Health Care Outlook

Changes in Health Care Not Limited to Obamacare

Patrick M. Barkey, Director
Bureau of Bus. & Econ. Research
University of Montana
Big Provisions of the Affordable Care Act Less Than One Year Away

Health Insurance Exchanges
Medicaid Eligibility Expansion ??
Individual Mandate ??
Employer Mandate

- Small business tax credit
- Age 26 Coverage
- Tanning salon tax
- Flexible savings plan limits
- Brand name drug tax
- Medical device tax
- Medicare tax increase for higher earners
- More FSA limits

Big Provisions of the Affordable Care Act Less Than One Year Away

Health Insurance Exchanges
Medicaid Eligibility Expansion
Individual Mandate
Employer Mandate

- Small business tax credit
- Age 26 Coverage
- Tanning salon tax
- Flexible savings plan limits
- Brand name drug tax
- Medical device tax
- Medicare tax increase for higher earners
- More FSA limits

Obamacare is Not the Only Major Event in the Health Care Economy

• Hospital and insurer consolidation
• Prescription drug pricing
• Generational change in the health care workforce
New Developments in the Montana Health Care Marketplace as Well

• Montana Blue Cross and Blue Shield acquired by Chicago-based HCSC
• Montana Healthcare Foundation established
• Western Montana residency started
• Numerous hospital affiliations connecting Montana to out-of-state organizations as well as rural-to-urban linkages
Two Major Changes Below the Radar

1. The slowdown in health care spending
   - Growth has slowed down markedly
   - A national phenomenon
   - Slowdown predates Obamacare

2. New information on Montana’s uninsured
   - BBER study addresses the question of why many Montanans are uninsured.
The Surprising Slowdown in Health Care Spending Growth

Source: U.S. Centers for Medicare and Medicaid Services
Growth in Per-Beneficiary Spending Medicare Part A and Part B

Data shown are a 3-year moving average of annual growth rates. Source: CMS Office of the Actuary.
U.S. Health Care Consumption by Category, 2005-2013
Index, 2007 Spending = 100

Note: Years 2012 and 2013 are projected.
Source: U.S. Centers for Medicare and Medicaid Services
Solving the Mystery

• The Affordable Care Act?
• Slower Growth in Medicare Payments?
• Demographics?
• The Recession?
• Public focus on cost containment?
• Changes in delivery technology?
• Growth in high deductible plans?
Insurance Status of Nonelderly Aged 0-64

Source: American Community Survey
Uninsured by Health Status, Montana, 2011

- Total
- Fair or poor
- Good
- Very good
- Excellent

Percentage of Adults Aged 18-64 Years
Involuntarily or Voluntarily Uninsured, 2011

Percentage of Adults 18-64 Years of Age with A Period of Uninsured in Last Year
N=651

- Involuntary: 76%
- Voluntary: 16%
- No response: 8%
Reasons for Not Having Health Insurance, Montana, 2011

- Low wage job
- Expensive
- Unemployed
- Young and healthy
- Self-employed too expensive
- Single parent
- Do not know
- Political
- Uninsurable
- Spend way want
- Indian Health Service
- Waiting period
- Religious
- Other response

Number of Responses

Choose
Forced
Do not know
Firms Offering Health Insurance, Montana, 2011

Percentage of Firms Offering Health Insurance

- All firms
- 1 to 5 employees
- 6 to 25 employees
- 26 to 50 employees
- More than 50 employees
Main Reason for Employers Not Offering Health Insurance, 2011

- Premiums too high
- Employee turnover too...
- Employees covered...
- Administrative hassle
- Cannot qualify at group...
- Firm too new
- DK

Percentage of Firms Not Offering Health Insurance

- 1 to 5 employees
- 6 to 25 employees
Mean Deductible for Employer Based Health Insurance
Why Eligible Employees Do Not Accept Health Insurance, 2011

- Have coverage elsewhere: 61%
- Can't afford premium: 20%
- DK: 11%
- Other: 4%
- Don't feel they need insurance: 4%

Percentage of Firms with Employees Not Accepting Offered Health Insurance N=223
What We Should Know

• Projecting health care costs not as easy as it used to be
• It might be dangerous to assume the cost slowdown will continue
• Health insurance is a big burden to both individuals and companies
Questions?