Five Trends and the 2012 Election

Health Care in Colorado

November 8, 2012
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.

WHO WON?

The results of this election determine the political climate for the next two years. With many seats and positions up for grabs, the outcome could shape policy decisions for the future. Here are the winners:

President
Barack Obama (D) — 303
Mitt Romney (R) — 206
50% — Electoral Vote: 303
48% — Popular Vote: 206
51% — Colorado Vote: 47%

Congress
House of Representatives
191 Democrats (Previously 212)
232 Republicans (Previously 247)
12 seats Undecided

Senate
53 Democrats (Previously 52)
45 Republicans (Previously 47)
1 Independent (Previously 1)

Colorado's Congressional Delegation

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Colorado Health Institute
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
- Employed: 68.0%
- Unemployed: 9.3%
- Not in the Labor Force: 22.7%

Age
- Age 19-29: 45.9%
- Age 30-44: 16.0%
- Age 45-64: 38.2%

Health Insurance Status
- Uninsured: 34.0%
- Privately Insured (ESI or Individual): 45.2%
- Other Insurance: 20.8%

Metropolitan Status
- In Metro Area: 84.9%
- Not in Metro Area: 10.5%
- Not Identifiable: 4.5%

Self-Reported Health Status
- Excellent: 30.9%
- Very Good: 23.8%
- Good: 19.2%
- Fair: 16.9%
- Poor: 9.3%

SOURCE: CHI analysis of the 2011 American Community Survey.
SOURCE: 2011 Colorado Health Access Survey
2. Will Colorado Health Care Programs Fall Off the Fiscal Cliff?

<table>
<thead>
<tr>
<th>Spending cuts: $136 billion, 0.8% of GDP</th>
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<td>$87 billion; 0.5% of GDP</td>
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<td>$35 billion; 0.2%</td>
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<td>$15 billion; 0.1%</td>
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<td>$24 billion; 0.1%</td>
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<th>Tax cuts that expire:</th>
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<tr>
<td>$87 billion; 0.5%</td>
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<tr>
<td>$127 billion; 0.7%</td>
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<td>$295 billion; 1.7%</td>
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<th>TOTAL spending and taxes: $668 billion; 4.0% of GDP</th>
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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%

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?

- Employers with 1-25 full-time employees: No Mandate. May be eligible for health insurance tax credit if average wage is less than $50,000.
- Employers with 26-49 full-time employees: No Mandate. No tax credit.
- Employers with 50+ full-time employees: Mandate to offer affordable health insurance coverage. Penalty is at least $2,000 per full-time worker.
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!

- 160% increase since 1999
- 50% increase since 1999
- 38% increase since 1999

What’s the Big Idea?

- Fee-for-Service (FFS)
- Gainsharing
- Blended FFS and care coordination
- Bundled payment
- Global payment

Shared risk and shared accountability between payer and provider
A Primer: Federal And State Initiatives

Federal Initiatives and Funding
  • Defining the “What”

State Models of Innovation
  • Finding the “How”
Colorado Payment Reform Initiatives
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
An Example:
Comprehensive Primary Care Initiative

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-intense 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?

160% increase since 1999

50% increase since 1999

38% increase since 1999

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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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