• Health care spending is back in the hot seat.
• Pressures have led to market instability.
• There is a greater need to test and evaluate new models.
More Insurance = More Spending
Insured Coloradans: A New Record

- 2009: 4,331,957
- 2011: 4,408,796
- 2013: 4,446,720
- 2015: 4,941,565
Health Care Spending: Heading Higher

Total Expenditures in Millions of Dollars

- 2010: $2,604,131
- 2011: $2,705,302
- 2012: $2,817,317
- 2013: $2,919,137
- 2014: $3,154,700
- 2015: $3,296,500
Breaking Down Health Care Spending:

A Simple Formula

\[ \text{Spending} = \text{Price} \times \text{Quantity} \]
Spending Increases: Price Isn’t the Culprit

- Hospital Care
- Physician Services
- Prescription Drugs
- Nursing Home Care
- Dental Care
- Home Health

Increase in Price
Increase in Spending
Personal Health Care Spending Growth: Breaking it Down by Price and Use

Source: Altarum calculations from Health Sector Economic Indicators data.
Payment Reform

Consumer Demands

Provider Market Instability
From Volume to Value

Fee-For-Service Payment Model

Payer

- $ Bonus for improved screening rates
- $ Per visit
- $ Per service
- $ Bonus for meeting asthma control benchmark

Primary Care Provider

Pulmonologist
Alternative Payment Models

Health and Human Services Secretary
Sylvia Burwell
Holding Providers Accountable
ACC 2.0
Integrating Care
Growth Will Be In Public Programs

Enrollment Growth, U.S., 2006-2022

Medicare: 57%
Medicaid: 71%
Private Insurance: 6%
Providers and Plans Are Under Pressure
Health systems that have applied for, or intend to apply for, an insurance license.
Payment Reform

Consumer Demands

Insurance Market Instability
Quick quiz: How competitive is Colorado’s individual insurance market?

1. Top ten most competitive states
2. Average among all states
3. Bottom ten least competitive states
Individual Insurance Market Competition

Source: Kaiser Family Foundation, 2013. Number of insurers with greater than 5% market share.
YOUR NON-PROFIT HEALTH INSURANCE CO-OP.
Colorado HealthOP out of options, will begin shutting down

Colorado HealthOP Shuts Down After Failed Resurrection Bid

Colorado health exchange ready for influx of customers of failed co-op
Welcome to Colorado’s Health Insurance Marketplace, the only place to lower the cost of your health insurance and get access to our statewide network of free, in-person assistance.
From Price-Insulated to Price-Sensitive Employees

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of $1,000 or More for Single Coverage, 2006-2015

2006: 10%
2007: 12%
2008: 18%
2009: 22%
2010: 27%
2011: 31%
2012: 34%
2013: 38%
2014: 41%
2015: 46%
From Broad to Narrow Networks
What’s the Next Frontier?
Potentially *too* successful.
Change is tough.
Not a one size fits all model.
Unintended consequences are a concern.
Never tested at this scale.
Three Takeaways

• Health care spending is back in the hot seat.
• Pressures have led to market instability.
• There is a greater need to test and evaluate new models.