

# Health Benefits Exchange: An Arkansas Perspective

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Improvement**

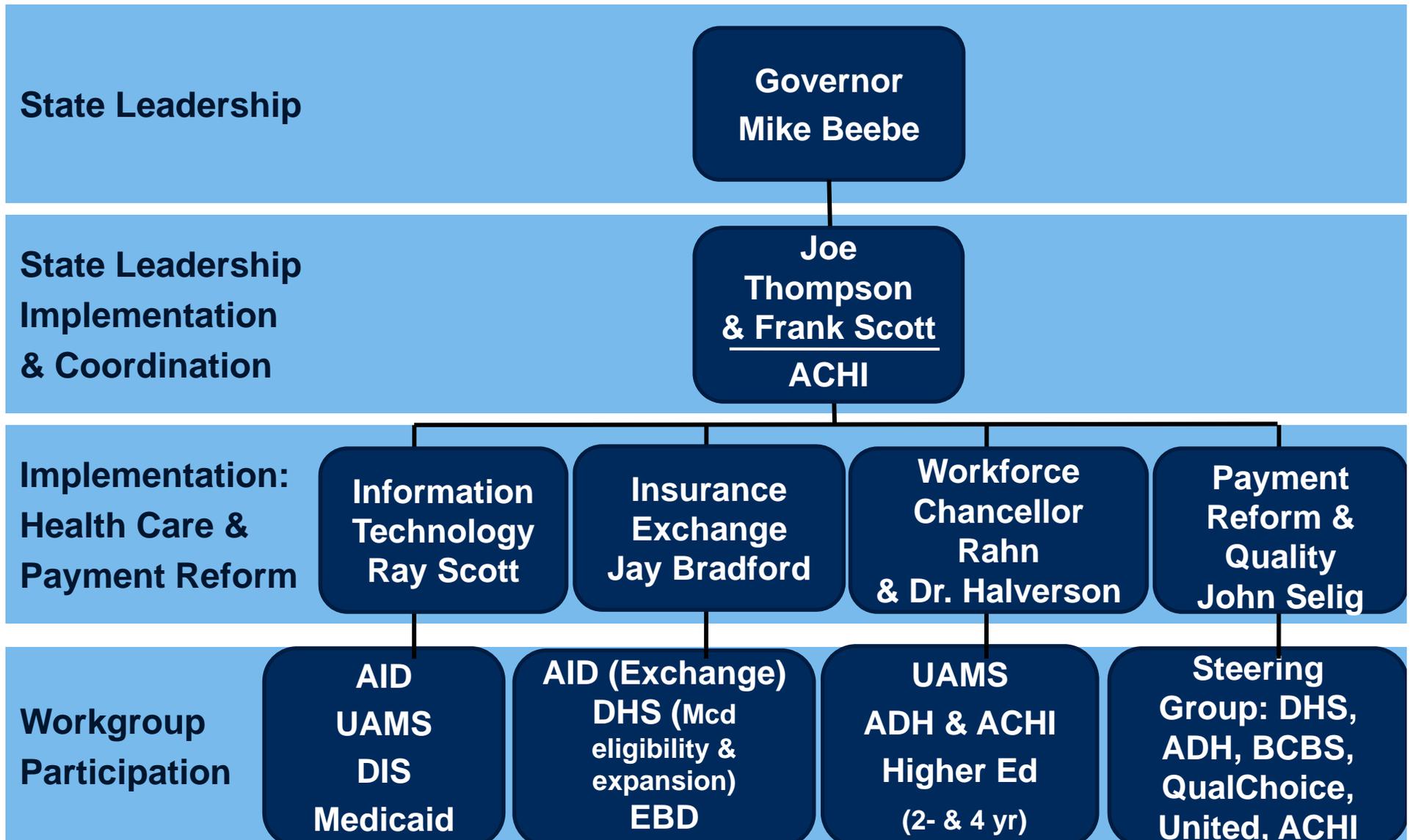




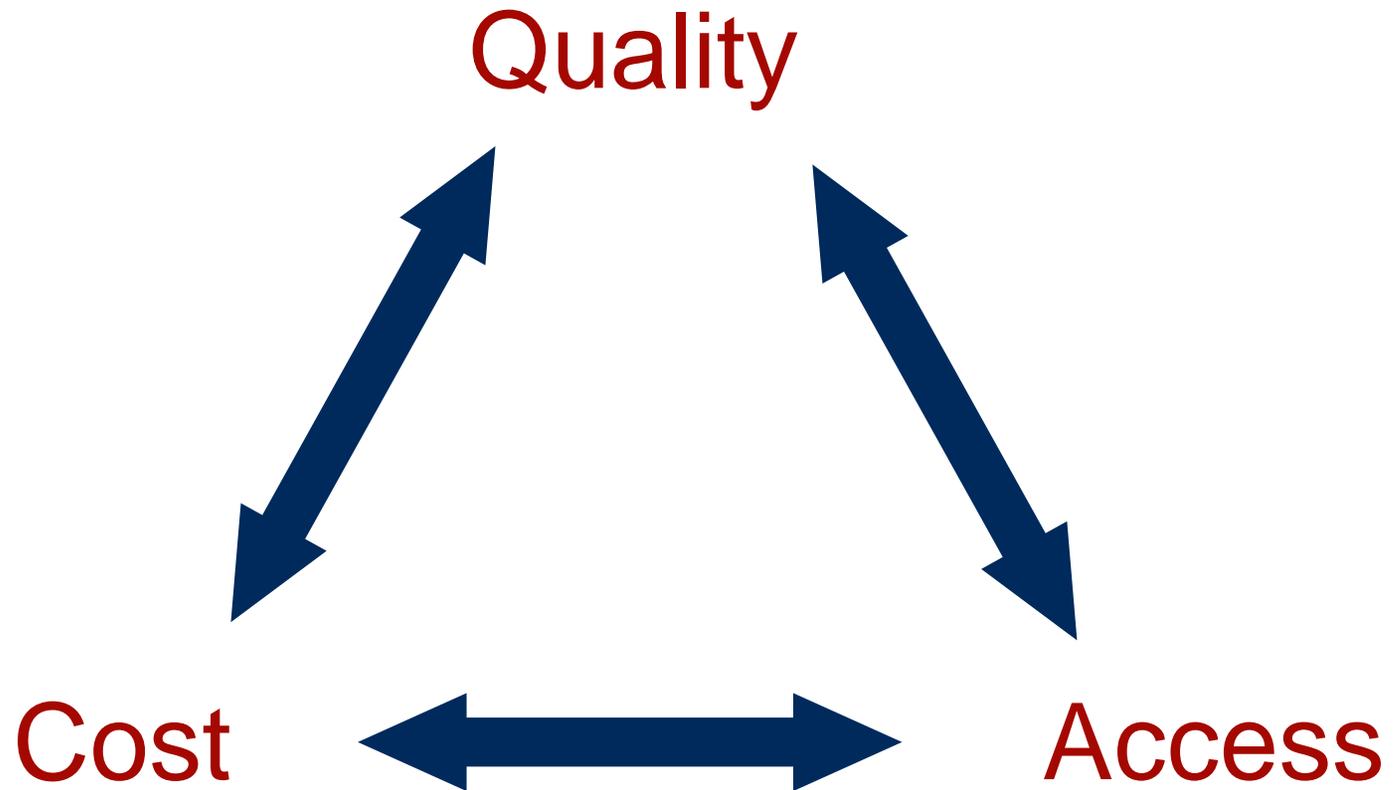
Arkansas  
THE NATURAL STATE

# Arkansas Health System Change

## Agency Organizational Structure



# Health Care's Iron Triangle



# Arkansas Landscape

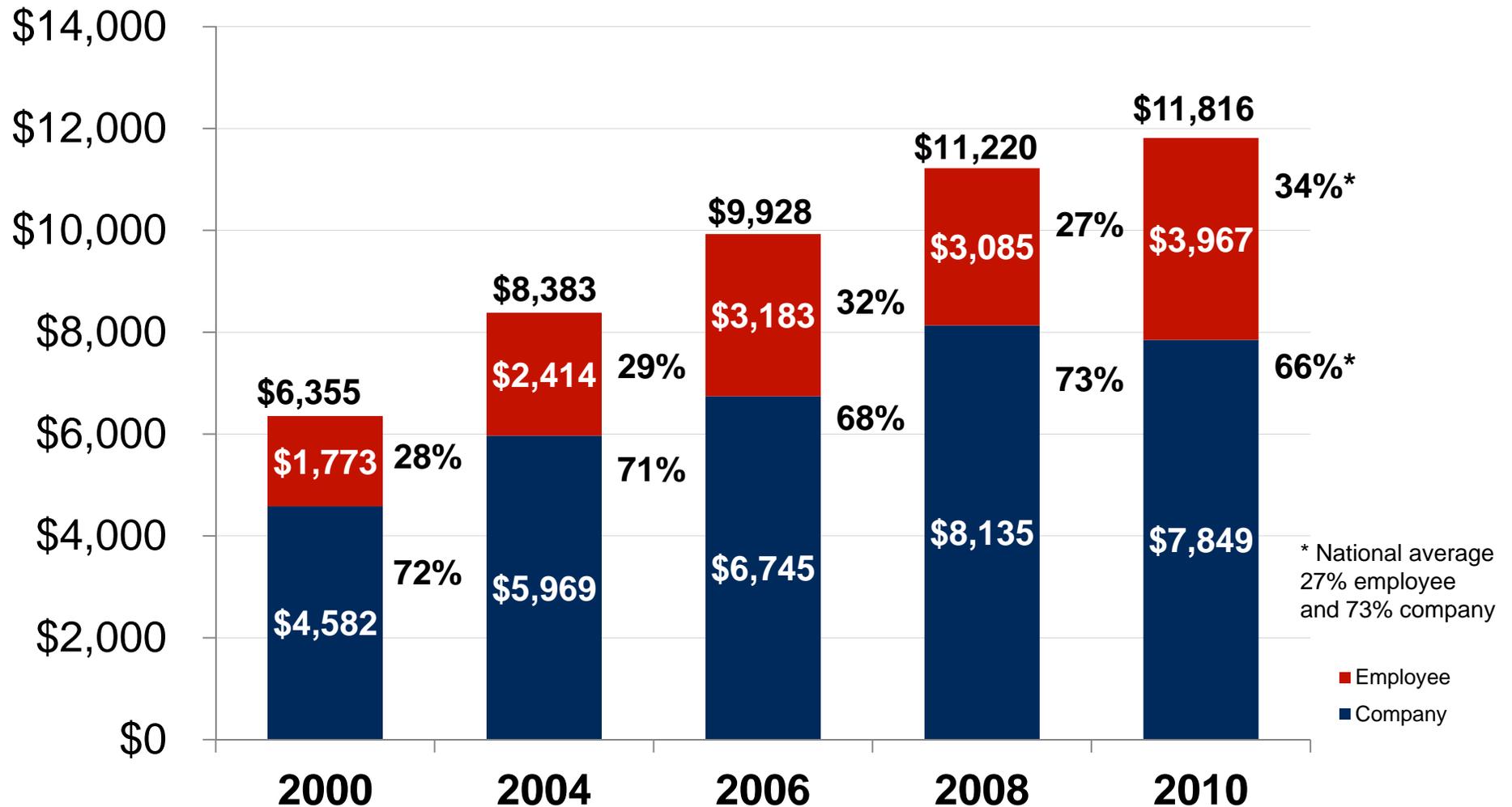
- **Consistently ranked at bottom on national health indicators**
- **Nearly 2 million cases of seven common chronic diseases**
- **Estimated annual cost of chronic disease in Arkansas is more than \$20 billion (treatment expenditures and lost productivity)**
- **More than 500,000 Arkansans (mostly between 19 and 64) do not have health insurance**

# What happens when people are uninsured?

- **Delay seeking care when it is needed**
- **Obtain more expensive and less effective treatments**
- **Die at a younger age than those with health insurance coverage**
- **Less likely to receive preventive care**
- **More likely to be hospitalized for avoidable health problems**
- **More likely to be diagnosed in late stages of disease**



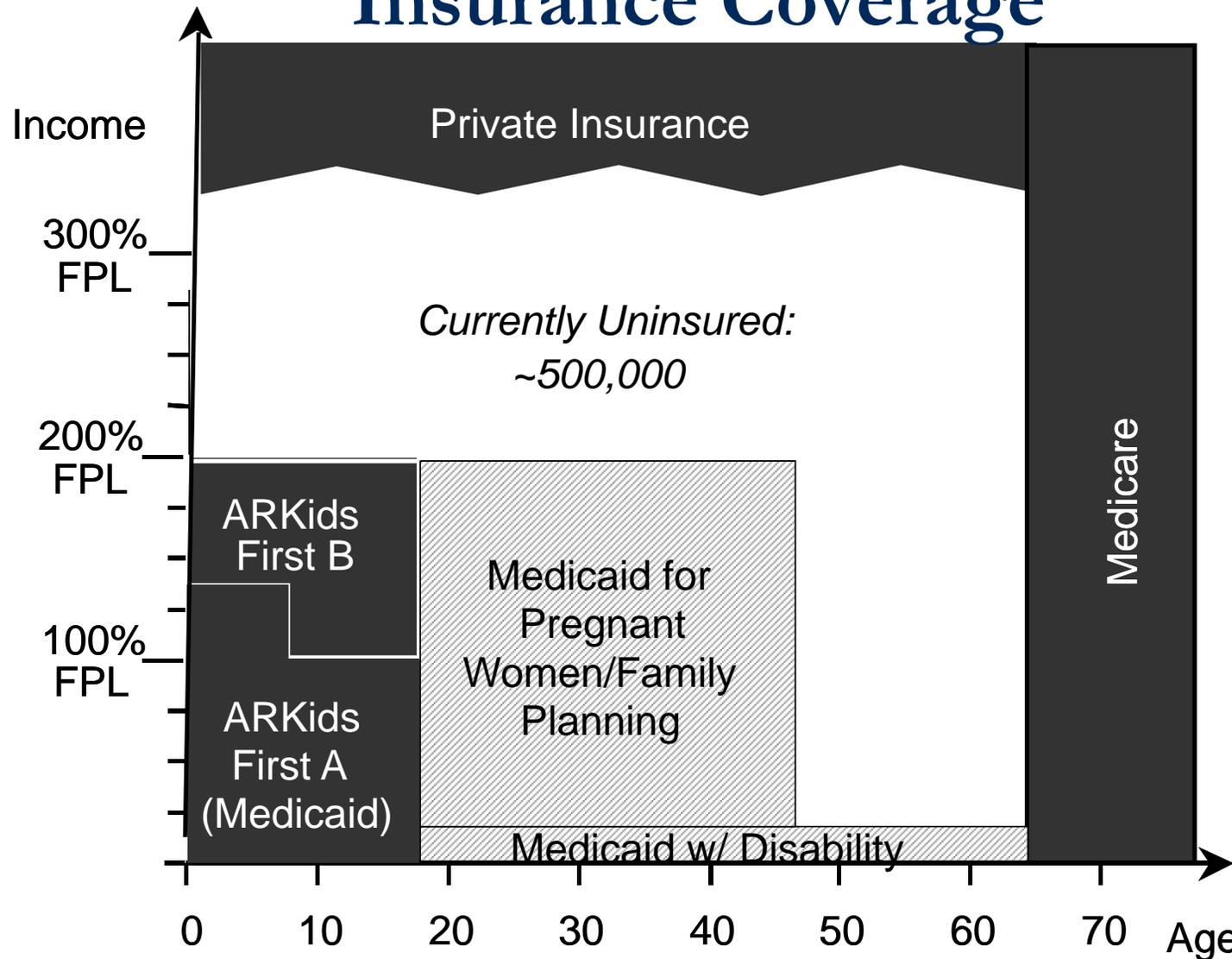
# Changing Cost Allocations for Arkansas Families' Annual Insurance Premiums



Source: AHRQ, Medical Expenditure Panel Survey (2000-2010 Tables of private-sector data by firm size and state (Table II.D.1) and II.D.2). Available at [www.meps.ahrq.gov/mepsweb/data\\_stats/quick\\_tables\\_search.jsp?component=2&subcomponent=2](http://www.meps.ahrq.gov/mepsweb/data_stats/quick_tables_search.jsp?component=2&subcomponent=2).



# Current Patchwork Quilt of Arkansas Health Insurance Coverage



# Hidden Tax

- **Families with insurance pay a “hidden tax” to defray cost of uncompensated care**
  - Average 8% of families’ health care premiums
  - In Arkansas \$1,500 per year

Source: Center for American Progress Action Fund update of research performed by Kenneth Thorpe for Families USA; CMS; MEPS



# Arkansas Uninsured 19-64 years of age

Mountain  
31.2%

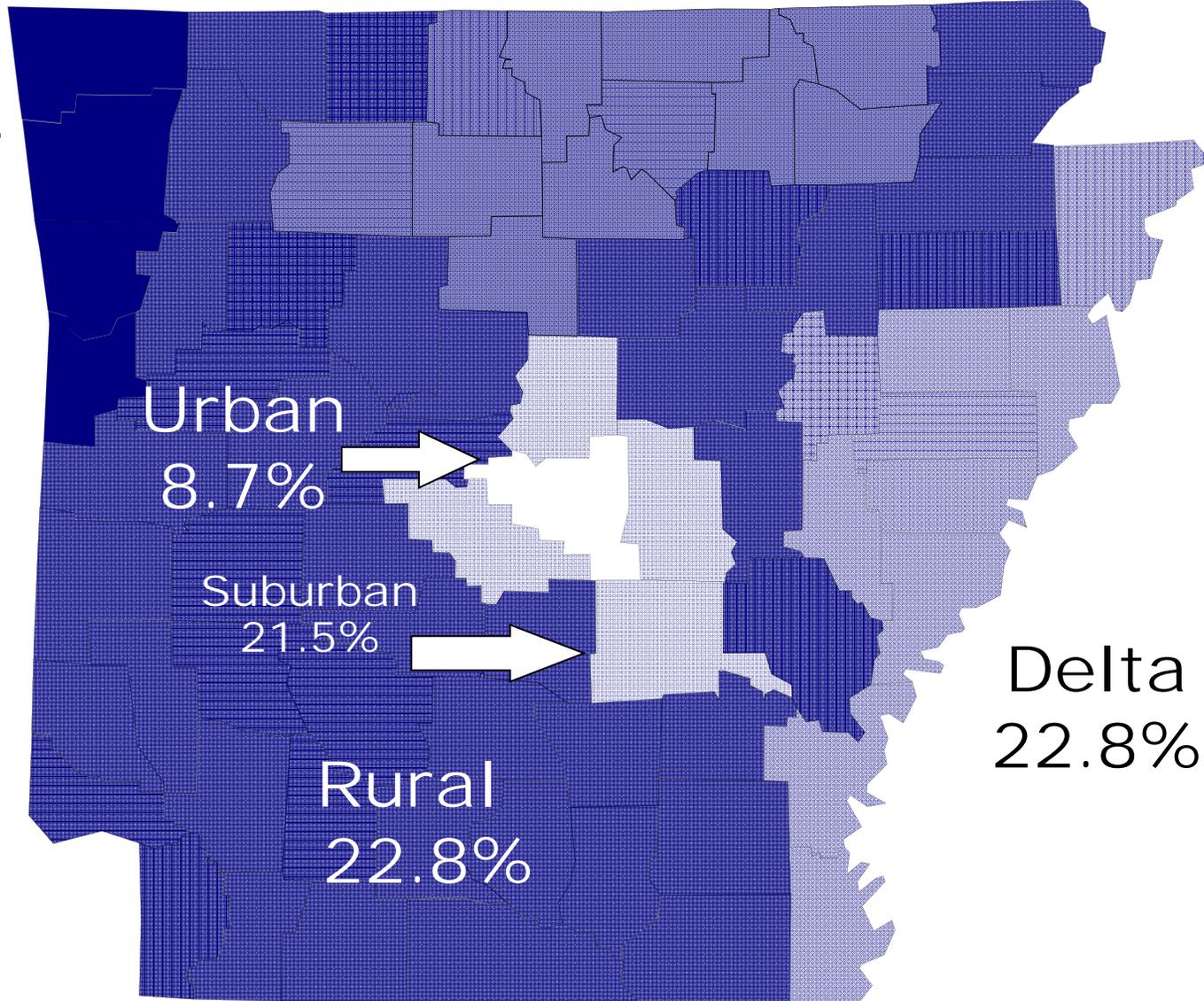
North-  
west  
23.7%

Urban  
8.7%

Suburban  
21.5%

Rural  
22.8%

Delta  
22.8%



# Lessons from Oregon: Effects of Coverage

- **Probability of use of outpatient care increased by 35%**
- **Hospital admissions increased by 30%**
- **No statistically significant change in ER utilization**
- **Increase in use of preventive care (60% increase in mammograms and 20% increase in cholesterol monitoring)**

Source: Baicker and Finkelstein, The Effects of Medicaid Coverage—Learning from the Oregon Experiment, New England Journal of Medicine, August 25, 2011, 365:683 - 685

# Lessons from Oregon: Effects of Coverage

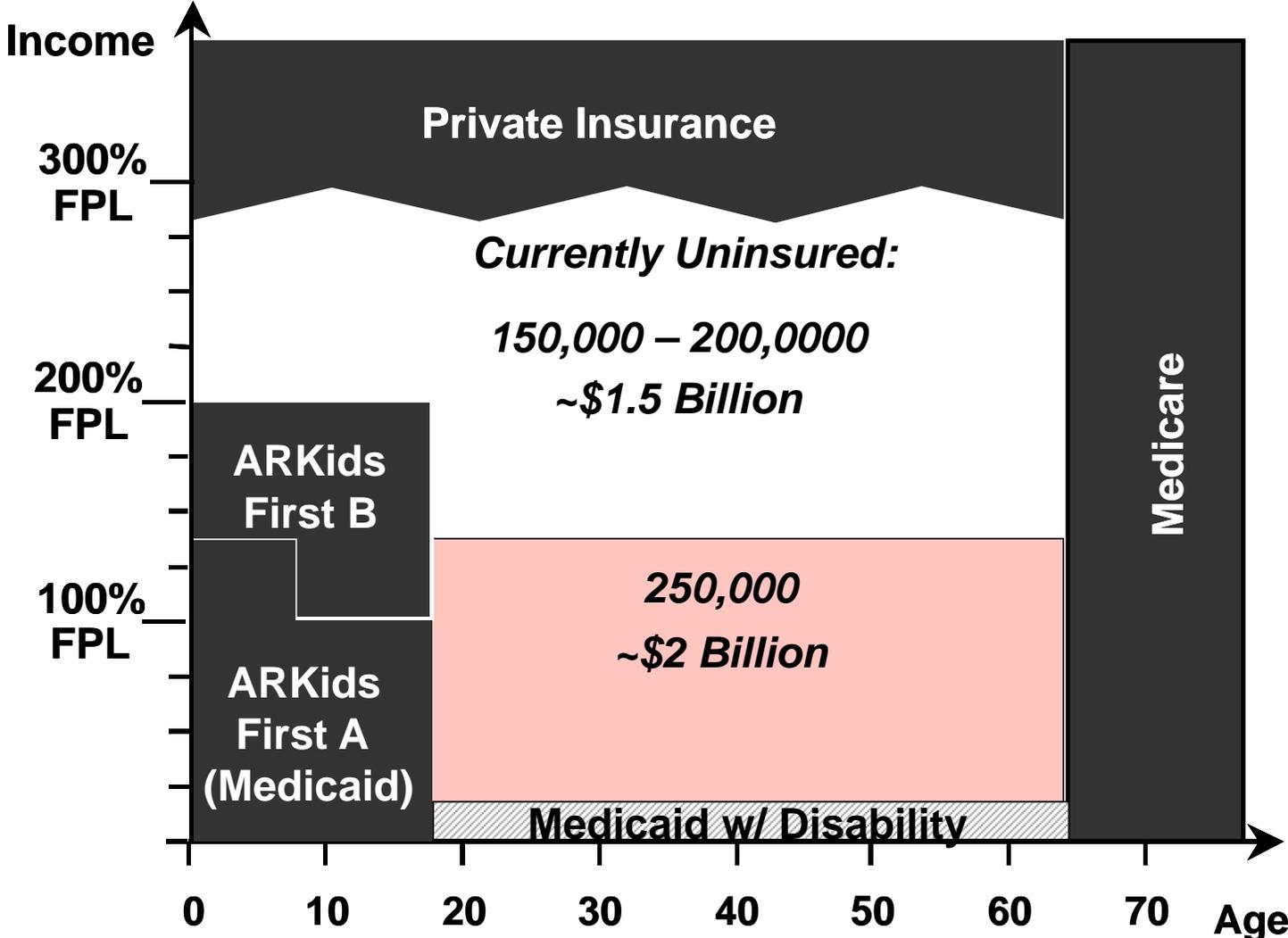
- **40% reduction in reports of borrowing money or skipping bill payments because of medical expenses**
- **25% decrease in probability of medical bills sent to debt collectors**
- **25% more likely to report good health and 25% less likely to report depression**

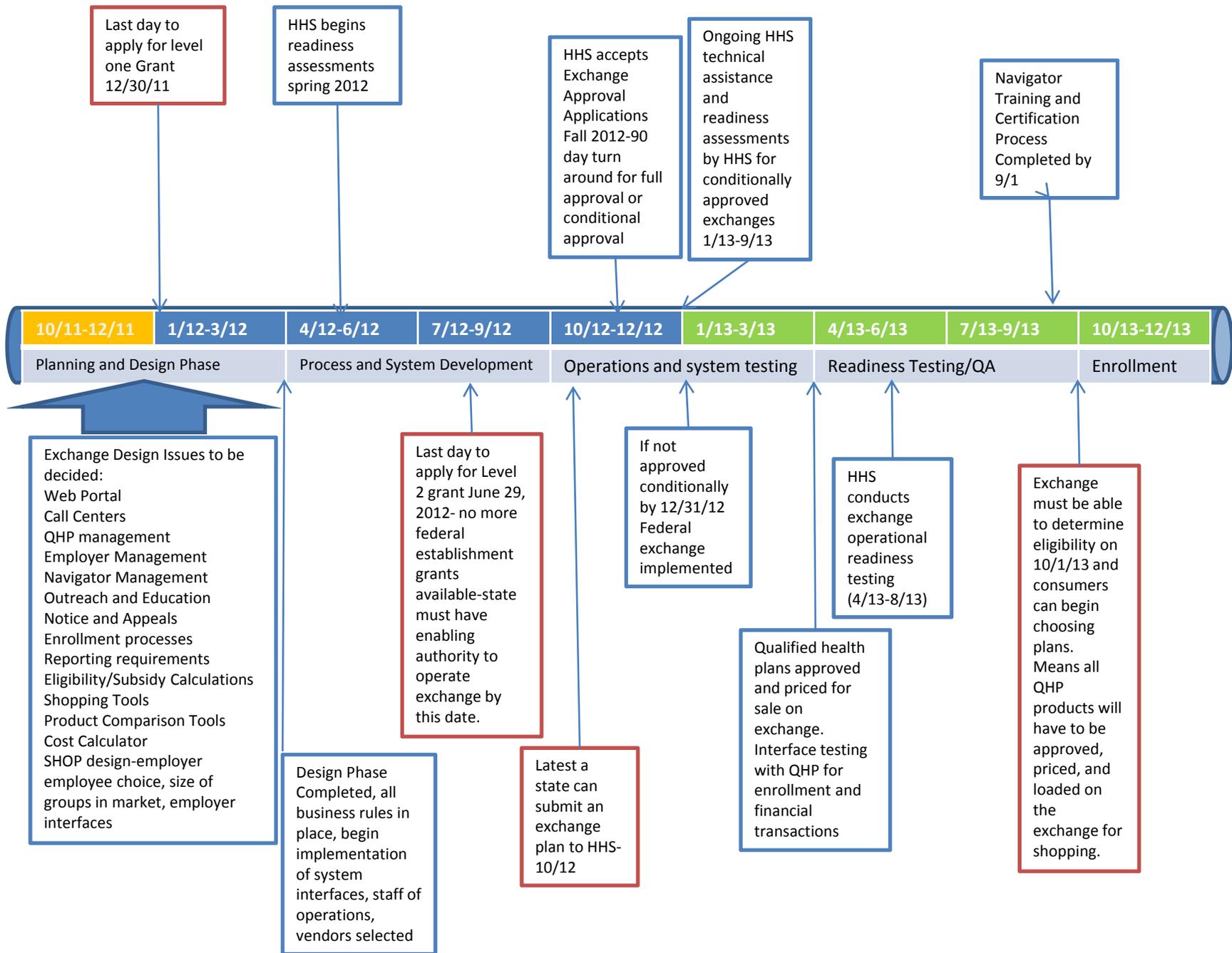
Source: Baicker and Finkelstein, The Effects of Medicaid Coverage—Learning from the Oregon Experiment, *New England Journal of Medicine*, August 25, 2011, 365:683 - 685

# Affordable Care Act Strategy

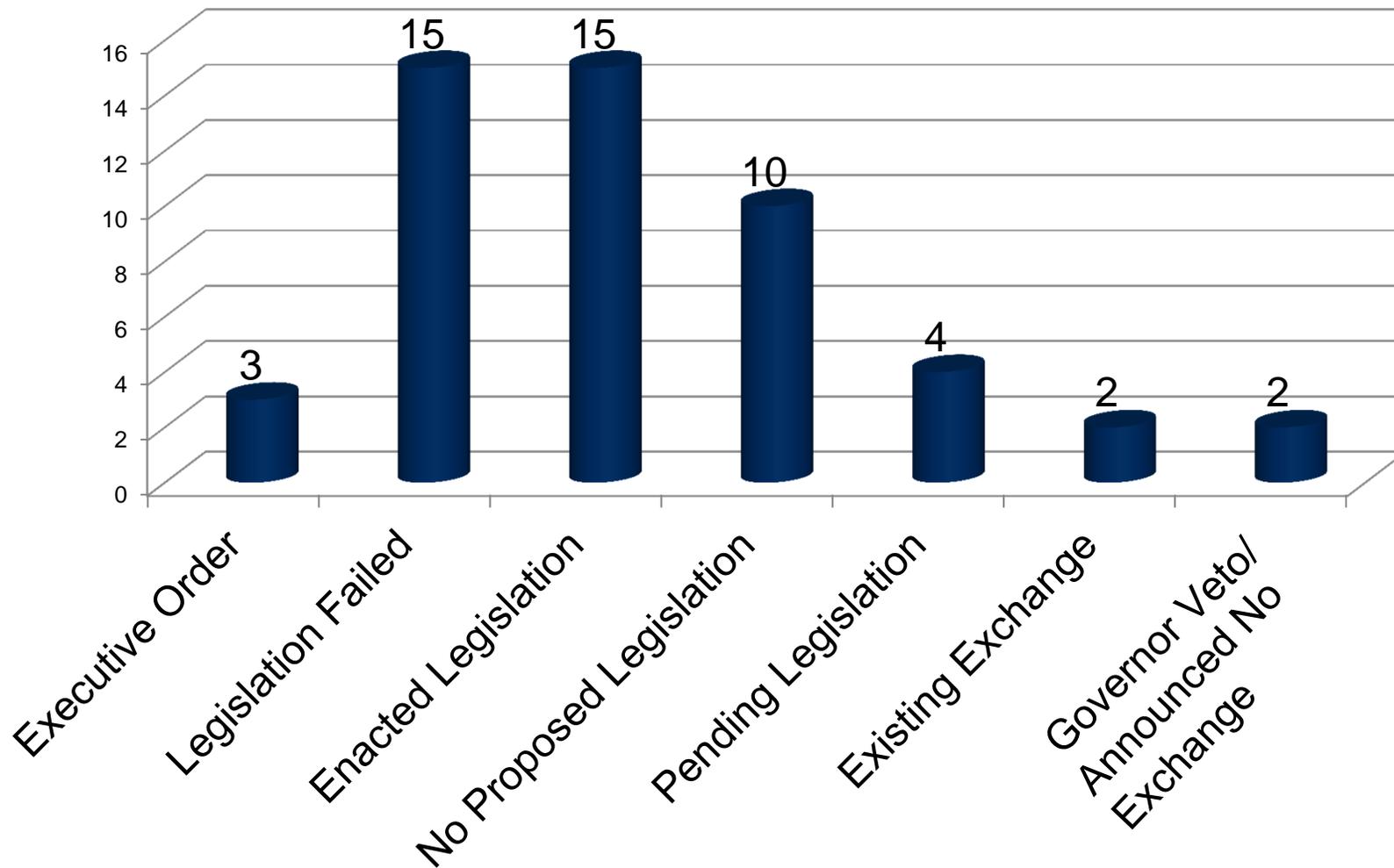
- **Require most US citizens and legal residents to have health insurance**
- **Require moderate size employers to either offer insurance or provide a voucher**
- **Require larger employers to automatically enroll all employees in offered plans**
- **Require states to offer standard Medicaid coverage to 133% of Federal Poverty Level**
- **Establish state insurance exchanges (marketplace) for individuals and employers**

# Potential Arkansas Health Insurance Coverage





# State Action Toward Creating Exchanges



Kaiser Family Foundation, Establishing Health Insurance Exchanges: An Update on State Efforts, July 2011





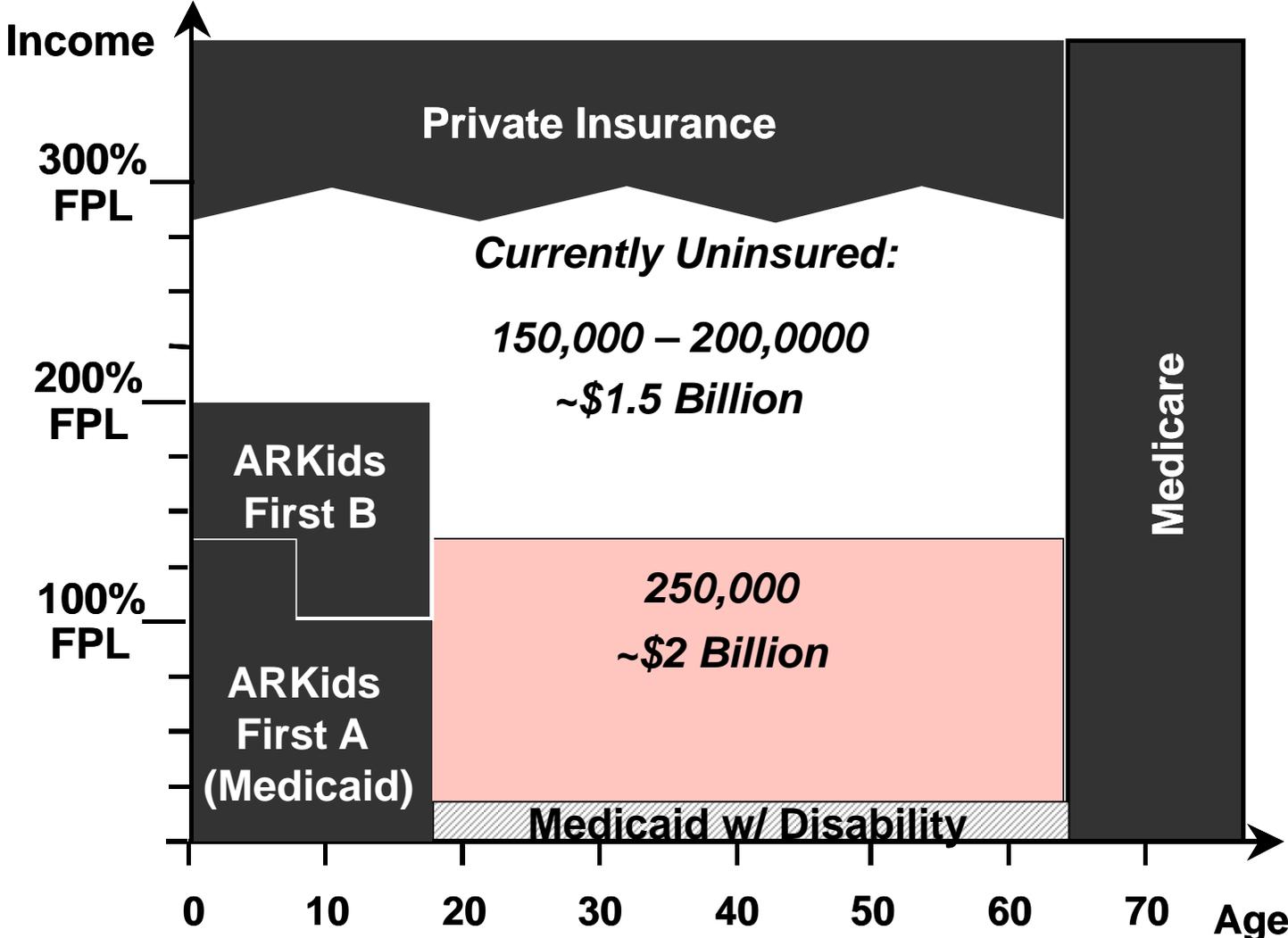
# Federal Court Challenges

- **26 federal lawsuits seeking to overturn the Patient Protection and Affordable Care Act**
  - **District Court overturned law (Florida) or part of law (Virginia & Pennsylvania): 3 cases**
  - **District Court ruled law constitutional (Michigan, Virginia, D.C., Texas): 4 cases**
  - **District Court dismissed for lack of standing, procedural problems, or voluntary dismissal: 11 cases**
  - **District Court decision pending: 8 cases**

# Federal Court Challenges

- **8 cases appealed to Circuit Court (step before Supreme Court)**
  - **6<sup>th</sup> Circuit (Michigan): Ruled individual mandate constitutional**
  - **11<sup>th</sup> Circuit (Florida): Ruled individual mandate unconstitutional**
  - **4<sup>th</sup> Circuit (Virginia) and 3<sup>rd</sup> Circuit: Dismissed on procedural grounds**
  - **Remaining cases are pending or were joined with other cases**
- **Supreme Court is expected to take up one or more cases—term began in October**

# Potential Arkansas Health Insurance Coverage





Arkansas Center for Health Improvement



A nonpartisan, independent, health policy center that serves as a catalyst for improving the health of Arkansans.



## Realigning our Health System to Better Meet the Needs of Arkansans

The U.S. health care system is undergoing dramatic changes driven by increasing needs and escalating costs, exacerbated by the large proportion of uninsured and lack of coordination within the system. [2010 Patient Protection and Affordable Care Act: Implications for Arkansas](#)

- Arkansas consistently ranks at the bottom of national health indicators.
- Currently, there are nearly 2 million cases of seven common chronic diseases (i.e. cancer, diabetes, heart disease, hypertension, emotional disturbances, etc.) in Arkansas.
- The estimated annual cost of chronic disease in Arkansas is more than \$20 billion in treatment expenditures and lost productivity.
- Nearly 500,000 Arkansans—mostly between the ages of 19 and 64—do not have health insurance. The severity and cost of many illnesses could be reduced or even prevented by making it easier for people to get the medical care they need sooner.
- Providing care to the uninsured results in higher costs and insurance rates for everyone.
- Our current Medicaid program is unsustainable with an expected budget shortfall of \$60 million next year and more than \$200 million by 2013.

Arkansas has decided to proactively shape the future of our health system and is undertaking six important activities necessary to prepare the state for the demands of the 21<sup>st</sup> Century.

1. [Electronic Health Records \(EHR\)](#)
  - Using federal American Recovery and Reinvestment Act funds, Arkansas, through the Arkansas Foundation for Medical Care, is recruiting clinicians across the state to adopt electronic health records and convert their practices from a paper based system to one that uses technology to assure high quality care and increased cost efficiency.

# Arkansas Health System Change Agency Organizational Structure

