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, maybe
How Does the Marketplace Work?

1. Eligibility and tax credit validation
   - Eligibility data
     - IRS
     - SSA
     - Homeland Security
   - Medicaid
   - HHS

Auto enroll all eligible for Medicaid/CHIP

- Direct Access
- Assisted

Montana Health Marketplace

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

Navigators

Process Flow
Money Flow
Data Flow

Health Plans

HSA Vendor

Individual

Qualified Entity

Agents

Individual

Carrier 3
Carrier 2
Carrier 1

Bearer

Tax credit payments

Individual Contribution
Montana Family of 4: $66,000 (282% FPL)

<table>
<thead>
<tr>
<th></th>
<th>Age 40</th>
<th>Age 50</th>
<th>Age 60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium for Silver Plan</td>
<td>$12,130</td>
<td>$16,858</td>
<td>$24,042</td>
</tr>
<tr>
<td>Family Responsibility</td>
<td>$5,921 ($493/month)</td>
<td>$5,921 ($493/month)</td>
<td>$5,921 ($493/month)</td>
</tr>
<tr>
<td>Government Tax Credit</td>
<td>$6,209</td>
<td>$10,937</td>
<td>$18,122</td>
</tr>
<tr>
<td>Maximum Out-of-Pocket, exc. Premiums</td>
<td>$6,250</td>
<td>$6,250</td>
<td>$6,250</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
  – Comprehensive Primary Care Initiative pilot
  – Patient Centered Homes (ACO’s, Medical Homes)
  – Community Health Centers
  – No cost prevention services
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 primary care 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, Missoula & Ravalli Counties

<table>
<thead>
<tr>
<th>Source of Payment</th>
<th>Montana</th>
<th>Missoula County</th>
<th>Ravalli County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer Sponsored</td>
<td>742,310</td>
<td>89,937</td>
<td>26,003</td>
</tr>
<tr>
<td>Insurance</td>
<td>295,037</td>
<td>33,335</td>
<td>13,709</td>
</tr>
<tr>
<td>Direct Purchase</td>
<td>415,287</td>
<td>36,019</td>
<td>23,627</td>
</tr>
<tr>
<td>Medicare</td>
<td>141,863</td>
<td>14,480</td>
<td>7,733</td>
</tr>
<tr>
<td>Medicaid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No Insurance</td>
<td>94,653</td>
<td>12,871</td>
<td>4,088</td>
</tr>
<tr>
<td>Unknown</td>
<td>47,382</td>
<td>3,298</td>
<td>488</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, Missoula County

<table>
<thead>
<tr>
<th>Ambulatory Care Setting</th>
<th>Total Additional Office Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary Care</td>
</tr>
<tr>
<td>Private Insurance</td>
<td>13,309</td>
</tr>
<tr>
<td>Medicaid</td>
<td>17,436</td>
</tr>
<tr>
<td>Total Increase</td>
<td>30,745</td>
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American Community Survey 2009-2011, National Ambulatory Medical Care Survey, BBER
## ACA Impact on Health Care Demand, Ravalli County

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<th>Ambulatory Care Setting</th>
<th>Total Additional Office Visits</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Primary Care</td>
</tr>
<tr>
<td>Private Insurance</td>
<td>6,035</td>
</tr>
<tr>
<td>Medicaid</td>
<td>5,265</td>
</tr>
<tr>
<td>Total Increase</td>
<td>11,300</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>
</tr>
</thead>
<tbody>
<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, Missoula & Ravalli Counties

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<th>Primary Care Demand</th>
<th>Shortage (-) Surplus (+) Office Visits per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missoula County</td>
<td>201,600</td>
<td>220,684</td>
<td>- 19,084</td>
</tr>
<tr>
<td>Ravalli County</td>
<td>58,800</td>
<td>86,947</td>
<td>- 28,147</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% (18% change)
  – CMS revised PHCE growth from 4.6% to 3.9% (15% change)

• Impact of outsourcing
Oops... 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%
“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