
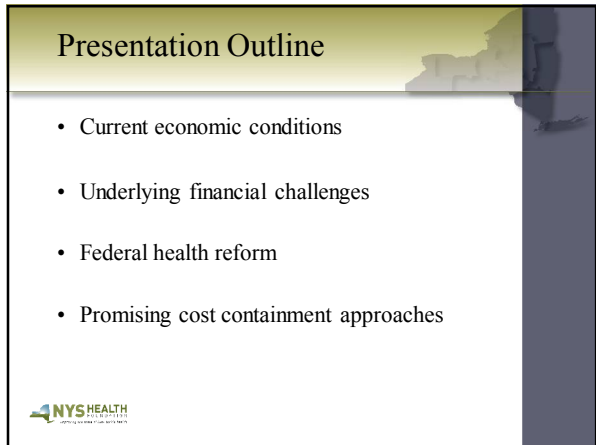


Weathering the Economic Storm
Amid a Shifting Health Care
Landscape

James R. Knickman
September 13, 2010
9th Annual NYSARH Conference




NYS HEALTH
FOUNDATION
Helping the State of New York Thrive



Presentation Outline

- Current economic conditions
- Underlying financial challenges
- Federal health reform
- Promising cost containment approaches



NYS HEALTH
FOUNDATION
Helping the State of New York Thrive

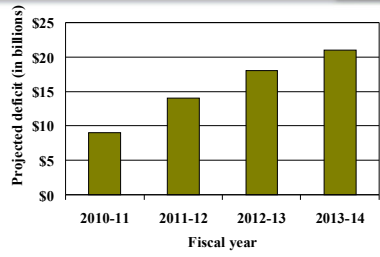


Where are We Now?



NYS HEALTH
FOUNDATION
Helping the State of New York Thrive

New York State Budget Deficit

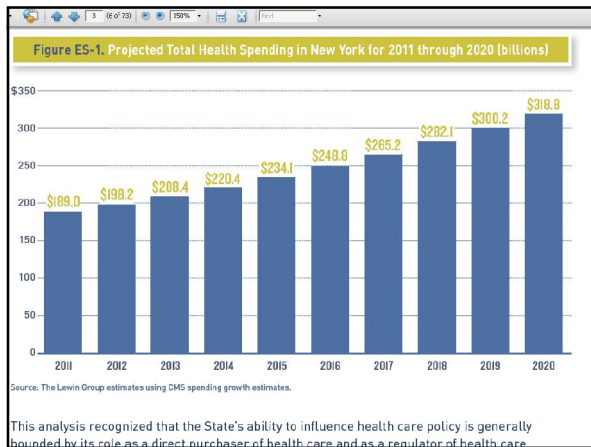


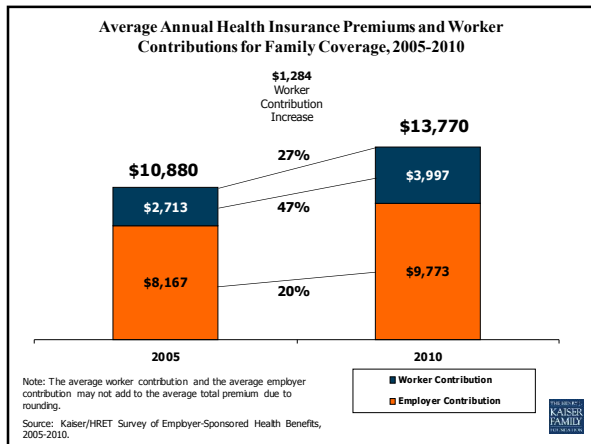
New York State Health Care Spending

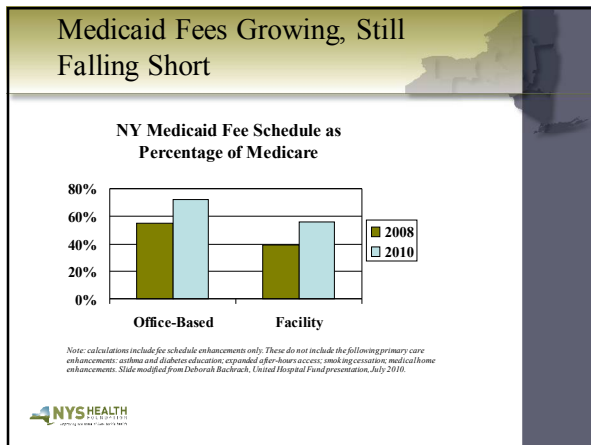
Total 2009 health spending in New York:

\$180 billion









- ### Financial Pressure for Providers
- Medicaid reimbursement still inadequate
 - Relentless cuts to Medicare
 - High operating costs
 - Increasing demand for care and services

One Strategy for Relief

- Mergers and partnerships
 - Streamline back-office support across multiple organizations
 - Consolidate operations
 - Introduce organizational change but sustain services and programs

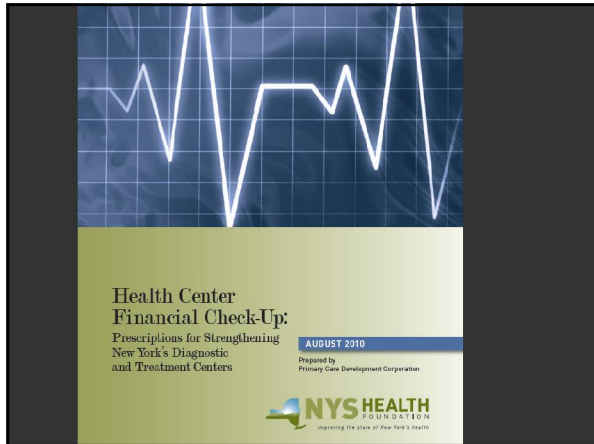


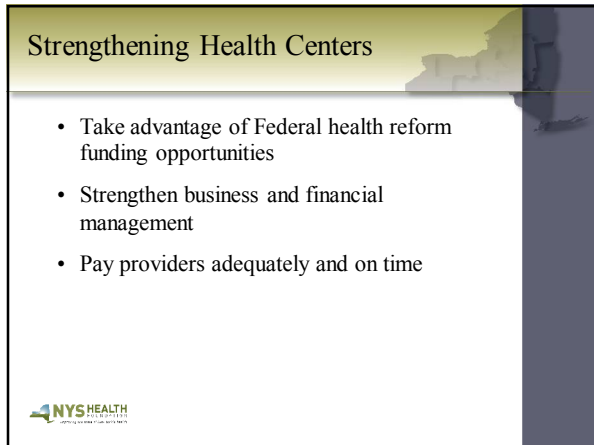
Rural Health Network of South Central New York

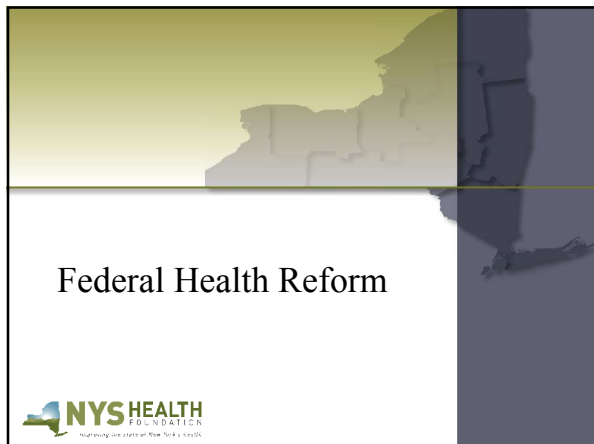


AIDS Community Services of Western New York









Health Reform 101

- Expands coverage
 - Medicaid expansion
 - State health exchanges
 - Individual mandate, employer responsibility
 - Insurance law reforms
- Supports enhanced access to care
- Supports quality improvement
- Supports cost containment efforts



1.1 Million New Yorkers Could Gain Coverage

	Currently Uninsured	Newly Insured Post-Reform Range	Remaining Uninsured Post-Reform Range
Eligible for Medicaid but Unenrolled	1,100,000	110,000 – 440,000	660,000 – 1,000,000
Newly eligible for Medicaid	90,000	50,000 – 70,000	20,000 – 40,000
Access to Exchange Eligible for Subsidies	700,000	570,000	130,000
Access to Exchange Ineligible for Medicaid or Subsidies	340,000	80,000	260,000
Affordability Exemption Takers			200,000
Penalty Payers			60,000
Undocumented Immigrants	390,000	0	390,000
Total	2,620,000	810,000 – 1,160,000	1,460,000 – 1,820,000



Source: Manatt Health Solutions and NYS Health analysis

1.1 Million New Yorkers Could Gain Coverage

	Currently Uninsured	Newly Insured Post-Reform Range	Remaining Uninsured Post-Reform Range
Eligible for Medicaid but Unenrolled	1,100,000	110,000 – 440,000	660,000 – 1,000,000
Newly eligible for Medicaid	90,000	50,000 – 70,000	20,000 – 40,000
Access to Exchange Eligible for Subsidies	700,000	570,000	130,000
Access to Exchange Ineligible for Medicaid or Subsidies	340,000	80,000	260,000
Affordability Exemption Takers			200,000
Penalty Payers			60,000
Undocumented Immigrants	390,000	0	390,000
Total	2,620,000	810,000 – 1,160,000	1,460,000 – 1,820,000



Source: Manatt Health Solutions and NYS Health analysis

1.1 Million New Yorkers Could Gain Coverage

	Currently Uninsured	Newly Insured Post-Reform Range	Remaining Uninsured Post-Reform Range
Eligible for Medicaid but Unenrolled	1,100,000	110,000 – 440,000	660,000 – 1,000,000
Newly eligible for Medicaid	90,000	50,000 – 70,000	20,000 – 40,000
Access to Exchange Eligible for Subsidies	700,000	570,000	130,000
Access to Exchange Ineligible for Medicaid or Subsidies	340,000	80,000	260,000
Affordability Exemption Takers			200,000
Penalty Payers			60,000
Undocumented Immigrants	390,000	0	390,000
Total	2,620,000	810,000 – 1,160,000	1,460,000 – 1,820,000



Source: Manatt Health Solutions and NYS Health analysis

Key Implementation Issues for New York State

- Exchange(s) design and set-up
- Access to care
- Primary care workforce
- Cost containment



Key health reform provisions: Primary Care

- Provides \$11 billion for health centers
- Increases Medicaid payments for primary care to Medicare rates
- Provides 10% bonus payment to primary care physicians under Medicare



Key health reform provisions:
Primary Care

- Grants to develop primary care residency programs
- Rural physician training
- Scholarships, loans, and grants for workforce in underserved areas



Key health reform provisions:
Primary Care

- New models of care:
 - Accountable Care Organizations
 - Patient-Centered Medical Homes
 - School-based health centers
 - Nurse-managed clinics



Cost Containment



Why Cost Containment?

- Many more people covered
- Little overall change projected in long-term health care spending post-reform
- Projected costs are unsustainable



Two Avenues to Reduce Costs

- Improve quality, efficiency
- Continue to cut rates



Bending the Health Care Cost Curve in New York State:
Options for Saving Money and Improving Care

JULY 2010
Prepared by The Lewin Group

Potential 10-Year Savings of Proposed Policy Scenarios

- ACOs: \$50 billion
- Medical homes: \$34 billion
- Palliative care: \$12 billion
- Disease management: \$11 billion
- Mandatory managed care for dual eligibles: \$11 billion



Potential 10-Year Savings of Proposed Policy Scenarios

- Bundled payments: \$6 billion
- Soda tax: \$6 billion
- Hospital P4P: \$3.8 billion
- Rebalancing long-term care: \$1 billion
- HIT: \$1.6 billion
- Retail clinics: \$0.35 billion



Bending the Cost Curve: ACOs

- Emphasize primary care
- Focus on coordinated, efficient care
- Potential savings: \$10.7 – \$49.8 billion



What's the Common Element?



Accountable Care Organization



Bending the Cost Curve: ACOs

- Emphasize primary care
- Focus on coordinated, efficient care
- Potential savings: \$10.7 – \$49.8 billion
- Actionable savings: \$3.1 - \$14.6 billion




Bending the Cost Curve: Medical Homes

- Coordinated care
- Evidence-based disease management
- Health IT
- Potential savings: \$1.3 – \$33.7 billion



Bending the Cost Curve: Mandatory Managed Care for Dual-Eligibles

- Mandatory enrollment in capitated managed care organizations
- CMS and NY State pool Medicaid and Medicare funds for dual eligibles
- Feds and State split savings equally
- Potential savings: **\$10.8 billion**



New York State Health Foundation
1385 Broadway, 23rd Floor
New York, NY 10018
phone: 212.664.7656
www.nyshealthfoundation.org

