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?

1. Eligibility and tax credit validation
2. Auto enroll all eligible for Medicaid/CHIP
3. Eligibility data
4. Approved tax credit
5. Tax credit payments

Process Flow
Money Flow
Data Flow

 Montana Health Marketplace

Carrier 1
Carrier 2
Carrier 3

Qualified Entity
Individual

Agents
Direct Access
Assisted

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

Navigator

HSA Vendor

Individual Contribution

Montana Health CO-OP

Health Plans

Carrier collects premium
Carrier enrolls member

Montana Health Care Program

Health Plans

Individual

How Does the Marketplace Work?
Montana Family of 4: Head of Household Age 40

<table>
<thead>
<tr>
<th></th>
<th>$35,137</th>
<th>$58,562</th>
<th>$81,987</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(150%)</td>
<td>(250%)</td>
<td>(350%)</td>
</tr>
<tr>
<td>Premium for Silver Plan</td>
<td>$12,130</td>
<td>$12,130</td>
<td>$12,130</td>
</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>

*Note: Family Responsibility includes $117/month for each additional family member.*
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, Yellowstone 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>Yellowstone County</td>
<td>120,837</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>131,999</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>129,283</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>261,281</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, Yellowstone County

<table>
<thead>
<tr>
<th></th>
<th>Ambulatory Care Setting</th>
<th>Total Additional Office Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Primary Care</td>
<td>Surgical Specialty</td>
</tr>
<tr>
<td>Private Insurance</td>
<td>20,726</td>
<td>6,200</td>
</tr>
<tr>
<td>Medicaid</td>
<td>15,010</td>
<td>1,260</td>
</tr>
<tr>
<td>Total Increase</td>
<td>35,736</td>
<td>7,460</td>
</tr>
</tbody>
</table>

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>
</tr>
</tbody>
</table>
Estimated Shortage/Surplus of Primary Care Office Visits, Yellowstone County

<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>508,200</td>
<td>296,228</td>
<td>+ 211,972</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%
  – 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