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
How Does the Marketplace Work?

Montana Health Marketplace

1. Eligibility and tax credit validation
   - Auto enroll all eligible for Medicaid/CHIP

Eligibility data
- IRS
- SSA
- Homeland Security

Approved tax credit

Tax credit payments

Carriers
- Carrier 1
- Carrier 2
- Carrier 3

Process Flow
- Money Flow
- Data Flow

Individual
- Qualified Entity
- Agents
- Direct Access
- Assisted

Enter applicant info
- Navigator

Determine eligibility/tax credit level

Calculate and display plans w/tax credit

Select plan/premium

HSA Vendor

Individual Contribution
## Montana Family of 4:
Head of Household Age 40

<table>
<thead>
<tr>
<th>Premium for Silver Plan</th>
<th>$35,137 (150%)</th>
<th>$58,562 (250%)</th>
<th>$81,987 (350%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$12,130</td>
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</tr>
<tr>
<td>Family Responsibility</td>
<td>$1,405 (4%) ($117/month)</td>
<td>$4,714 (8%) ($393/month)</td>
<td>$7,789 (9.5%) ($649/month)</td>
</tr>
<tr>
<td>Government Tax Credit</td>
<td>$10,725</td>
<td>$7,416</td>
<td>$4,341</td>
</tr>
<tr>
<td>Maximum Out-of-Pocket, exc. Premiums</td>
<td>$4,167</td>
<td>$6,250</td>
<td>$8,333</td>
</tr>
</tbody>
</table>
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
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 ACA

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

<table>
<thead>
<tr>
<th></th>
<th>Expected Source of Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employer Sponsored Insurance</td>
</tr>
<tr>
<td>Montana</td>
<td>742,310</td>
</tr>
<tr>
<td>Gallatin County</td>
<td>78,021</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><strong>405,220</strong></td>
</tr>
</tbody>
</table>

Source: American Community Survey, National Ambulatory Medical Care Survey, BBER
<table>
<thead>
<tr>
<th></th>
<th>Ambulatory Care Setting</th>
<th>Total Additional Office Visits</th>
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<tbody>
<tr>
<td></td>
<td>Primary Care</td>
<td>Surgical Specialty</td>
</tr>
<tr>
<td>Private Insurance</td>
<td>10,873</td>
<td>3,253</td>
</tr>
<tr>
<td>Medicaid</td>
<td>7,758</td>
<td>651</td>
</tr>
<tr>
<td>Total Increase</td>
<td>18,631</td>
<td>3,904</td>
</tr>
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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
• 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>
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<tr>
<td>2,079,000</td>
<td>1,997,814</td>
<td>+ 81,186</td>
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## Estimated Shortage/Surplus of Primary Care Office Visits, Gallatin County

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<td>226,800 (revised)</td>
<td>172,895</td>
<td>+53,905</td>
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</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 per se
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