

# Taking NC's Vital Signs: How the Labor and Delivery of Healthcare is Changing

Allied Health Regional Skills Partnership

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November 5, 2013



## North Carolina Institute of Medicine

- Quasi-state agency chartered in 1983 by the NC General Assembly to:
  - Be concerned with the health of the people of North Carolina
  - Monitor and study health matters
  - Respond authoritatively when found advisable
  - Respond to requests from outside sources for analysis and advice when this will aid in forming a basis for health policy decisions

*NCGS §90-470*



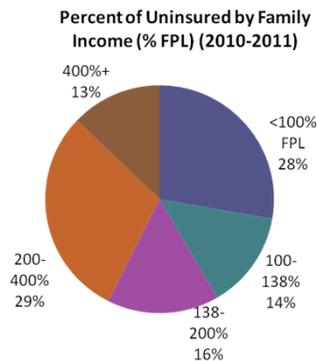
## National Health Reform Legislation

- Patient Protection and Affordable Care Act (HR 3590) (signed into law March 23, 2010)
- Health Care and Education Affordability Act of 2010 (HR 4872) (also referred to as “reconciliation”)
  - **The combined bills are often referred to as the Affordable Care Act (or ACA)**



## Insurance Coverage and Access to Care

- Approximately 1.5 million uninsured in North Carolina in 2012 (20% of the nonelderly population).
- Being uninsured has a profound impact on health and financial wellbeing.



US Census. Current Population Survey (CPS) Annual Social and Economic Supplement. Health Historical Tables. Table HIA-6. NCIOM: County level estimates of uninsured (2010-2011)

## More about Uninsured Adults in NC

- Most uninsured adults (58%) have no more than a high school education:
  - 22% have less than a high school degree
  - 36% have a high school degree or GED
  - 25% have some college education
  - 17% are college graduates
- More than three-quarters (77%) of the uninsured have been uninsured for more than one year
  - 19% were uninsured for 1-2 years
  - 17% were uninsured for 3-4 years
  - **41% were uninsured for 5 years or more or never had insurance**



North Carolina Behavioral Risk Factor Surveillance Survey, 2011.  
<http://www.schs.state.nc.us/SCHS/brfss/2011/nc/all/topics.html#unin>.

## Coverage Provisions Pre-Supreme Court Decision

- Most people will be required to have health insurance coverage in 2014. The ACA builds on our current system of providing health insurance coverage.
  - *Public coverage*: Many low income people with incomes <138% Federal Poverty Levels (FPL) would gain coverage through Medicaid.
  - *Employer-based coverage*: Most other people would get health insurance through their employer.
  - *Individual (non-group) coverage*: Some people would qualify for subsidies to purchase coverage on their own through the Health Insurance Marketplace.



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## Supreme Court Challenge to ACA

- Supreme Court, in *National Federation of Independent Businesses vs. Sebelius*:
  - Upheld the constitutionality of the individual mandate (under Congress' taxing authority).
  - Struck down the government's enforcement mechanism for the Medicaid expansion, essentially creating a voluntary Medicaid expansion.
  - Left the rest of the ACA intact.



National Federation of Independent Businesses vs. Sebelius, 567 US \_\_\_ (2012)

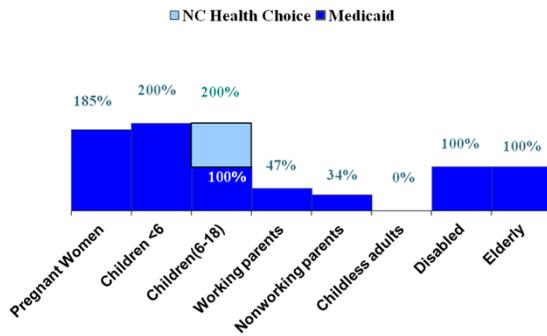
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## Three ways to gain coverage

- Requires employers with 50 or more employees to offer coverage or pay a penalty
- Allows states to expand Medicaid to cover uninsured adults with incomes up to 138% FPL
  - North Carolina has not chosen this option
- **Requires most people to have health insurance coverage or pay a penalty**
  - **Subsidies available to people with incomes between 100-400% FPL, if not eligible for public coverage or affordable employer based coverage**



## Existing NC Medicaid Income Eligibility (2013) (Percent of Federal Poverty Level)



•Currently, childless, non-disabled, non-elderly adults can not qualify for Medicaid

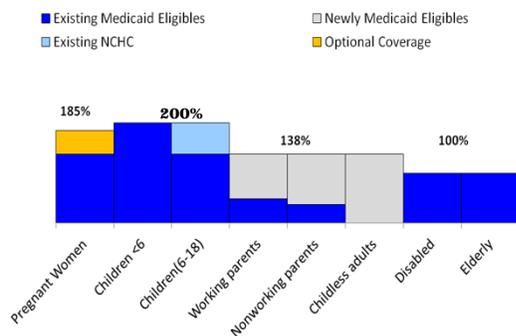
•Because of categorical restrictions, Medicaid only covers 30% of low-income adults in North Carolina



Kaiser Family Foundation. State Health Facts. Calculations for parents based on a family of three. Note: 100% of the federal poverty levels (FPL) (2013) = \$11,490/yr. (1 person), \$15,510 (2 people), \$19,530 (3 people), \$23,550 (4 people)

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## NC Medicaid Income Eligibility *if Expanded* (2014)



•Medicaid expansion would provide coverage to approximately 500,000 new eligibles in 2014, if the state chose to expand Medicaid.

•Even without expansion to new eligibles, an additional 70,000-90,000 people likely to enroll (currently eligible but not enrolled).



Note: 138% FPL (2013) = \$15,856/yr (1 person), \$21,404 (2 people), \$26,951 (3 people), \$32,499 (4 people).

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## Essential Benefits Package

- Most insurance must cover: \*
  - Well-baby, well-child care for children under age 21 (Sec. 1001)
  - Recommended preventive services and immunizations with no cost-sharing (Sec. 1001, 10406)
  - **Mental health and substance abuse parity law** applies to qualified health plans (Sec. 1311(j))
- Insurers offered in the nongroup or small group market must offer an essential health benefits package:\* (Sec. 1302)
  - Hospital services; professional services; **prescription drugs; rehabilitation and habilitative services; mental health and substance use disorders; maternity care; oral health and vision services for children.**



\* With some exceptions, existing grandfathered plans not required to meet new benefit standards or essential health benefits.

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## Other Provisions to Expand Access

- The ACA included funding to:
  - Expand the number of community health centers.
  - Expand support for school based health centers.
  - Pay for loan forgiveness for health professionals willing to work in underserved areas.
- Some new funds available to increase health professional workforce.



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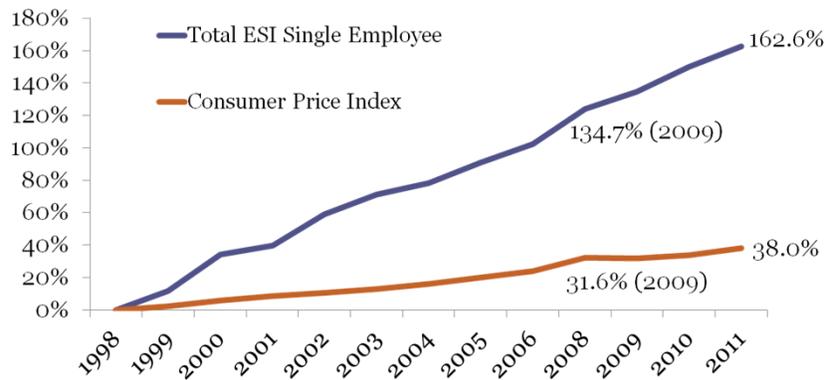
## Population Health

- North Carolina ranks 33<sup>rd</sup> of the 50 states and DC in population health measures in 2012. (America's Health Rankings, 2012)
  - North Carolina ranked 31<sup>st</sup> in determinants of health (eg, smoking, binge drinking, obesity, poverty, preventable hospitalizations).
  - North Carolina ranked 38<sup>th</sup> in health outcomes (eg, diabetes, poor physical and mental health days, cancer and cardiovascular deaths, infant mortality rate, premature deaths).

## Affordable Care Act

- Prevention and Public Health Trust Fund to invest in prevention, wellness, and public health activities (Sec. 4002)
  - ACA initially appropriated \$500 million in FY 2010 increasing to \$2 billion over time.\*
  - Creates a national prevention, health promotion, and public health council to establish public health and prevention priorities for the country (Sec. 4001)
  - Priority areas include: tobacco free living, preventing drug abuse or excessive alcohol use, health eating, active living, injury and violence free living, reproductive and sexual health, and mental and emotional wellbeing.

## Employer-Sponsored Premiums Rising Much Faster than Inflation (NC, 1998-2011)



Sources: ESI: Medical Expenditure Panel Survey, US Agency for Healthcare Quality and Research. Insurance Component. CPI: Bureau of Labor Statistics.

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## Reducing Rate of Increase in Health Care Spending: ACA

- No “magic bullets” to reduce rising health care costs
- ACA includes new opportunities to test new models of care delivery and payment models in Medicare and Medicaid to improve quality, health, and reduce unnecessary health care expenditures
- Once new models are shown to work in different communities and with different delivery systems, Secretary of HHS has the authority to implement broadly in other communities.



## Affordable Care Act

- New models of care will reward health professionals and health care systems for:
  - 1) Improving population health
  - 2) Improving health care quality and health outcomes
  - 3) Reducing health care costs
- Some of the new models being tested in North Carolina (and nationally) include: patient centered medical homes, bundled payments, and accountable care organizations.

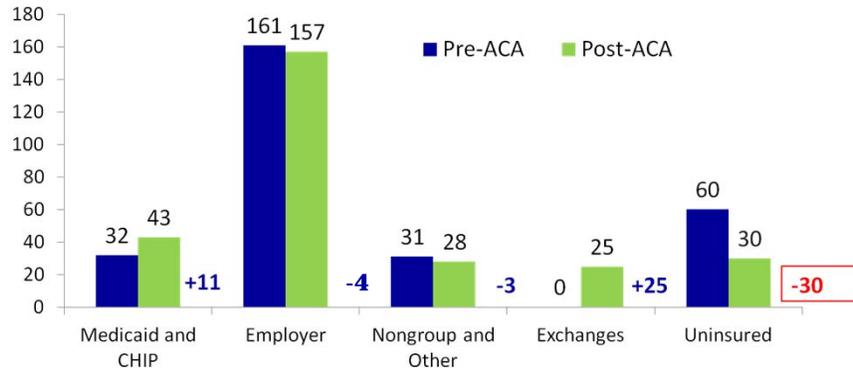


## Value-Based Purchasing/ Accountable Care Organizations

- Model of shared risk and shared savings on part of provider of services.
- Range from PMPM for care management , pay for performance, bundled payments, shared savings, global payments.
- Substantial investment in ACA to develop these models.
- Commonwealth predicts that, by 2020, 65% of physicians will work in a VBP environment.



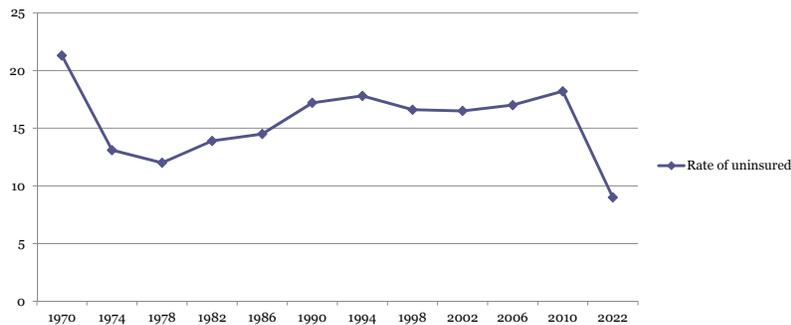
## Changes in Coverage Pre- and Post-Reform (CBO estimates, 2022 after Supreme Court decision)



Congressional Budget Office. <http://www.cbo.gov/sites/default/files/cbofiles/attachments/43472-2012-CoverageEstimates.pdf>. July 2012.

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## Rate of uninsured



[http://www.cdc.gov/nchs/health\\_policy/trends\\_hc\\_1968\\_2011.htm](http://www.cdc.gov/nchs/health_policy/trends_hc_1968_2011.htm)  
<http://www.cbo.gov/sites/default/files/cbofiles/attachments/43472-07-24-2012-CoverageEstimates.pdf>



## North Carolina Expansion Estimates

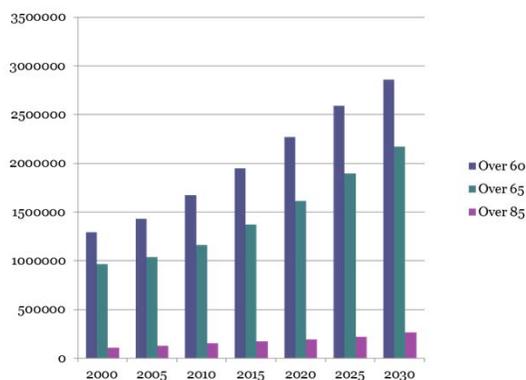
- Medicaid likely to grow by 70,000-87,000 people (mostly children who are already eligible but not enrolled)
- Initial state estimates were that ~660,000 people\* would purchase individual coverage in the Marketplace (2014). Of these:
  - Approximately half would have been previously uninsured
  - Approximately half would have previously had insurance coverage, but will get more affordable coverage in the marketplace
- Another ~180,000 of the potential Medicaid expansion group may be *income eligible* for the Marketplace (incomes between 100-138% FPG)



\*Initially Milliman estimates assumed mandatory Medicaid expansion.

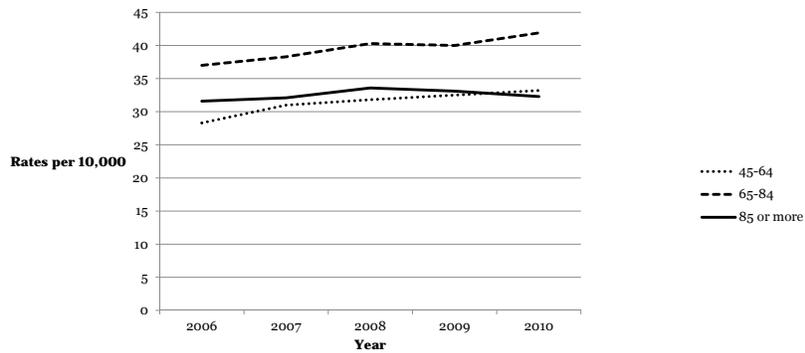
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## Aging of NC Population



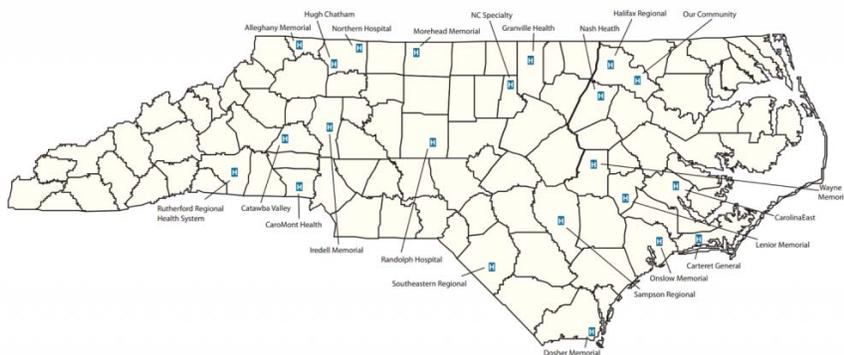
[http://www.aoa.gov/Aging\\_Statistics/future\\_growth/future\\_growth.aspx](http://www.aoa.gov/Aging_Statistics/future_growth/future_growth.aspx)

## Yearly Rates of Knee Replacement Surgery by Age, 2006-2010



<http://www.ncmedicaljournal.com/archives/?74317>

## Hospital consolidation



<http://www.northcarolinahealthnews.org/2013/08/14/rural-hospital-mergers-make-for-improved-bottom-lines-mixed-feelings/>

## Mental health and substance abuse parity

- Many mental health practitioners work in private practice settings.
- Most private insurance has traditionally covered mental health poorly or not at all and billing has largely been direct to client.
- Most mental health providers will be forced into 3<sup>rd</sup> party payment systems. This will probably increase client base and decrease margin.



## The big four

- Changes in insurance coverage-NOW
- Increases in the insured-Next 1-6 years
- ACO/VBP-Next 1-10 years
- Aging population-Gradual over next 30 years



## Opportunities for Allied Health

- The entire health work force will grow.
- The cost as a percent of GDP can't continue to out pace inflation forever.
- Many allied health professionals can extend work of other health professionals (PT tech, Pharmacy tech) at lower cost.
- Most health professionals will work in consolidated health systems (including behavioral health) and in VBP arrangements.
- Long-term growth for services to aging population.



## Pitfalls

- Though much of health care is not 'evidence-based', it is harder to stop paying for something that to start. Insurers and ACOs will continue to push for evidence and value.
- Allied health professionals not providing 'main stream' services covered under typical plans will continue to swim upstream and the current may get more swift. These allied health professions should grow research and evidence base with a focus on improved quality at lower cost.



## For More Information

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