

The Affordable Care Act: Implications for Rural Communities



Timothy McBride

*Professor and Associate Dean for Public Health, Washington University
RUPRI Center for Rural Health Policy Analysis*

Keith Mueller

*Professor and Head, Department of Health Management and Policy, University of Iowa
Chair, RUPRI Health Panel
Director, RUPRI Center for Rural Health Policy Analysis*



Webinar Presentation to the National Association of Counties (NACo)
October 19, 2010

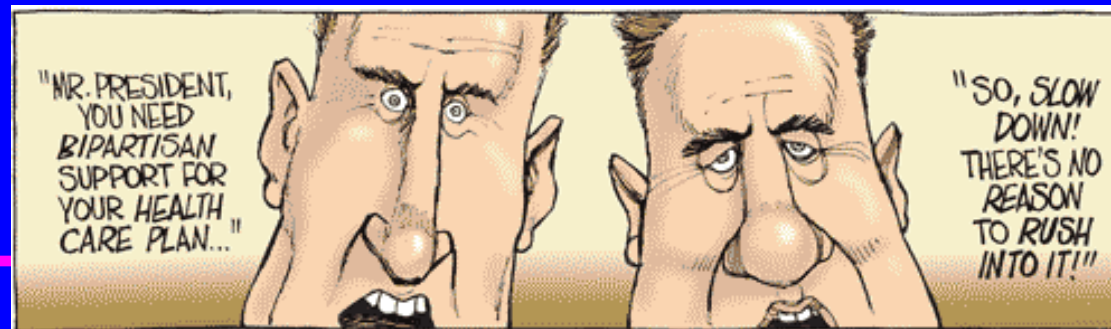


Outline

- Overview of Affordable Care Act
 - Coverage and payment provisions (McBride)
 - Public health, workforce provisions (Mueller)
- Questions and answers



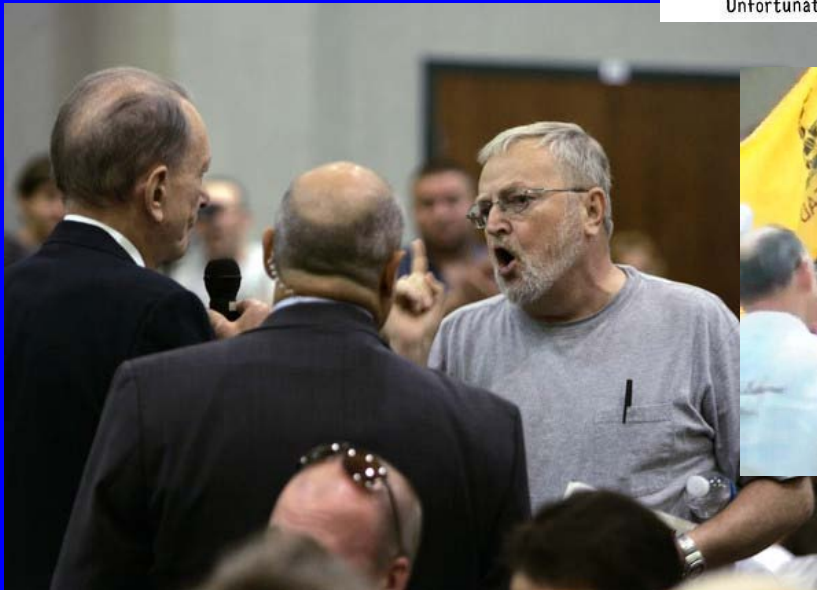
Health Reform



This was a rocky path ...

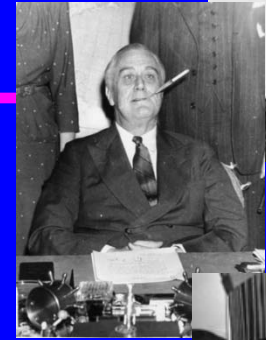


Unfortunately, the town hall meeting was taken over by the village idiots.



Cycles of Reform Debates

- 1915-1920 Progressive Era
 - 1932 New Deal
 - 1938 FDR – Second Term
 - 1945-50 Truman
 - **1964-65** ***Medicare and Medicaid (LBJ)***
 - 1974 Nixon
 - 1993-94 Clinton
 - **2010** ***ACA (Obama)***
-
- Pattern: Major proposal every 15-20 years
 - **Only twice has reform been passed in 8 tries**
 - And it took nearly 100 years



Key Elements of Reform: Affordable Care Act

- Title I: Quality, Affordable Health Care for All Americans
- Title II: The Role of Public Programs
- Title III: Improving the Quality and Efficiency of Health Care
- Title IV: Prevention of Chronic Disease and Improving Public Health
- Title V: Health Care Workforce
- Title VI: Transparency and Program Integrity
- Title VII: Improving Access to Innovative Medical Therapies
- Title VIII: Community Living Assistance Services and Supports Act (CLASS Act)
- Title IX: Revenue Provisions
- Title X: Reauthorization of the Indian Health Care Improvement Act

Building Blocks: Getting to Universal Coverage

- **Health Insurance Exchange:**

- Access to affordable coverage for uninsured and small businesses
- Access to Private plans
- Modeled on Federal Employee Health Benefits Plan (FEHBP)



- **Insurance Reforms:**

- Eliminate pre-existing conditions, exclusions, rescissions, denials of coverage

- **Public Program Expansions:**

- Strengthen and Expand Medicaid (expanded up to 133% of poverty line)

- **Subsidies:**

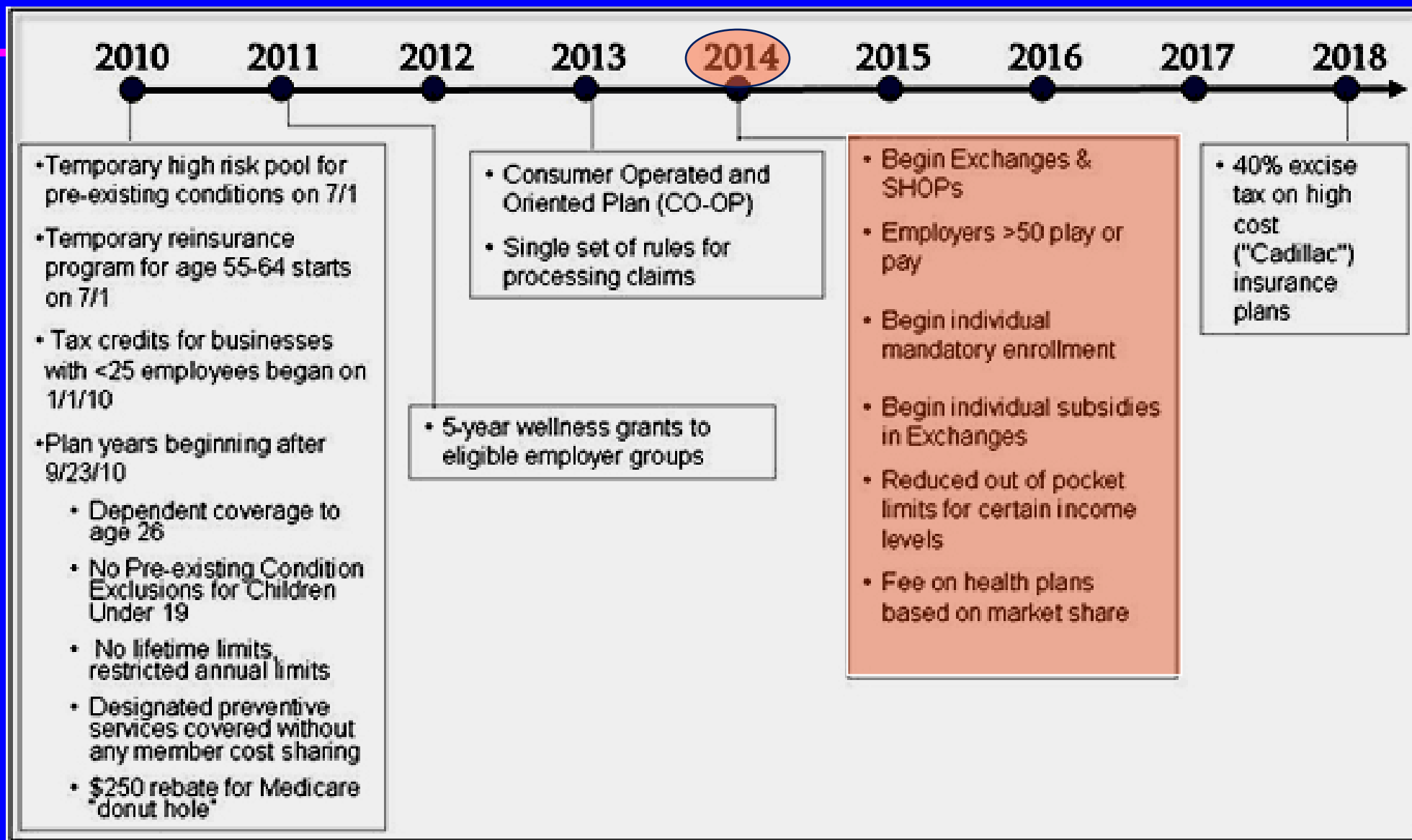
- Provide assistance to make insurance affordable (up to 400% of poverty line)

- **Mandates:**

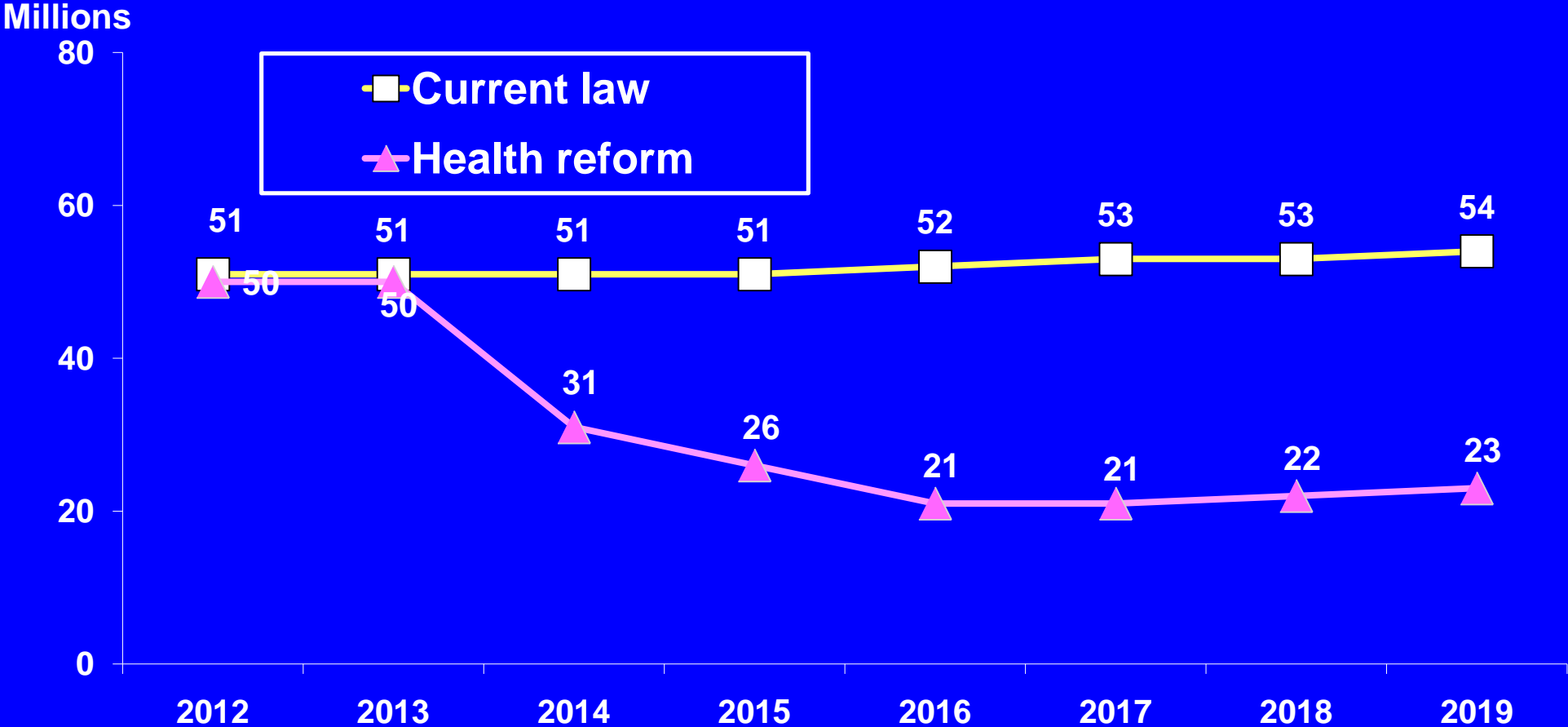
- Individual and Employer Responsibility



Health Reform Implementation Timeline



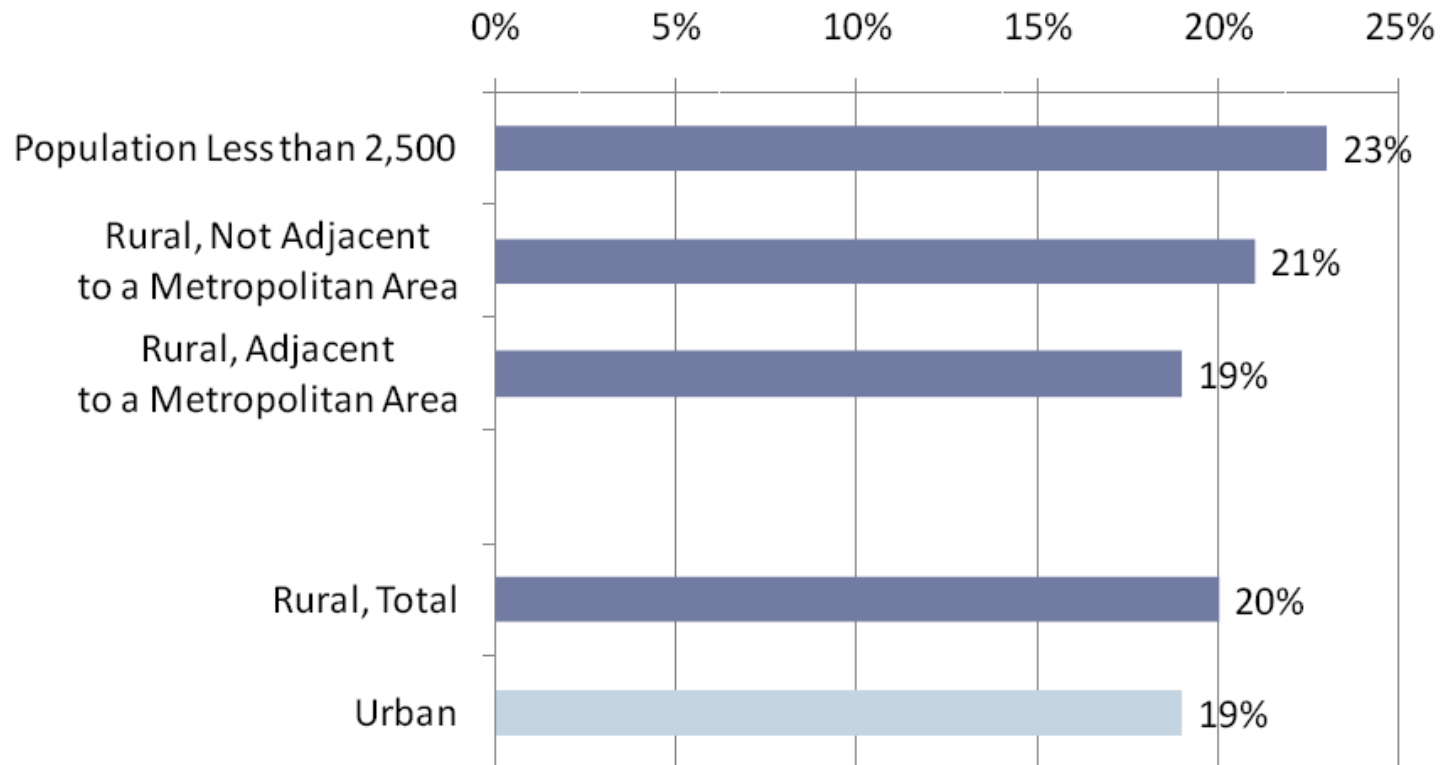
Uninsured Under Current Law and Under Reform



Note: Uninsured includes unauthorized immigrants. With unauthorized immigrants excluded, nearly 94% are projected to be covered.
Data: Congressional Budget Office.

Rural/Urban Uninsurance Rates: The Baseline

Figure 1. Uninsurance Rates, 2004-05, by Location of Residence



SOURCE: Maine Rural Health Research Center. Data Source: Medical Expenditure Panel Survey, 2004-05.

NOTES: Uninsured differences by residence significant at $p \leq .05$.

Coverage under reform in rural and urban areas

	Rural	Urban	Total
Number of uninsured persons (in millions)			
Before reform	8.1	41.9	50.0
After reform	2.9	16.5	19.4
Insurance Coverage rate after reform			
Before reform	83.0%	83.1%	83.1%
After reform	93.4%	92.7%	92.8%
Proportion of persons obtaining coverage through:			
Health Insurance Exchange (adults)	44%	46%	45%
With subsidies or tax credits	37%	36%	36%
Employer or individual responsibility	7%	10%	9%
Medicaid expansion (adults)	33%	30%	30%
Children	23%	25%	24%

SOURCE: RUPRI Health Reform Simulation Model, December 2010.

Coverage Provisions:

Impact on Rural Persons, Providers and Places

- Significant positive impact on rural coverage rates in the short- and long-run
 - Resulting positive impact on providers
 - Most changes occur after 2014, but some implemented in 2010
- Higher baseline uninsured rates for rural persons in rural non-adjacent and frontier areas
 - Rural persons are more likely to work for small businesses and for low wages
 - Implies that impact will be disproportionately larger in rural areas
 - Expansions of Medicaid and subsidies/tax credits crucial in rural areas due to lower incomes of rural persons



Coverage Provisions:

Impact on Rural Persons, Providers and Places

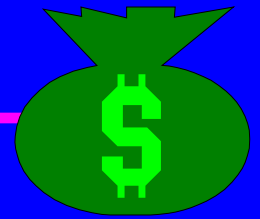
- The ultimate impact of expanded affordability will be realized only if affordable coverage is available and accessible
 - So implementation of Health Insurance Exchanges is crucial
 - Key issues:
 - geographic service areas, choice and competition, information, risk rating, outreach, minimum benefits



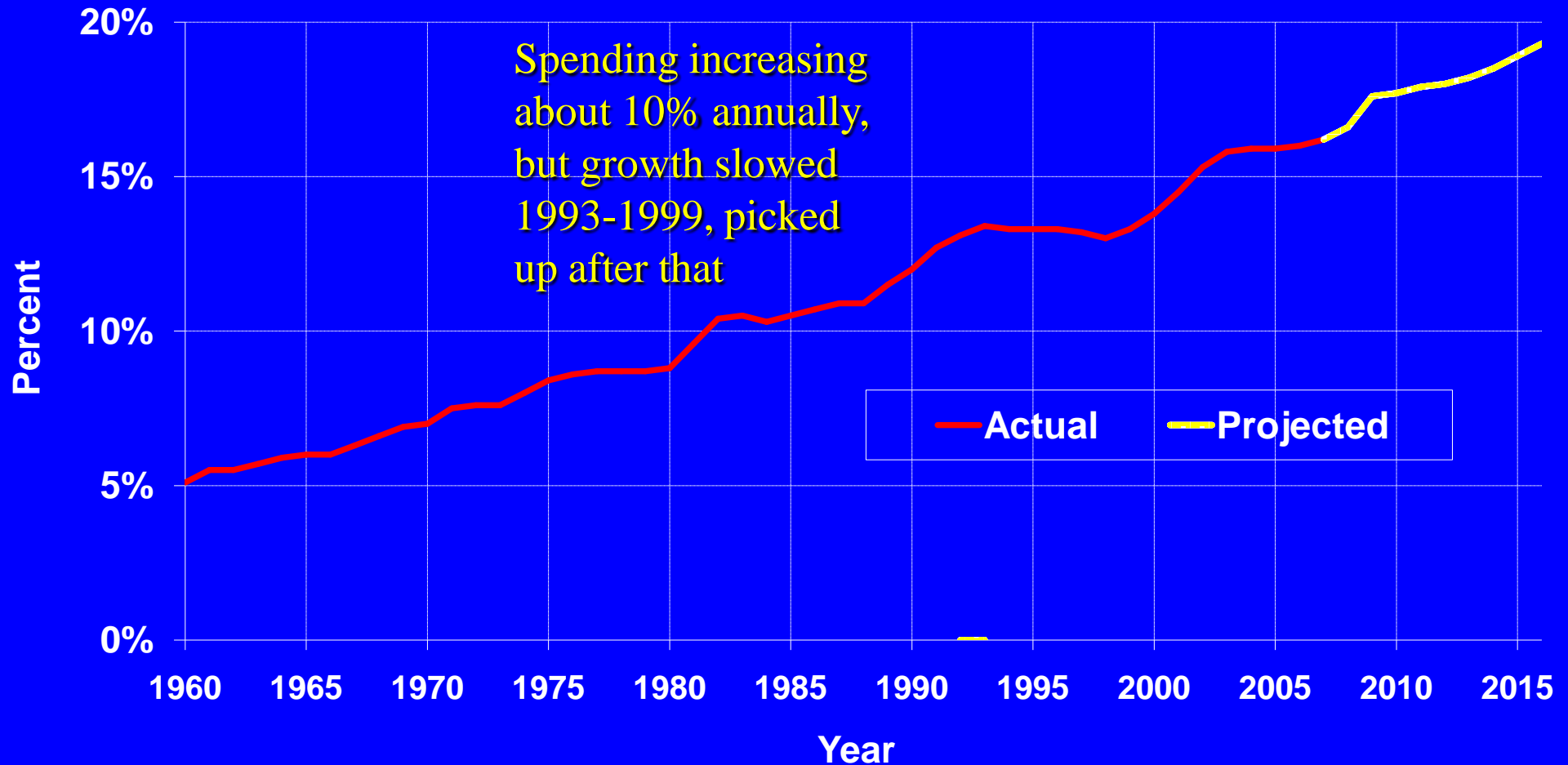
Health Reform: Payment Reform



National Health Expenditures



Percentage of Gross Domestic Product, 1960-2016



Source: Health Care Financing Administration (2009).

Payment: Tipping Point for Reform?

- Widespread recognition of need for payment reform
 - Fee-for-service payment rewards volume, not value; procedures over primary care
 - Payment silos impede coordination
 - Supply-induced demand increases costs
 - Lower pay for primary care: decline in access to primary care physicians
 - Health information technology concerns and data issues



The Cost Conundrum

- **“The Cost Conundrum- What a Texas town can teach us about health care”**

Atul Gawande, *The New Yorker*, June 1, 2009

“We are witnessing a battle for the soul of American medicine. Somewhere in the United States at this moment, a patient with chest pain, or a tumor, or a cough is seeing a doctor.

And the damning question we have to ask is whether the doctor is set up to meet the needs of the patient, first and foremost, or to maximize revenue.”



ACA: Cost Containment and Payment Reform

- **General approach: Implement several strategies**
 - Payment reforms
 - Some reductions in rate of growth in payment
 - Focus on efficiency and effectiveness



Payment Policy Provisions:

Impact on Rural Persons, Providers and Places

- ***Impact on Rural Physicians***

- Geographic Practice Cost Indices (GPCIs) adjustments: increase reimbursement
- Primary care physicians: 10% bonus for ACA-defined “primary care services”
 - Only if those “primary care services” represent at least 60% of the practice.
 - Definition of “primary care services” requires monitoring
- Uncertainty about payment formula (RBRVS: Resource Based Relative Value System)
 - if payment reductions occur, this could swamp all other changes

- ***Impact on Rural Hospitals***

- As coverage increases, hospitals should have less charity care and less bad debt
- Reductions in Disproportionate Share Hospital (DSH) payments
- Reductions in market basket updates to prospective payment system hospitals
 - The cumulative impact on revenues should be balanced out to a great extent in the aggregate
 - But net effect may be negative for some hospitals

Payment Policy Provisions:

Impact on Rural Persons, Providers and Places

- ***Payment Reforms***

- New demonstration projects to test new healthcare delivery models
 - Accountable care organizations (ACOs)
 - Bundle payments for acute care episodes
 - Value-Based payment: reward performance based on outcome measures
- Reductions in payment growth
 - Medicare Advantage
 - Prospective Payment System (productivity adjustment)
- Encourage efficiency
 - Comparative effectiveness
 - Health information technology
 - Case management and disease management
 - Medical home
- Impact on rural providers and people: too early to tell? Depends on response of rural providers? Also on regulations

Payment Policy Provisions:

Impact on Rural Persons, Providers and Places

- ***Oversight of Payment Policy***

- ACA establishes Independent Payment Advisory Board (IPAB)
 - Independent panel of medical experts
 - After January 2014, if Medicare's per capita costs exceed a certain threshold, the IPAB will develop and propose policies for reducing this inflation.
 - Secretary of HHS must institute the policies unless Congress enacts alternative policies leading to equivalent savings.



Interaction of Provisions

- Coverage provisions:
 - Significant expansions in coverage rates in rural areas
 - Significant assistance to low-income persons
- Payment provisions
 - Interactions of increased payment for newly insured
 - With ... reductions in growth of payments
 - With ... incentives to change delivery of care
- But will all this work, without:
 - Attention to health care workforce?
 - Public health issues?

– Keith will address these issues....





The Patient Protection and Affordable Care Act As A Platform for Moving Toward Healthy Communities

Webinar Presentation to the
National Association of Counties
October 19, 2010

Keith J. Mueller, PhD
Head, Department of Health Management and Policy
Chair, RUPRI Health Panel and Director, RUPRI Center for Rural
Health Policy Analysis
College of Public Health
University of Iowa

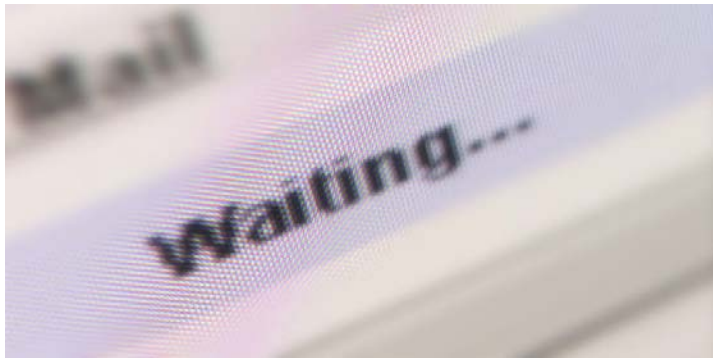
Healthy Community will require

- An infrastructure of health care services
- Integration of services, new models for delivery
- Improved and sustained public health services



Access: Sustaining an Infrastructure

- What infrastructure?
 - Facilities
 - Workforce
 - Community-based services
- First do no harm
- **WAIT: ADJUST OUR THINKING**



Access in a New Framework

- E-health
- Optimal use of all persons in the workforce (patient navigators, extension model)
- To all services including public health, healthy communities



Meeting increased demand for services

- Innovation in delivery is part of the answer
- Increased in supply
- Programs to match supply to demand



Optimal use of professionals

- The Patient-Centered Medical Home model



- Non-physician primary care providers
- Extenders of care emanating elsewhere

System Change

- Drivers are toward integrated systems of care, including quality measures applied to patient transfers



System Change Continued...

- Broadening to include more emphasis on care in the home – Section 3024 establishes an Independence at Home Medical Practice category, serving at least 200 applicable beneficiaries and using electronic health information systems, remote monitoring, and mobile diagnostic technology
- Community health teams, patient centered-medical homes, health teams (Section 3502)
- Regionalized systems for emergency care

System Change: Big Picture

- Secretary develops a national strategy by January 1, 2011 to improve the delivery of health care services, patient health outcomes and population health
- Secretary develops quality measures assessing health outcomes and functional status, management and coordination across episodes and care transition, and experience, quality, and use of information to and used by patients

System Change: Big Picture Continued...

- Center for Medicare and Medicaid Innovation in CMS
- National Health Care Workforce Commission
- Patient-centered Outcomes Research Institute and trust fund: rural-relevant comparative effectiveness research?



Using Elements of the Legislation as a Package

- Integrating systems for payment and quality improvement
- Patient focus and primary care
- Opportunity for public health overlay



Three Fundamental Approaches



- Focus on building the supply of professionals, including recruiting and retaining in areas of need
- Focus on providing the service, using multiple modes of delivery
- Focus on improving community health and thereby influencing demand



Building Supply: Pipeline Programs

- Focus starts in elementary student interest in basic sciences – example of 8th grade science meet
- Continues through high school and career counseling as well as training in sciences

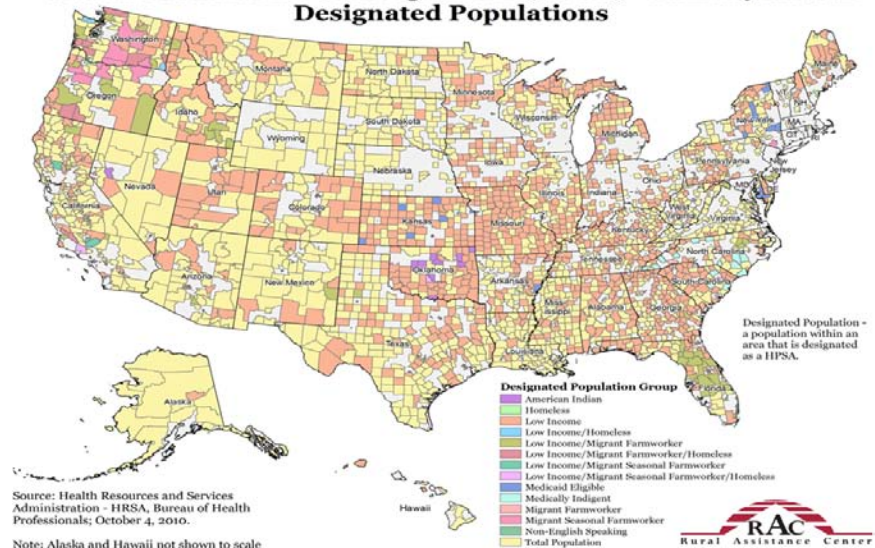


Continued...

- Innovative programs in health professions training to retain student interest in primary care and in starting their careers in underserved areas



Health Professional Shortage Areas (HPSA) - Primary Health Designated Populations



Building Supply: Pipeline Programs

- Innovative programs in Nebraska, West Virginia, South Florida, among various AHECs
- ACA assistance: Section 5102 State health care workforce development grants: promote career pathway activities



Building Supply: Financial Incentives

- At least getting closer to level playing field
- Incentives tied to particular services: ACA Sections 3102 and 5501 improve payment with bonuses and GPCI floor payments



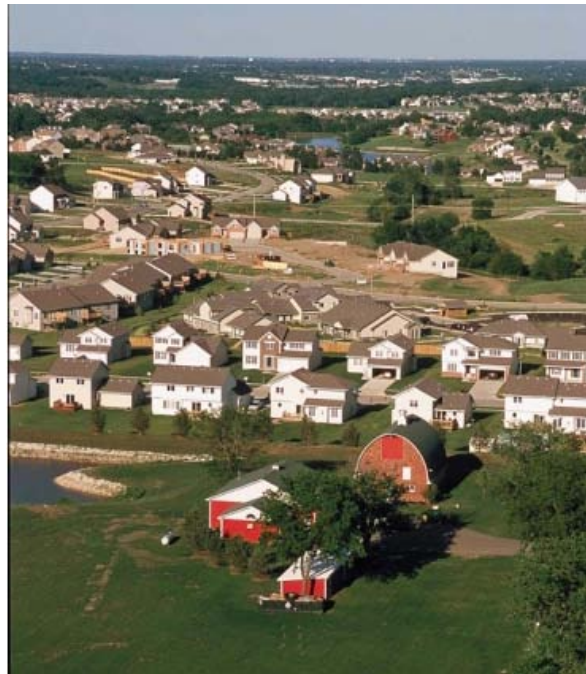
Building Supply: Financial Incentives

- Loan repayments, state and federal: ACA Sections 5201 (10 year commitment), 5202 (nursing student loan repayment), 5204 (loan repayment for public health workforce), 5205 (loan repayment for allied health)



Building Supply: Financial Incentives Continued...

- Bonus payments to practice in shortage areas
- Increasing payment for safety net providers



Building Supply: Working Environment

- Advantages of creating Patient Centered Medical Homes: team practice, payment incentives
- Promoted in the ACA, Section 3502 – community-based, health promotion



Building Supply: Working Environment Continued...

- Mitigating being on-call: requirements for staffing emergency rooms, use of variety of health professionals – may require scope of practice changes



Building Supply: Optimal Use of All Professionals

- Practice to the maximum skill level: relief for those such as physicians who now perform tasks that could be performed by others
- Nurse-managed health clinics (ACA Section 5208)



Building Supply: Optimal Use of All Professionals

- Alternative health care providers to increase access to dental care in rural and other underserved areas (Section 5304 of ACA)
- Community health workers to provide guidance or outreach (Section 5313 of ACA)
- Primary care extension agents (Section 5405 of ACA)



ACA Opportunities: Title IV, Subtitle A

- The new National Prevention, Health Promotion and Public Health Council
- The new Advisory Group on Prevention, Health Promotion, and Integrative Public Health
- Use of a new Prevention and Public Health Fund
- CDC to convene an independent Community Preventive Services Task force



ACA Opportunities: Title IV, Subtitle A, continued...

- Planning and implementation of a national public-private partnership for a prevention and health promotion outreach and education campaign to raise public awareness of health improvement across the life span
- Establish and implement a national science-based media campaign on health promotion and disease prevention



ACA Opportunities: Title IV, Subtitle D

- School-based health centers
- Medicare coverage of personalized prevention plan services



ACA Opportunities: Title IV, Subtitle C

- CDC grants for implementation, evaluation, and dissemination of evidence-based community preventive health activities in order to reduce chronic disease rates, prevent the development of secondary conditions, address health disparities, and develop a stronger evidence base of effective prevention programming

ACA Opportunities: Title IV, Subtitle C continued...

- Grants to provide public health community interventions, screenings, and clinical referrals for persons between ages 55 and 64



ACA Opportunities: Title IV, Subtitle D

- Funding for research in the area of public health services and systems
- Employer based wellness assisted
- Epidemiology and Laboratory Capacity Grant Program
- Funds to carry out childhood obesity demonstration projects



For Further Information

The RUPRI Center for Rural Health Policy
Analysis

<http://cph.uiowa.edu/rupri>

The RUPRI Health Panel

<http://www.rupri.org>



Dr. Keith J. Mueller

Department of Health Management and Policy

College of Public Health

200 Hawkins Drive, E203 GH

Iowa City, IA 52242

319-384-5121

keith-mueller@uiowa.edu