Health Care Access During the Worst Recession in Eighty Years

The Case Study of Pennsylvania
PA Health Care Vital Signs

- Number of uninsured is slightly less than a million out of 12.8 million residents
- At least 6.5% of every premium paid in the state pays for the costs of the uninsured
- Pennsylvania’s is the only state where health care rates cannot be reviewed the State Insurance Commissioner
Pennsylvania’s Health Insurance Rates Rose at More than 4 times the Rate of Inflation or Wages in the Last 9 Years

- Increase in median wages: 17.5%
- Inflation: 22%
- Increase in premiums: 95.2%
Nearly 700,000 Employees No Longer have Health Care Coverage

- 7,900,000 employees in 2000-01
- 7,200,000 employees in 2007-08
Enacted:
- Improved outcomes through chronic disease management
- Expansion of scope of practice for nurses and others to increase access
- Lower costs by terminating never event payments and incentives to drive down HAI rates

Never Done
- Expansion of care by creation of affordable and subsidized insurance product
- Tax benefits and subsidies for small employers who offer coverage
- Commonsense Insurance Regulation
The Excuses

- Tenn Care
- Insurance Industry Resistance
- Lack of Small Business Buy-in and limited impact on big business due to ERISA
- Insurance Industry Resistance
- Penalties for failure to provide employee coverage are punitive
- Cost of Health will increase
- Insurance Industry Resistance
- Under Insurance is more prevalent that uninsurance
- Insurance Industry Resistance
- New President and Congress should solve the problem
The result over 350,000 Pennsylvanians on Waiting Lists for Affordable Health Care
Demand for Medical Assistance continues to Rise

Medical Assistance Expenditures as a Percent of General Fund Expenditures
Meanwhile State Revenues Are in Trouble - Could be $1.5 billion Below Estimate for this Year
Pennsylvania’s Balanced Budget Included Painful Cuts

- In the passage of the current year budget, expenditures cut by $1.75 billion – deep program cuts in every agency
- 179 lines items eliminated from the budget – including groundbreaking education reforms
- Nearly all of the 649 remaining lines cut including provider pay rates for MA and other human services
- State complement reduced by 4,500 positions – requiring layoffs and elimination of vacancies
Governor Rendell Held the Line - No One Loses Health Care

- Funds for Cover All Kids were increased to ensure we could continue to enroll with no wait list – (203,000 kids)

- Funds for our subsidized health care insurance product for the working poor was held harmless from cuts so enrollment levels could be maintained (nearly 50,000 adults)

- Medical Assistance cost savings funded provider increases (2.1 million people)
Pennsylvania assumed no revenue growth at all from last year to this year in its budget projections.

By February current year revenues looked like they would come in $500m short.

By March the deficit was over $700 million.

Right now it looks like we will end the year nearly a billion dollars below projection.
Without Additional Federal Fiscal Relief the Deficit Doubles to $2b

- Jobs and Service cuts will grow by 100%
- Rolling furloughs will be certain
- Necessary Education Spending Increases Will be at Risk
  - Pennsylvania remains in the bottom third of states for appropriate share of public education expenditures
- Legislators will be skittish about health care expansions
The Patient Protection Act Improves Pennsylvania’s Fiscal Condition for 2010 and Beyond

_costs to the State_
- Woodwork effect on MA
- State share of “Newly Eligibles”
- Health coverage for Foster Care age-outs
- MA Expansion – adults and children
- Federal intercept of increased rebates

_savings to the state_
- Enhanced federal share of MA and CHIP
- MCO pharma rebates
- Rebalancing incentives
- Payment for state expenditures for Medicare Part D – doughnut hole
- And Much More – see three slides!!
Pennsylvania May Gain Up to $300 Million Thru 2018

Financial Impact to PA Programs

- SFY 10/11: $113
- SFY 11/12: $191
- SFY 12/13: $199
- SFY 13/14: $258
- SFY 14/15: $224
- SFY 15/16: ($22)
- SFY 16/17: ($255)
- SFY 17/18: ($413)
Pennsylvania Could Gain As Much As $650 Million Thru 2018

Amounts in Millions

SFY 10/11: $116
SFY 11/12: $208
SFY 12/13: $231
SFY 13/14: $194
SFY 14/15: $179
SFY 15/16: $62
SFY 16/17: ($107)
SFY 17/18: ($233)
Expected Additional Direct Savings

- No longer paying for Health Care Acquired Infections
- MA payments for Medical Home Services – These services are available to our MA population in Managed Care as well as our Fee for Service Plans
- Retiree coverage for Adults 50-65 including public employees and school employees
- Increased use of preventative care due to elimination of preventative care co-pays should reduce the need for expensive health care treatments
- Misc. Grants for innovations to drive down costs such as consumer incentives, pediatric accountable care, payment reform...
Lower costs of health care for all payers due to concentration on chronic illnesses

Stability in insurance costs due to increased regulation of the industry

High Risk Pool Coverage immediately decreases the costs of the uninsured taking some of the most expensive risks out of the private market and as a result lower the cost for all payers