

Five Trends and the 2012 Election

*Health Care
in Colorado*

November 8, 2012



colorado health institute

**WEBINAR
SERIES**



**colorado health
INSTITUTE**

Webinar Basics

- How do I ask questions during the webinar?
- Recorded webinar and PowerPoint slides will be available after the webinar.
- Special thanks to our funders:



Your Presenters



Michele Lueck
President/CEO



Emily King
Research Analyst

Today's Discussion

- Implications for Colorado regarding the national election
- Trends we can count on in (still) uncertain times



Three Take-Aways

1. National election results point to a clearer path ahead for ACA implementation.
2. “Uncertainty” takes on a different, more operational flavor – dollars and timing.
3. Trends afoot in Colorado to improve quality and lower costs continue a forward march.





*Shifting Gears:
The 2012 Election*

New CHI Publication



The 2012 Election

Health Care Implications for Colorado

November 7, 2012

Six Questions Facing Colorado

With a clear victory by President Obama, the election provided a number of answers. For health policy, perhaps the most significant is the fate of the ACA. Although it may be tweaked by future sessions of Congress, it is likely to be implemented largely as it was passed in March 2010. Now, the questions facing Colorado shift from *if* the ACA will be implemented to *how* it will be implemented. But the questions about health policy don't end there.

1 Will Colorado participate in the ACA's Medicaid expansion?

The Supreme Court upheld the majority of the ACA, but gave states the opportunity to opt out of the Medicaid expansion without penalty. Governor John Hickenlooper has not disclosed whether he supports expanding Medicaid eligibility. At this time, it isn't even clear who will be allowed to make the decision, although legislators are lining up to stake out a position on the issue. CHI anticipates that legislation favoring and opposing the expansion will be discussed and potentially introduced in the 2013 session. There have been differing estimates of the cost of the Medicaid expansion. The governor's proposed FY 2013-14 budget doesn't include an estimate for how much the Medicaid expansion could cost Colorado. In any event, the answer to this question stands to impact hundreds of thousands of uninsured Colorado adults.

The shifting balance of power in Colorado's legislature could influence the decision. For example, Colorado's last major Medicaid expansion was passed during the 2009 legislative session, when Democrats controlled both the House and Senate. But that legislation, the Colorado Health Care Affordability Act, HB 09-1293, leveraged federal dollars to fully fund this expansion of Medicaid eligibility.

CHI doesn't expect the Democratic control in Colorado to signal a blank check for health care spending. There may be fewer ideological and political barriers to fully implementing health reform, SGR, with the economic recovery still tenuous and Colorado voters indicating that the economy remains their top concern, any spending will most likely come with rigorous budgeting expectations for a return on the taxpayers' investment.

2 Will Colorado health care programs fall off the "fiscal cliff"?

Automatic spending cuts combined with scheduled tax hikes combine to create the so-called "fiscal cliff" facing the nation at the end of the year. Negotiating the potential crisis will be the first major test for President Obama's second term. Funding for a number of the state's health programs, including grants to the Colorado Health Benefit Exchange (CHBE), may be subject to deep spending cuts if no compromise is reached. Failing to avert the fiscal cliff would mean 2 percent state cuts for the state's Medicare providers. In addition, the portion of the budget for the Colorado Department of Health Care Services (DHCS) from federal funds may be subject to cuts.

3 How many...

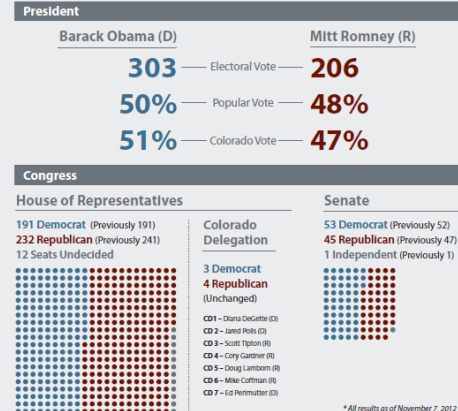
Regrowth have had for a year been used not slight required

For many Medicaid than the many un insurance long-term Exchange pool.

The Supreme Court ruling on the Affordable Care Act implications for Colorado

★ ★ ★ WHO WON? ★ ★ ★

The results did nothing to change the deep political division nationally, with Republicans controlling the House and Democrats controlling the Senate. Colorado is a different story, however. It now has a Democratic Governor and Democratic control of both the House and the Senate.



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Much Remains the Same

- The ACA remains the law of the land
- The balance of *federal* power remains largely undisturbed
 - President (D), Senate (D), House (R)
- The balance of *state* power has changed:
 - Governor (D), Senate (D), House (D)



1. Will Colorado Participate in the ACA's Medicaid Expansion?

- Legislation favoring and opposing the expansion is anticipated in the 2013 session
- The cost of the Medicaid expansion is unclear
- Democratic control may ease passage of an expansion
- Additional spending, given the tenuous economy, will be carefully watched

At Issue: Adults Without Dependent Children, 101-133% FPL

Employment Status



Age



Health Insurance Status



Metropolitan Status



SOURCE: CHI analysis of the 2011 American Community Survey.

Self-Reported Health Status



SOURCE: 2011 Colorado Health Access Survey

2. Will Colorado Health Care Programs Fall Off the Fiscal Cliff?

What Is the Fiscal Cliff?

Unless the law is changed, or Congress and the president find another way to trim the deficit, on Jan. 1 the following spending cuts and tax changes will automatically kick in:

Fiscal 2013 impact, annualized dollars; percent of GDP

Spending cuts: \$136 billion, 0.8% of GDP	\$87 billion; 0.5% of GDP	Across-the-board cuts in domestic and defense, discretionary spending
	\$35 billion; 0.2%	Expiration of extended unemployment benefits
	\$15 billion; 0.1%	Reduce Medicare doctor rates
	\$24 billion; 0.1%	New taxes from Obama health-care law
Tax increases: \$532 billion, 3.1% of GDP	\$87 billion; 0.5%	Tax cuts that expire: Other tax provisions
	\$127 billion; 0.7%	Payroll tax holiday ends
	\$295 billion; 1.7%	Income tax rates to rise to pre-2001 levels; alternative minimum tax reaches into middle class
	TOTAL spending and taxes: \$668 billion; 4.0% of GDP	Numbers are rounded Source: Congressional Budget Office, Nomura Securities The Wall Street Journal



What to Watch in Colorado



Federal grant dollar availability; especially Exchange (COHBE)



Medicare provider rates will be cut by 2%



Colorado Department
of Public Health
and Environment

Funding of Colorado Department of Public Health and Environment at risk



3. Will Uninsured Coloradans Decide to Buy Health Insurance?

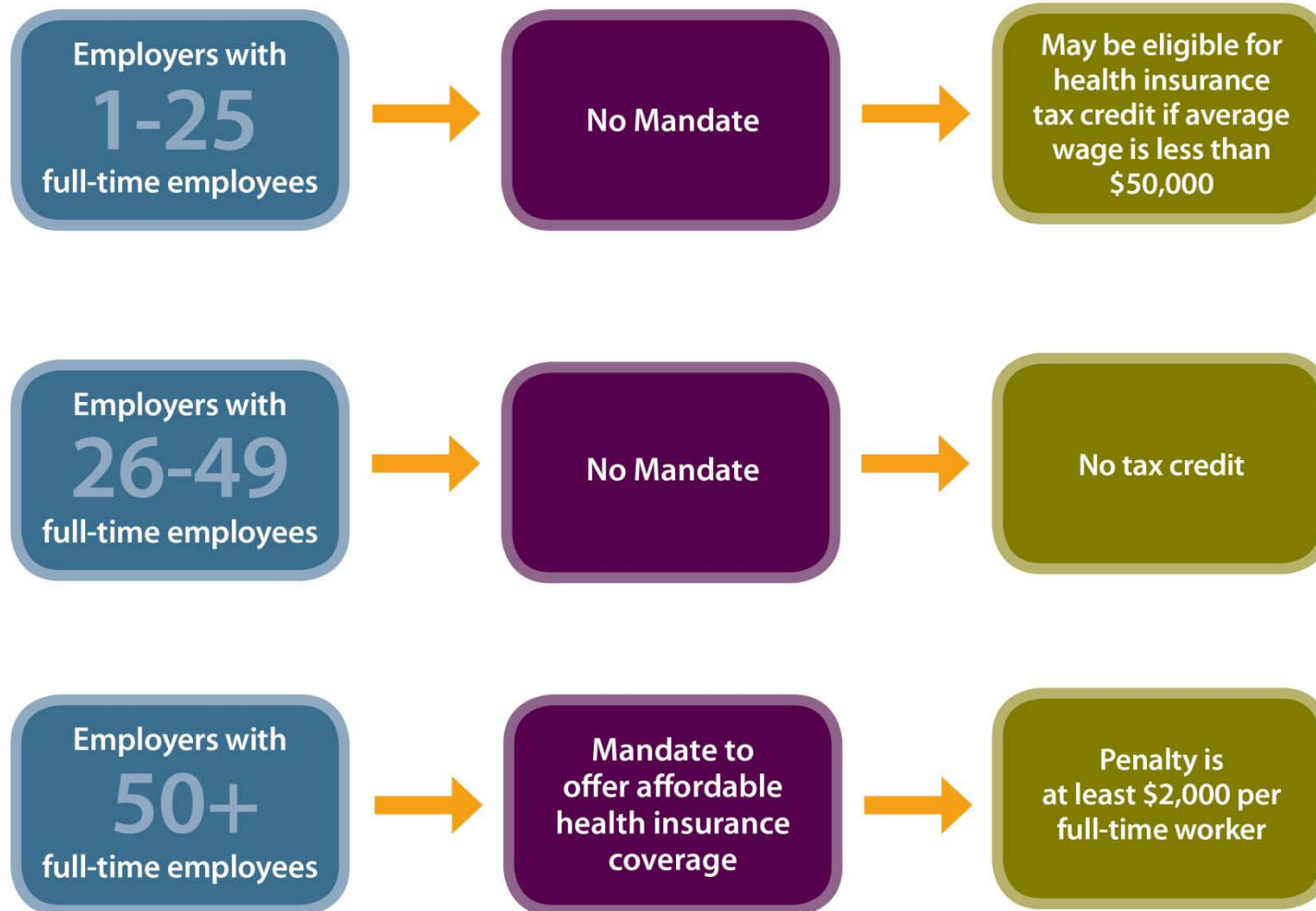
- Beginning in 2014, most Coloradans will be required to have health insurance
- The tax penalty may not be a strong disincentive
- The long-term viability of the Colorado Health Benefit Exchange (COHBE) depends on a diverse risk pool

Willing to Pay for Health Coverage



- **20%** of those who are “able” to pay said they are not “willing” to pay anything
- **1 in 10** are able and willing to pay between \$1-\$25 per month

4. Will More Colorado Employers Provide Affordable Health Insurance?



5. Will Pending Colorado Health Care Reform Projects Get Funding and Approval?

- Expect a cascade of funding and rule-making decisions
- The Department of Health and Human Services is expected to release ACA rules and regulations
- Colorado awaits word on a number of federal grant applications

6. Who Will Set the Health Policy Agenda in the 2013 Legislative Session?



- In Colorado:
a shift of power to
the Democrats
- Governor
Hickenlooper
and his reelection
- New leadership in
health committees

Insight from the November 1 Budget Proposal

- Proposed expenditures around system efficiencies and integration:
 - MMIS
 - Dental benefits
 - Behavioral Health expansions
 - Provider rates and network adequacy



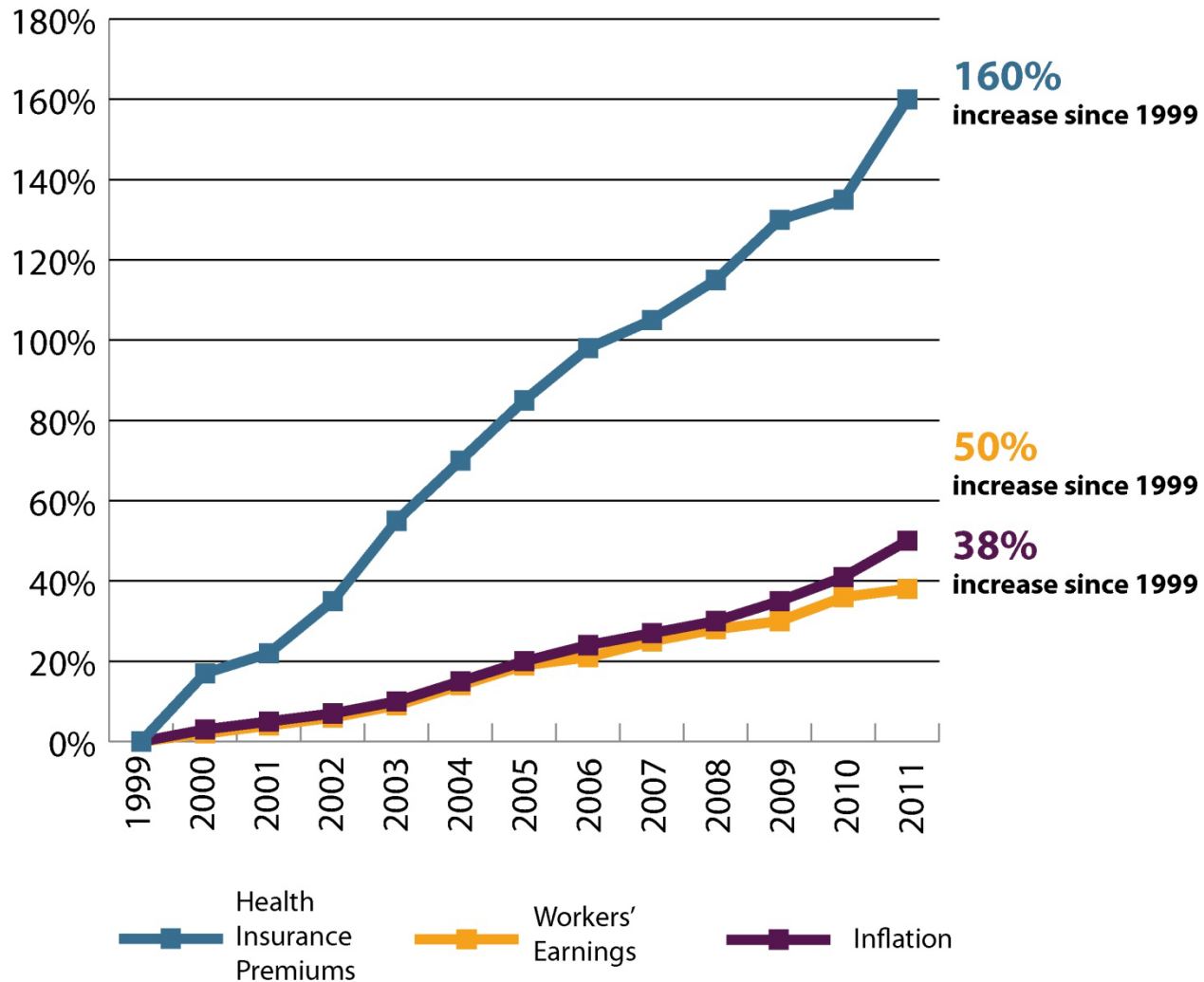
Anticipate Alignment and Operations Changes

- DOI and regulatory issues for Exchange operations
- Waiver modernization from HCPF (and others) to better serve sub-populations



*Trends Afoot – Before,
During and After
Election-Year Politics*

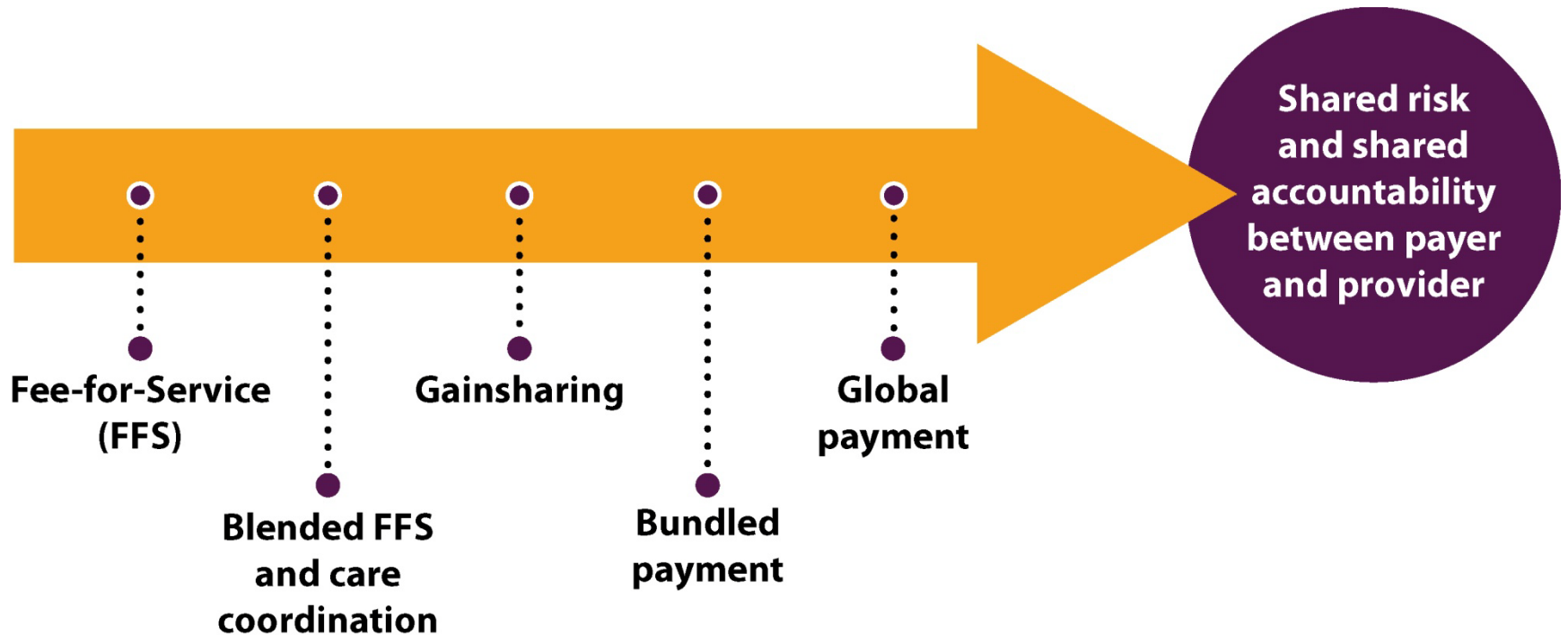
The Big Idea? Bend this Curve!



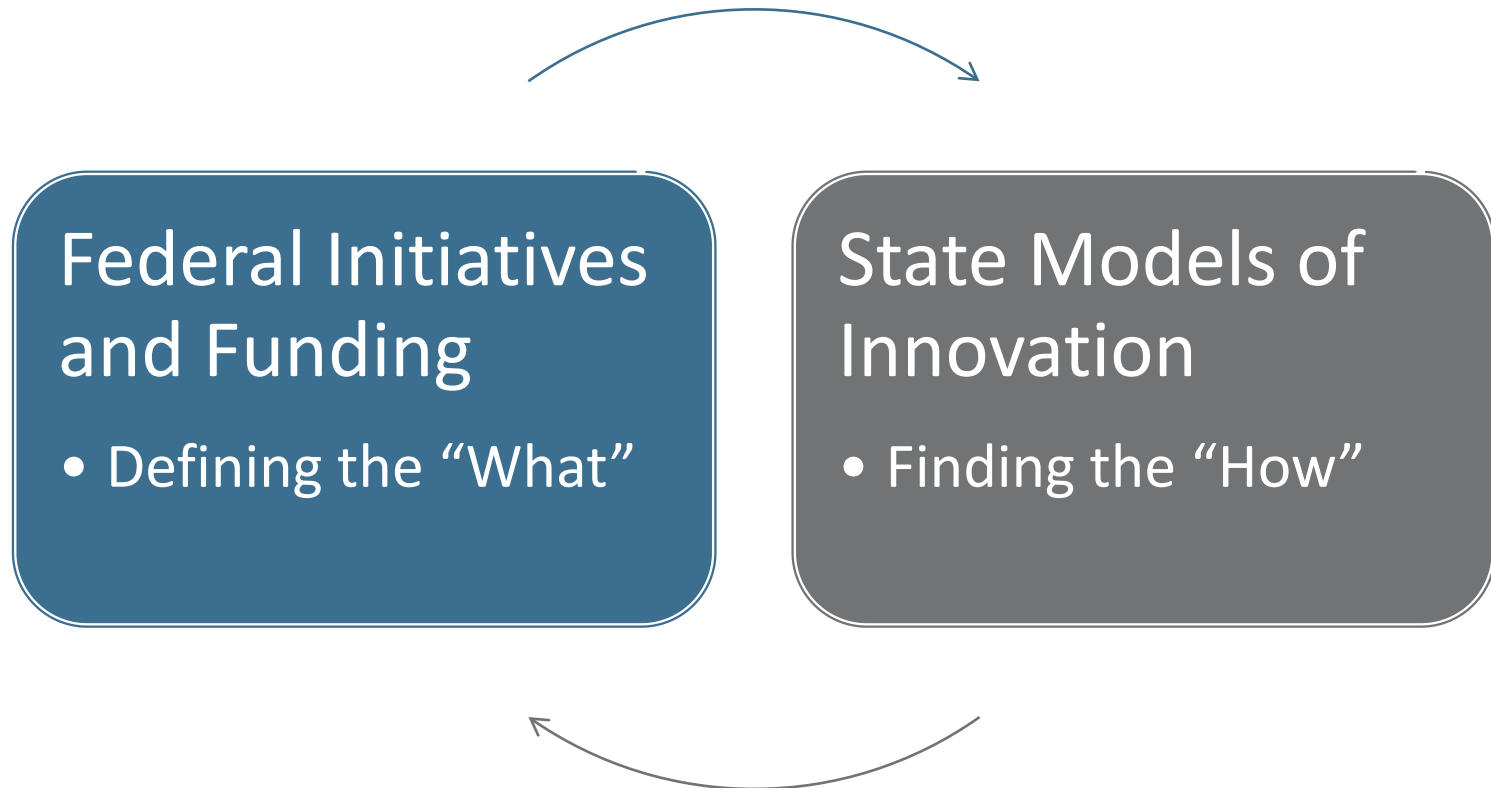
Sources: <ftp://ftp.bls.gov/pub/suppl/empst.ceseeb2.txt>, <ftp://ftp.bls.gov/pub/special.requests/cpi/cpi.txt>



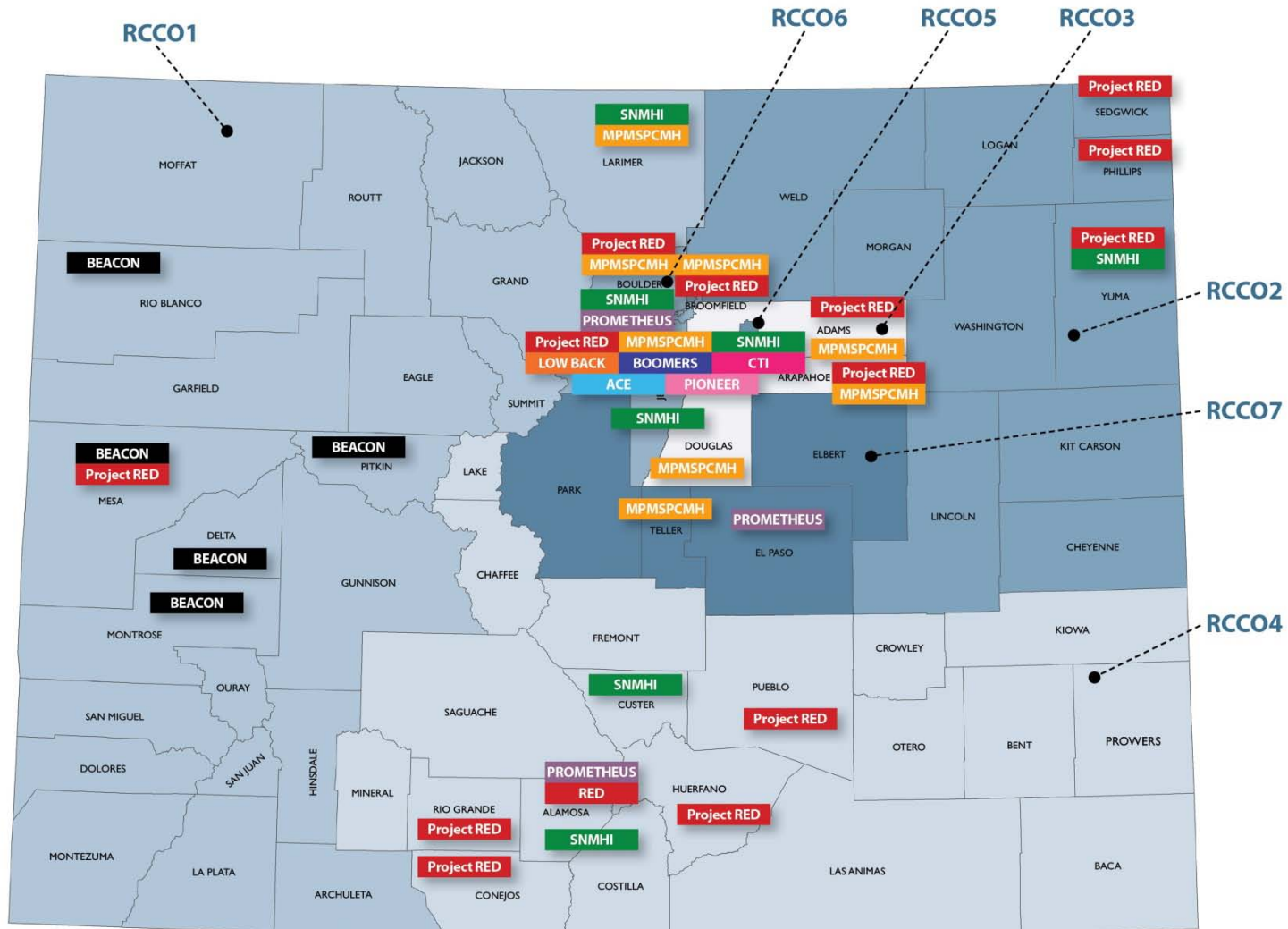
What's the Big Idea?



A Primer: Federal And State Initiatives



Colorado Payment Reform Initiatives



Statewide programs: CQIP | CCHAP | CPNTP | BTE | PCMH | PQRS | PULSE | ACC

The Outlook: Five Trends

1. The Role of Public – Private Partnerships
2. Medicaid: The Promise of Integration
3. Room for Experimentation: HB 1281
4. Whose Cost Curve? A Dilemma for Small Employers
5. A Steep Learning Curve: Purchasing Insurance

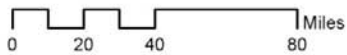
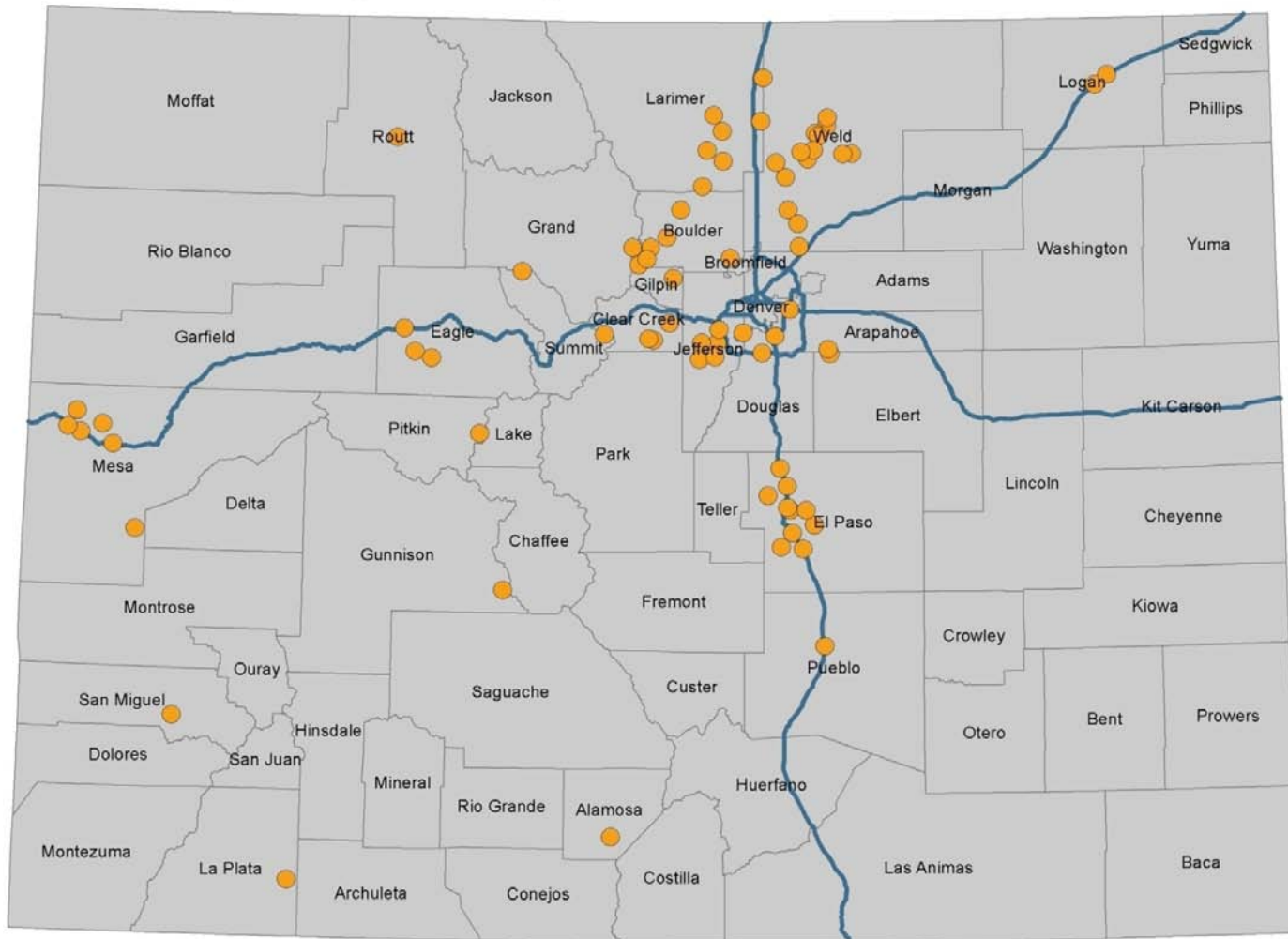


*#1: The Role of
Public- Private
Partnerships*

The Importance of Partnerships

- Contractual agreement
- Public agency (federal, state or local) and a private sector entity
- Skills and assets of each are shared to deliver a service or facility
- For the use of the general public
- Sharing in the risks and rewards
 - National Council of Public Private Partnerships
 - <http://www.ncppp.org/howpart/index.shtml>

An Example: Comprehensive Primary Care Initiative



● Primary Care Practice

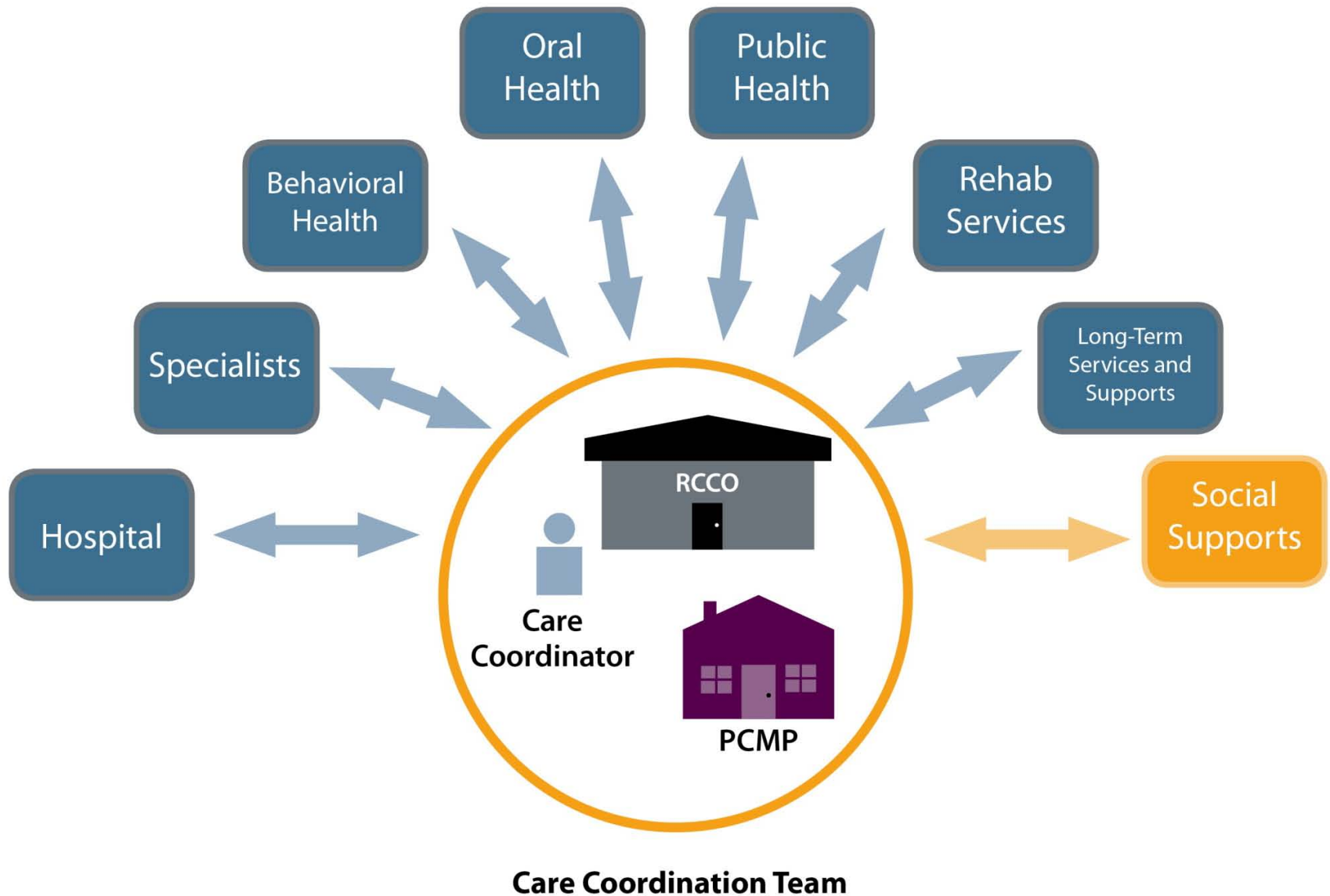
Source: Centers for Medicare & Medicaid Services
Map Created September 4, 2012





#2: Medicaid: The Promise of Integration

Medicaid: The Promise of Integration



Medical Home: Impact on Cost Control

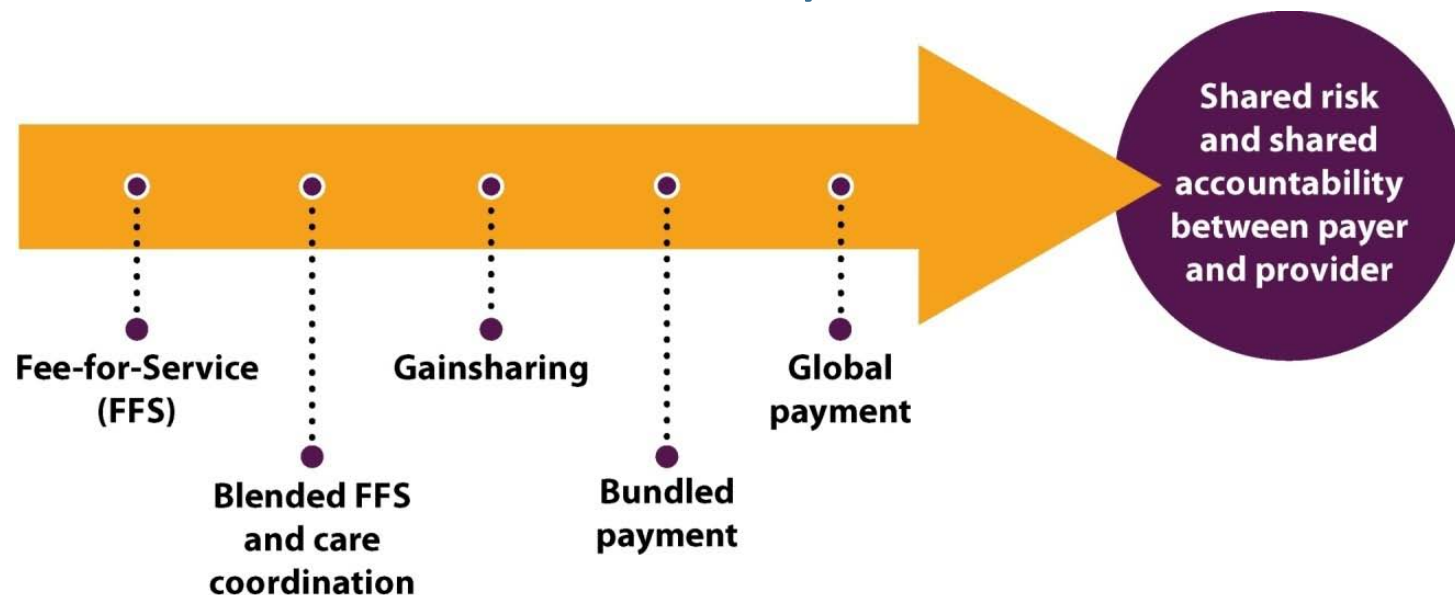
- CMHI demonstrates savings but targeted to lower-cost populations
- Colorado programs still being evaluated, early returns and national results encouraging
- Complex, lengthy, resource-intensive process for practices to become medical homes



*#3: Room for
Experimentation:
HB 1281*

Room for Experimentation: HB 1281

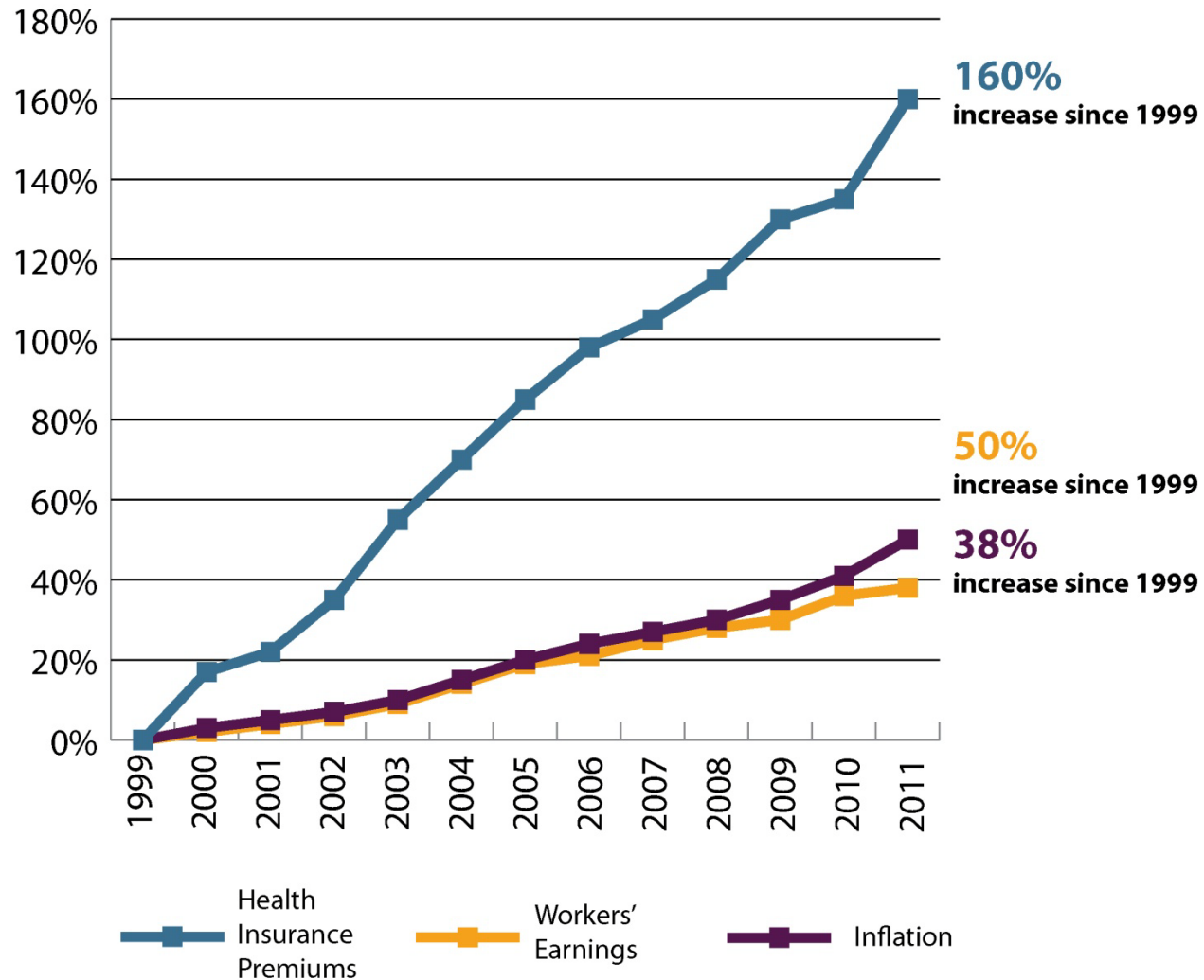
- **HB 12-1281: The Medicaid Innovation Bill**
 - Calls for payment reform pilot projects
 - Away from fee-for-service, toward global payment
 - Built on existing ACC framework
 - Pilots evaluated after 2-3 years





*#4: Whose Cost Curve?
A Dilemma for Small
Employers*

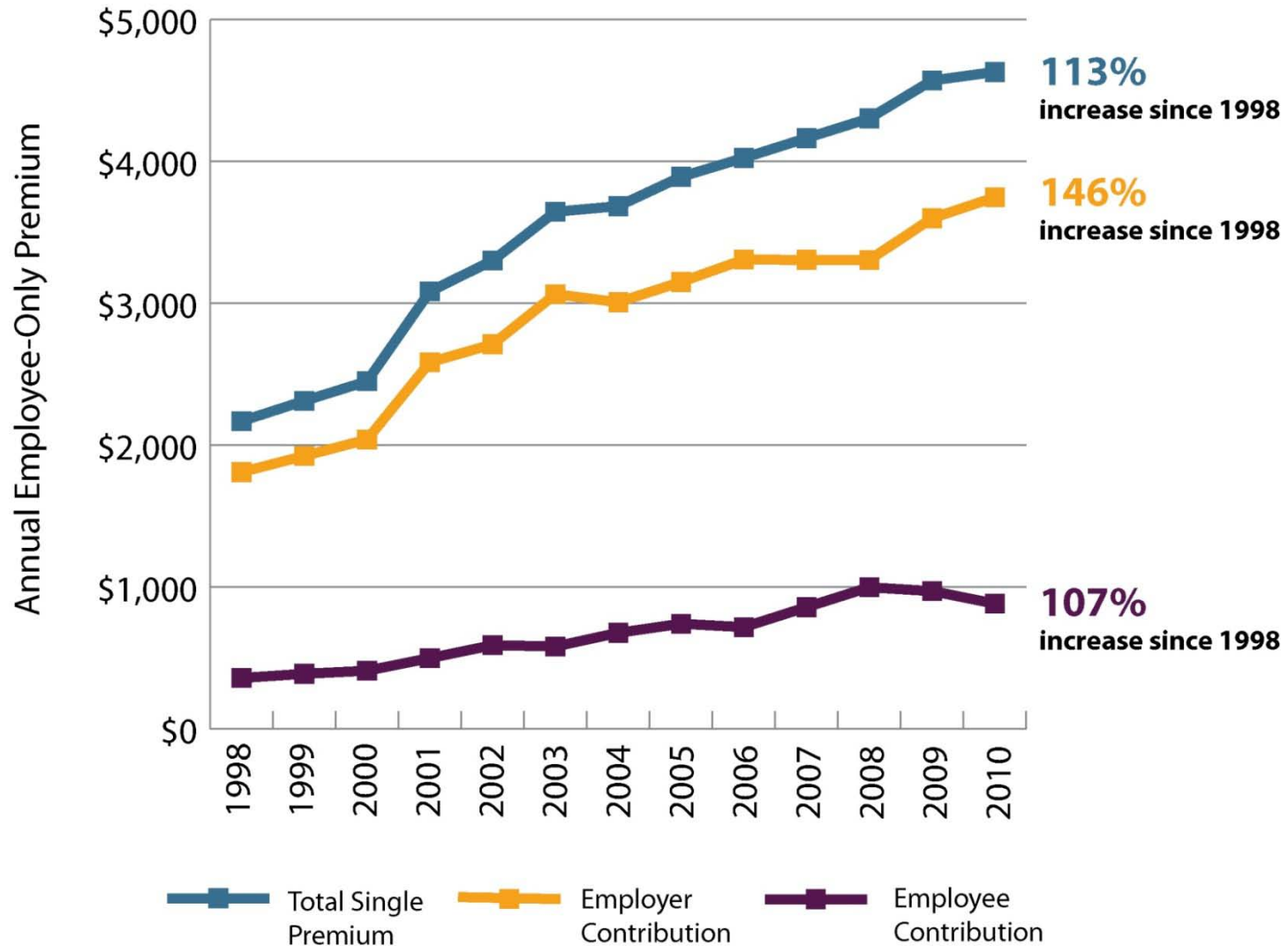
Remember This?



Sources: <ftp://ftp.bls.gov/pub/suppl/empst/ceseeb2.txt>, <ftp://ftp.bls.gov/pub/special.requests/cpi/cpiat.txt>



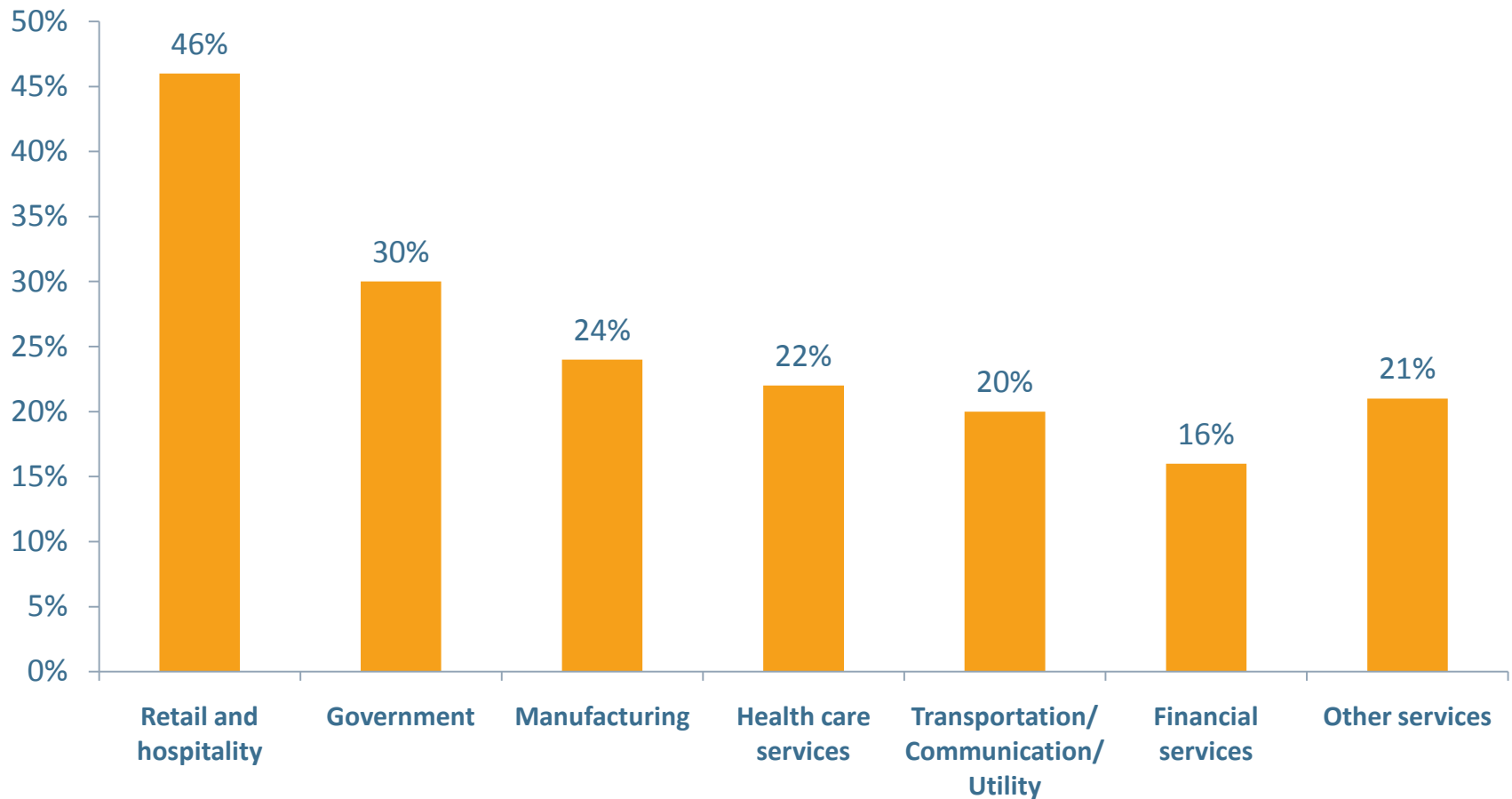
Whose Cost Curve?



SOURCE: Medical Expenditure Panel Survey



Employers and the 30-Hour Requirement



SOURCE: "Health reform poses biggest challenges to companies with the most part-time and low-paid employees" Mercer LLC, August 8, 2012





*#5: A Steep
Learning Curve:
Purchasing Insurance*

Employer and Employee Learning Curve

Where You Buy

Brokers

SHOP Exchange

Individual Exchange

Private Exchanges

Broker Market

What You Buy

Basic Health Plan

Gold

Silver

Bronze

“Health” Plan

Who Bears Risk

Employer

Employee

Insurer

The Cost of Coverage

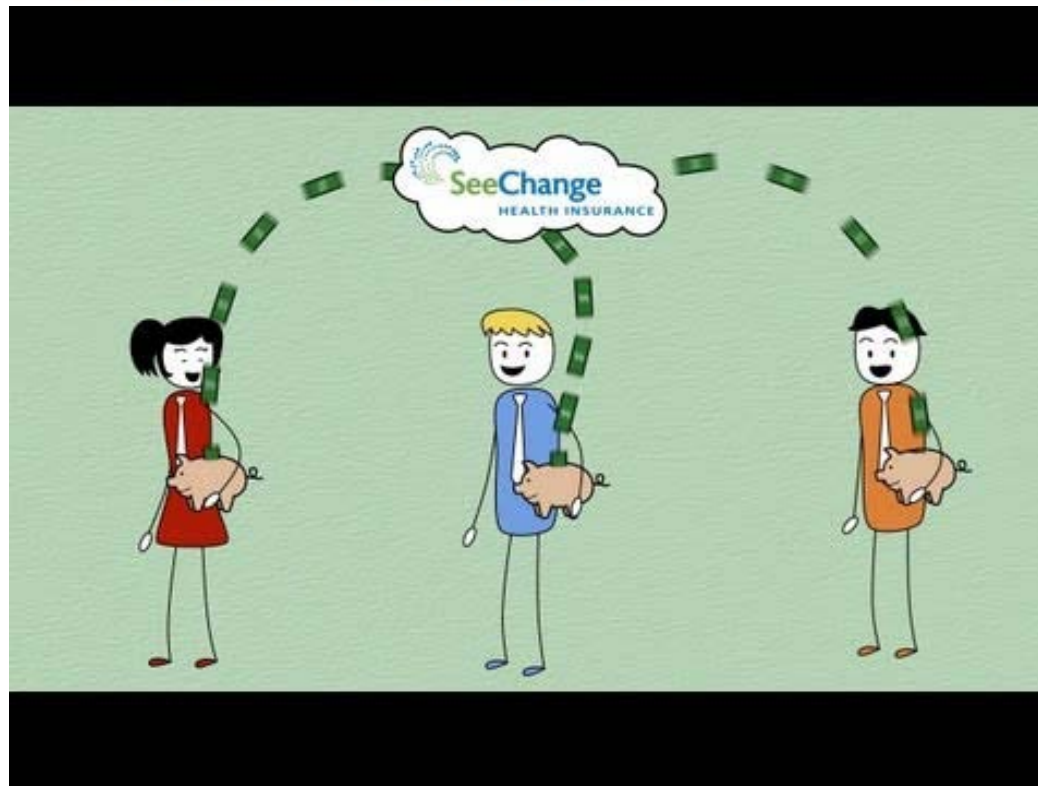
Employer

Employee

Government

Subsidy?

Benefit Design: The New Frontier



Three Take-Aways

1. National election results point to a clearer path ahead for ACA implementation.
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3. Trends afoot in Colorado to improve quality and lower costs continue a forward march.

Upcoming Webinars

- **November 14: Colorado's Medicaid Toolbox: Approaches to Improving Quality and Controlling Costs** - Jeff Bontrager
- **November 28: 2013 Budgets and Strategies: Colorado's Health Agencies** - CHI Staff
- **December 12: To Expand or Not To Expand: Colorado's Looming Medicaid Decision** - Michele Lueck
- **December 19: Legislative Forecast: Health Care Policy Trends to Anticipate in 2013** - Megan Lane



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