Impacts of Health Reform in Shelby County and in Tennessee

David Mirvis, M.D.
April 19, 2012

A Timely Discussion...

AGENDA

• Who are the uninsured and why does it matter?
• What are the major impacts of PPACA on health care in Shelby County and in Tennessee?

... with an emphasis on some things that may not be obvious.

INSURANCE FOR NONELDERLY ADULTS IN THE US, TENNESSEE AND SHELBY COUNTY

Source: Authors’ analysis of the 2008-9 American Communities Surveys

INSURANCE FOR NONELDERLY ADULTS IN THE US, TENNESSEE AND SHELBY COUNTY

Source: Authors’ analysis of the 2008-9 American Communities Surveys
INSURANCE FOR NONELDERLY ADULTS IN THE US, TENNESSEE AND SHELBY COUNTY

<table>
<thead>
<tr>
<th></th>
<th>US, 2010</th>
<th>Tennessee, 2010</th>
<th>Shelby City, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>uninsured</td>
<td>22.0%</td>
<td>11.0%</td>
<td>19.1%</td>
</tr>
<tr>
<td>public</td>
<td>65.0%</td>
<td>65.1%</td>
<td>63.0%</td>
</tr>
<tr>
<td>private</td>
<td>13.0%</td>
<td>18.3%</td>
<td>17.9%</td>
</tr>
</tbody>
</table>

Source: Authors' analysis of the 2008–09 American Communities Surveys

THE PROPORTION OF UNINSURED TENNESSEE RESIDENTS IS RISING

THE UNINSURED – WHY DOES IT MATTER?

- **To the uninsured**
  - Limited access to health care
  - Reduced health status and outcomes
  - Personal financial challenges

THE UNINSURED IMPACT HEALTH CARE FOR THE INSURED

- A 10 percentage point increase in the rate of uninsured corresponded to an 18.3% decrease in the probability that **insured women** ages 40–69 years would have a mammogram within 1 year.
- A 5 percentage point increase in the rate of uninsured corresponded to a 10.5% increase in the likelihood that an **insured adult** would have an unmet medical need during a 12 month period.

UNCOMPENSATED CARE IN TENNESSEE AND SHELBY COUNTY: A LOT OF MONEY!!

<table>
<thead>
<tr>
<th></th>
<th>Tennessee</th>
<th>Shelby County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>$2,505 m</td>
<td>$822 m</td>
</tr>
<tr>
<td>Physicians</td>
<td>$559 m</td>
<td>$180 m</td>
</tr>
<tr>
<td>Community Providers</td>
<td>$1,045 m</td>
<td>$237 m</td>
</tr>
<tr>
<td>Total</td>
<td>$4,109 m</td>
<td>$1,339 m</td>
</tr>
</tbody>
</table>

Source: Analysis of the 2009, 2010 Tennessee Joint Annual Report

THE UNINSURED – WHY DOES IT MATTER?

- **To the uninsured**
  - Limited access to health care
  - Reduced health status and outcomes
  - Personal financial challenges
- **To the insured**
  - Uncompensated care costs
  - Impacts on overall health care system functions
  - Macroeconomic loss
  - Benevolent self interest

MV Pauly and JA Fagan, Health Affairs 2007
LACK OF HEALTH INSURANCE IMPACTS MANY LEVELS OF SOCIETY

The value of health capital forgone each year due to uninsurance is between $65 and $130 billion.

ANOTHER IMPACT: BENEVOLENT SELF INTEREST

“Health care reform is not about the uninsured. It is about those who are afraid they will become uninsured.”

--Howard Dean, 1993

AGENDA

• Who are the uninsured and why does it matter?
• What are the major impacts of PPACA on health care in Shelby County and in Tennessee?
IMPACTS OF PPACA ON HEALTH CARE IN SHELBY COUNTY AND IN TENNESSEE

1. Changes in the number and distribution of uninsured in Tennessee;
2. Implications of expanded insurance coverage:
   1. For the previously uninsured
   2. For health care providers
   3. For state and local governments
   4. For the insurance industry
   5. Etc.

DISCLAIMERS ...

• The estimates are subject to many assumptions and are intended to predict general trends rather than absolute changes

DISCLAIMERS ...

• The estimates are subject to many assumptions and are intended to predict general trends rather than absolute changes
• Time
• Don’t shoot the messenger

PPACA PROPOSALS TO EXPAND HEALTH INSURANCE

• Individual mandate
• Expansion of mandatory Medicaid eligibility
• Insurance exchanges
• Premium subsidies and cost-sharing credits
• Employer penalties for noncoverage
• Expanded dependent coverage
• Prohibit pre-existing condition exclusions
• Prohibit rate increases based on health status or gender
• Etc.
TENNESSEE IS A HIGH IMPACT STATE

- Rising level of uninsured
- High proportion of residents with incomes under 138% of Federal Poverty Level ($31,085* for family of four) – expanded Medicaid eligibility
- High proportion of residents with incomes of 139-400% of FPL ($31,085-92,200 for family of four) – eligible for subsidies and credits through exchanges

* 2012 FPLs

HEALTH INSURANCE EXPANSION: OUR ANALYSIS

- Mandatory eligibility of young adults on parental policies
- Mandatory Medicaid eligibility of persons with incomes up to 133% (138%) of Federal Poverty Level (FPL)
- Insurance exchanges with premium subsidies for enrollees up to 250% and cost sharing credits up to 400% of FPL

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TWO GOALS OF MEDICAID EXPANSION

- Expand insurance coverage to the poor and near-poor
- Reduce interstate variability in Medicaid eligibility and services

YOUNG ADULTS IN TENNESSEE HAVE THE HIGHEST RATE OF UNINSURED

Source: Authors’ analysis of Tennessee data in the 2009 American Communities Survey

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Source: Authors’ analysis of Tennessee data in the 2009 American Communities Survey
Medicaid Coverage for Low Income Adults Varies Widely Across States

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OUR ANALYSIS

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THE ANSWER IS....

- MANDATED YOUNG ADULT COVERAGE
- EXPANDED MEDICAID ELIGIBILITY
- INSURANCE EXCHANGES

NUMBER OF INSURED EXPANDS AFTER REFORM ...

THE NEWLY INSURED...

THE NEWLY INSURED...
NEW MEDICAID ENROLLEES: THREE WAYS

Newly Eligible 70.9% 224,994
Crowdout 24.7% 78,232
Previously Eligible 4.5% 14,107

Source: Authors' analysis of the 2009 American Communities Survey

NEW MEDICAID ENROLLEES: THREE WAYS

Newly Eligible 70.9% 224,994
Crowdout 24.7% 78,232
Previously Eligible 4.5% 14,107

NEwLY INSURED = 224,994+14,107 = 239,101
EFFICIENCY = 239,101/317,333 = 75.3%

Source: Authors' analysis of the 2009 American Communities Survey

IMPACTS OF PPACA ON HEALTH CARE IN TENNESSEE

1. Changes in the number and distribution of uninsured in Tennessee:
2. Implications of expanded insurance coverage:
   1. For the previously uninsured
   2. For health care providers
   3. For state and local governments
   4. For the insurance industry
   5. Etc.

IMPLICATIONS FOR THE PREVIOUSLY UNINSURED

- Many will remain uninsured
- Most of newly insured will be covered by Medicaid
  - Limitations of Medicaid coverage
  - Physician acceptance
- Primary care physician shortage
- Underinsured vs. adequately insured

MANY UNINSURED REMAIN AFTER REFORM

Uninsured

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shelby County</td>
<td>17.9%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>17.9%</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

Percent of Population

- 100%
- 90%
- 80%
- 70%
- 60%
- 50%
- 40%
- 30%
- 20%
- 10%

Uninsured

- 100%
- 90%
- 80%
- 70%
- 60%
- 50%
- 40%
- 30%
- 20%
- 10%

Most newly insured covered by Medicaid

- Shelby County
- Tennessee

- 100%
- 90%
- 80%
- 70%
- 60%
- 50%
- 40%
- 30%
- 20%
- 10%

Non-elderly adults

- 100%
- 90%
- 80%
- 70%
- 60%
- 50%
- 40%
- 30%
- 20%
- 10%

Medicaid

- 100%
- 90%
- 80%
- 70%
- 60%
- 50%
- 40%
- 30%
- 20%
- 10%

Young Adult

- 100%
- 90%
- 80%
- 70%
- 60%
- 50%
- 40%
- 30%
- 20%
- 10%

Exchanges

- 100%
- 90%
- 80%
- 70%
- 60%
- 50%
- 40%
- 30%
- 20%
- 10%

La Tomatina Festival, Bunol, Spain.

43,501 persons

277,906 persons
MOST PHYSICIANS ARE NOT ACCEPTING NEW PATIENTS WITH MEDICAID

<table>
<thead>
<tr>
<th>All PCPs (including pediatricians)</th>
<th>PCPs (excluding pediatricians)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage point increase in Medicaid acceptance of the Medicaid/Mohave fee schedule</td>
<td>2.1%</td>
</tr>
<tr>
<td>Percentage point difference in Medicaid acceptance between low fee schedule and high fee schedule attributable to differences in Medicaid reimbursement</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

Note: Estimates are based on an assumption that 90% of new patients can be cared for by physicians who have Medicaid/Mohave fee schedule. This is an underestimate of the actual number of physicians who accept Medicaid patients.

PRIMARY CARE MANPOWER SHORTAGES – TENNESSEE COUNTIES*

58% of counties
63% of population

*HPSA Criteria

PRIMARY CARE MANPOWER AND THE NEWLY INSURED, TENNESSEE

<table>
<thead>
<tr>
<th>HPSA 1st Care Group</th>
<th>No. Counties</th>
<th>Population</th>
<th>% TN Pop.</th>
<th>Currently Uninsured</th>
<th>% TN Uninsured</th>
<th>Newly Insured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shortage Counties - Total</td>
<td>26</td>
<td>936,872</td>
<td>15.1%</td>
<td>121,542</td>
<td>14.4%</td>
<td>79,755</td>
</tr>
<tr>
<td>Shortage Counties - Partial</td>
<td>29</td>
<td>1,013,882</td>
<td>48.5%</td>
<td>428,267</td>
<td>50.8%</td>
<td>281,027</td>
</tr>
<tr>
<td>Non-Shortage Counties</td>
<td>40</td>
<td>2,264,134</td>
<td>36.4%</td>
<td>292,524</td>
<td>34.7%</td>
<td>191,953</td>
</tr>
</tbody>
</table>

Source: Authors’ analysis of 2009-10 Release of the Area Resource File. HPSA = Health Professional Shortage Area.

UNDERINSURANCE: ACTUARIAL VALUE OF EXCHANGE INSURANCE PLANS

<table>
<thead>
<tr>
<th>Plan Description</th>
<th>Coverage (Actuarial Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronze</td>
<td>60%</td>
</tr>
<tr>
<td>Silver</td>
<td>70%</td>
</tr>
<tr>
<td>Gold</td>
<td>80%</td>
</tr>
<tr>
<td>Platinum</td>
<td>90%</td>
</tr>
</tbody>
</table>

Source: Kaiser Family Foundation, April 2011.
WHAT DO YOU GET WITH HEALTH INSURANCE?

FOR MANY, ONLY A HEALTH INSURANCE CARD

IMPACTS OF PPACA ON HEALTH CARE IN TENNESSEE

1. Changes in the number and distribution of uninsured in Tennessee;
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   1. For the previously uninsured
   2. For health care providers
   3. For state and local governments
   4. For the insurance industry
   5. Etc.

IMPLICATIONS FOR HEALTH CARE PROVIDERS

• Changes in health care utilization
  – Outpatient
  – Inpatient
  – Emergency Department
• Changes in health care financing
  • New models of care delivery
  • Health information technology
  • Malpractice reform

IMPLICATIONS FOR PROVIDERS: REFORM WILL CHANGE THE NUMBER OF INSURED AND THE SOURCES OF INSURANCE

• Shelby County
  – 74,234 more people with insurance
  – 37,159 more persons on Medicaid (58.6% of newly insured vs 19.1% of pre-reform population)

HEALTH CARE UTILIZATION, CHARGES AND PAYMENTS VARY WITH INSURANCE COVERAGE

<table>
<thead>
<tr>
<th>Insurance</th>
<th>Primary Care</th>
<th>Medical Specialty</th>
<th>Surgical Specialty</th>
<th>Hospital Outpatient</th>
<th>Emergency Room</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>167.4</td>
<td>62.4</td>
<td>57.9</td>
<td>22.8</td>
<td>24.9</td>
</tr>
<tr>
<td>Medicaid</td>
<td>272.1</td>
<td>51.1</td>
<td>36.9</td>
<td>90.6</td>
<td>86.5</td>
</tr>
<tr>
<td>Uninsured</td>
<td>53.5</td>
<td>21.7</td>
<td>15.9</td>
<td>23.8</td>
<td>47.4</td>
</tr>
</tbody>
</table>

Source: M. Schappert and E. A. Rechsteiner, Ambulatory Medical Care Utilization Estimates for 2008 (Atlanta, Ga.: Centers for Disease Control and Prevention, August 2008).
HEALTH CARE UTILIZATION, CHARGES AND PAYMENTS VARY WITH INSURANCE COVERAGE

<table>
<thead>
<tr>
<th></th>
<th>Charge/Discharge</th>
<th>Revenue/Discharge</th>
<th>Collection %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$55,166</td>
<td>$15,223</td>
<td>27.6%</td>
</tr>
<tr>
<td>Private</td>
<td>$67,325</td>
<td>$25,921</td>
<td>38.5%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>$34,959</td>
<td>$5,971</td>
<td>17.1%</td>
</tr>
<tr>
<td>Uninsured</td>
<td>$68,783</td>
<td>$4,938</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

Source: Authors’ analysis of 2009 Tennessee JAR. Includes only acute care, nonfederal general hospitals in Shelby County.

PPACA IMPACTS ON UTILIZATION AND FINANCES

CHANGES IN NUMBER OF UNINSURED

INTERACT TO PRODUCE

CHANGES IN
MIX OF INSURANCE TYPES

CHANGES IN
CHARGES

CHANGES IN
PAYMENTS

OUTPATIENT UTILIZATION IN SHELBY COUNTY: SUBSTANTIAL INCREASE


ER CARE IN SHELBY COUNTY: SMALL CHANGES IN TOTAL VOLUME

Source: Authors’ analysis of 2009 Tennessee Joint Annual Report of Hospitals

IMPLICATIONS FOR HEALTH CARE PROVIDERS

- Changes in health care utilization
- Changes in health care financing
  - Changes in uncompensated care
  - Changes in payer mix
- New models of care delivery
- Malpractice reform

INPATIENT CARE IN SHELBY COUNTY: SMALL CHANGES IN TOTAL VOLUME

Source: Authors’ analysis of 2009 Tennessee Joint Annual Report of Hospitals
UNCOMPENSATED CARE: SUBSTANTIAL FALL

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physicians</td>
<td>$1,339,258,770</td>
<td>$180,328</td>
</tr>
<tr>
<td>Community</td>
<td>$821,723</td>
<td>$413,330</td>
</tr>
<tr>
<td>Hospitals</td>
<td>$654,706,281</td>
<td>$166,471</td>
</tr>
</tbody>
</table>

Source: Authors' analysis of 2009 Tennessee Joint Annual Report of Hospitals, Shelby County

HOSPITAL FINANCES: FALLING CHARGES, RISING REVENUES

<table>
<thead>
<tr>
<th></th>
<th>Changes in</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Discharges</td>
</tr>
<tr>
<td>Total</td>
<td>-453</td>
</tr>
<tr>
<td>Medicaid</td>
<td>2,608</td>
</tr>
<tr>
<td>Private</td>
<td>2,602</td>
</tr>
<tr>
<td>Uninsured</td>
<td>-5,663</td>
</tr>
</tbody>
</table>

* In $1000

Source: Authors' analysis of 2009 Tennessee Joint Annual Report of Hospitals, Shelby County

BUT...

- Changing reimbursement rates
- Wide variability across hospitals
- Remaining uninsured
- Remaining uncompensated care
- DSH reductions
- New financing models
- Etc.

PHYSICIAN PRACTICES

- Less aggregate data for projection
- Increased demand for primary care
- Physicians will see fewer uninsured patients.
- More insured patients through expansion of Medicaid and Insurance Exchange may mean greater proportion of patients with lower reimbursement rates.
- New delivery and finance models
- Net impact will vary from practice to practice.

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   1. For the previously uninsured
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   4. For the insurance industry
   5. Etc.
IMPLICATIONS FOR STATE AND LOCAL GOVERNMENTS

- Need for the safety net
- Costs of Medicaid expansion and other reform requirements
- Declining FMAP*
- Establishment and management of exchanges, etc.

*Federal Matching Assistance Percentage

CONTINUING NEED FOR SAFETY NET

- Remaining uninsured = 352,171 (6.5%)
- Remaining uncompensated care = $1,838m

STATE BUDGET: NEW MEDICAID ENROLLEES

<table>
<thead>
<tr>
<th>Newly Eligible</th>
<th>Crowdout</th>
<th>Previously Eligible</th>
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<tbody>
<tr>
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TOTAL = 317,333

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</tr>
</tbody>
</table>

FMAP=66.4%

TOTAL = 317,333

COSTS OF PPACA TO STATE BUDGETS

$195 Million per Year

Source: Authors' analysis of the 2009 American Communities Survey

Source: Randall R. Bovbjerg, Barbara A. Ormond, and Vicki Chen The Urban Institute, Feb 2011
SAVINGS IN PPACA TO STATE BUDGETS

**TABLE 6: SAVINGS AND NEW REVENUES INCLUSION IN STATE PROJECTIONS**

<table>
<thead>
<tr>
<th>State Savings</th>
<th>FL</th>
<th>IN</th>
<th>KS</th>
<th>MD</th>
<th>NY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncompensated Care</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicaid Savings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shift of Payment/Adults &gt; 133% FPL</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AFPI Federal Match for Current Medicaid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue &amp; General Fund</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Direct Match for DRA</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Pharmaceutical Reimbursement</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reductions in State-funded Programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-existing state coverage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct state support for services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State High Risk Pool</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Higher Federal CMP Match after 2014</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Efficiencies in Government or Payment Methods</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Federal Grants or Similar Funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Revenues</td>
<td>FL</td>
<td>IN</td>
<td>KS</td>
<td>MD</td>
<td>NY</td>
</tr>
<tr>
<td>Increased Collection of User Fees</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased Collection of Property Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Randall R. Bovbjerg, Barbara A. Ormond, and Vicki Chen. The Urban Institute, Feb 2011

**SAVINGS IN PPACA TO STATE BUDGETS**

**NET STATE IMPACTS OF PPACA ON STATE BUDGETS**

**SUMMARY TABLE 1. STATE BUDGETARY IMPACTS: PROJECTED COSTS OR SAVINGS**

<table>
<thead>
<tr>
<th>FL</th>
<th>IN</th>
<th>KS</th>
<th>MD</th>
<th>TX</th>
<th>CA</th>
<th>NM</th>
<th>CO</th>
<th>MS</th>
<th>AL</th>
<th>NM</th>
<th>VA</th>
<th>WI</th>
<th>MO</th>
<th>ME</th>
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<th>NJ</th>
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<th>NM</th>
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<th>VA</th>
<th>WA</th>
<th>DC</th>
<th>OK</th>
</tr>
</thead>
<tbody>
<tr>
<td>91.7</td>
<td>91.5</td>
<td>653</td>
<td>-608</td>
<td>5776</td>
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Source: Randall R. Bovbjerg, Barbara A. Ormond, and Vicki Chen. The Urban Institute, Feb 2011

**ECONOMIC IMPACT ON SHELBY COUNTY**

- PPACA will increase federal and state funding to Shelby County in 2014 by $198.6 million.
- This injection of external funds will generate an increase of $451.3 million in economic output including:
  - $160.8 million in additional earnings by other businesses, and
  - 3,480 additional jobs for Shelby County.

**IMPACTS OF PPACA ON HEALTH CARE IN TENNESSEE**

1. Changes in the number and distribution of uninsured in Tennessee;
2. Implications of expanded insurance coverage:
   1. For the previously uninsured
   2. For health care providers
   3. For state and local governments
   4. For the insurance industry
   5. Etc.

**CHANGES IN THE INSURANCE INDUSTRY**

- Private Insurance Expansion
  - Individual mandate
  - Employer penalties
  - Exchanges, subsidies and credits
- Public Insurance Expansion
  - Crowd-out
  - Employer dropout
- Insurance Standards and Regulations

**PROJECTED EMPLOYER DROPOUT UNDER PPACA: THE SKY IS FALLING!!**

Many of the law’s relevant provisions take effect in 2014. Our research suggests that when employers become more aware of the new economic and social incentives embedded in the law and of the option to opt out of benefits afforded by dropping or keeping them, many will make dramatic changes. The Congressional Budget Office has estimated that only about 7 percent of employees currently covered by employer-sponsored insurance (ESI) will have to switch to unsubsidized exchange policies in 2014. However, our early-2011 survey of more than 1,200 employers across industries, geographies, and employer sizes, as well as other proprietary research, found that reforms will provoke a much greater response.

- Overall, 30 percent of employers will definitely or probably stop offering ESI in the years after 2014.
- Among employers with a high awareness of reform, this proportion increases to more than 50 percent, and upward of 60 percent will pursue some alternative to traditional ESI.
- At least 30 percent of employers would gain economically from dropping coverage even if they completely compensated employees for the change through other benefit offerings or higher salaries.

PROJECTED EMPLOYER DROPOUT UNDER PPACA: MAYBE NOT!!

“...there is clearly a tremendous amount of uncertainty about how employers and employees will respond to the set of opportunities and incentives under that legislation. Assessing the effects of broad changes in the nation’s health insurance system requires assumptions and projections about a wide array of technical, behavioral, and economic factors....

“In the four alternative scenarios discussed below, the ACA changes the number of people who will obtain health insurance coverage through their employer in 2019 by an amount that ranges from a reduction of 20 million to a gain of 3 million relative to what would have occurred otherwise.”

- Congressional Budget Office, March 2012

IN SUMMARY: THE GOOD,

- PPACA defines a comprehensive health care reform that will impact virtually every part of the health care enterprise in Shelby County and in Tennessee.
- The impacts on health care sectors will vary, will be complex and interactive, and are be hard to predict.
- Expansion will result in
  - substantial increases in demand for primary care and minimal/modest declines in inpatient and ED use,
  - changes in the payer mix for all providers, with a major fall in the uninsured and major increases in Medicaid coverage, and
  - reductions in uncompensated care.

IN SUMMARY: THE GOOD, THE BAD, AND THE UGLY

- Many will remain uninsured and many more may be underinsured.
- Uncompensated care will be reduced but will remain significant.
- The major expansion of Medicaid and other PPACA-related changes may significantly impact state finances.
- Expanded access to public coverage may substantially impact private coverage, and subsidized private individual private coverage may significantly impact employer sponsored insurance.
- The demand for primary care will create primary care provider shortages, especially in underserved counties.

... AND ALL IS SUBJECT TO CHANGE

“The hardest thing to predict is the future.”