounted for almost 40 percent of all spending; insurance, 32 percent; and the consumer, 27 percent.

The shift of payment responsibility from the consumer to 'third parties,' such as government and insurance companies, alters the interaction among supply, demand and prices. The consumer, who pays only a fraction of the cost of most services at the point of purchase, perceives the price of services to be lower than it really is.

Expenditures per person for personal health care increased from $201 in 1966 to $1,220 in 1982. Per capita expenditures increased at a rate of 11.9 percent per year, while personal income per person, a measure of the financial resources available to individuals, grew at an average annual rate of 8.6 percent. Although government financed increasing proportions of health care throughout the period, the contrasting rates of growth of spending and income emphasize the ever-increasing amount of resources diverted to health care.

The per capita estimates presented in this article, although useful in the determination of spending trends and levels, should not be interpreted as spending per resident. Per capita figures are derived by dividing total spending in a state by the state's population, but total spending in a state ('place of service') does not necessarily equal total spending by residents of a state ('place of residence').

The choice of services purchased with the health care dollar varies by region and state. Nationwide, almost half of all personal health care expenditures went toward the purchase of hospital care in 1982. Among states, however, Washington devoted the smallest proportion, 37 percent, to hospital care; in Massachusetts, 54 percent of all personal health spending purchased hospital care. (An even higher percentage of spending, 71 percent, was devoted to hospital care in the District of Columbia; however, a large portion of that spending can be attributed to purchases by out-of-state residents.)

The purchase of physicians' services, the second largest category of health expenditures, was responsible for 22 percent of all spending nationwide. The lowest proportion of spending was in Vermont, where less than 15 percent of the health dollar was expended for physicians' services; the highest occurred in Hawaii, where over 30 percent of every dollar went for physicians' services.

Spending per capita for personal health care grew an average of 11.9 percent per year during the period 1966-82. Growth was most dramatic in the Southeast, where expenditures per capita grew 12.8 percent per year. Mississippi registered an average annual growth rate of 13.7 percent, the highest per capita growth in the region and the nation. However, despite rapid growth, the per capita expenditure for personal care in Mississippi remains among the lowest in the nation.

When per capita personal health care estimates for the states are divided by the national estimate, the resulting percentages show a pattern of convergence toward the U.S. average over the 16-year period." (EDITOR'S NOTE: A recent report from the Department of Health and Human Services states that per capita spending on health care in 1983 was $1,461 and $1,580 in 1984.)

Texas Health Planning News is published aperiodically by the Bureau of State Health Planning and Resource Development, Texas Department of Health, 1100 West 49th Street, Austin, Texas 78756-3199 to promote the recommendations of the State Health Plan, and summarize health planning data available through the Bureau. Material contained herein is published by the Texas Department of Health under the authority of Article 4418h (H.B. 2164), VTCS, and is financed by public funds appropriated by the Texas Legislature and from the Public Health Service, Department of Health and Human Services, Grant No. 06-P-000207-10. This agency conforms to the provisions of Title VI of the Civil Rights Act of 1964 which prohibits discrimination on account of race, color, or national origin, and other provisions relating to equal employment opportunities, and nondiscrimination on the basis of sex and handicaps.

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