Outlook 2013

Is Montana’s Health Care Workforce Ready for the Affordable Care Act?
www.csi.mt.gov/health/reports.asp

• Leif Associates
  – Health Insurance Market Study

• Bureau of Business and Economic Research
  – The Status of Montana’s Health Insurance Population
  – Montana’s Health Insurance Market: Prospects for 2014 and Beyond
  – An Estimate of the Economic Ramifications Attributable to the Potential Medicaid Expansion on the Montana Economy
Some Common Concerns about the ACA

• Impact on insurance premiums?
• Will businesses dump employees into FFE?
• Will Medicare beneficiaries struggle to find doctors?
• Will ACA bend the health care cost curve upward instead of downward?
Often Missing from the Discussion...

- Ability of health care infrastructure, primarily health care workforce, to absorb potential added demands for health care due to...
  - Power of individual mandate
  - Federally Facilitated Exchange
    - Tax credits
    - Cost sharing subsidies
  - Medicaid expansion
National Shortage Well Documented

• Factors Behind Shortage of Primary Care Doctors
  – Lower reimbursement
  – Lower comparative incomes
  – High patient loads

• Shortage of Primary Care Providers Leads to
  – Fragmented care
  – Inappropriate use of specialists
  – Less emphasis on preventive care
Affordable Care Act

- Many of ACA provisions focus on primary care
  - Reimbursement (10% bonuses), parity between Medicaid and Medicare
  - Welcome to Medicare exams, preventive services with no cost sharing
  - Individual mandate
  - Comprehensive Primary Care Initiative pilot
  - Patient Centered Homes (ACO’s, Medical Homes)
  - Community Health Centers
Primary Care Provider Deficit: 2008 to 2025

• 52,000 more docs needed
  – 33,000 due to population growth
  – 10,000 due to aging
  – 8,000 due to ACA

Pre ACA Primary Care Demand in Montana, Cascade County

<table>
<thead>
<tr>
<th>Expected Source of Payment</th>
<th>Montana</th>
<th>Cascade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer Sponsored Insurance</td>
<td>742,310</td>
<td>57,145</td>
</tr>
<tr>
<td>Direct Purchase</td>
<td>295,037</td>
<td>19,173</td>
</tr>
<tr>
<td>Medicare</td>
<td>415,287</td>
<td>35,625</td>
</tr>
<tr>
<td>Medicaid</td>
<td>141,863</td>
<td>13,201</td>
</tr>
<tr>
<td>No Insurance</td>
<td>94,653</td>
<td>7,520</td>
</tr>
<tr>
<td>Unknown</td>
<td>47,382</td>
<td>4,589</td>
</tr>
</tbody>
</table>

Source: American Community Survey, 2009-2011, National Ambulatory Medical Care Survey, BBER
### ACA Impact on Health Care Demand, Montana

<table>
<thead>
<tr>
<th></th>
<th>Primary Care</th>
<th>Surgical Specialty</th>
<th>Medical Specialty</th>
<th>Hospital Outpatient</th>
<th>Hospital Emergency</th>
<th>Total Additional Office Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Coverage</td>
<td><strong>131,999</strong></td>
<td>39,485</td>
<td>32,713</td>
<td>(1,979)</td>
<td>(19,795)</td>
<td>182,423</td>
</tr>
<tr>
<td>Medicaid</td>
<td><strong>129,283</strong></td>
<td>10,853</td>
<td>10,102</td>
<td>44,846</td>
<td>27,713</td>
<td>222,797</td>
</tr>
<tr>
<td>Total Additional Office Visits</td>
<td><strong>261,281</strong></td>
<td>50,338</td>
<td>42,815</td>
<td>42,867</td>
<td>7,919</td>
<td>405,220</td>
</tr>
</tbody>
</table>

Source: American Community Survey, National Ambulatory Medical Care Survey, BBER
## ACA Impact on Health Care Demand, Cascade County

<table>
<thead>
<tr>
<th></th>
<th>Ambulatory Care Setting</th>
<th></th>
<th>Total Additional Office Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary Care</td>
<td>Surgical Specialty</td>
<td>Medical Specialty</td>
</tr>
<tr>
<td>Private Insurance</td>
<td>7,996</td>
<td>2,392</td>
<td>1,982</td>
</tr>
<tr>
<td>Medicaid</td>
<td>10,505</td>
<td>601</td>
<td>599</td>
</tr>
<tr>
<td>Total Increase</td>
<td>18,501</td>
<td>2,992</td>
<td>2,581</td>
</tr>
</tbody>
</table>

American Community Survey 2009-2011, National Ambulatory Medical Care Survey, BBER
Primary Care Capacity

• 2009 study by Davis, Roberts, White
  – Includes Family Practice, Internal Medicine, Pediatrics

• U.S. DHHS Guideline of 4,200 office visits/year
  – Contrasts with 5,400 office visits per AMA guidelines
Estimated Shortage/Surplus of Primary Care Office Visits, Montana

<table>
<thead>
<tr>
<th>Primary Care Supply</th>
<th>Primary Care Demand</th>
<th>Shortage (-) Surplus (+) Office Visits per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,079,000</td>
<td>1,997,814</td>
<td>+ 81,186</td>
</tr>
</tbody>
</table>
## Estimated Shortage/Surplus of Primary Care Office Visits, Cascade County

<table>
<thead>
<tr>
<th>Primary Care Supply</th>
<th>Primary Care Demand</th>
<th>Shortage (-) Surplus (+) Office Visits per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>163,800</td>
<td>155,754</td>
<td>+ 8,046</td>
</tr>
</tbody>
</table>
And the earnings forecast from last year?

• Depends on whether you view glass as half full or half empty

• Major revisions in key growth rates 2010-2011
  – BEA revised health care earnings growth from 3.9% to 3.2%
  – CMS revised PHCE growth from 4.6% to 3.9%

• Impact of outsourcing on health care earnings
Health Care Earnings 2010-2011

Predicted: 1.7%
Actual: 1.0%
Health Care Earnings, 2012-2014

- 2012: Predicted 3.6%, Revised 2.9%
- 2013: Predicted 2.5%, Revised 1.6%
- 2014: Predicted 3.2%, Revised 5.1%
Annual Per Capita Spending Available AFTER Health Care Spending

![Bar chart showing annual per capita spending available after health care spending over the years 1998 to 2011.](chart.png)
• “I don’t believe there’s any problem in this country, no matter how tough it is, that Americans, when they roll up their sleeves, can’t completely ignore.”
  — George Carlin 1937-2008