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
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..

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like shopping for corn flakes in the cereal isle of your local grocery store...

Montana Health Marketplace

- Enter applicant info
- Determine eligibility/tax credit level
- Calculate and display plans w/tax credit
- Select plan/premium

Eligibility data
- IRS
- SSA
- Homeland Security

Auto enroll all eligible for Medicaid/CHIP

Eligibility and tax credit validation

Tax credit payments

Direct Access
Assisted

Qualified Entity
Individual

Agents

Carrier 1
Carrier 2
Carrier 3

Health Plans

HSA Vendor

Process Flow
Money Flow
Data Flow
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>
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</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, **Flathead** County

<table>
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<tr>
<th>Expected Source of Payment</th>
<th>Montana</th>
<th>Flathead County</th>
</tr>
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<tbody>
<tr>
<td>Employer Sponsored Insurance</td>
<td>742,310</td>
<td>64,414</td>
</tr>
<tr>
<td>Direct Purchase</td>
<td>295,037</td>
<td>26,243</td>
</tr>
<tr>
<td>Medicare</td>
<td>415,287</td>
<td>36,229</td>
</tr>
<tr>
<td>Medicaid</td>
<td>141,863</td>
<td>9,989</td>
</tr>
<tr>
<td>No Insurance</td>
<td>94,653</td>
<td>12,281</td>
</tr>
<tr>
<td>Unknown</td>
<td>47,382</td>
<td>4,015</td>
</tr>
</tbody>
</table>

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

<table>
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<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>
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<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><strong>405,220</strong></td>
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### ACA Impact on Health Care Demand, Flathead County

**Ambulatory Care Setting**

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<tr>
<td>Private Insurance</td>
<td><strong>14,890</strong></td>
<td>4,454</td>
<td>3,690</td>
<td>(223)</td>
<td>(2,233)</td>
<td><strong>20,578</strong></td>
</tr>
<tr>
<td>Medicaid</td>
<td><strong>13,362</strong></td>
<td>1,122</td>
<td>1,044</td>
<td>4,635</td>
<td>2,864</td>
<td><strong>23,028</strong></td>
</tr>
<tr>
<td>Total Increase</td>
<td><strong>28,252</strong></td>
<td>5,576</td>
<td>4,734</td>
<td>4,412</td>
<td>631</td>
<td><strong>43,605</strong></td>
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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>
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<th>Primary Care Supply</th>
<th>Primary Care Demand</th>
<th>Shortage (-) Surplus (+) Office Visits per Year</th>
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<td>2,079,000</td>
<td>1,997,814</td>
<td>+ 81,186</td>
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<td>176,400</td>
<td>181,423</td>
<td>- 5,023</td>
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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 Personal health care spending growth from 4.6% to 3.9%

• Impact of outsourcing on health care earnings
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%
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