

Health Reform, HITECH and The States

Health TechNet

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National Governors Association



The Economist, March 2006



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Since Passage of HITECH

- All States & Territories (56) in Cooperative Agreements with ONC to coordinate the development of HIE
- Over \$500 million invested in HIE
- All States required to submit Strategic & Operational plans
- 62 Regional Extension Centers established
- 17 Beacon Community programs started
- 10 Challenge Grants
- Community College Consortia & Higher Ed Investments (88)
- 4 SHARP programs funded



Why Reform?

- 47 – 50 million uninsured
- Rate of increase in costs for healthcare inflating routinely at 2-3 times the growth in wages
- Inefficient Performance reflected in
 - Population Health
 - Preventable disease
 - Care management and Coordination



How to Reform?

- ◆ Extension of Coverage
- ◆ Health Insurance Reform
- ◆ Delivery System and Payment Reform



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Extension of Coverage

- 30 million newly eligible for Medicaid up to 133% of poverty
- Removal of categorical characteristics
- Mandate for Coverage for Individuals
- Mandate for Employer Offer of Coverage



Affordability

- Premium subsidies (premium tax credits) for those with incomes between 133% and 400% of poverty level to help purchase commercial insurance
- Development of Insurance Exchanges to administer subsidies and help consumers shop for coverage
- Focus on Prevention and Disease Management



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Current Guidelines

HHS Poverty Guidelines

Size of Family Unit	48 Contiguous States	Alaska	Hawaii
1	10,830	13,530	12,460
2	14,570	18,210	16,760
3	18,310	22,890	21,060
4	22,050	27,570	25,360
5	25,790	32,250	29,660
6	29,530	36,930	33,960
7	33,270	41,610	38,260
8	37,010	46,290	42,560
For each additional person, add	3,740	4,680	4,300



Insurance Reforms

- No pre-existing condition exclusions
- No cancellation for claims experience
- Extension of coverage for children to age 26
- Mandatory Loss Ratios of 80/20 and 85/15
- Administrative streamlining – electronic claims
- Narrowing of rating brackets



Delivery System & Payment Reform

- Deployment of electronic medical records and health information exchange
- Greater use of evidence-based medicine
- Medical Homes – multi-disciplinary teams
- Disease Management for those with co-morbidities
- Move from volume-based payment to outcome-based

The Big Five

- Diabetes
- Asthma
- Major Depression
- Coronary Artery Disease
- Coronary Heart Failure
- These five account for 70+% of all expenditures
- Two or more account for 90+%

Anticipated Trends in Care Delivery

- New Care Models
 - Accountable Care Organizations
 - Medical Homes
 - Multi-disciplinary teams
 - Incorporation of allied health & social services
 - Care Transitions
- More home and community-based care settings
- Greater use of School-based clinics for children's primary care
- Working at the top of the license
- Use of physician and nurse extenders in primary care
- Greater use of electronic health records , health information exchange and tele-health
- Emphasis on outcomes & metrics for quality – more informatics
- Greater efficiency required



Challenges

- Streamlined Enrollment Policies
- New Coverage Paradigm
- Major Eligibility Expansions
- Different Eligibility Rules for Medicaid vs. Exchanges
- Need to Track Newly Eligibles for Increased FMAP
- Insurance Market and Regulatory Changes



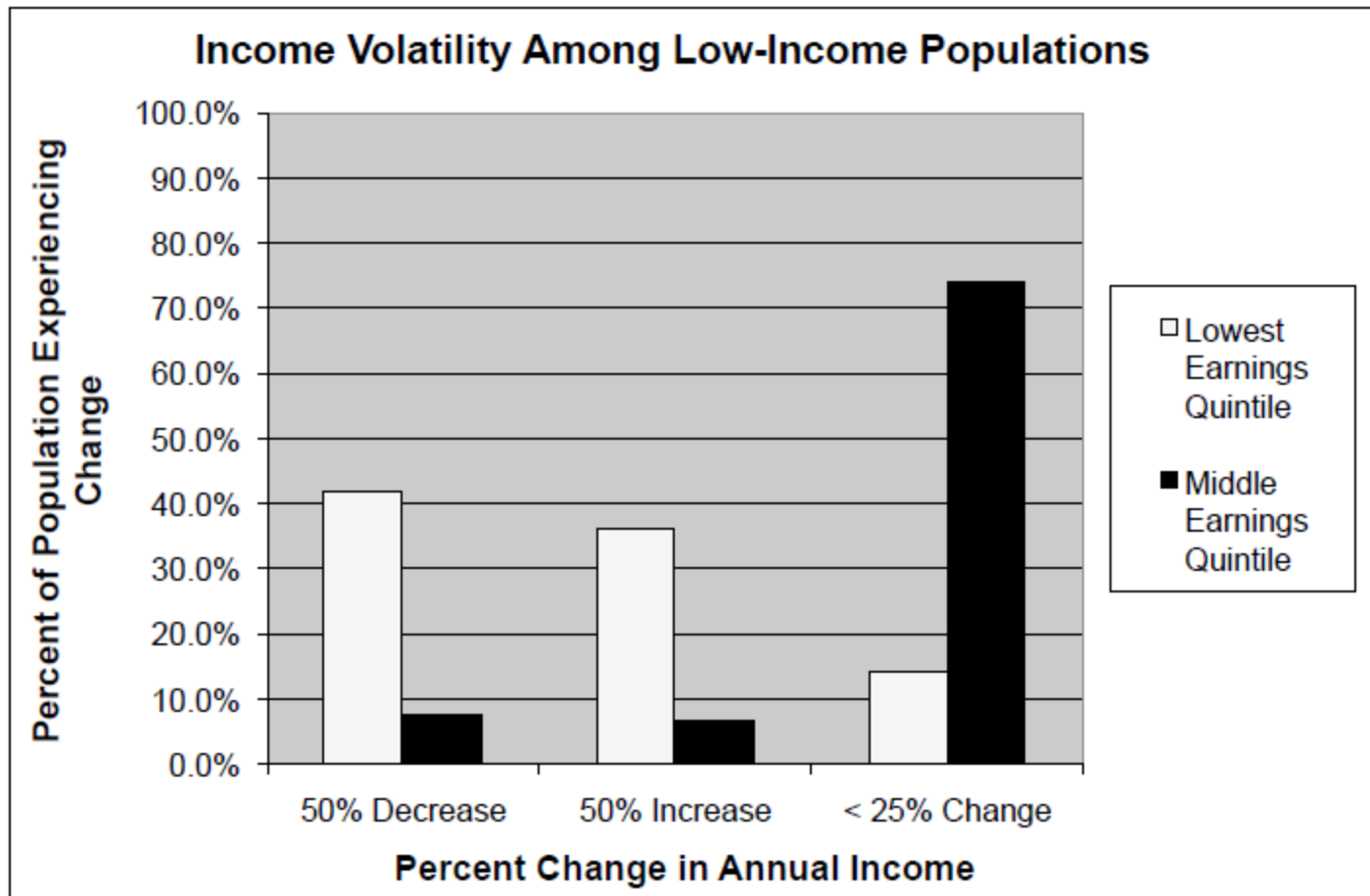
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State Challenges

- Substantial increases in Medicaid population
- New types of enrollees compared to traditional
- Benefit design issues
- Modification of existing systems to remove/add eligibility functions
- Add exchange coverage for a fairly substantial population
- Interface with federal agencies



Moving Targets



Challenges to the States

- Many either have or are in the process of replacing old legacy systems (MMIS)
- In-house technical IT skills strained
- Multiple eligibility and enrollment systems across health and social services programs in state governments
- Some states have heavy partnership with county governments and by extension their capacity is a factor

Challenges to the States

- Build a technical infrastructure to support
 - Uniform
 - Automated
 - Consumer friendly

Administration of health benefits program

Aligned with the exchange and subsidized offerings



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Insurance Changes

- Benefit Design
- Mandated Benefits
- Rating changes and market disruption
- Rate Reviews
- Consumer Protections



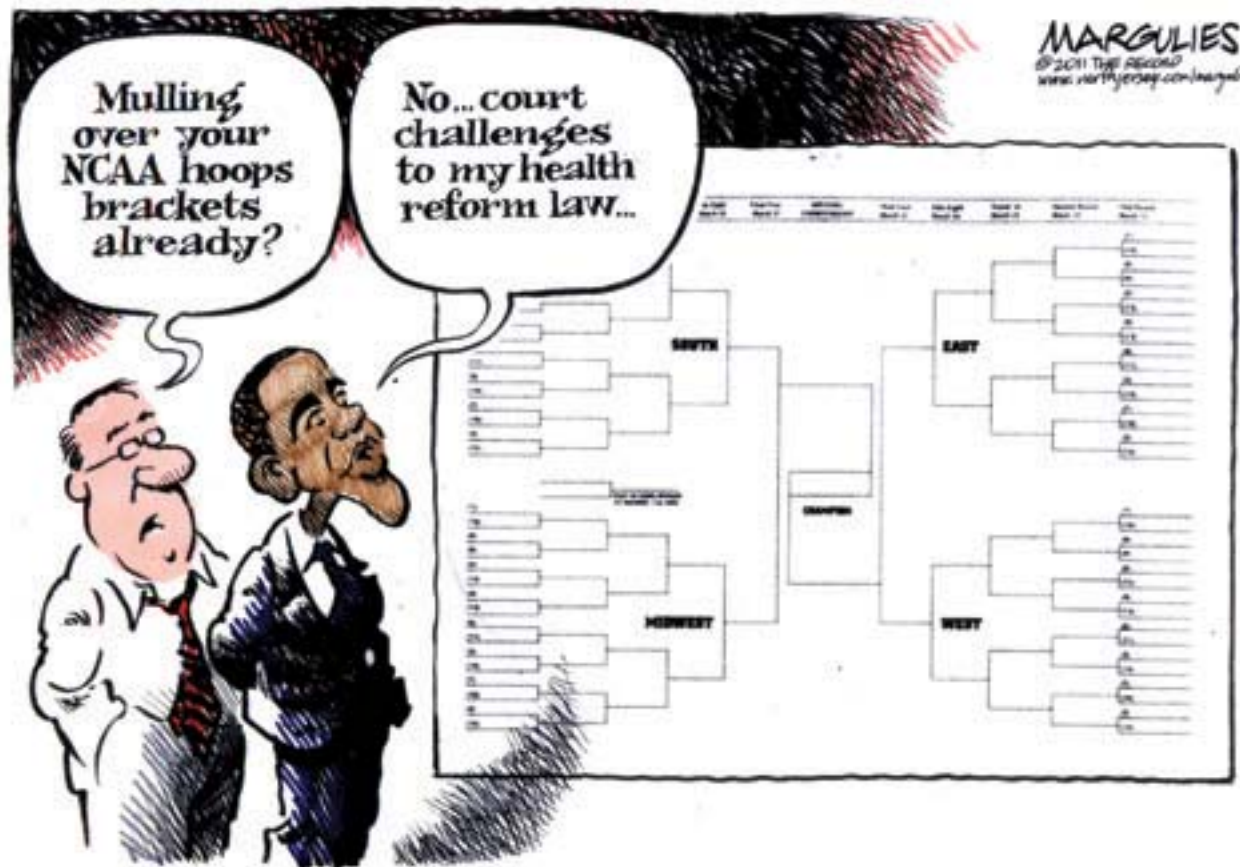
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Environmental Context

- Resource Issues
 - Leadership
 - Financial
 - Workforce
- Fluid political dynamic
- Cultural Change
 - It's not welfare

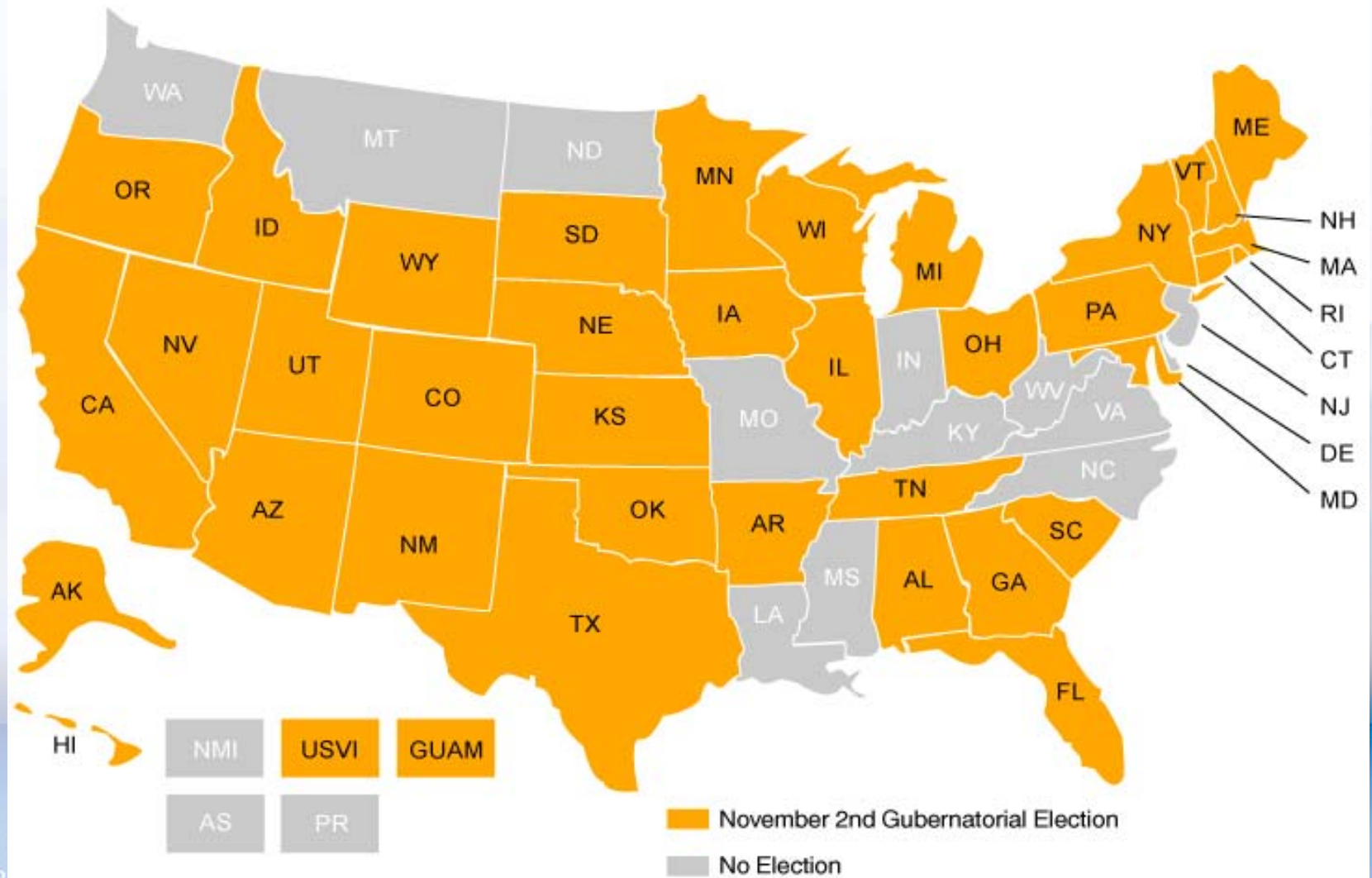


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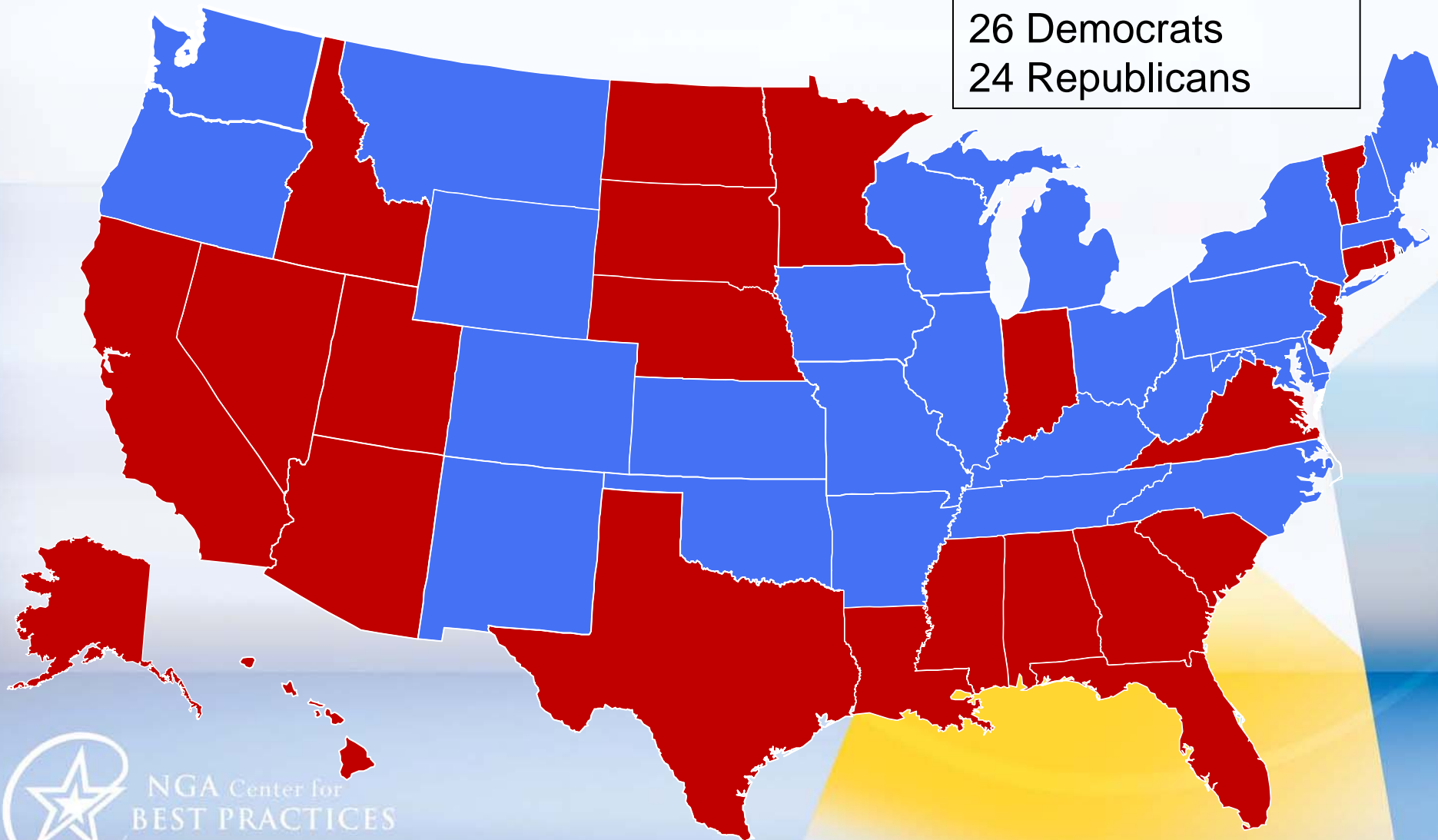
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Gubernatorial 2010 Elections



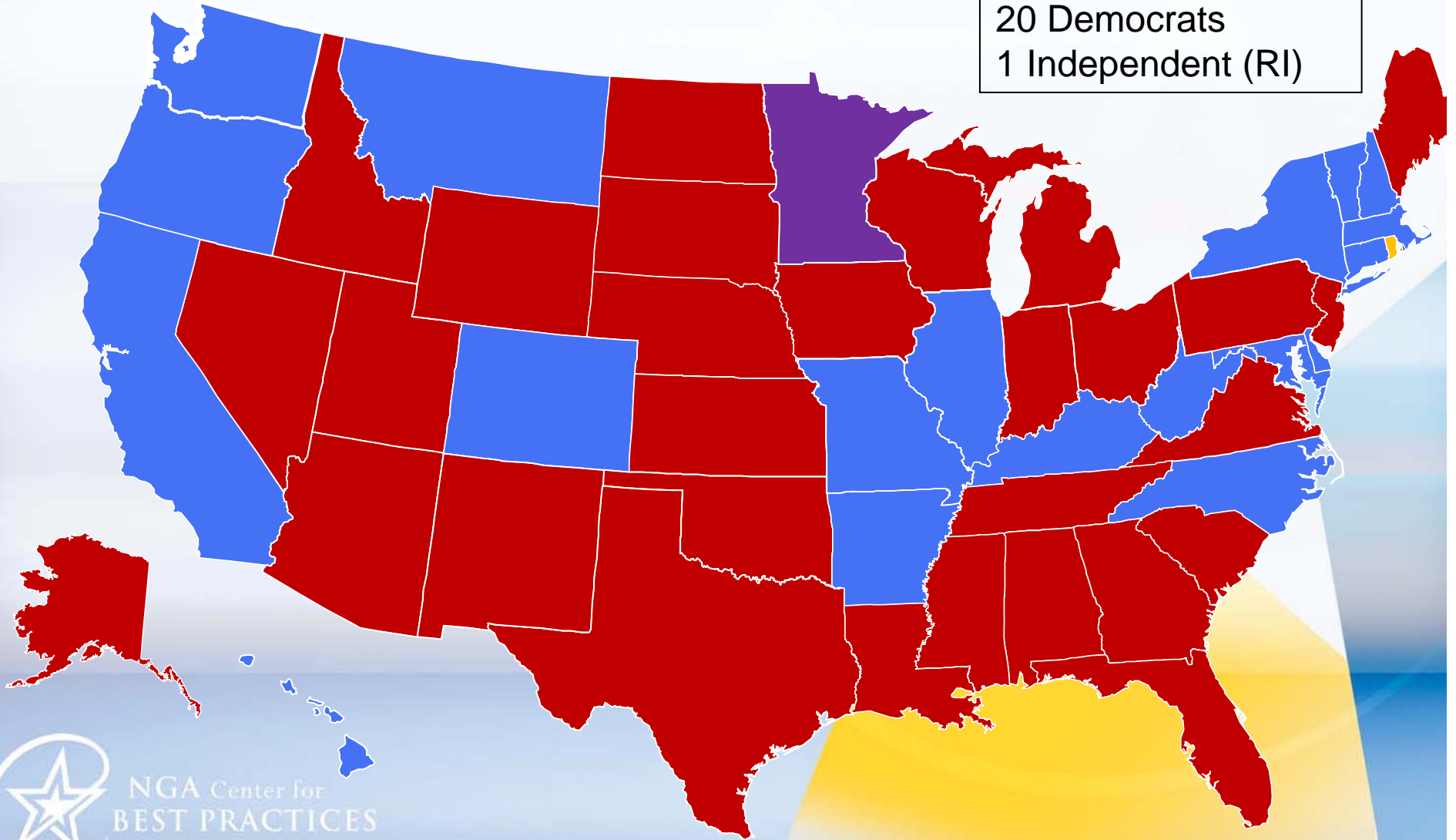
Gubernatorial Landscape 2010: Pre-Election

26 Democrats
24 Republicans



Gubernatorial Landscape 2010: Post-Election

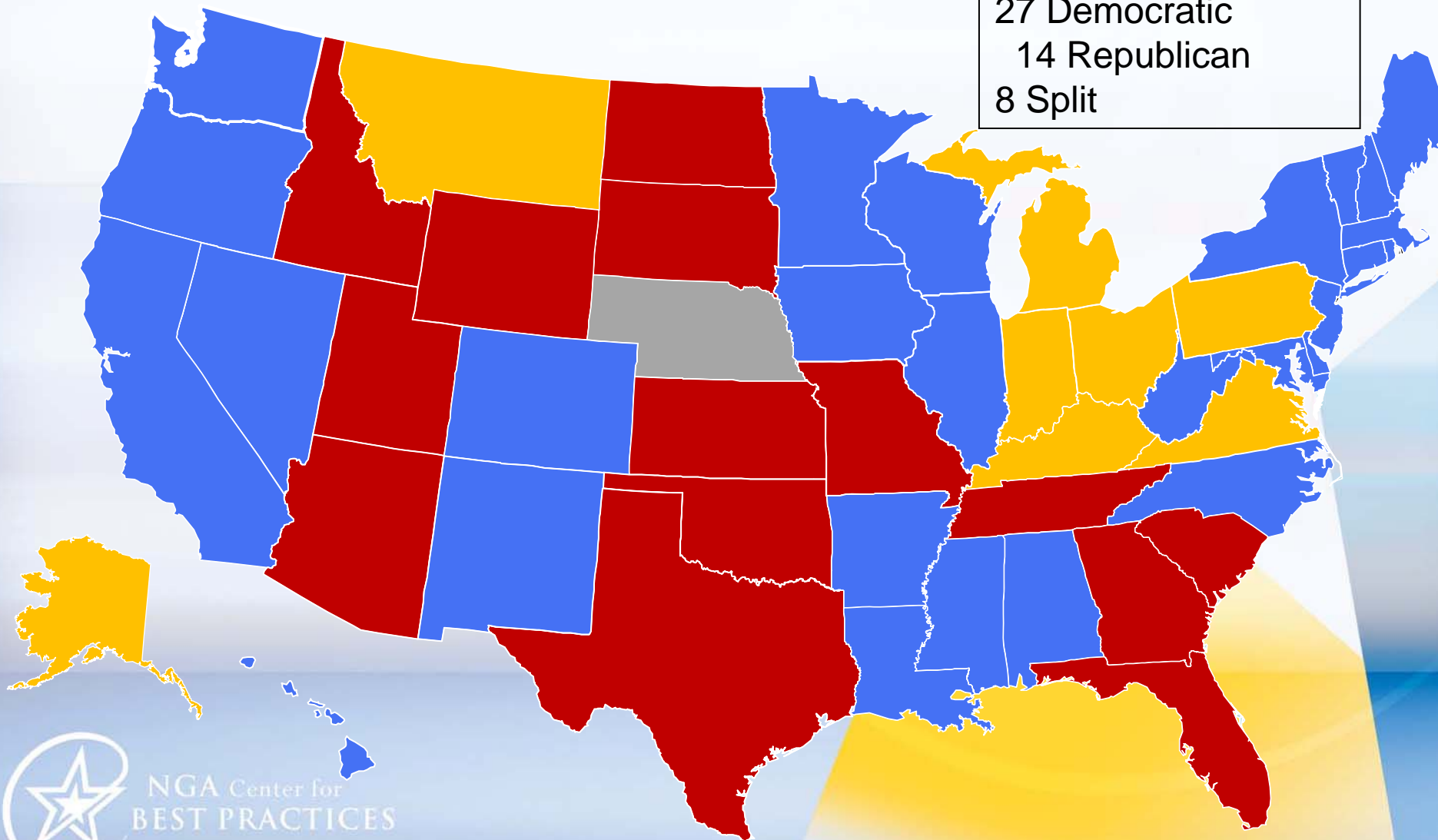
29 Republicans
20 Democrats
1 Independent (RI)



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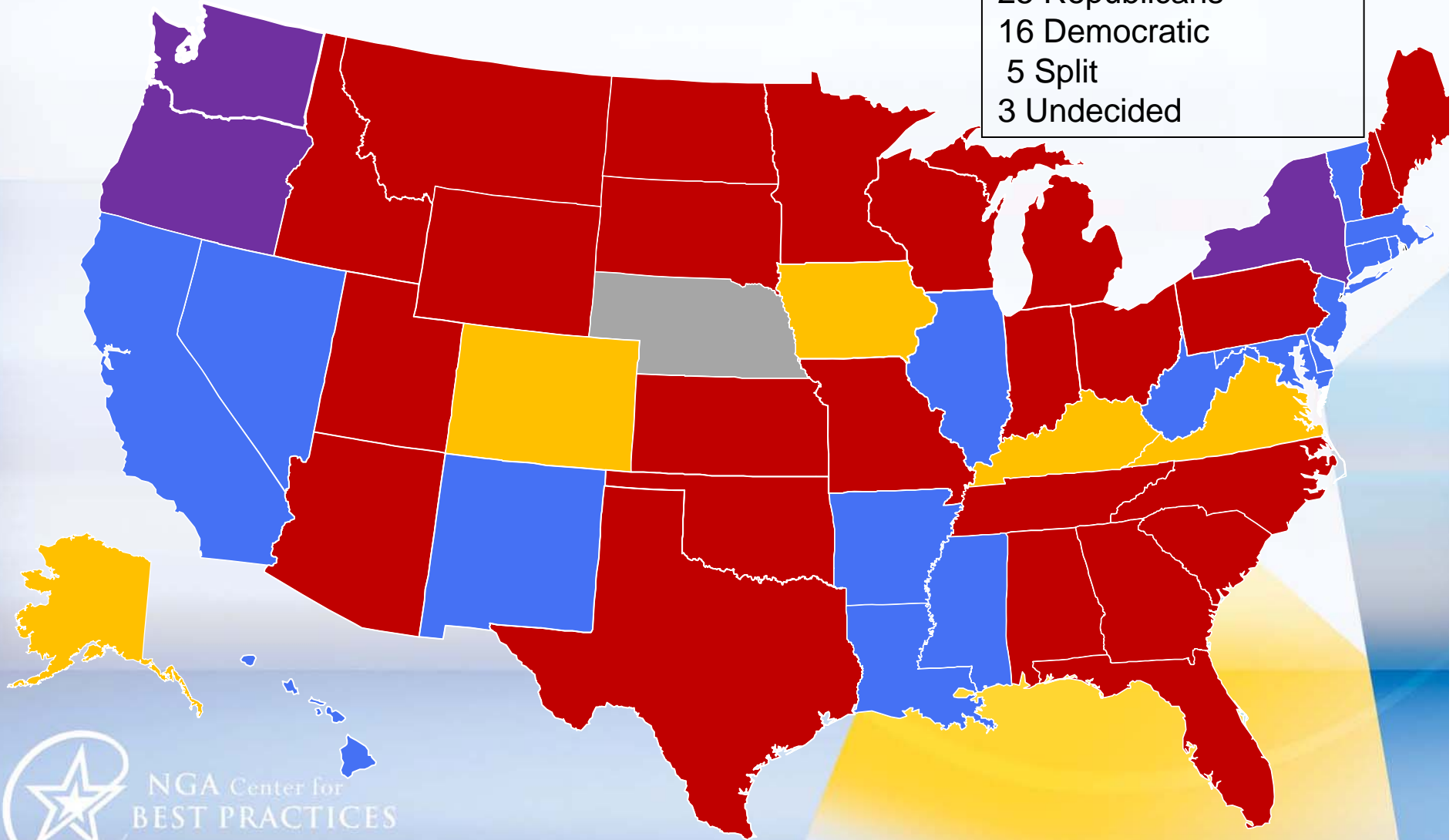
State Legislature Landscape 2010: Pre-Election

27 Democratic
14 Republican
8 Split



State Legislature Landscape 2010: Post-Election

25 Republicans
16 Democratic
5 Split
3 Undecided



Summary: Historical Challenge: Leadership Changes

- 37 Governors Races – 39 with Territories
- 88 of 99 State Legislative chambers had elections
- 6,125 of 7,384 state legislative seats in contention



Map of the United States showing states colored in three shades of blue. The legend indicates the following categories:

- Dark Blue
- Medium Blue
- Light Blue

States colored Dark Blue: CA, OR, NV, TX, MN, IL, LA.

States colored Medium Blue: WA, MT, WY, UT, CO, NM, AZ, ID, ND, SD, NE, KS, OK, MO, WI, MI, IN, OH, PA, NY, VT, ME, MA, RI, CT, NJ, DE, MD, VA, NC, SC, GA, FL.

States colored Light Blue: AK, HI, NH, DC.

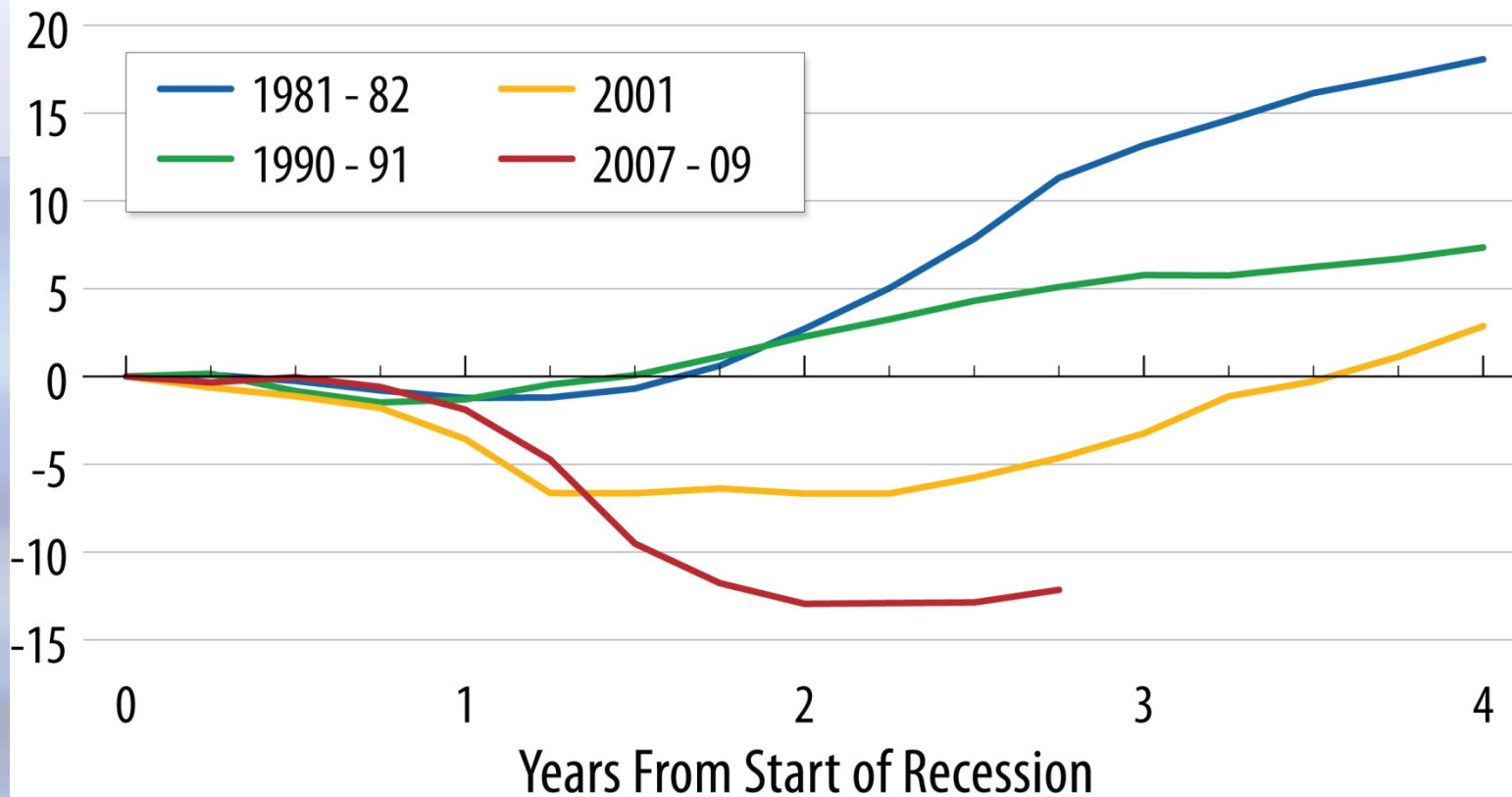
■ Over 20% ■ 11%-20% ■ Under 11%
■ Unknown Shortfall ■ No Shortfall Reported



Center on
Budget
and Policy
Priorities

State Revenue Losses Far Exceed Other Recent Recessions

Percent change in state tax revenue since start of recession, adjusted for inflation

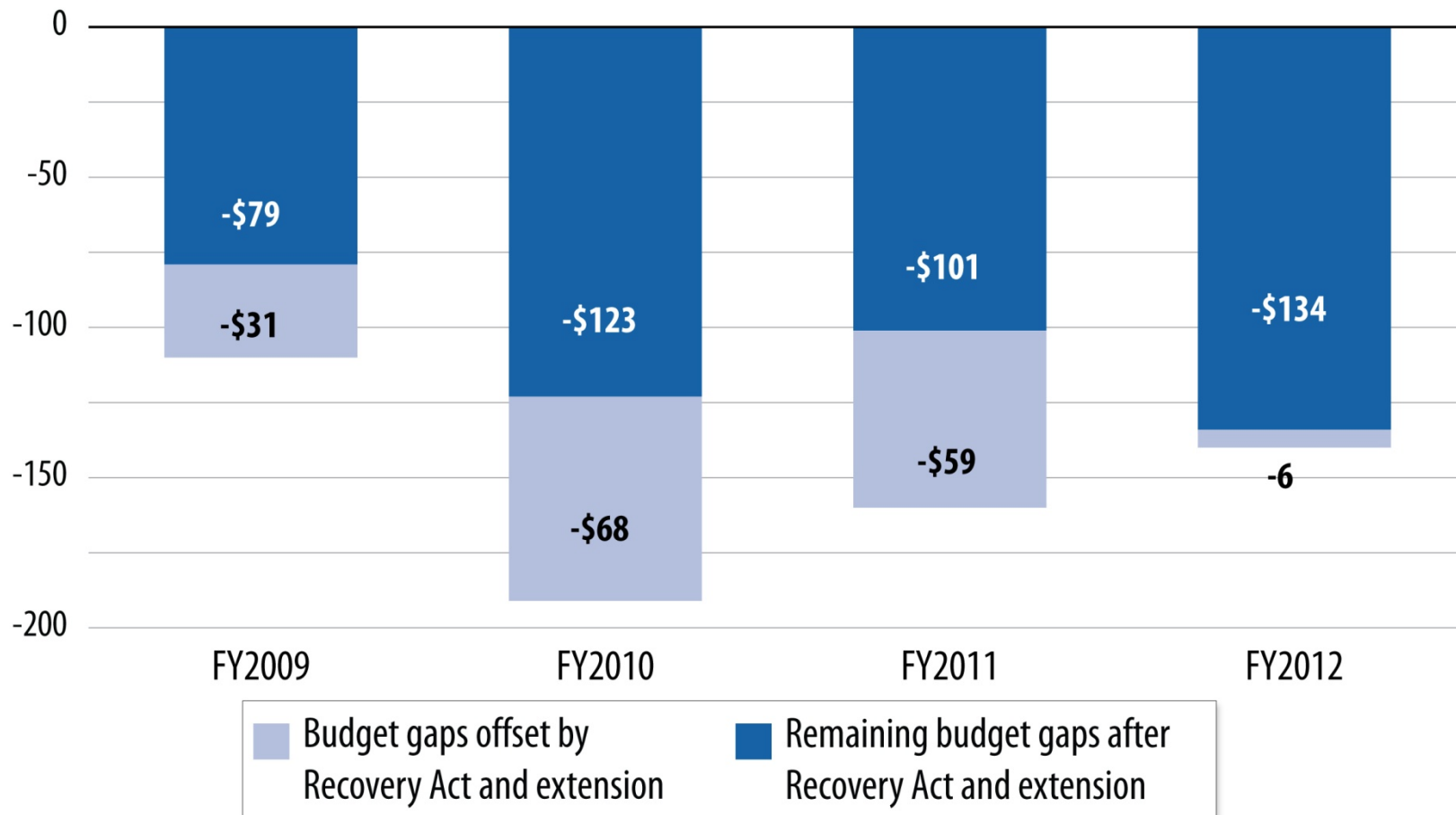


Figures represent four-quarter rolling averages.

Sources: Census Bureau and Bureau of Labor Statistics.

State Shortfalls After Use of Recovery Act Funds (Including August Extension)

Budget shortfalls in billions



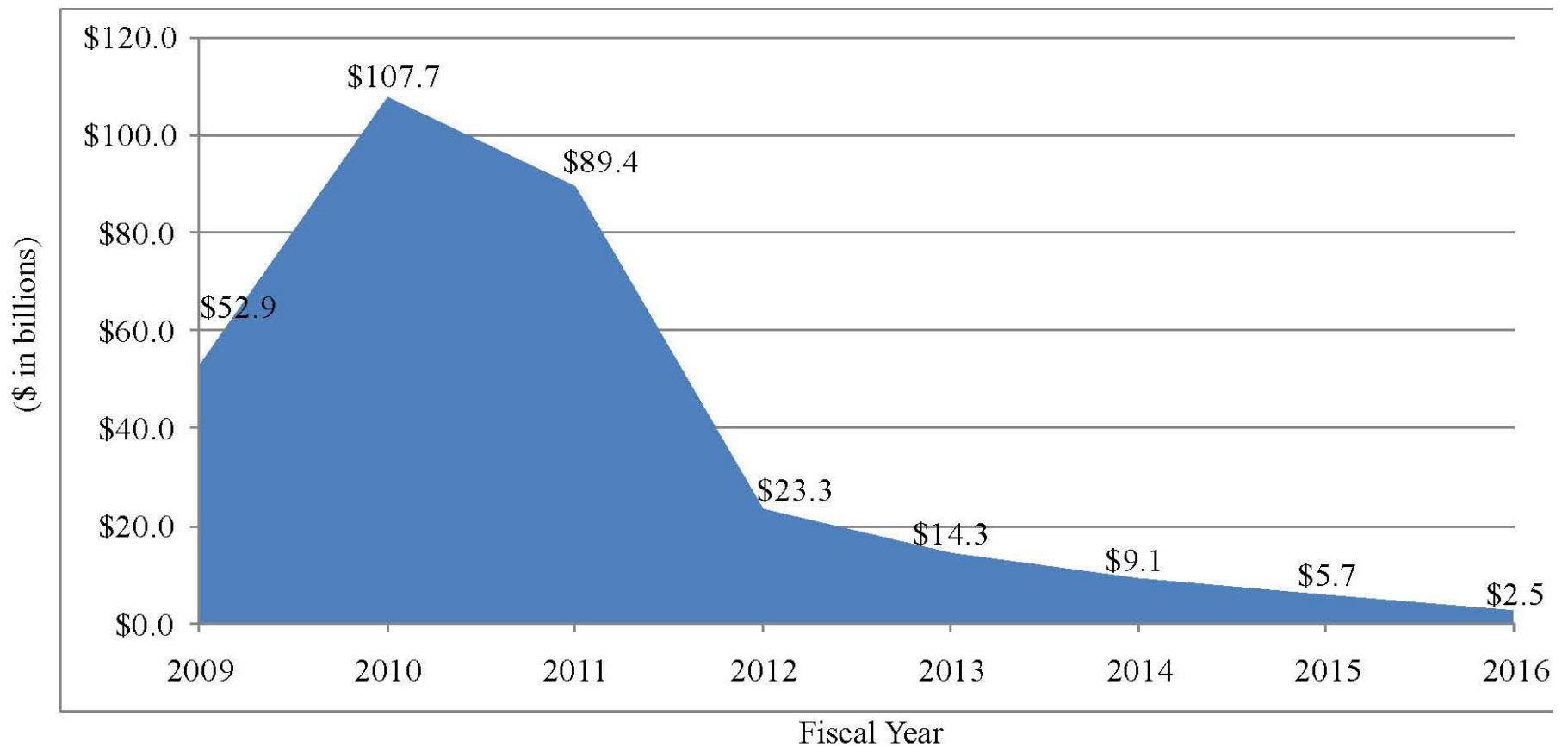
FY = Fiscal Year

Source: CBPP analysis using data from U.S. Department of Health and Human Services, U.S. Department of Education, Congressional Budget Office, and state budget documents.

Revised September 2010.

The 2012 Cliff Will Require Further Action

Temporary Federal Aid to States



Source: Recovery Act data come from GAO Report to Congress, September 2010

HIT Technical Skills in the Workforce

- Electronic health records become ubiquitous
- Health care workforce across treatment localities will need to be proficient
- Virtualization of medical homes
- Chronic disease management & training for patients
- Other HIT areas: telemetry, tele-medicine, tele-pharmacy, tele-health in behavioral health



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More Implications for Workforce

- Direct Care workforce is over 3 million employed
- Need for an additional 1.1 million new positions by 2018
- 90% of direct care workforce is female – age 25-54. Need to recruit men to the field
- Home Health Aides: 50% growth rate between 2008-2018
- Personal and Home Care Aides: 46% growth rate



State Level Implications

- Demand for Entry Level positions with technical skills (i.e.- use of HIT/EHR)
- Development of Career Pathways
- Need for rapid workforce development & strong collaborative partnering with private/public sectors
- Re-examination of professional & occupational licensing requirements
- Broadening of shortages awareness beyond primary care physicians and nurses

Questions?

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