CALIFORNIA HEALTHCARE FOUNDATION

Health Access and Cost

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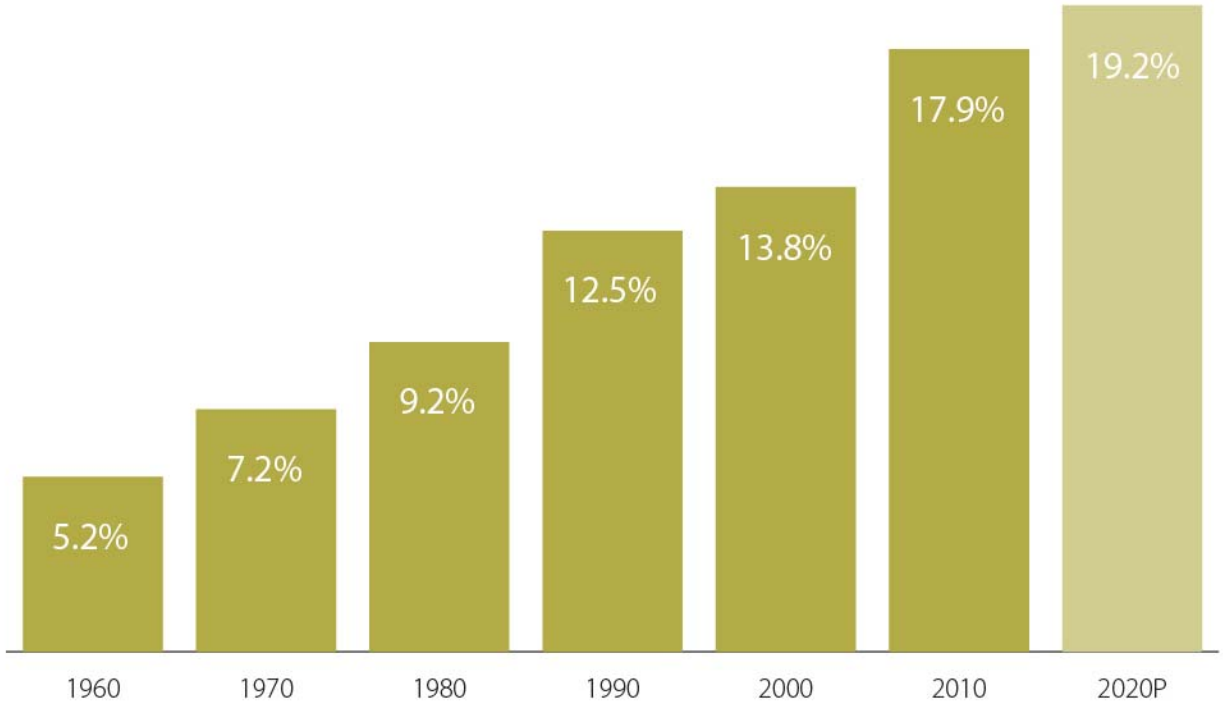
January 10, 2013

Agenda

- Health care spending and cost drivers
- Coverage sources and programs
- Medi-Cal
- The Affordable Care Act

Health Spending as a Share of GDP

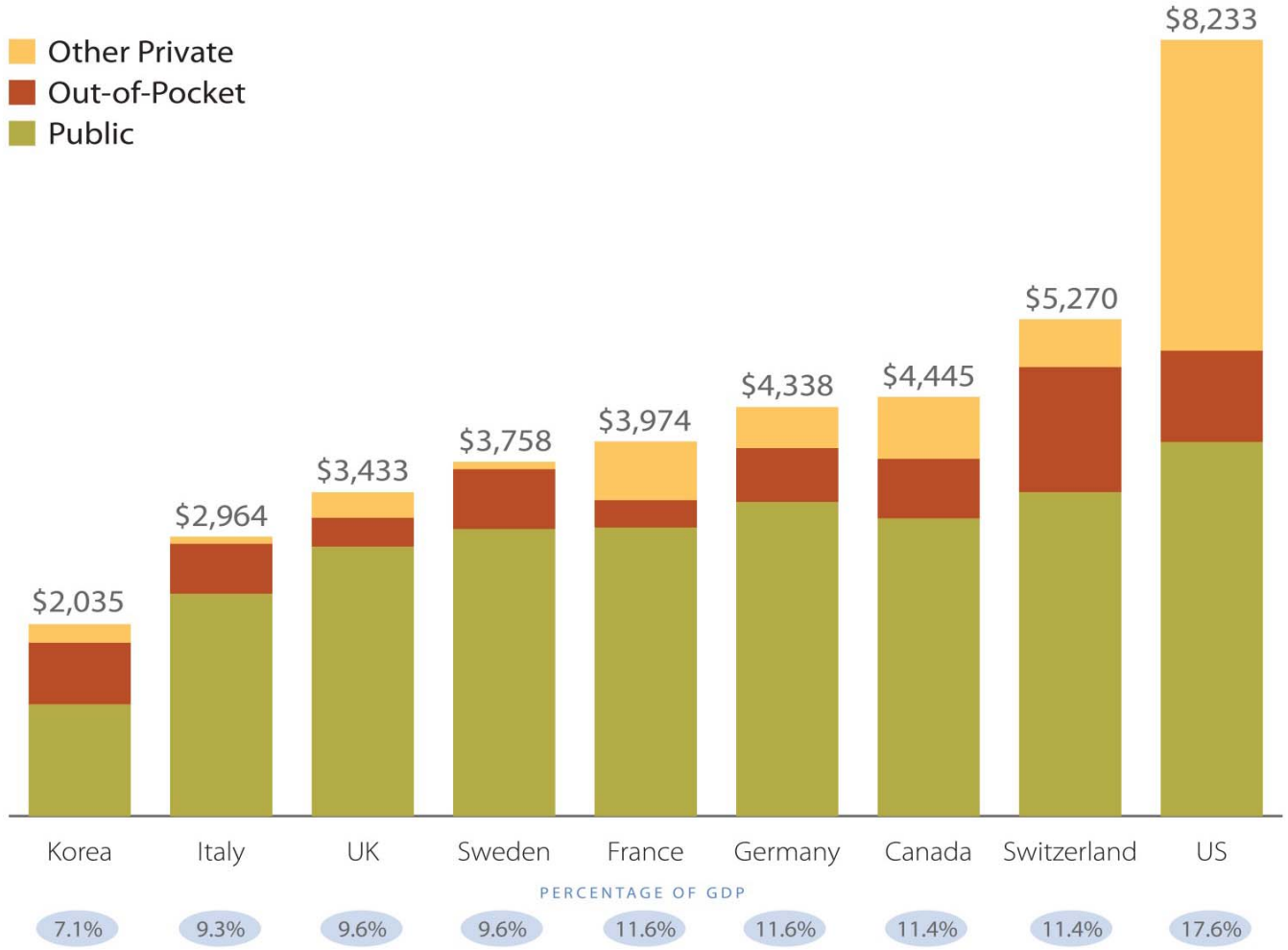
United States, 1960 to 2020, selected years



Notes: Health spending refers to National Health Expenditures. Projections (P) include the impact of the Affordable Care Act. 2010 figure reflects a 4.2% increase in GDP and a 3.9% increase in national health spending. CMS projects national health spending will also have accounted for 17.9% of GDP in 2011 and 2012.

Source: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary, National Health Expenditure Data, 2012 release.

Health Spending Per Capita and as a Share of GDP

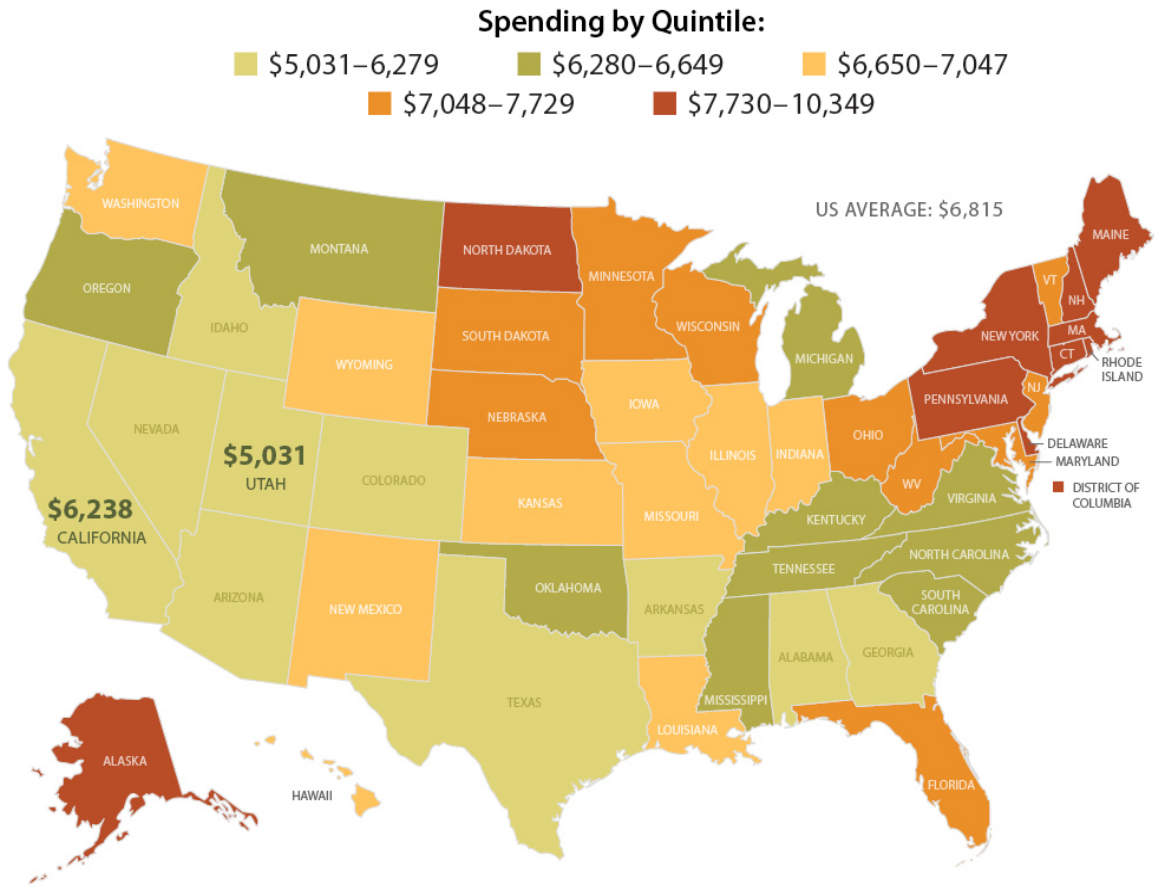


Notes: US spending per capita as reported by OECD differs from CMS figures reported elsewhere in this report. Health spending refers to National Health Expenditures.

Source: Organization for Economic Cooperation and Development, *OECD Health Data 2012*, June 2012, www.oecd.org.

Per Capita Health Spending,

by State of Residence, 2009



*See Appendix A for table of per capita spending levels for each state.

Sources: Centers for Medicare and Medicaid Services (CMS), Office of the Actuary, State Health Expenditures by State of Residence, 1991–2009, www.cms.gov. Martin Cuckler, Anne Martin, et al, "Health Spending by State of Residence, 1991–2009," *Medicare and Medicaid Research Review*, 2011: Vol. 1, No. 4.

Cost Drivers

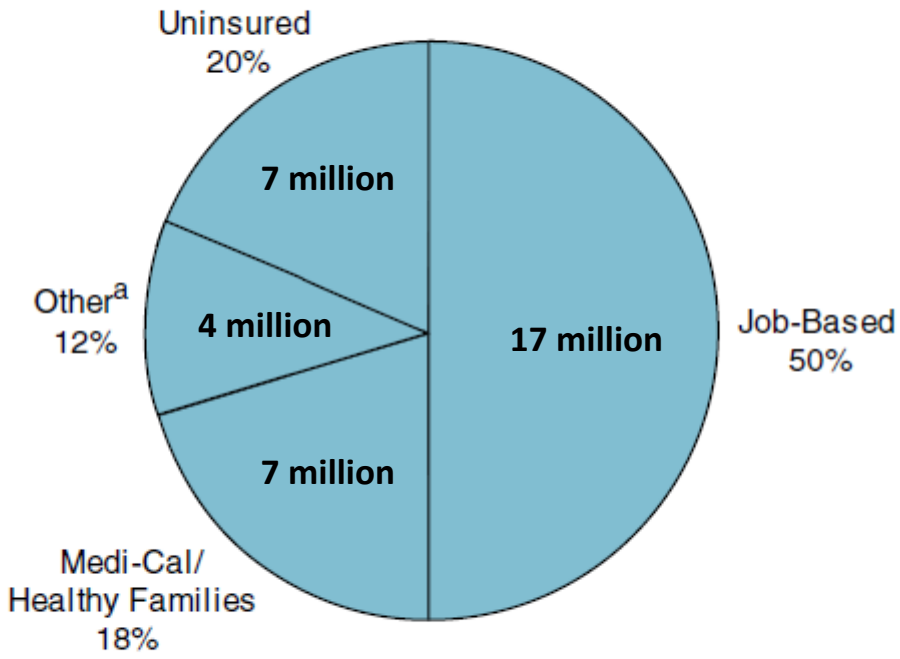
- Increased incidence of disease
  - Aging and other demographic factors
  - Obesity and other risk factors
- Rising prevalence of treated disease
  - New technology, drugs and treatments
  - Earlier, more expansive diagnoses
  - Hospitalization and high costs approaching end of life
- High price of health care services
  - Provider payments
  - Administrative cost
  - Waste

Observations and Discussion: Health Spending

- Spending on health care represents almost 20 percent of our national economy
- Public sector budgets, private businesses and individuals all bear a large share of the cost
- Many factors contribute to rising health care spending; a range of approaches is needed to address high spending

Health Insurance Coverage, 2011

Nonelderly, Birth to Age 64

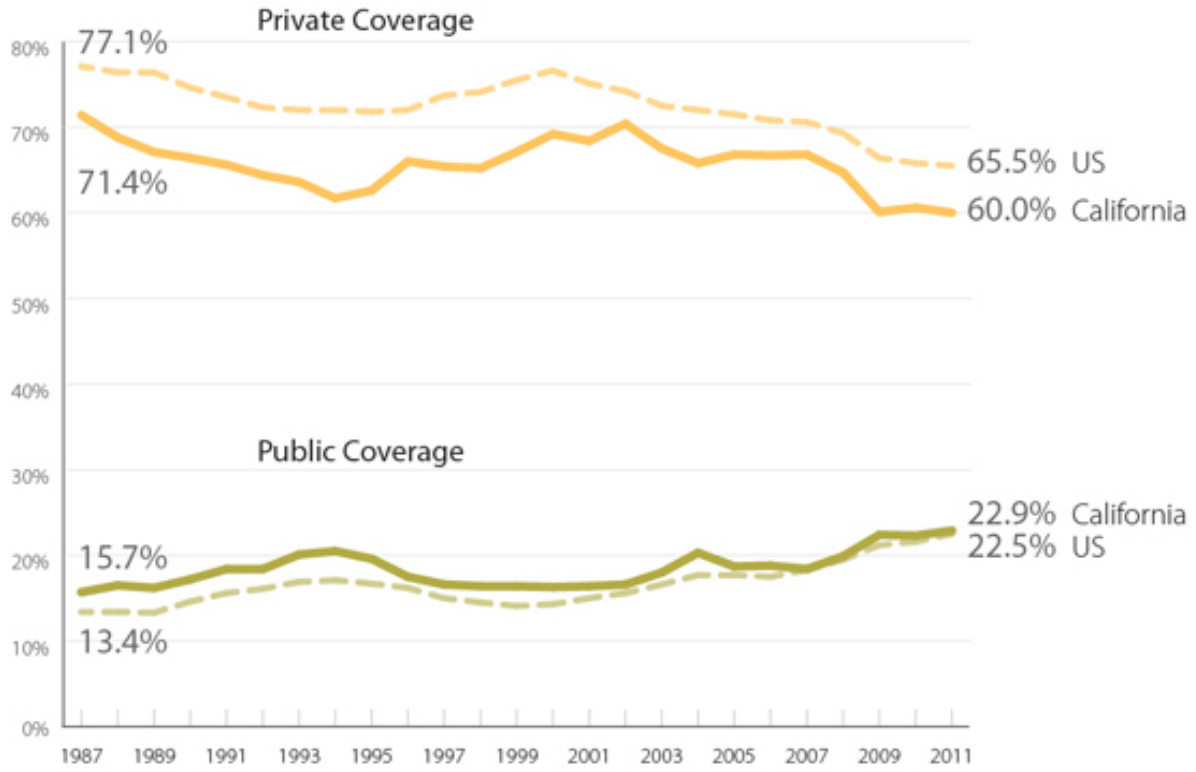


[a] Includes, for example, self-purchased private health insurance and federal veterans' benefits.

Source: Legislative Analyst's Office CalFacts 2013

Private and Public Coverage Trends

California vs. US Residents, 1987 to 2011



*All numbers reflect the nonelderly population, under age 65.

Notes: 1987–1998 data are not directly comparable with 1999–2011 data because of a methodological change in the way individuals with coverage were counted.

Source: Employee Benefit Research Institute estimates of the Current Population Survey, 1988–2012 March Supplements.

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Medi-Cal vs. Medicare

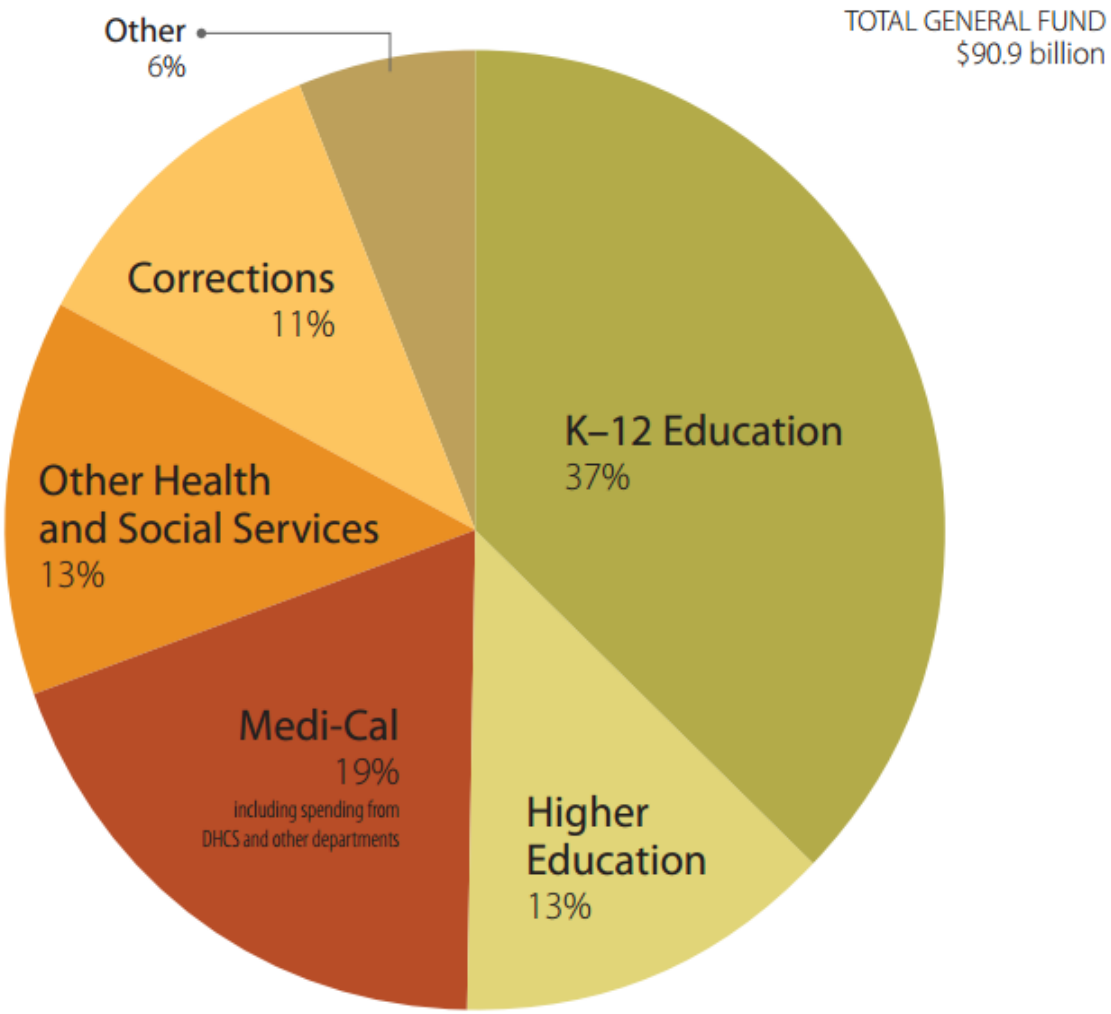
	MEDI-CAL	MEDICARE
Population	Low-income families and children, people with disabilities and seniors (65+)	Seniors (65+) or permanently disabled
Services Covered	Primary, acute, and long term care	Primary and acute care plus pharmacy under Medicare Part D
Cost Sharing	No premiums or copayments for lowest-income beneficiaries	Beneficiaries must pay premiums and deductibles
Funded by	Federal and California governments	Federal government and beneficiaries
Administered by	California with oversight by CMS	Federal government through CMS

In California, about:
7 million enrolled in Medi-Cal only
4 million enrolled in Medicare only
1 million "Duals" are eligible for both Medi-Cal and Medicare

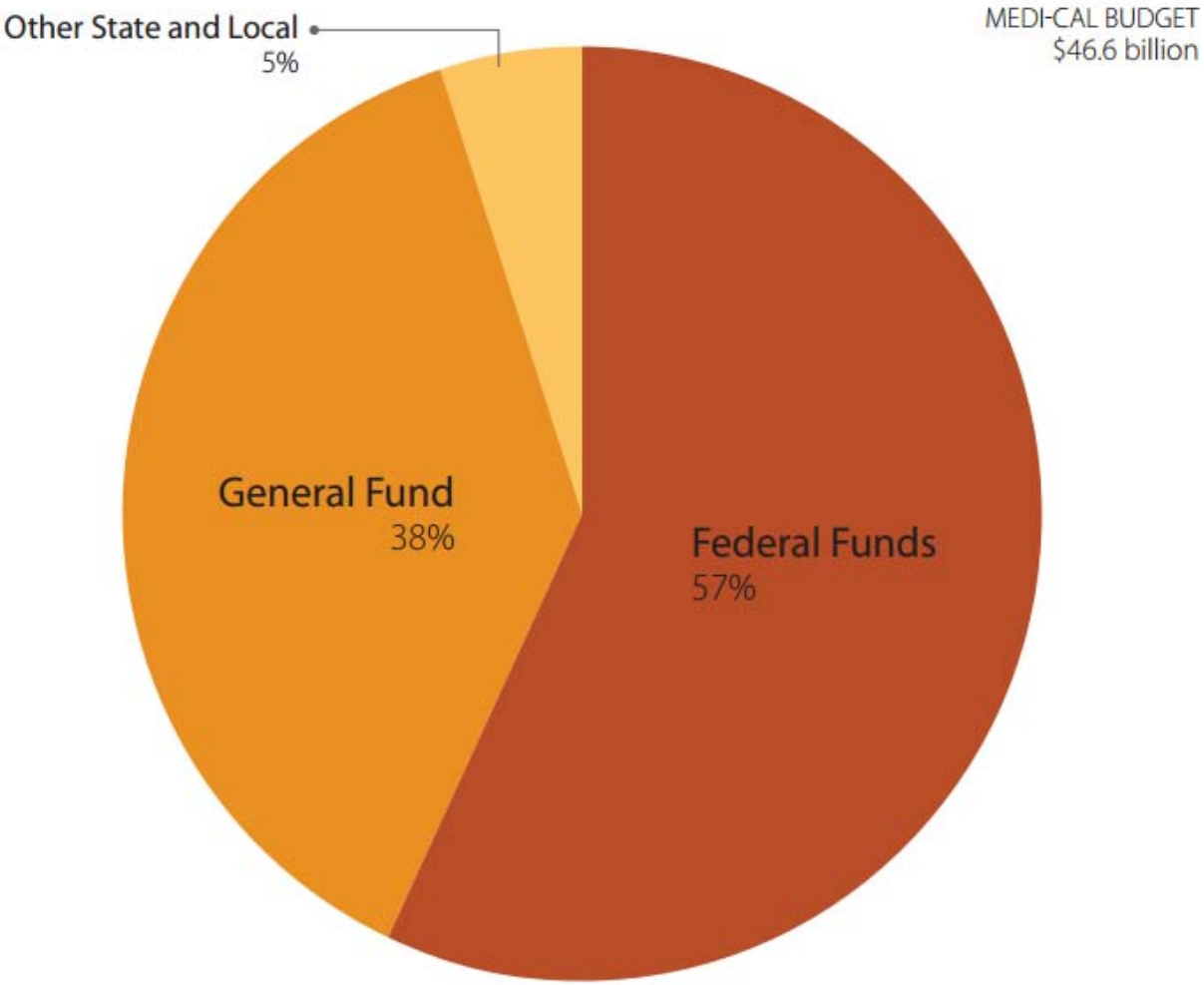
Observations and Discussion: Coverage

- About half of Californians get coverage via employers, but that share is declining
- 7 million Californians depend on Medi-Cal alone for coverage
- 1 million Californians are enrolled in both Medicare and Medi-Cal
- About one in five Californians is uninsured

State Budget Distribution, FY 2008-2009

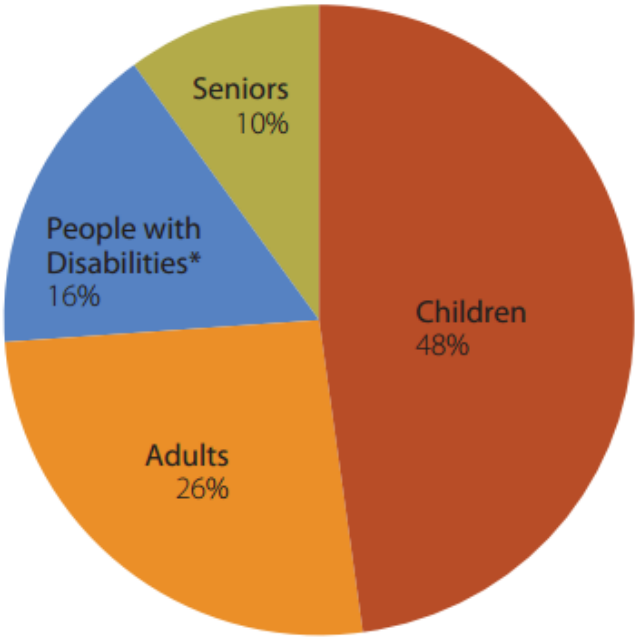


Medi-Cal Funding Sources, FY 2008-2009

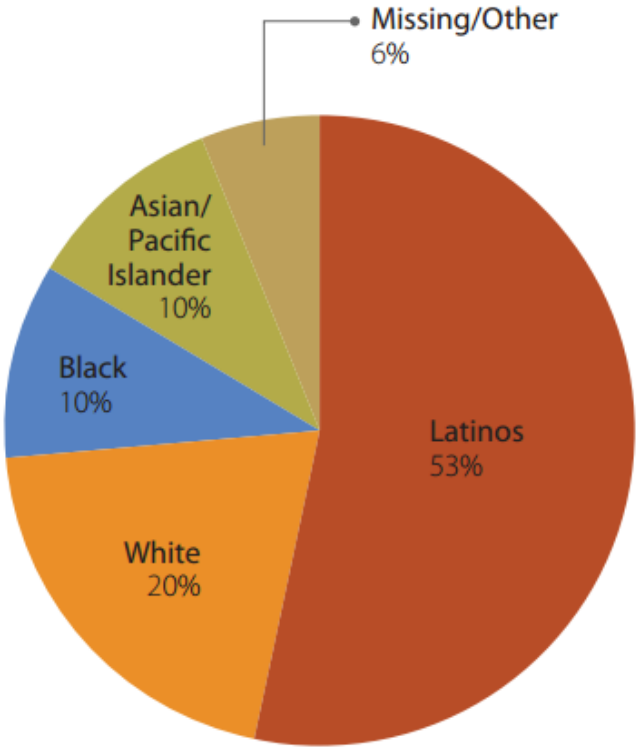


Medi-Cal Beneficiary Profile

AGE/DISABILITY



ETHNICITY

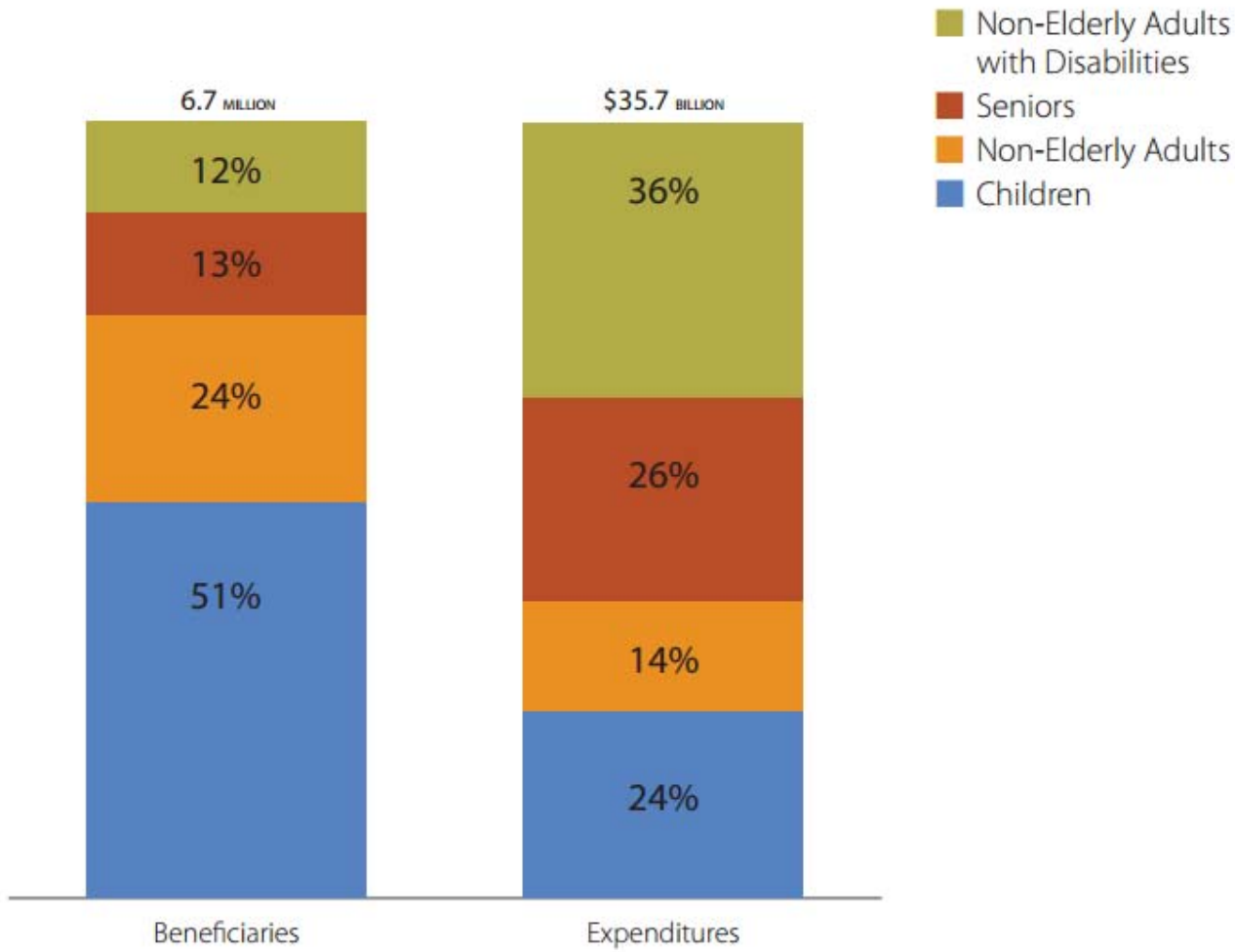


*Includes children and adults under age 65.

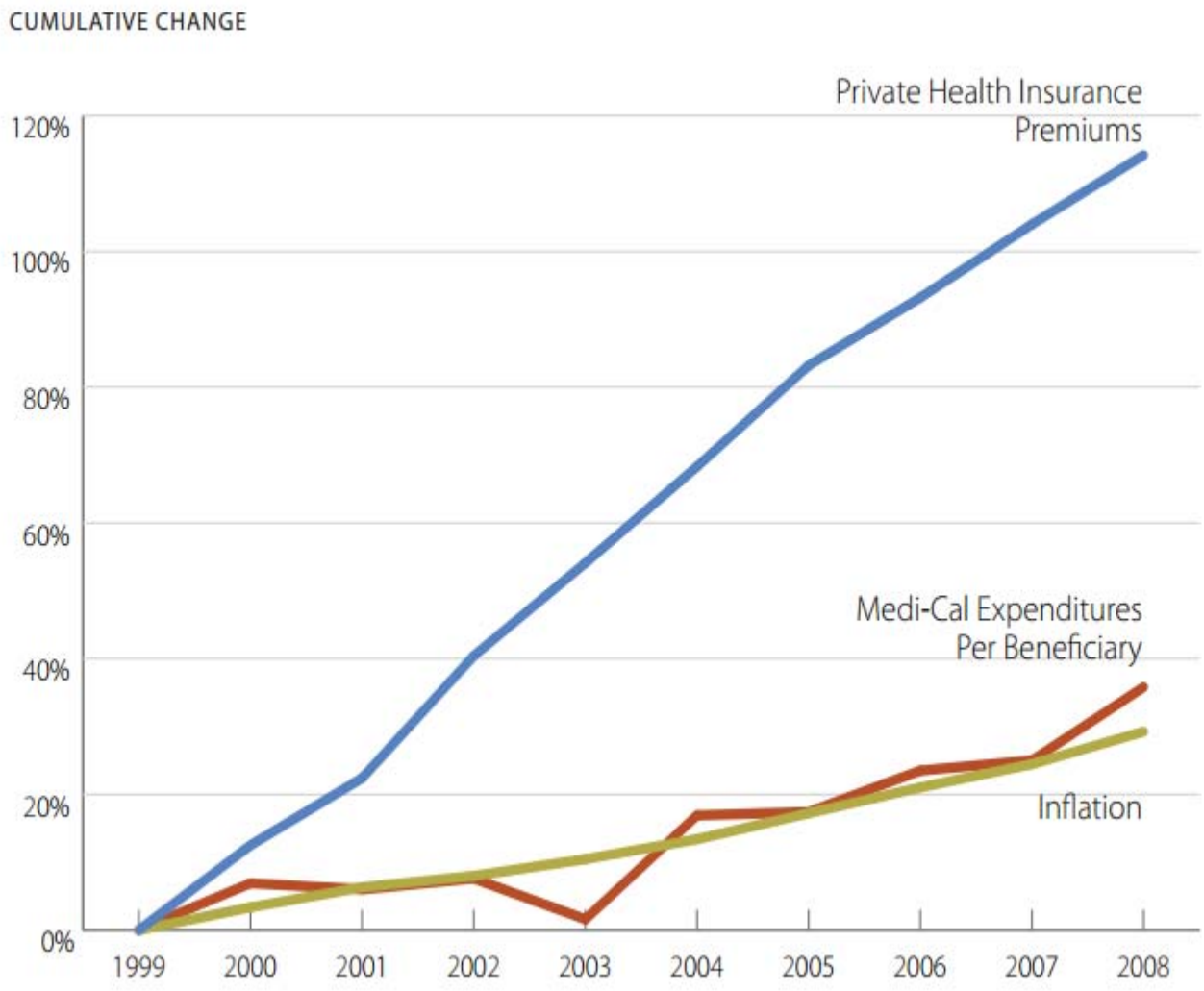
Note: Figures may not total 100 percent due to rounding.

Source: Lewin/Ingenix analysis of MIS/DSS for the 12 month period ending June 30, 2008.

Medi-Cal Beneficiaries and Cost



Health Care Cost Trends



Medi-Cal Spending Levers

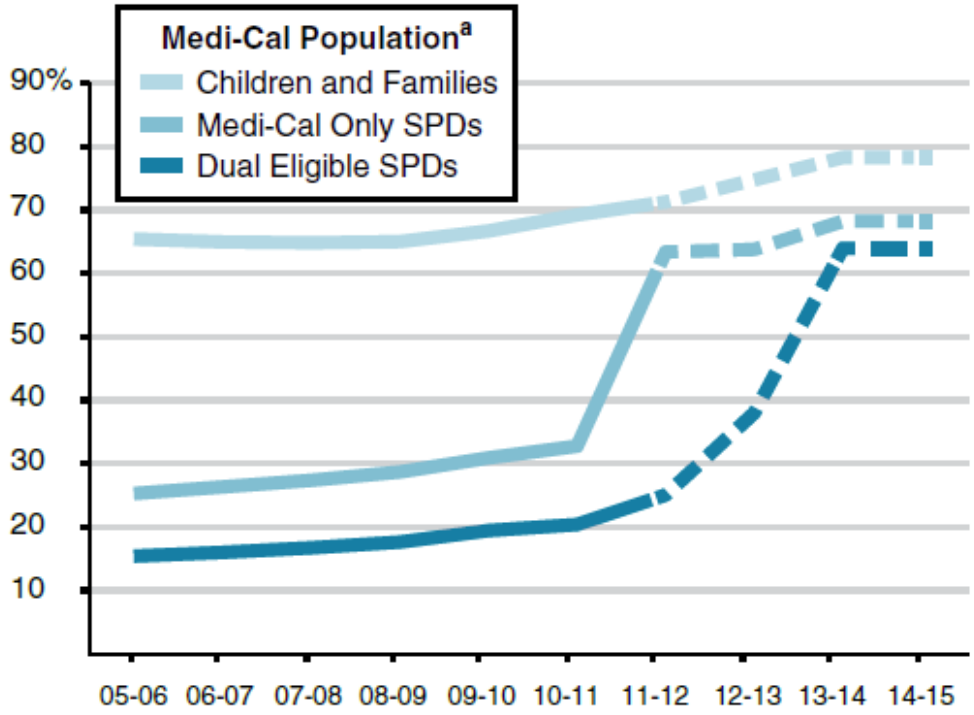
- Number of people enrolled
- Level of benefits
- How much providers are reimbursed
- How care is delivered

Managed Care and Fee-for-Service

- In Fee-for-Service arrangements:
  - Enrollees may see any provider that accepts Medi-Cal
  - Providers are paid for each service provided
- Under managed care:
  - Enrollees obtain care through a designated network of providers
  - Health plans are reimbursed on a capitated basis to provide a defined set of Medi-Cal covered services

Seniors and Persons With Disabilities (SPDs) Are Shifting Into Medi-Cal Managed Care

Percent Enrolled in Medi-Cal Managed Care



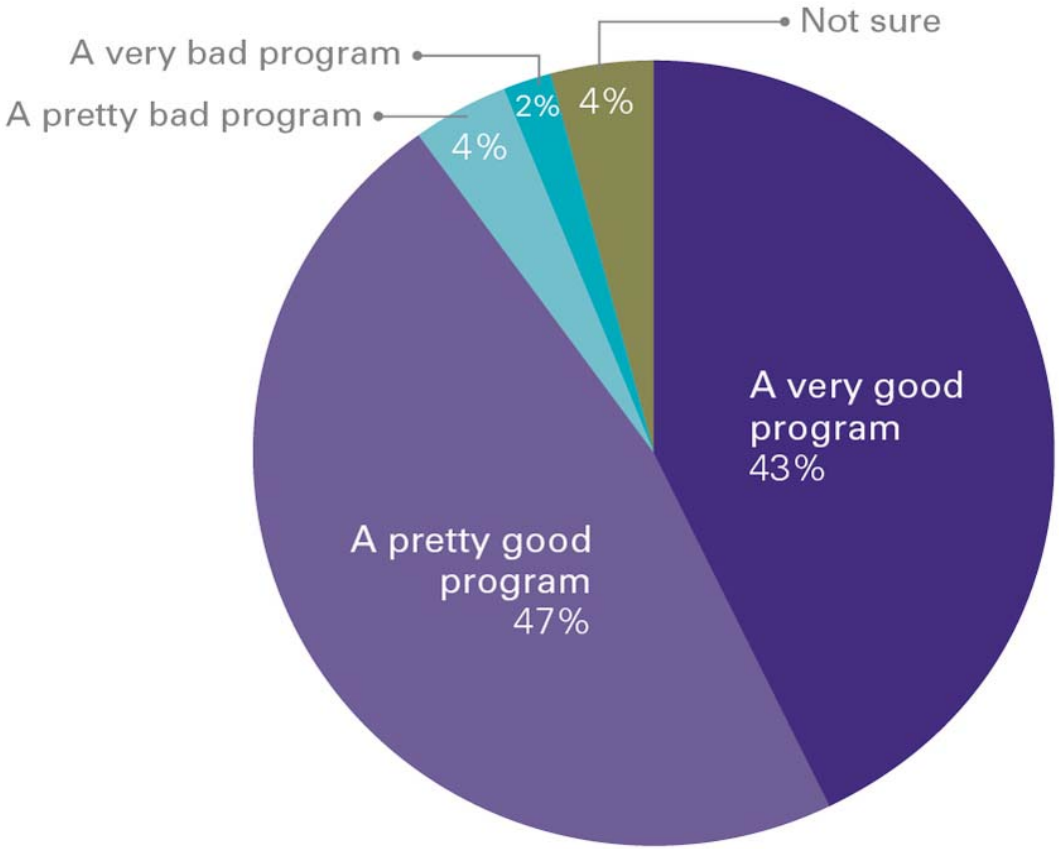
[a] Projections (shown by dotted lines) do not account for expansion of Medi-Cal enrollment beginning in January 2014 as a result of the Affordable Care Act.

Source: Legislative Analyst's Office CalFacts 2013

Overall Perceptions of Medi-Cal

BASE: MEDI-CAL ENROLLEES/PARENTS OF ENROLLEES (n = 1,083)

In your opinion, is Medi-Cal…



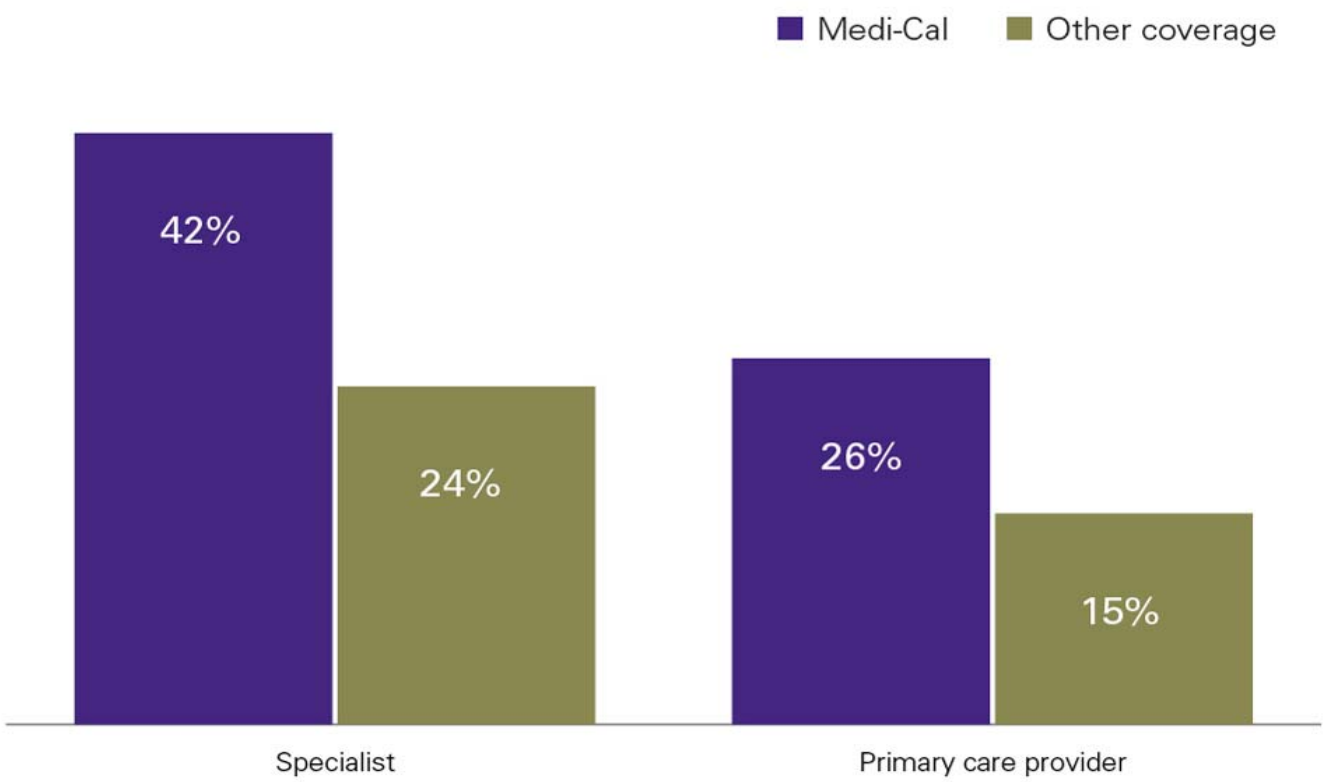
Source: Medi-Cal Enrollees Survey, conducted by Lake Research Partners, 2011–2012.

Access to Appointments with Providers,

Medi-Cal vs. Other Coverage

BASE: ADULTS WHO NEEDED TO SEE A SPECIALIST (Medi-Cal, n = 201; other, n = 641) OR PCP (Medi-Cal, n = 301; other, n = 870)

Percentage of covered adults reporting difficulty getting an appointment with a…



Observations and Discussion: Medi-Cal

- California and federal government share costs and accountability
- Medi-Cal provides care to 8 million low-income Californians
- It accounts for about one-fifth of state general fund spending
- One-quarter of beneficiaries account for more than one-half of program costs
- Compared to private insurance premiums, Medi-Cal per person spending has increased modestly in recent years
- Enrollees appreciate the program, yet face challenges in accessing care

Coverage Provisions of the ACA

In 2014, the Patient Protection and Affordable Care Act (ACA) will broadly expand health coverage through:

- Medicaid (Medi-Cal in California) expansion
- Insurance market reforms
- New individual responsibilities
- New employer responsibilities
- Establishment of state insurance exchanges

Additional Provisions of the ACA

- Test new ways to pay for and organize care
- Prevention and wellness provisions
- Workforce training and development
- Data transparency and accountability

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