Outlook 2013

Is Montana’s Health Care Workforce Ready for the Affordable Care Act?
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
Lots of questions remain about the Affordable Care Act

• Will health insurance premiums increase?
• Will competition emerge in the Exchange, and will it have a favorable impact on consumers?
• Will businesses dump employees into the Exchange?
• 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 workforce to accommodate potential added demands as uninsured become insured.

<table>
<thead>
<tr>
<th></th>
<th>16,000</th>
<th>55,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>87,000</td>
<td>69,000</td>
<td></td>
</tr>
</tbody>
</table>
Often Missing from the Discussion...

- Ability of health care infrastructure, primarily health care workforce, to absorb potential added demands..

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>16,000</td>
<td>55,000</td>
</tr>
<tr>
<td>87,000</td>
<td>69,000</td>
</tr>
</tbody>
</table>
Often Missing from the Discussion...

- Ability of health care infrastructure, primarily health care workforce, to absorb potential added demands..

16,000  55,000

87,000  69,000
Often Missing from the Discussion...

- Ability of health care infrastructure, primarily health care workforce, to absorb potential added demands.

16,000  55,000

87,000  69,000
The numbers for Custer County...

- Uninsured eligible for Medicaid expansion
  - 761
- Uninsured eligible for advanceable premium tax credits
  - 853
- Uninsured eligible for both tax credits and cost-sharing reductions
  - 556
like shopping for corn flakes in the cereal isle of your local grocery store...

Process Flow
Money Flow
Data Flow

1. Eligibility and tax credit validation

Eligibility data
- IRS
- SSA
- Homeland Security

Auto enroll all eligible for Medicaid/CHIP

Eligibility and tax credit validation

Approved tax credit

Tax credit payments

HSA Vendor

Individual

Carrier 1

Moderator

Individual

Process

Enter applicant info

Determine eligibility/tax credit level

Calculate and display plans w/tax credit

Select plan/premium

Montana Health Marketplace

Direct Access

Assisted

Health Plans

Carrier collects premium

Carrier 2

Carrier 3

health
co-op

Carrier enrolls member

Individual

Contribution

Qualified Entity

Agents

$
## Montana family of 4: Head of Household Age 40

<table>
<thead>
<tr>
<th>Family Income, % Federal Poverty Level</th>
<th>$23,425 (100% FPL)</th>
<th>$35,137 (150% FPL)</th>
<th>$58,562 (250% FPL)</th>
<th>$93,700 (400% FPL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium for Silver Plan</td>
<td>Medicaid</td>
<td>$12,130</td>
<td>$12,130</td>
<td>$12,130</td>
</tr>
<tr>
<td>Family Monthly Premium, % of Income</td>
<td>Medicaid</td>
<td>$117 (4%)</td>
<td>$393 (8%)</td>
<td>$742 (9.5%)</td>
</tr>
<tr>
<td>Government Monthly Tax Credit</td>
<td>Medicaid</td>
<td>$894</td>
<td>$618</td>
<td>$269</td>
</tr>
<tr>
<td>Maximum out-of-Pocket, exc. Premium</td>
<td>Medicaid</td>
<td>$4,167</td>
<td>$6,250</td>
<td>$8,333</td>
</tr>
</tbody>
</table>
Many 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
354,000 May Change Health Insurance

- Previously Eligible Medicaid: 1%
- Crowd-Out Medicaid: 4%
- Newly Eligible Medicaid: 11%
- Young Adults: 5%
- FFE Population without Subsidies: 26%
- FFE Population with Subsidies: 53%
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 Affordable Care Act

## Pre ACA Primary Care Demand in Montana, Custer County

<table>
<thead>
<tr>
<th>Expected Source of Payment</th>
<th>Montana</th>
<th>Custer County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer Sponsored Insurance</td>
<td>742,310</td>
<td>10,695</td>
</tr>
<tr>
<td>Direct Purchase</td>
<td>295,037</td>
<td>1,218</td>
</tr>
<tr>
<td>Medicare</td>
<td>415,287</td>
<td>4,968</td>
</tr>
<tr>
<td>Medicaid</td>
<td>141,863</td>
<td>2,604</td>
</tr>
<tr>
<td>No Insurance, Unknown</td>
<td>142,035</td>
<td>1,696</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><strong>Private Coverage</strong></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><strong>Medicaid</strong></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><strong>Total Additional Office Visits</strong></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, Custer County

<table>
<thead>
<tr>
<th>Ambulatory Care Setting</th>
<th>Total Additional Office Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Care</td>
<td>2,793</td>
</tr>
<tr>
<td>Surgical Specialty</td>
<td>464</td>
</tr>
<tr>
<td>Medical Specialty</td>
<td>399</td>
</tr>
<tr>
<td>Hospital Outpatient</td>
<td>583</td>
</tr>
<tr>
<td>Hospital ER</td>
<td>211</td>
</tr>
<tr>
<td><strong>Total Increase</strong></td>
<td><strong>4,450</strong></td>
</tr>
</tbody>
</table>

**Private Insurance**
- 1,257
- 376
- 311
- (19)
- (188)
- 1,737

**Medicaid**
- 1,536
- 88
- 88
- 602
- 399
- 2,713

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
  – Mid-level practitioners excluded (nurse practitioners, physicians’ assistants)

• 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>
<tr>
<td>Primary Care Supply</td>
<td>Primary Care Demand</td>
<td>Shortage (-) Surplus (+) Office Visits per Year</td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>33,600</td>
<td>23,975</td>
<td>+9,625</td>
</tr>
</tbody>
</table>
Health Care Earnings, 2012-2014

- Predicted:
  - 2012: 3.6%
  - 2013: 2.5%
  - 2014: 3.2%

- Revised:
  - 2012: 2.9%
  - 2013: 1.6%
  - 2014: 5.1%
gregg.davis@business.umt.edu

• “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