

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

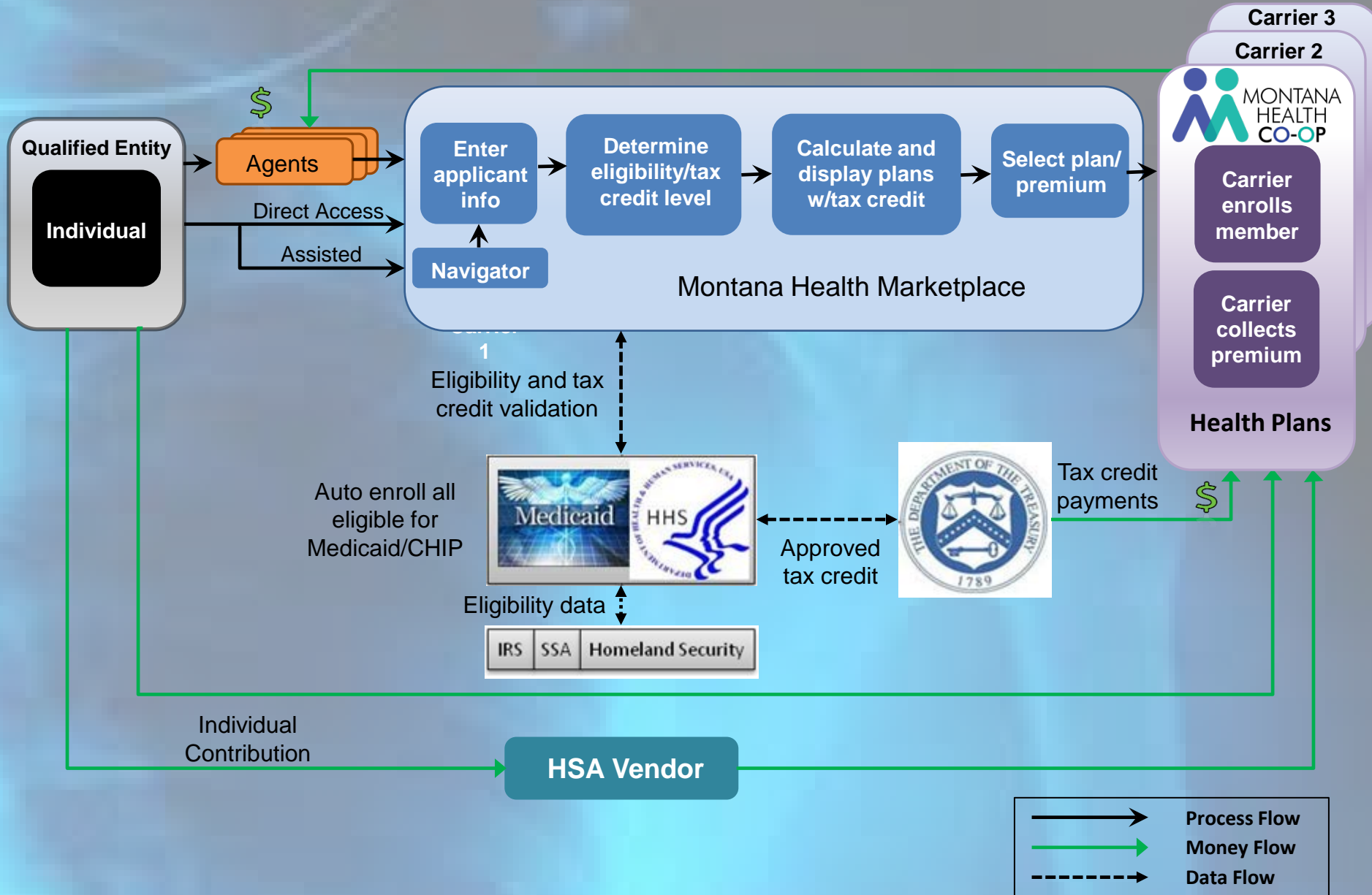
Some Common Concerns about the ACA

- 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?



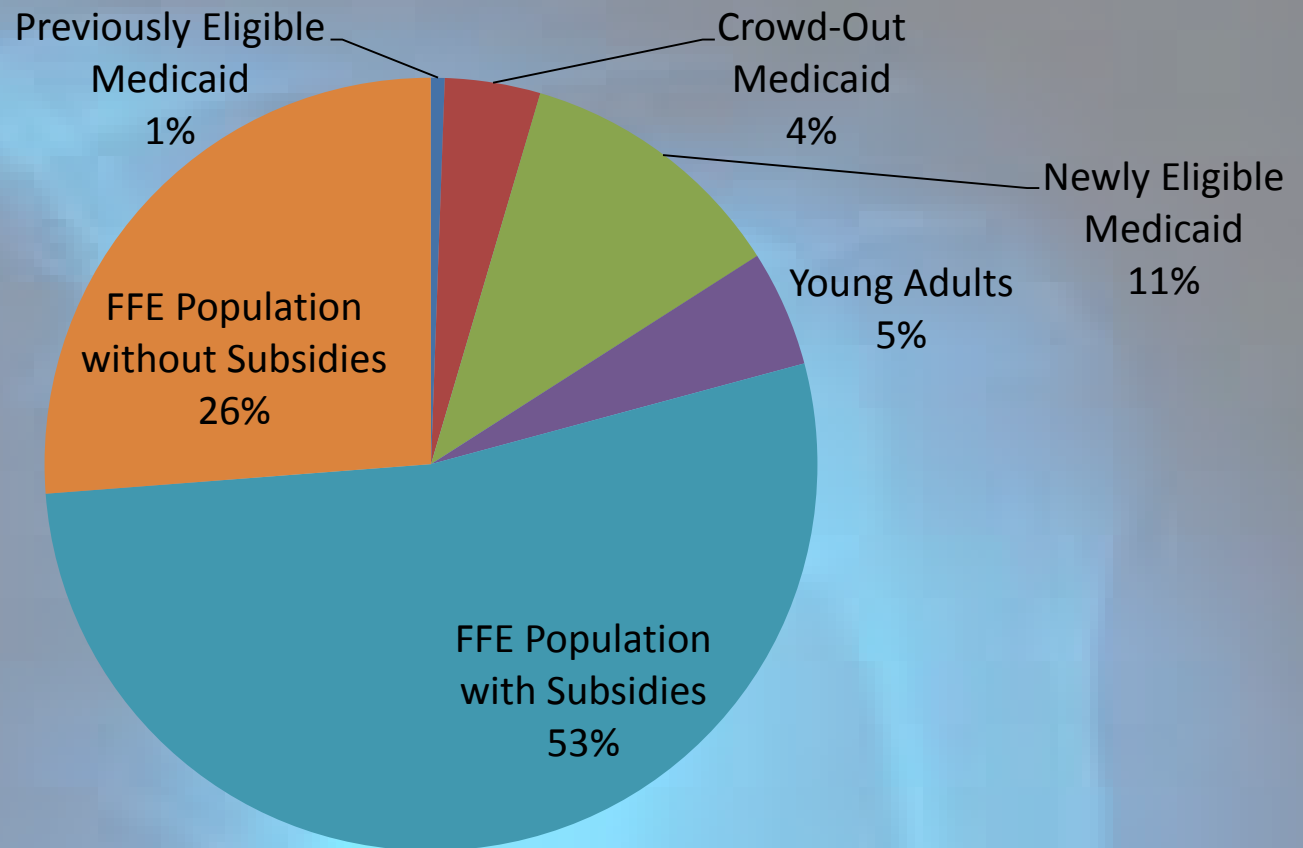
Montana Family of 4: Head of Household Age 40

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

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



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

Source: Winston Liaw et al, *Annals of Family Medicine*, November/December, 2012

Pre ACA Primary Care Demand in Montana, Yellowstone County

| | Expected Source of Payment | | | | | |
|--------------------|------------------------------|-----------------|----------|----------|--------------|---------|
| | Employer Sponsored Insurance | Direct Purchase | Medicare | Medicaid | No Insurance | Unknown |
| Montana | 742,310 | 295,037 | 415,287 | 141,863 | 94,653 | 47,382 |
| Yellowstone County | 120,837 | 37,503 | 58,811 | 22,182 | 15,857 | 5,302 |

Source: American Community Survey, 2009-2011, National Ambulatory Medical Care Survey, BBER

ACA Impact on Health Care Demand, Montana

| | Primary Care | Surgical Specialty | Medical Specialty | Hospital Outpatient | Hospital Emergency | Total Additional Office Visits |
|--------------------------------|----------------|--------------------|-------------------|---------------------|--------------------|--------------------------------|
| Private Coverage | 131,999 | 39,485 | 32,713 | (1,979) | (19,795) | 182,423 |
| Medicaid | 129,283 | 10,853 | 10,102 | 44,846 | 27,713 | 222,797 |
| Total Additional Office Visits | 261,281 | 50,338 | 42,815 | 42,867 | 7,919 | 405,220 |

Source: American Community Survey, National Ambulatory Medical Care Survey, BBER

ACA Impact on Health Care Demand, Yellowstone County

| | Ambulatory Care Setting | | | | | Total Additional Office Visits |
|----------------------|-------------------------|-----------------------|----------------------|------------------------|----------------|--------------------------------------|
| | Primary Care | Surgical Specialty | Medical Specialty | Hospital Outpatient | Hospital ER | |
| Private Insurance | 20,726 | 6,200 | 5,136 | (311) | (3,108) | 28,643 |
| Medicaid | 15,010 | 1,260 | 1,173 | 5,207 | 3,218 | 25,867 |
| Total Increase | 35,736 | 7,460 | 6,309 | 4,896 | 110 | 54,510 |

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

| Primary Care Supply | Primary Care Demand | Shortage (-) Surplus (+) Office Visits per Year |
|----------------------------|----------------------------|--|
| 2,079,000 | 1,997,814 | + 81,186 |

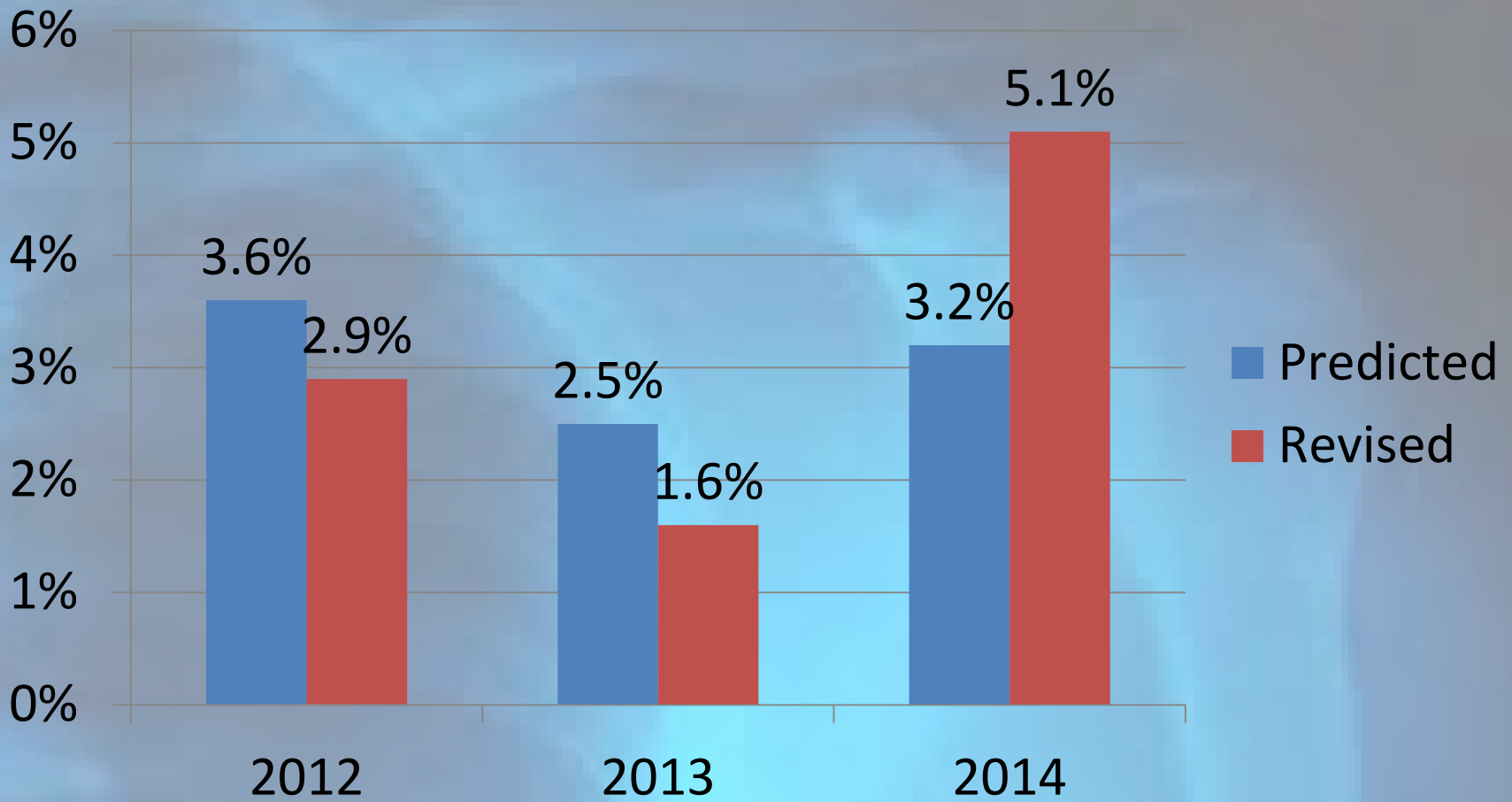
Estimated Shortage/Surplus of Primary Care Office Visits, Yellowstone County

| Primary Care Supply | Primary Care Demand | Shortage (-) Surplus (+) Office Visits per Year |
|----------------------------|----------------------------|--|
| 508,200 | 296,228 | + 211,972 |

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



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- “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

