Top 10 Takeaways

11th Annual Montana Healthcare Forum

2017

Summary

Medicaid expansion has saved Montana **$22 million** in state spending, and reduced the uninsured rate from 12% to 7.4%. **Recent proposals** on healthcare reform would have left millions uninsured. The greatest **barriers** to ideal healthcare are knowledge limitations, implementation problems, and **access**. **Social determinants of health**, such as poverty and housing, cannot be left out of the conversation. While new projects aim to address **substance abuse**, it remains a public emergency in **behavioral health**. **Physician burnout** and unnecessary **regulation** are adversely affecting patient care and an aging workforce. Shifting the paradigm away from **excess** and towards **transparency** is necessary to address the **rising costs** of healthcare. **Collaboration** across the complete continuum of care is key to advancing healthcare initiatives.

1. Medicaid Expansion by the Numbers

(Results as of March 2017)

Medicaid expansion sunsets in 2019

a. More than 80,000 Montanans have gained insurance; large majority are below federal poverty line ($12,060/individual income)
    i. Nearly half accessed at least one preventive service in 2016
b. Montana saved approximately $22 million state dollars in first year of expansion
c. Hospital uncompensated care decreased by 25%
d. Uninsured rate down from 12% to 7.4% - well below national average
e. Medicaid represents 38% of federally funding to Montana, and 10% of total state spending in Montana
f. Additional findings in Medicaid expansion states (*nationwide data)*
    i. 3.6 billion in collections avoided

MEDICAID EXPANSION BENEFICIARIES

48% - Not able bodied

32% - Able bodied and working or in school

10% - Caregivers for a family member

6% - Able bodied and looking for work

4% - Able bodied and not working

ii. Improved credit scores by amount of $500 mill/year
iii. 2 percentage point increase in smoking cessation
iv. Many rural hospitals closed in states without Medicaid expansion

"Disproportionately, the benefits to profitability are in small and rural hospitals." Bryce Ward, Economist -ABMJ Consulting, and Associate Director at U of M Bureau of Business and Economics

2. Consequences of Federally Proposed Healthcare Legislation

a. American Healthcare Act (AHCA): ACA provision including a per capita cap tied to medical CPI + 1%
   i. Would eliminate Medicaid expansion in 2019, but grandfather in previous/current enrollees
   ii. More than 1/3 of federal funding for Medicaid relative to baseline would be eliminated within three years
   iii. Federal funding reduction of $4.8 billion (35.4%) for Montana Medicaid, FY 2020-2026
b. Better Care Reconciliation Act (BCRA): Phases out enhanced funding without grandfathering in Montana enrollees
   i. Montana would lose more than 40% of federal funding for Medicaid relative to baseline in the second year (2021)
   ii. Projected $5.3 billion (39.6%) reduction in federal funding for Montana Medicaid, FY 2020-2026
c. AHCA - BCRA Comparison
   i. 95% of insured lose Medicaid coverage by 2026 under ACHA
   ii. 100% loss under BRCA by 2021

(Neither bill became law)

"We're all bigger than politics – we all matter."
John Doran, Senior Director of Public Relations - BCBS of Montana

3. Barriers to Ideal Healthcare

a. Ignorance (knowledge limitations)
b. Implementation
    i. $300 bill/yr in healthcare spending *(10% total spending)* is the result of patients not following healthcare provider instructions
c. Access - *expanding access to healthcare leads to higher number of doctor visits, which has been proven to be the best defense against chronic disease, and finding/treating conditions before they require hospitalization*
    i. Cost/coverage limitations to access: patients can't afford care
    ii. Information: too many unknowns about cost/coverage
        i. Only 42% of Americans can accurately explain how a deductible works
    iii. Physical Access *(especially in rural areas):* patients can't see physicians due to time constraints, weather, transportation, or other issues
    iv. Provider-related: patients don't like doctors, have had bad experiences or poor communication from provider; cultural/language barriers
        i. Projection: 40% increase in medical school graduates nationwide between 2005 – 2020. Without expansion in residency programs, there will be a bottleneck and residency program shortage
        ii. Low pay for personal care workers strains staffing
d. Vulnerability of Medicaid expansion and future funding uncertainty
e. Limitations on how healthcare is paid for in Montana

COST OF MEDICAL ERRORS

Medical errors are the 3rd leading cause of death in the U.S., accounting for 250,000 deaths per year

"I cannot recall a time when there was this much scrutiny on the practice of medicine, this many unnecessary burdens placed on the shoulders of physicians, or any more uncertainty about where our profession is going." Dr. Barbara McAneny, President Elect, American Medical Association

4. Social Determinants of Health

a. "Health happens everywhere," Brenda Solozana, CEO, Headwaters Health Foundation of Western Montana
b. Declining population in rural counties
c. Rising housing costs; homelessness

d. Decreasing workforce and tax base erosion
e. Montana poverty rate is 15.4%
f. Nearly half of all insured in Montana covered by government programs
g. Large disparities between American Indians and other Montanans
    a. American Indians die nearly 20 years sooner than rest of Montana population
h. Montana ranks in bottom half on well child visits, alcohol consumption by pregnant mothers, and suicide
i. Adverse Childhood Effects (ACEs)
j. Nearly 4,000 kids are currently in foster care in Montana

"It's not just about cuts and bruises, surgeries and stitches. It's about economic growth, good paying jobs, and thriving communities…"
Jean Branscum, CEO, Montana Medical Association

5. Substance Abuse: Public Emergency in Behavioral Health

a. State, community based assessments and public input point to substance abuse and mental illness as a healthcare top priority
b. Substance abuse contributes to crime; childhood abuse/neglect; drunk driving fatalities; property crime; overcrowded jails/prisons; STD's; unplanned pregnancies; strained social services
c. Alcohol - #1 substance of abuse
    i. More than 13% of deaths are people between 20-64 due to excessive drinking
    ii. Montana - one of the highest rates of drunk driving fatalities
    iii. 1 in 5 MT adults report binge drinking
    iv. 48% suicide victims have alcohol in system at time of death
d. Opioid Use
    i. Opioid addiction is killing more than 91 people/day
    ii. Since 1980 drug offense rate has increased 559%
    iii. Meth violations up over 500% in past five years
    iv. 2010-2014 total charges for ER/hospital visits where substance abuse was primary or secondary diagnosis totaled $796 million

INVESTING IN PREVENTION

Studies show a savings of $10 dollars on substance abuse for every $1 dollar put into prevention.

v. State Crime lab had a 143% increase in positive meth samples between 2013-2016
vi. 53% of MT DOJ Criminal Investigation - Narcotics Bureau Investigations included meth in 2016
vii. Heroin use increased 1557% from 2010-2015
viii. 65% of children removed from homes because of substance abuse/misuse by parents

e. Smoking
   i. 90% of long term smokers reported that they started as kids (Sen. Caferro)
   ii. $80 million a year in Medicaid dollars go to smoking related diseases
   iii. $440 million a year spent on tobacco related diseases alone in Montana

f. Solutions to better outcomes in behavioral health
   i. Comprehensive collaboration
      i. Aid Montana: DOJ and MT Healthcare Foundation program; will work with stakeholders to develop a strategic plan to address substance abuse
   ii. Timely/effective care
      i. Nearly all 50 states have improved Naloxone access *(to treat overdoses)*
   iii. Strengthen the continuum of care; prevention, treatment, recovery
   iv. Use existing funding more effectively by evaluating where/how to reinvest resources
   v. Integrated behavioral health programs
   vi. Peer support
   vii. Addressing the stigma on mental illness through education
   viii. Raise the dialogue about the issues to do away with societal bias/preconceived notions
   ix. Identify super utilizing patients

"There is absolutely no reason for us to think we can't make progress on this – this is a solvable problem."
Dr. Aaron Wernham, CEO, St. Peter's Hospital

6. Physician Burnout and Excessive Regulation

a. Workforce demands
   i. MT ranks 35th in the country for physician per 100K ratio - (230/100K)
   ii. 30th in active patient care physicians per 100K - (218/100K)
   iii. 27th in active primary care physicians - (82)
   iv. 9th in active surgeons/100K
   v. 4th in active physicians over age 60 – (35%)
b. 54% of physicians experience burnout *(according to AMA and Mayo Clinic)*
c. 20% want to cut down on clinical work
d. 10% are considering leaving the profession – at a time when baby boomers are aging and retiring out of the workforce
e. ER's represent major source of frustration/burnout
f. Physicians spend 2 hours interacting with a computer for every 1 hour spent with patients
g. 6 hours/workday consumed by paperwork, data entry
h. Tremendous waste, not improving outcomes
i. Prior Authorization requirements adversely affecting clinical practice through unnecessary delays

"Rigid requirements make us feel like data entry clerks, cogs in a profit-making machine, rather than the healers we went to med school to be."
Dr. Barbara McAneny, President elect, American Medical Association

7. Excess and Rising Costs

a. Since 1987, spending on Rx drugs has increased more than 1000% *(National Community Pharmacists Association)*
b. Between 2013 and 2014, prices doubled on generic drugs *(Forbes)*
c. High costs leave many out of the system altogether
d. Two thirds of all bankruptcies triggered by a medical event
e. Two thirds of those (filing bankruptcy) are medically insured
f. 30-50% of healthcare spending provides no value *(Dr. Klepper, Worksite Health Advisors)*
g. Half of all visits to primary care physicians are for chronic disease management

#1 COST IN HEALTHCARE SPENDING

Medications are expected to be 50% of total spending by 2020, representing the **single biggest area** of healthcare spending in the U.S.

h. Almost 90% of healthcare spending is on patients battling at least one chronic disease
i. Every sector of the healthcare supply chain has mechanisms to provide unnecessary revenues
j. PBMs (pharmacy benefits managers)– among the most lucrative industries in America
k. Share prices that have risen 2 -3 times as fast as the DOW, 1.5 -2 times as fast as the S&P
    i. Share price increases serve as a disincentive for major health plans to drive down costs
    ii. Paradigm is enforced by bonds between health plans, brokers, and benefits managers – discouraging high value alternative approaches
l. U.S. performs double the rate of spine surgeries in the world; half are unnecessary
m. Cost of services performed unnecessarily in orthopedics alone are equal to 2% of the U.S. economy
n. In 2016, $1.3 trillion was spent globally on Cancer drugs, 47% was spent in U.S.
o. 2/3 of Cancer drug approved by the FDA have no proof they work
p. 1 in 4 hospitals in America today are building a cancer center because they are highly profitable; 96% of Cancer patients today are terminal
q. Healthcare system is designed to maximize profits at the expense of patients and physicians
r. Result of consolidation;
    i. prices go up, quality stays the same, patient choice goes down

HIGH COST, LOW VALUE

$3 trillion/yr spent on healthcare in the U.S.

U.S. ranks 19th (among developed nations) in health outcomes

U.S. ranks 42nd (among developed nations) in life expectancy

8. Healthcare Workforce Depends on Collaboration

a. Shift to integrated care to avoid duplicating efforts
b. A cultural shift toward teamwork can benefit healthcare field
c. Communication between employers and educators to guide curriculum changes
d. Distance education and apprenticeships key to employee retention in rural areas
e. Additional opportunities for clinical experience needed, esp. in rural areas
f. Strive to reach students at an earlier age to get them interested in healthcare
g. Takes a community to recruit/hire a physician

i. Economic benefits of having a physician = over $1 million to the community

h. Managing physician experience expectations - *Currently, graduates of residency programs have limited hours and restrictions for working on-call, which is good for patient safety, but bad for the workforce. A likely result is that 1.5 to 2 physicians will be needed to replace 1 physician that graduated in 1970 due to the differences in expectations on work/life balance (Dr. Suzanne Allen, University of Washington)*

9. Trump Executive Order on Healthcare

a. Regulatory reform
    i. CSR: Cost Sharing Reductions - 1 of 2 subsidies under the ACA being eliminated; the other, Premium Assistance Tax Credits
        i. CSR's sent to insurance companies to offset the costs of coverage
    ii. President Trump issued Executive Order to:
        i. Allow companies to sell across state lines; increase competition to lower costs
            1. Concerns: policies and consumer protections vary state to state – what about consumer protections. Companies should have broad provider network to avoid unnecessarily high costs
        ii. Small groups may comingle (increase group size) to leverage purchasing power
        iii. Extend time for short term policies (from 90 to 360 days)
            1. Pros: expands choice, potentially lowers costs (for limited offerings)
            2. Cons – implode a market by creating different risks pools within same regulated market

10. New Year's Resolutions

b. Protect coverage for all Americans, including safety net programs
c. Reduce regulatory burdens that drive up costs
d. Reinvent medical education to reach rural providers, and enhance residency opportunities in Montana
e. Focus on collaboration across full continuum of care
f. Seek out innovative healthcare models

g. Continue to push for greater cost transparency
    i. Pilot project underway
        i. Health Information Exchange (Billings): Launched to create community-wide view of information available to a provider at the point of care
        ii. Automated reporting platform
        iii. Identifies super utilizing patients within the community (often highest risk, usually highest cost)
        iv. Public-Private-Philanthropic partnership
        v. Seeking private investment for 90/10 match funds to build statewide Health Information Exchange - (90% federal/10% non-general fund money)

"This is our best option for creating the kind of transparency that can actually make a difference in transforming our system…"
Dr. Jonathan Griffin, BCBS of Montana – President elect of the Montana Medical Association