

# The **Future** of Colorado **Health Care**

*An Economic Analysis of Health Care Reform and the Impact on Colorado's Economy*





## **THIS PROJECT IS LED BY**

**The New America Foundation**, a nonprofit, nonpartisan public policy institute that invests in new thinkers and new ideas to address the next generation of challenges facing the United States.

**The University of Denver's Center for Colorado's Economic Future** which informs and enhances public dialogue on issues affecting Colorado's long-term economic health and quality of life by providing information, research and analysis.

For additional information, please contact:

- Charlie Brown, [Charles.Brown@du.edu](mailto:Charles.Brown@du.edu) or 303-871-2770
- Henry Sobanet, [henry@coloradostrategies.com](mailto:henry@coloradostrategies.com) or 303-250-3372

## **THIS PROJECT IS SUPPORTED BY**

**The Colorado Health Foundation**, working to make Colorado the healthiest state in the nation by increasing the number of Coloradans with health insurance; ensuring they have access to quality, coordinated care; and encouraging healthy living.

**The Colorado Trust**, a statewide grantmaking foundation dedicated to achieving access to health for all Coloradans by 2018.

# The **Future** of Colorado **Health Care**

*An Economic Analysis of Health Care Reform and the Impact on Colorado's Economy*

## PROJECT OVERVIEW

By The New America Foundation Health Policy Program

*Len Nichols, Director*

The University of Denver's Center for Colorado's Economic Future

*Charlie Brown, Director and Henry Sobanet, Consultant, Colorado Strategies*

### INTRODUCTION

Colorado employers, households and government face challenges because of rising health care costs. More specifically, many Colorado businesses are no longer offering health benefits to their employees, and those that do are under increasing pressure to find ways to reduce costs. In addition, many Colorado families simply cannot afford coverage. Even Coloradans who have insurance are struggling to afford coverage that protects their health and financial needs. Indeed, the cost of health care is rising so quickly that some economists predict it will overwhelm federal and state budgets within 10 to 15 years.

The trajectory of our health system has profound implications for our economy. Yet the debate about health care reform often centers exclusively on whether there is support for spending the dollars needed to cover everyone. The choices associated with reforming our health system, however, are much more nuanced and complex. A focused economic analysis can help clarify these tradeoffs and identify potential policy solutions.

### BUSINESS ROLE IN REFORM

In recent years, Colorado's business community has assumed a leadership role in health reform. Business leaders have contributed to valuable reports on Colorado Medicaid, SCHIP, health care quality and costs, and the Blue Ribbon Commission on Health Care Reform. This project focuses on providing Colorado leaders, especially the business community, with information about the economic impact of both Colorado's current health care system and potential reform efforts to help them make well-informed decisions about the future of health care in Colorado.

### PROJECT PURPOSE

The New America Foundation Health Policy Program and the University of Denver's Center for Colorado's Economic Future have partnered to produce a new report, *The Future of Colorado Health Care: An Economic Analysis of Health Care Reform and the Impact on Colorado's Economy*. Accessible to policymakers, business leaders and numerous other Colorado stakeholders, the analysis will produce original, state-specific data to consider the economic consequences of doing nothing and, conversely, the impact health reform would have on the Colorado economy. The report will detail the consequences of inaction on health reform; the costs and benefits of increasing health insurance coverage; and the costs and benefits of reforming the health care delivery system. The report's pairing of unique data and sound analysis will allow stakeholders to make reasoned and well-informed decisions about the future of health care in Colorado.

### PROJECT PROCESS

This project will include:

- Collection and analysis of Colorado-specific data on the potential economic cost and value of health care system reforms
- Outreach to and discussion with Colorado business, health and policy leaders
- A final report synthesizing our data, analysis and discussions to draw conclusions about the economic viability of health system reform in Colorado; the economic consequences of the current health care system; the economic impact of potential health care coverage expansion; and the economic outcome of delivery-system reforms.

The project will be completed in late fall 2009.

# The **Future** of Colorado **Health Care**

*An Economic Analysis of Health Care Reform and the Impact on Colorado's Economy*

*The Future of Colorado Health Care* project will feature the following four-part analysis:

**Economic implications of doing nothing.** The study will examine the economic ramifications of the current system. For example, the loss of economic output caused by the premature death and prolonged morbidity of Colorado's uninsured population is valued at 1-2% Gross Domestic Product (GDP). The study will also consider the economic impact of inaction, an increasing number of uninsured Coloradans and uncompensated care costs, and the strain of inaction on state health programs.

**Economic cost-benefit of coverage expansion.** This component of the project will offer tangible, economic data on the trade-off between financing coverage expansions for the uninsured of Colorado and the economic gains of spending by the newly insured. It will tackle the persistent question of whether the moral and economic benefits of covering Colorado citizens—*independent of other cost-saving reforms*—outweigh the cost to the state.

**Economic value and cost of delivery system reform.** The study will also evaluate the steps necessary to achieve health care cost savings and increased efficiency. It will examine how delivery system reform proposals such as implementing an electronic medical record system, changing provider and patient incentives, and enumerating and applying best practices in medicine will impact the Colorado economy.

**Net fiscal impact of health system reform on the state of Colorado.** Using the analysis mentioned above, the report will provide insight into the outlook for the Colorado economy should it undertake health reform. It will explain the net fiscal impact of many different formulas for health reform versus the cost of the status quo.

## PROJECT METHOD AND SOURCES

Information for this report will be gathered from Colorado sources of health care data, including: hospitals, physician groups, health plans, other health care providers, the Colorado Health Institute, Colorado Regional Health Information Organization (CORHIO), Quality Health Network (QHN) in Mesa County, Colorado government agencies, the University of Denver and other sources. Analysis will be based, in part, on a study of the Colorado Medicaid program and the uninsured being researched and written by the Urban Institute in Washington, DC. Additionally, while this report is separate and independent from the recent Colorado Blue Ribbon Commission on Health Care Reform study, it may reference the Commission's data and recommendations.