Payer Perspective

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Relevant roles for this discussion

- 12 years of executive experience with health plans in UT. Commercial, Medicare and Medicaid business lines.
- 15 years of experience with high risk pool governance. 9 years as an executive committee member.
- 22 years experience in executive roles with clinic operations, hospital operations, insurance operations and CMS Quality Improvement contractor (HealthInsight)

Personal View

- Status quo system is not sustainable.
- Higher utilization (demand) and unit costs (prices) leads to higher insurance premiums, leads to more uninsured, leads to more cost shifting to the insured population, leads to higher insurance premiums leads to more uninsured etc.
- The Affordable Care Act (ACA) is not perfect.

ACA Implications

- Risk Management issues
- System Accountability systems
- Data needs
  - Quality
  - Cost

High Risk Pools- Utah State

- Utah State Individual High Risk Pool has been in place since 1991.
- Allows immediate coverage for those with prior coverage without pre-existing conditions exclusion.
- 6 month pre-existing condition coverage exclusions for those without coverage history.

High Risk Pools- Federal

- Legislated by the Affordable Care Act (ACA). Started September 2010 in Utah.
- No pre-existing condition waiver. No prior coverage requirement. Similar to ACA in 2014.
- Intent was to mitigate against pent up pre-existing commitment demand prior to January 2014.
- Data show experience through May 2012. Similar experience since that date.

Utah Specific Comparisons

	HIPUtah			Federal-HIPUtah		
Demographics						
		males	females		males	females
Enrollment	3676	41.05%	58.95%	650	42.31%	57.69%
Females between the age of 20-39			501			158
% of Total Enrolled			13.63%			24.31%
% of Total Females			23.12%			42.13%
Percent enrolled: 40 years of age or less	27.20%			39.84%		
Dollars paid for ages 39 or less	23.76%			27.21%		
Average Household Income	$81,865			$42,066		
Median Household Income*	$50,000			$32,224		
Household Income less than $30K	23.50%			39.54%		

* *Median Household Income for Utah: $59,857*

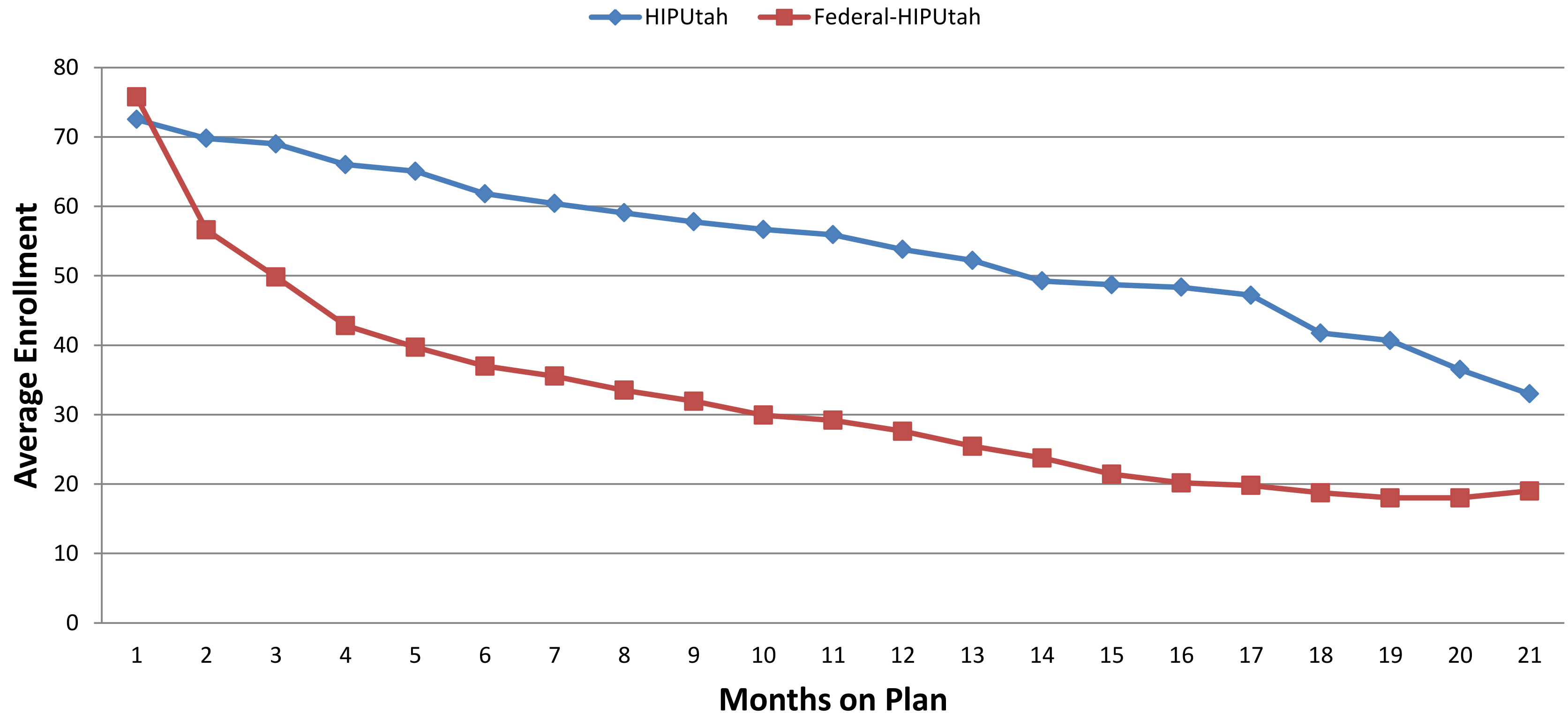
Source: Governor Gary R. Herbert, 2012 Economic Summary for the State of Utah:

http://www.governor.utah.gov/dea/econsummaries/EconomicSummary.pdf

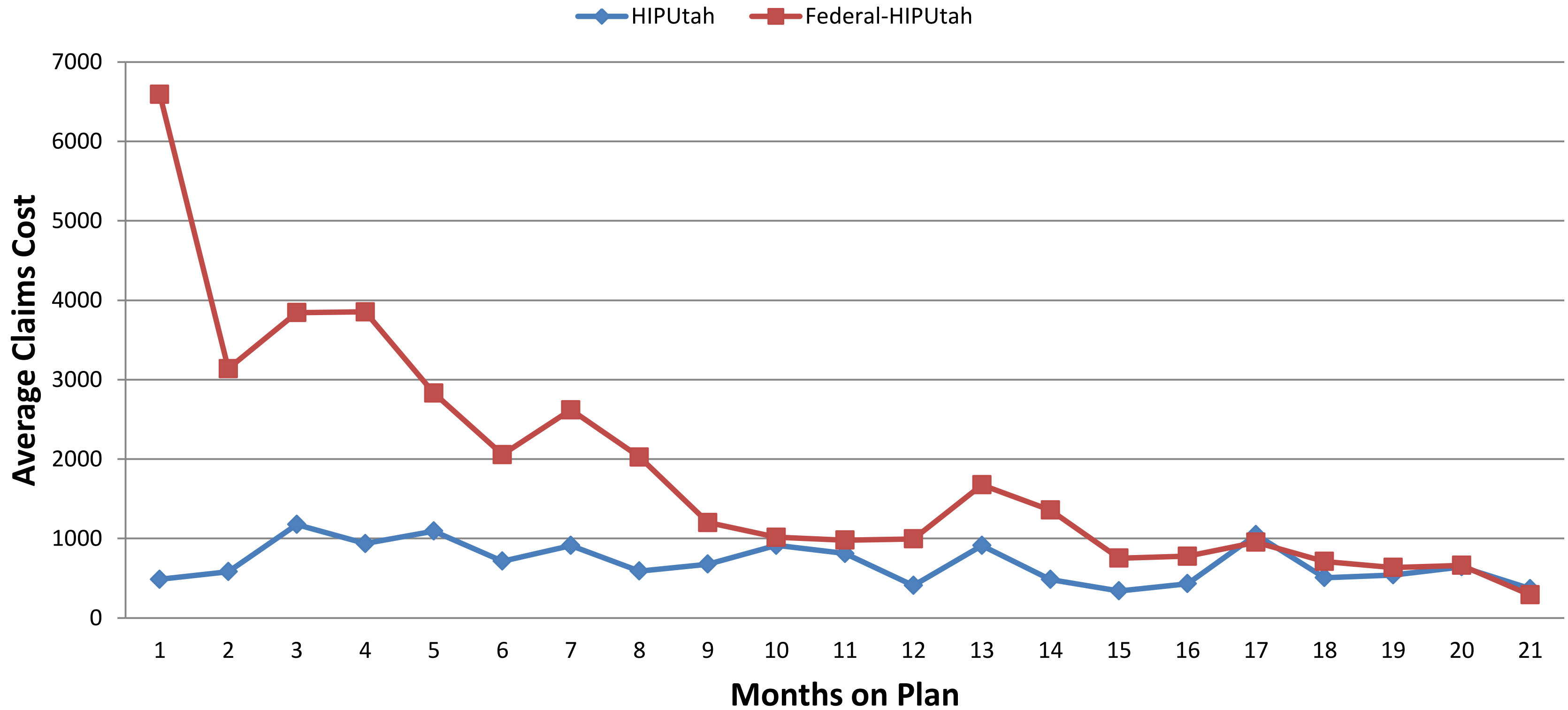
Utah Specific Comparisons

	HIPUtah		Federal-HIPUtah		
Overall PMPM*	$718.43			$2,803	
PMPM for Enrollees on Plan less than 6 months				$6,261	
PMPM for Enrollees on Plan greater 6 + months				$2,536	
PMPM by Plan (7-11 through 12-11)		Membership			Membership
Deductible $500		610		$4,211	453
Deductible $1000		438		$1,432	136
Deductible $2500		557		$1,425	102
Deductible $5000		1925		$2,544	435
Disenrollment**				38%	
Less than 6 months on Plan				91%	
On Plan 6 months or more				9%	
*PMPMs do not include administrative costs.					
** Data for the period 9-10 through 12-11.					

Utah Specific Comparisons



Utah Specific Comparisons



Summary of Utah Experience

- Served populations have different demographic characteristics driving claims
- Subset of Federal pool enrollees are using the pool on a temporary basis to meet immediate needs.
- This information has significant implications for the successful execution of the ACA in 2014.

Mitigating Tactics
New fees pay for these tactics

- Reinsurance
- Risk Adjustment
- Risk Corridors
- Provider efforts

Activity in the provider space that will impact care delivery in the future

- Technology implementation efforts and framework.
- “Meaningful Use” of Electronic Health Records
- Ability to use clinical information in addition to claims information to collect data and assess value of services.
- Impact on payment methods- Pay for value rather than volume.

Uses of Health Data to Advance a Reformed System

- Improve clinical decision making
- Improve individual entities understanding of their performance and improvement opportunities.
- Inform public health investments and monitoring
- Inform public policy making and oversight
- Allow payers of all types (consumers, public and private) to assess “value” (benchmarks, standardized definitions etc.)

Enable New payment models

- Pay for Performance
- Pay for Outcomes
- Pay for “Medical Home” delivery model
- Accountable Care Organizations (ACO’s)
- Assure high quality care delivery while creating flexibility in the processes of care delivery.

Sources of Savings

- Decrease duplication of services: diagnostic testing, procedures etc.
- Decrease complications: Readmissions, adverse drug reactions etc.
- Improve administrative efficiency: prior authorization, claims payment process
- Decrease clinical services through improved communication: decrease hospital, ER and clinic use.

Summary

- State based High Risk pools have played an important role in creating stability in the individual health insurance market for many years.
- Many States have gained additional experience while managing Federal pools. This experience will be important as the ACA is fully implemented.
- The healthcare delivery system is changing with the adoption of new technologies. New payment systems should leverage these new competencies.
- There will be challenges to face as the ACA is fully implemented. The status quo has proven itself to be unsustainable.