

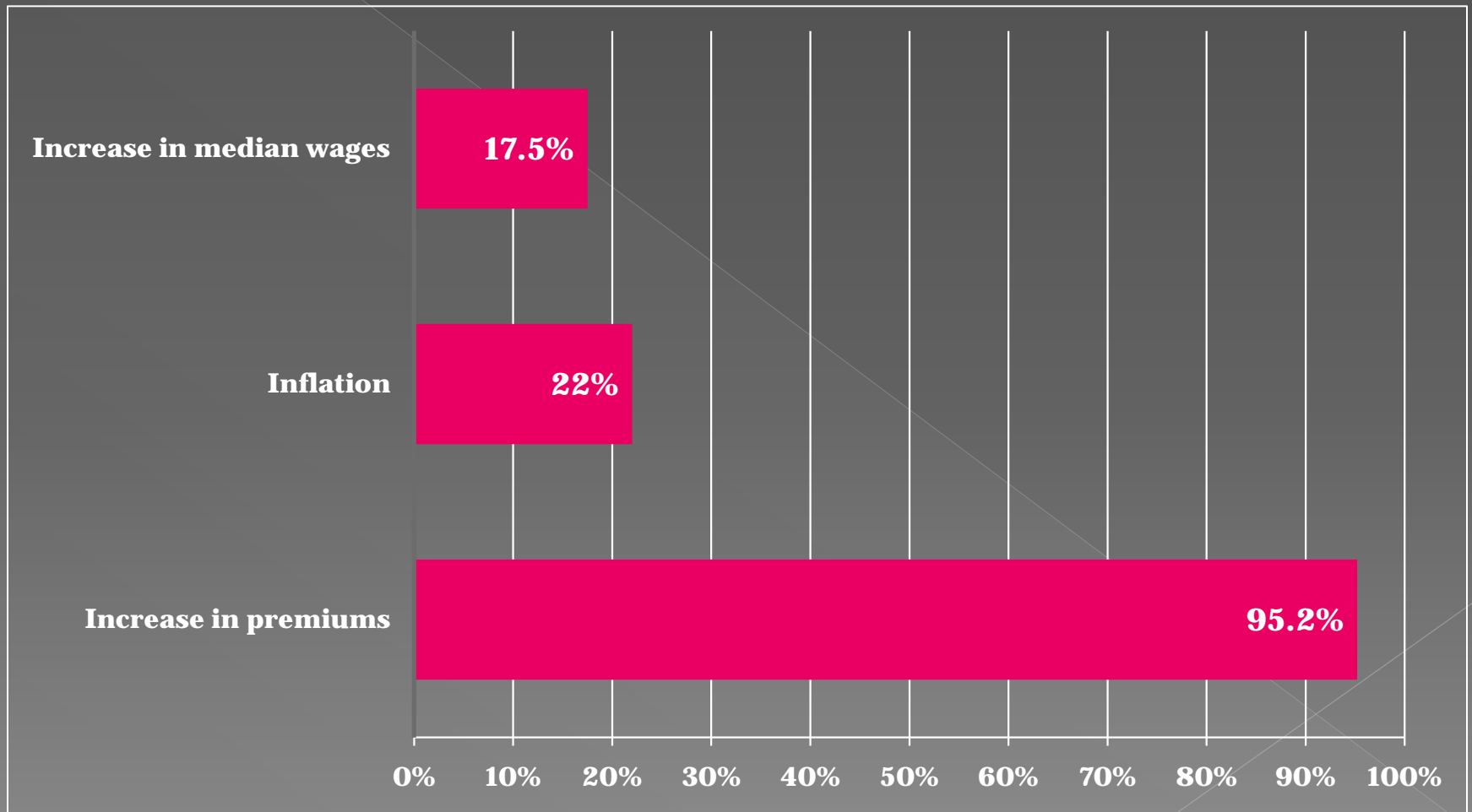
# Health Care Access During the Worst Recession in Eighty Years

The Case  
Study of  
Pennsylvania

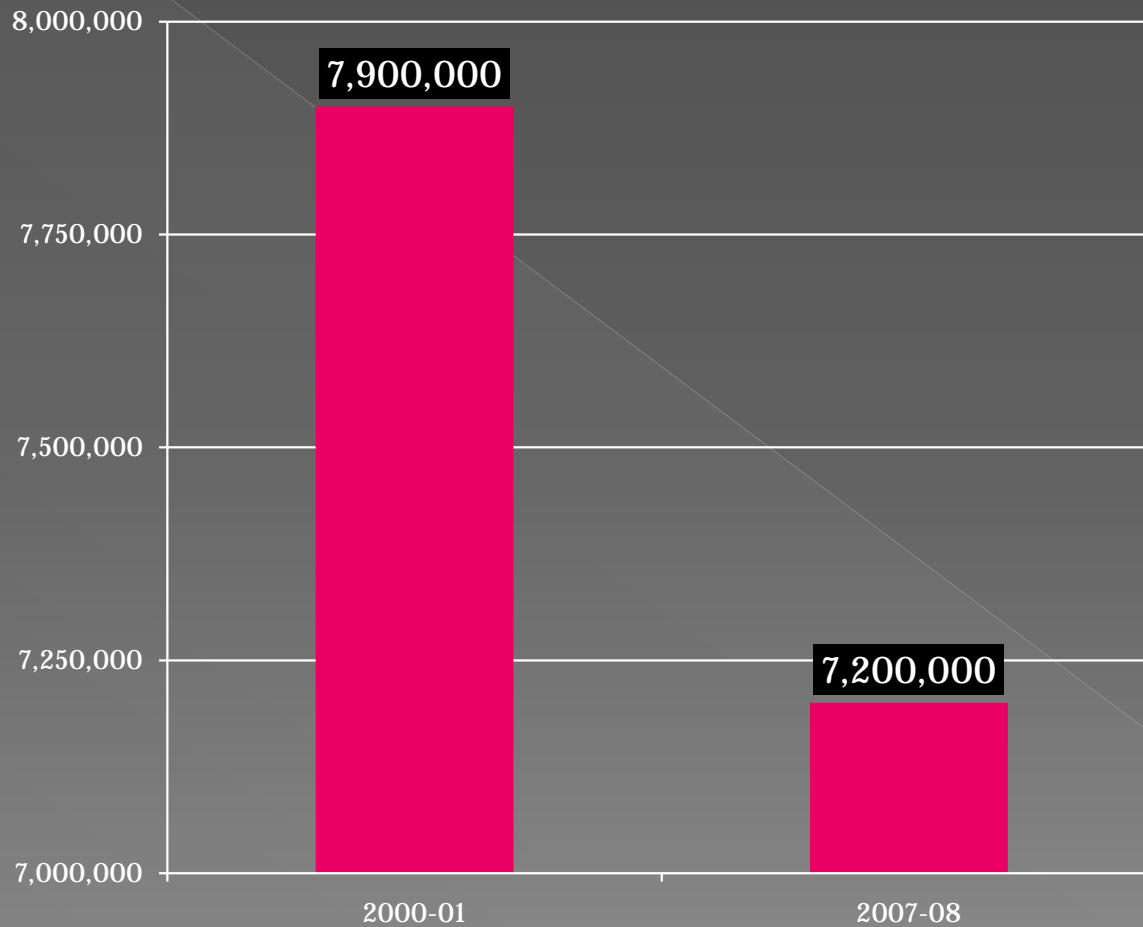
# PA Health Care Vital Signs

- 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



# Nearly 700,000 Employees No Longer have Health Care Coverage



# Rendell's Rx for Pennsylvania Hailed in the Media -2007

## 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

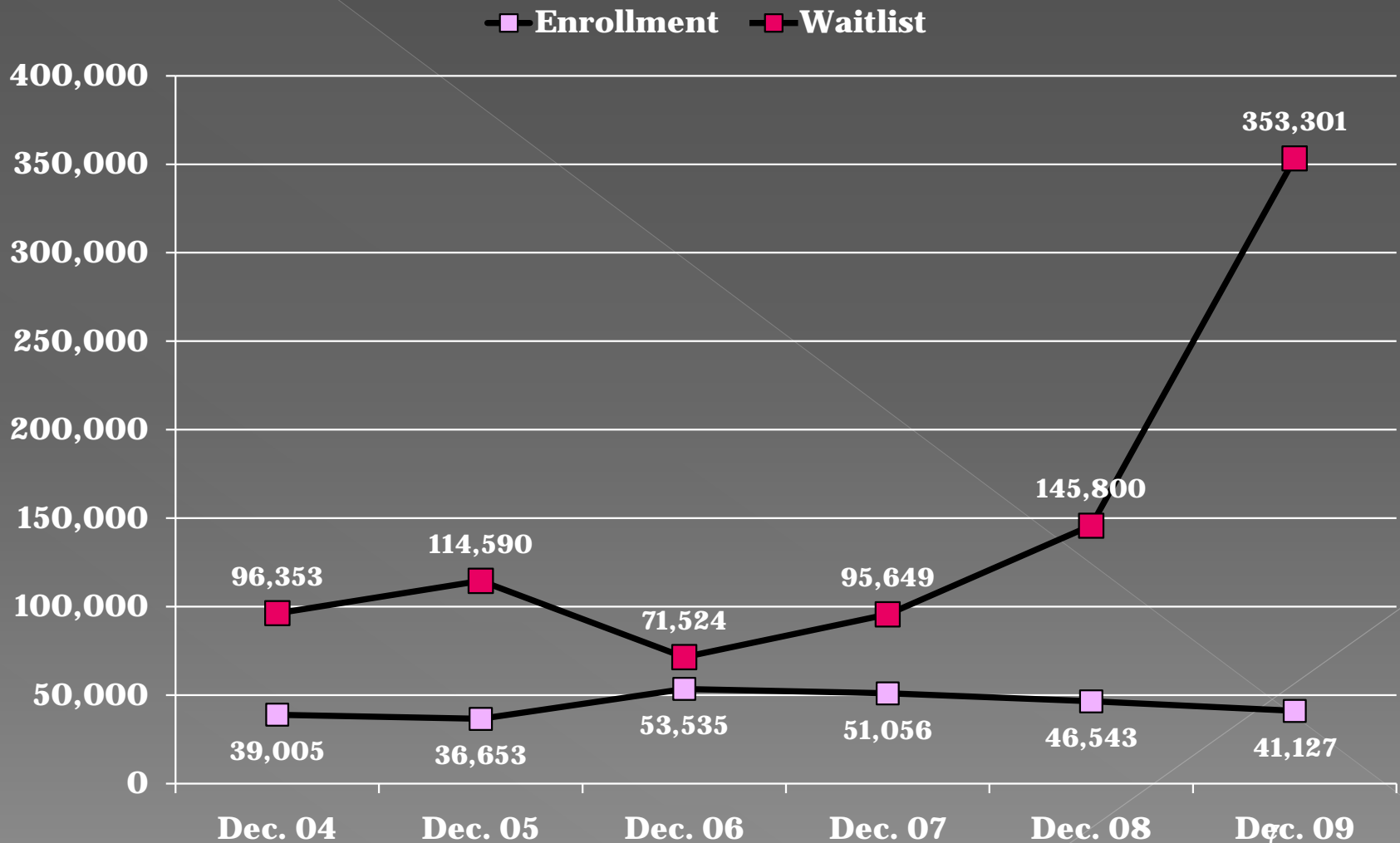
## Never Done

- ⦿ 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

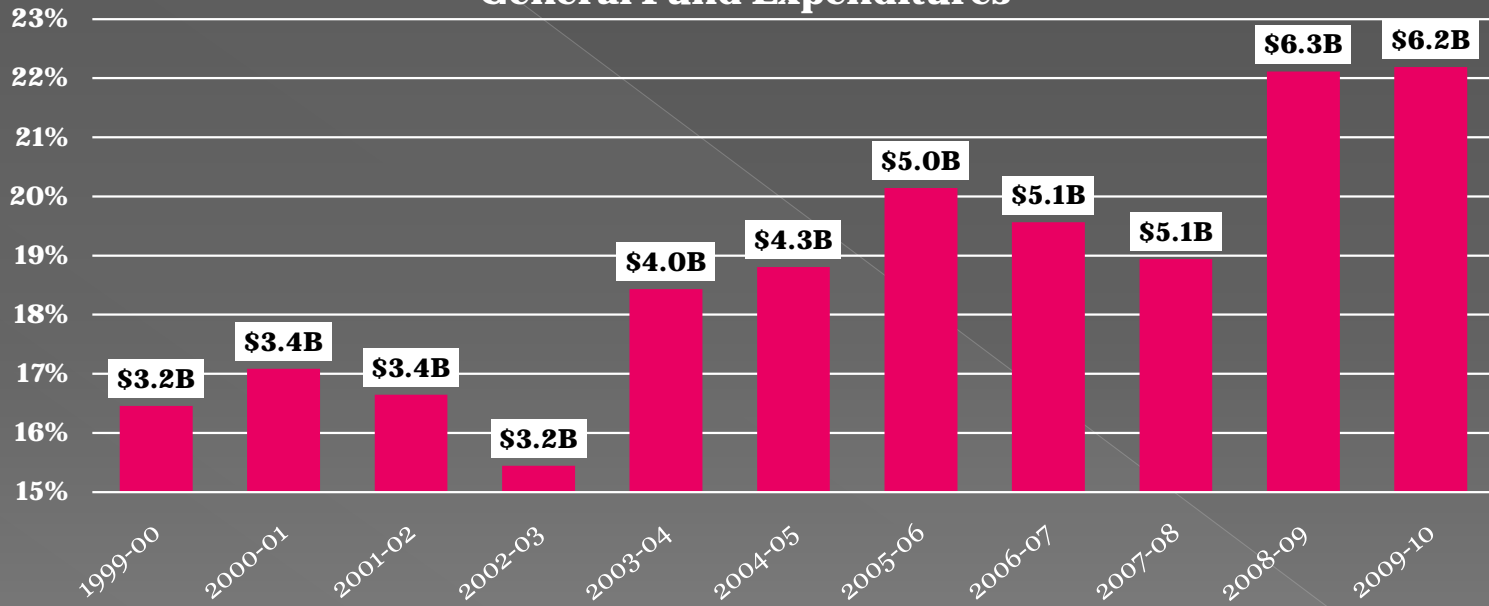
- *Tenn Care*
- **Insurance Industry Resistance**
- Lack of Small Business Buy-in and limited impact on big business due to ERISA
- **Insurance Industry Resistance**
- Penalties for failure to provide employee coverage are punitive
- Cost of Health will increase
- **Insurance Industry Resistance**
- Under Insurance is more prevalent than 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

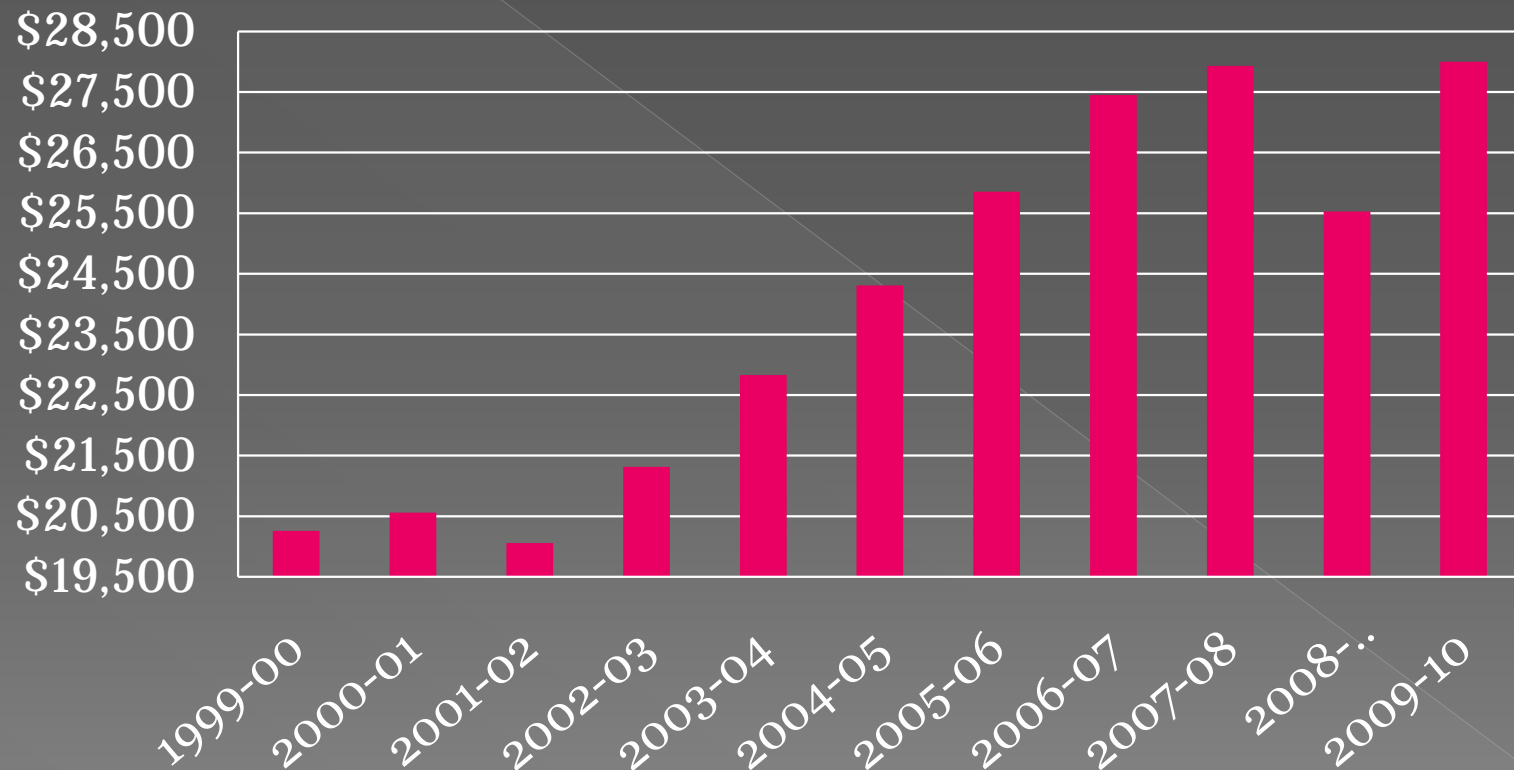


# Demand for Medical Assistance continues to Rise

**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)

# Revenues Continue to Tank

- 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

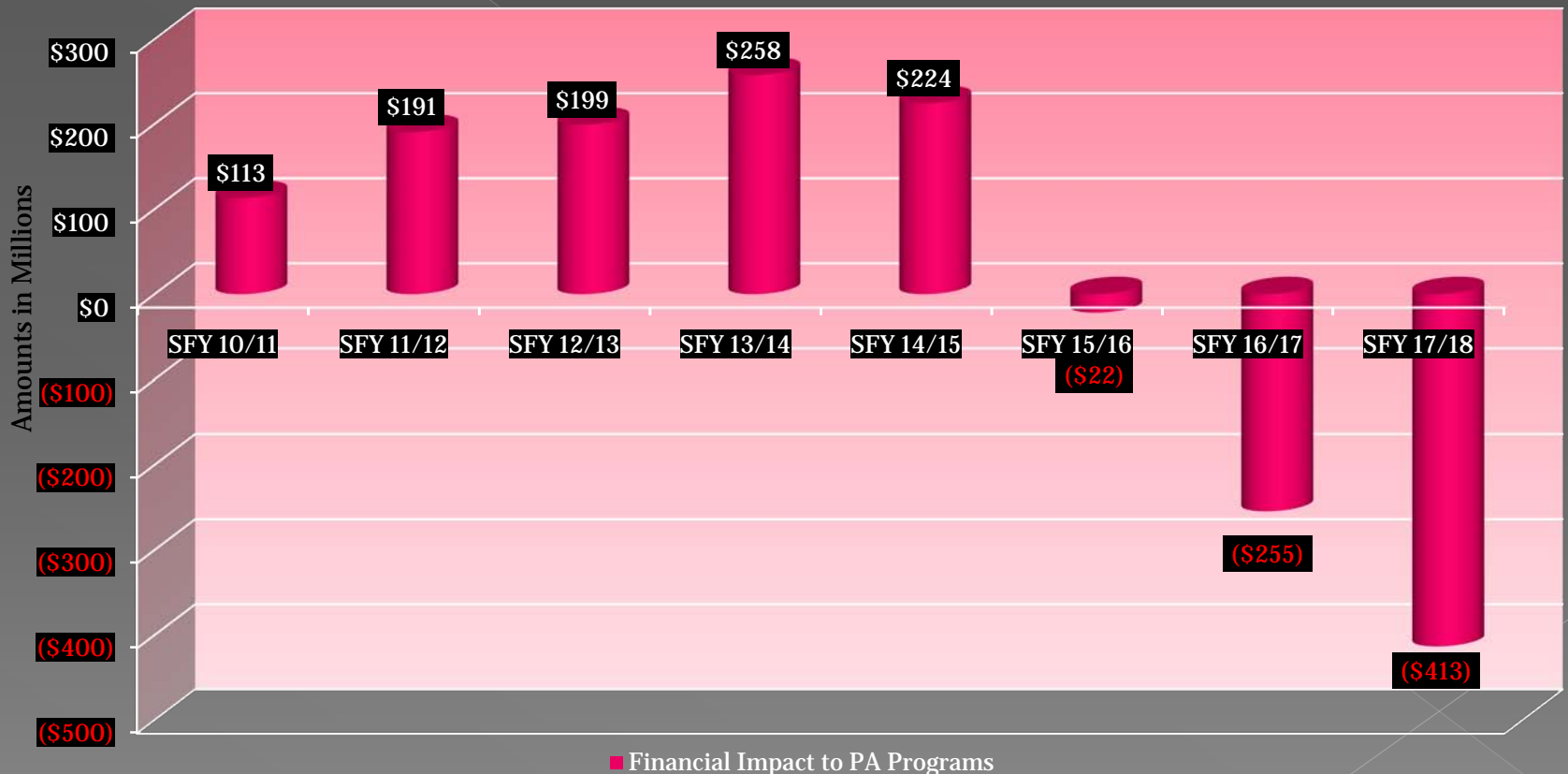
## ⊙ Costs to the State

- › 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

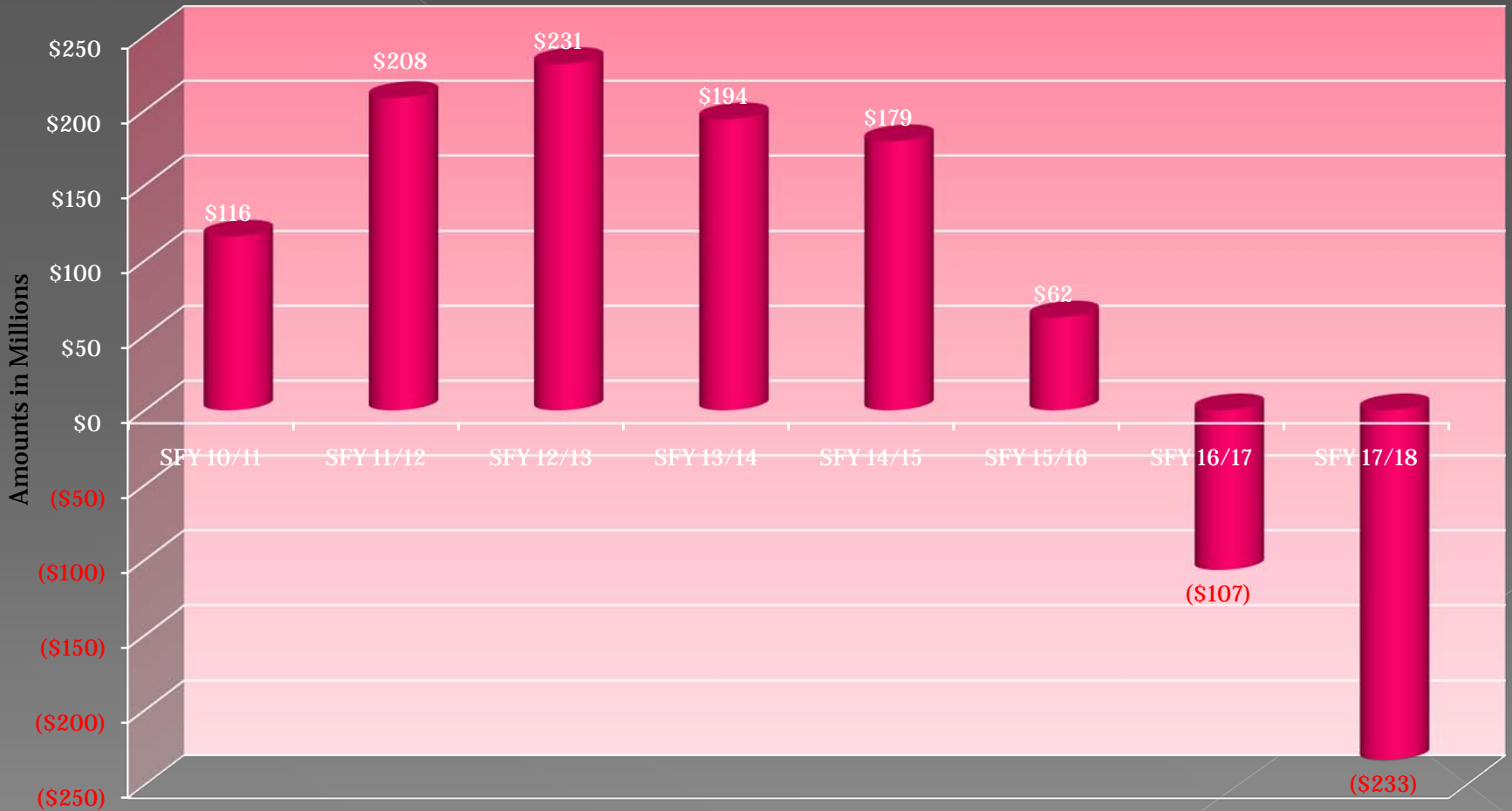
## ⊙ Savings to the State

- › 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



# Pennsylvania Could Gain As Much As \$650 Million Thru 2018



# 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....

# Additional Financial Benefits

- 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