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
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?

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

**Money Flow**
- Direct Access
- Assisted
- Carrier enrolls member
- Carrier collects premium
- Tax credit payments

**Data Flow**
- Eligibility data
  - IRS
  - SSA
  - Homeland Security

**Qualified Entity**
- **Agents**
  - Montana Health Marketplace
  - Carrier 1
  - Carrier 2
  - Carrier 3

**Health Plans**
- HSA Vendor

**Auto enroll all eligible for Medicaid/CHIP**

**Eligibility and tax credit validation**
Montana Family of 4: Head of Household Age 40

<table>
<thead>
<tr>
<th></th>
<th>$35,137 (150%)</th>
<th>$58,562 (250%)</th>
<th>$81,987 (350%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Premium for Silver Plan</strong></td>
<td>$12,130</td>
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</tr>
<tr>
<td><strong>Family Responsibility</strong></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><strong>Government Tax Credit</strong></td>
<td>$10,725</td>
<td>$7,416</td>
<td>$4,341</td>
</tr>
<tr>
<td><strong>Maximum Out-of-Pocket, exc. Premiums</strong></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, Silver Bow County

<table>
<thead>
<tr>
<th>Expected Source of Payment</th>
<th>Montana</th>
<th>Silver Bow County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer Sponsored Insurance</td>
<td>742,310</td>
<td>27,199</td>
</tr>
<tr>
<td>Direct Purchase</td>
<td>295,037</td>
<td>8,963</td>
</tr>
<tr>
<td>Medicare</td>
<td>415,287</td>
<td>16,448</td>
</tr>
<tr>
<td>Medicaid</td>
<td>141,863</td>
<td>7,488</td>
</tr>
<tr>
<td>No Insurance</td>
<td>94,653</td>
<td>3,185</td>
</tr>
<tr>
<td>Unknown</td>
<td>47,382</td>
<td>317</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><strong>Total</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><strong>405,220</strong></td>
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Source: American Community Survey, National Ambulatory Medical Care Survey, BBER
## ACA Impact on Health Care Demand, Silver Bow County

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<th>Ambulatory Care Setting</th>
<th>Total Additional Office Visits</th>
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<tr>
<td></td>
<td>Primary Care</td>
<td>Surgical Specialty</td>
</tr>
<tr>
<td>Private Insurance</td>
<td>3,546</td>
<td>1,061</td>
</tr>
<tr>
<td>Medicaid</td>
<td>3,936</td>
<td>330</td>
</tr>
<tr>
<td>Total Increase</td>
<td>7,482</td>
<td>1,391</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

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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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Estimated Shortage/Surplus of Primary Care Office Visits, Silver Bow County

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<td>71,400</td>
<td>71,081</td>
<td>+ 319</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 PHCE growth from 4.6% to 3.9%

• Impact of outsourcing on health care earnings per se
Health Care Earnings, 2012-2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Predicted</th>
<th>Revised</th>
</tr>
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<tr>
<td>2012</td>
<td>3.6%</td>
<td>2.9%</td>
</tr>
<tr>
<td>2013</td>
<td>2.5%</td>
<td>1.6%</td>
</tr>
<tr>
<td>2014</td>
<td>3.2%</td>
<td>5.1%</td>
</tr>
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</table>
“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