Implications of Evolving Rural Healthcare Markets

Presented to the NRHA Rural Primary Issues Group
July 24, 2017
Washington, DC

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Public Health Insurance: Markets Have Arrived

- Medicare Advantage
- Competition for engagement in Advantage Care Organizations
- Medicaid Managed Care Organizations
- Medicaid use of ACOs

Enrollment Growth in Medicare Advantage

- Rural Enrollment in 2009: 1.17 million (13.5%
- Rural Enrollment in 2013: 1.71 million (18.2%)
- Rural Enrollment in 2017: 2.37 million (23.2%)

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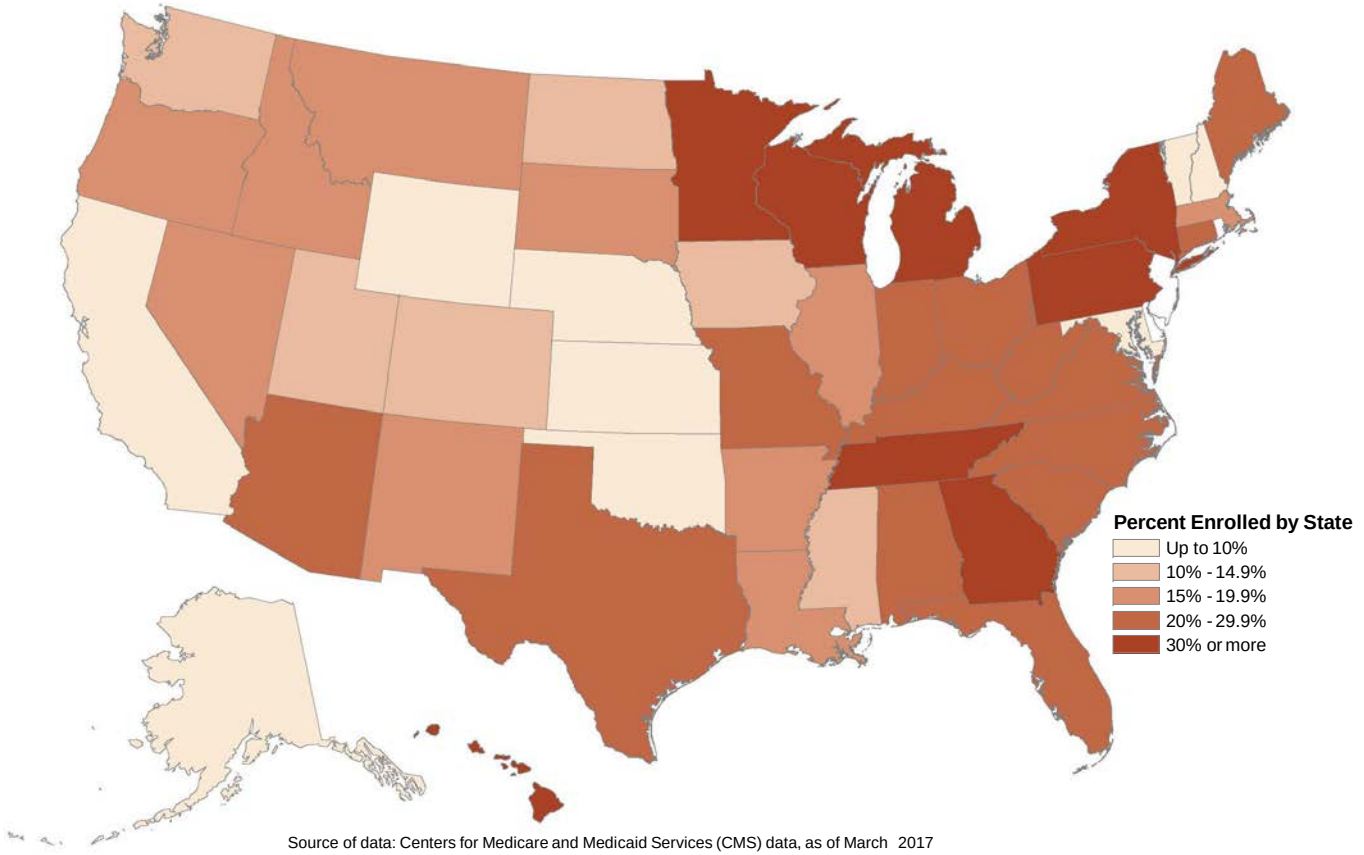
Percent of Eligible Non-Metropolitan Beneficiaries Enrolled in Medicare Advantage by State, March 2017



Source of data: Centers for Medicare and Medicaid Services (CMS) data, as of March 2017
Produced by: RUPRI Center for Rural Health Policy Analysis, 2017

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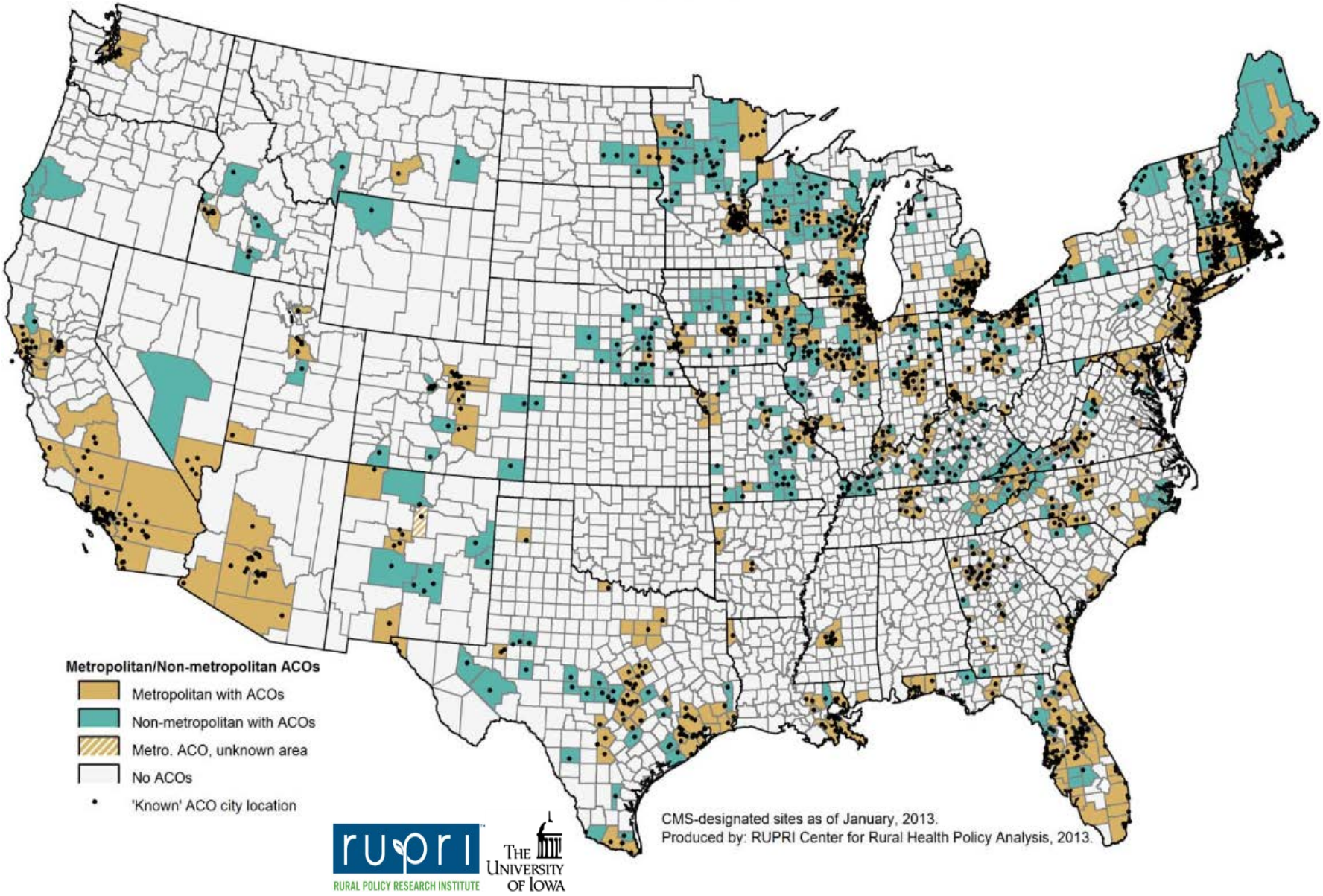
ACOs By the Numbers

- 480 Shared Savings Program ACOs in Medicare
- 44 Next Generation ACOs
- 12% of ACOs in low population density counties (0 to 40% in metro)
- 9 million beneficiaries now receiving care through ACOs
- Participating providers include 71 RHCs, 55 CAHs, 65 FQHCs

County Medicare ACO Presence
Continental United States



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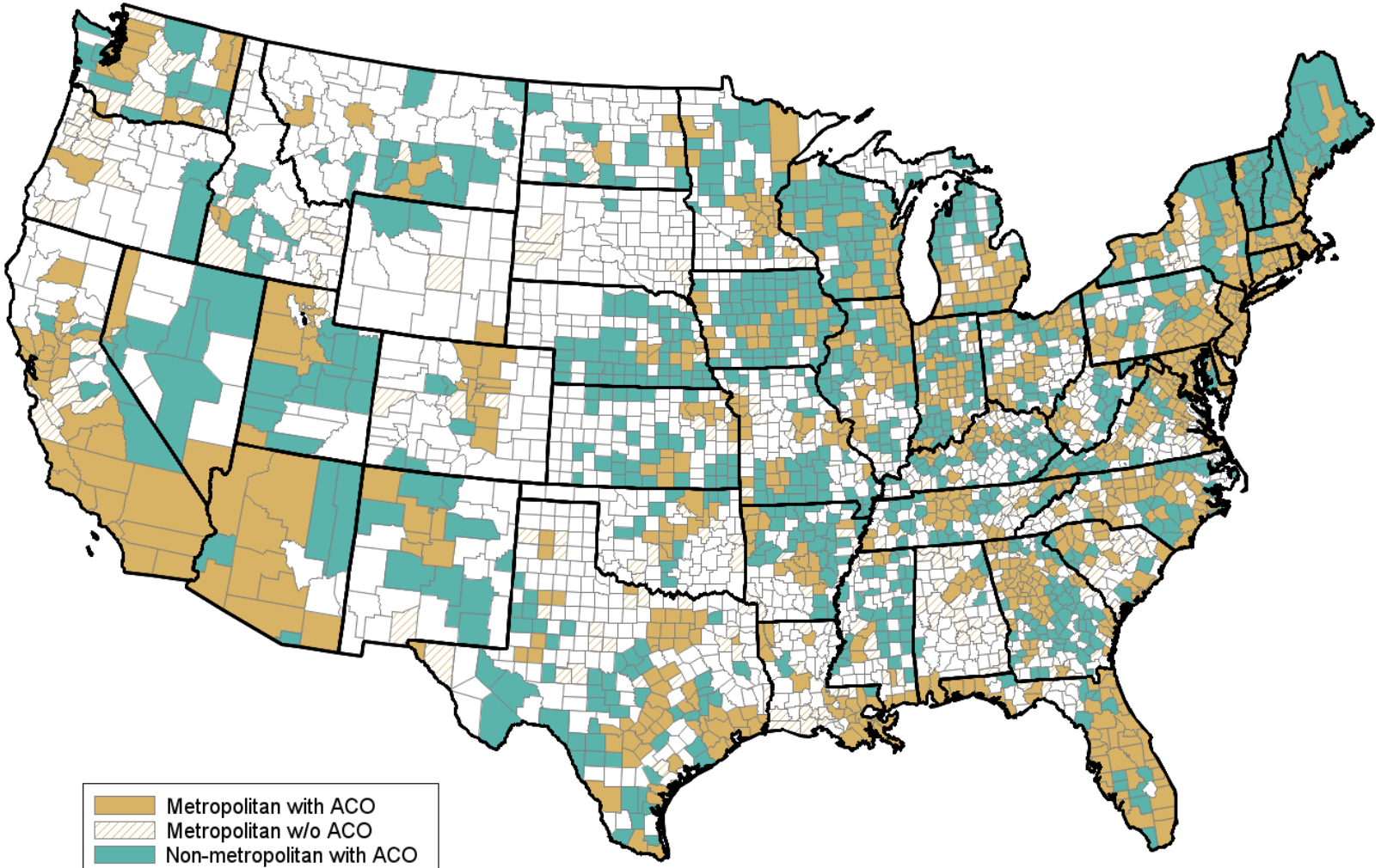

Counties have an 'ACO presence' when they contain the practice site of at least one participating provider.
Includes all active CMS ACOs as of August, 2015.
Produced by: RUPRI Center for Rural Health Policy Analysis, 2016.

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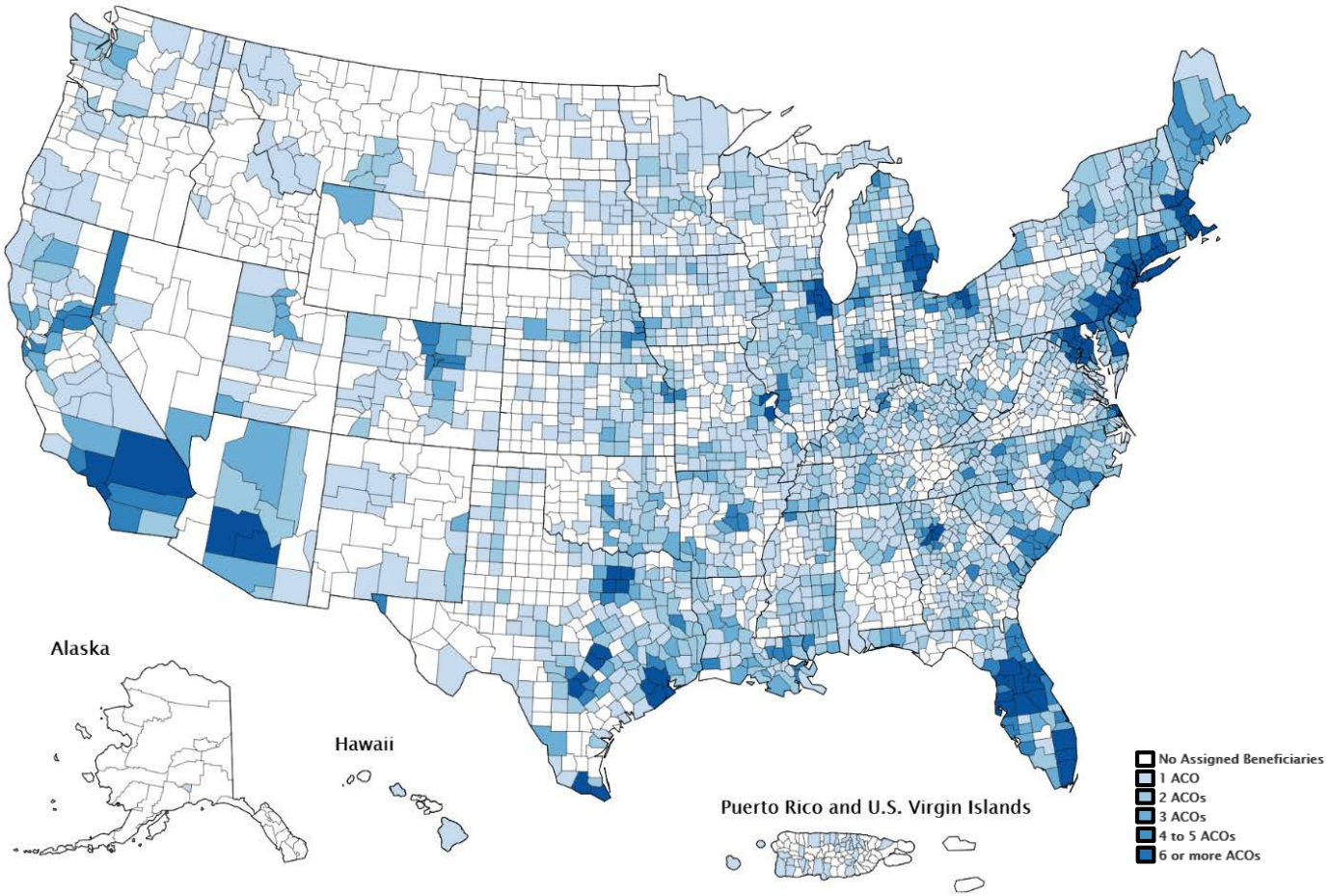
Medicare Shared Savings Program ACO Assigned Beneficiary Population by ACO by County

(counties with more than 1 percent of an ACO's assigned beneficiaries)



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And if Not In An Advanced Alternative Payment Model

- Welcome to MACRA: Medicare Access and CHIP Reauthorization Act
- Play the wheel of Merit-Based Incentive Payment System (MIPS) with 750,000 physicians
- Advantage to those participating in alternative payments models (ACOs that are not sharing downside risk)

New Physician Payment Reality

- **Minimal FFS payment increase**
  - 0.5% x 5 years, then 0% x 5 years
    - Actually payment decrease (inflation)
- **Merit-Based Incentive Payment System**
  - Eventually **-9% to +27%** adjustment in pay
    - Based on quality, resource use, meaningful use, and clinical practice improvement activities
  - Up to **36%** differential per year!
  - Plus, up to **10%** Exceptional Performance Incentive Payment (budget neutral exclusion)
- **Or, 5% APM bonus**
  - Excluded from MIPS and meaningful use

Medicaid Through Private Contractors

- 275 Medicaid MCOs operating in 38 states
- 55.2 million enrollees
- 77% of state Medicaid population

Source: State Health Facts. The Henry J. Kaiser Family Foundation. Accessed July 21, 2017: http://www.kff.org/medicaid/state-indicator/total-medicaid-mc-enrollment/?currentTimeframe=0&selectedRows=%7B%22wrapups%22:%7B%22united-states%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

Medicaid Through Accountable Care Organizations

- 10 states actively using this approach
- 13 more pursuing
- Most notable: Oregon, Colorado, Minnesota

Source: Center for Health Care Strategies Inc. *Fact Sheet* June, 2017. accessed July 21, 2017: https://www.chcs.org/media/ACO-Fact-Sheet-06-13-17.pdf

Continued Evolution in Private Insurance

- Pressures: premium price setting, cost-sharing
- Results: shift to sharing the insurance risk – with consumers, providers
- Consequences: different patterns of use and payment

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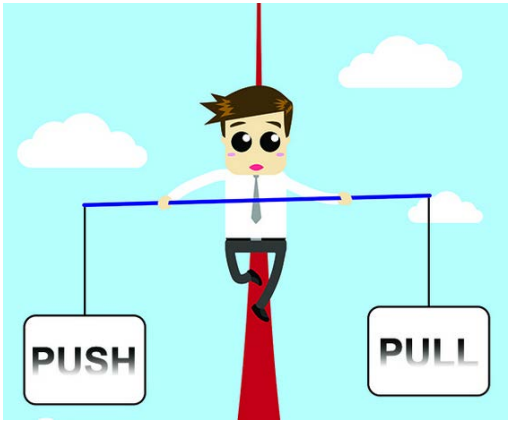
Private Policy Trajectories

- Use of value-based contracting
- ACOs, again
- Push and pull regarding new delivery modalities, including telehealth
- Population health a dominant theme, but starting with high users



Pulling Public and Private Trajectories Together

- Doing different with less
- But **doing different** – break molds cast since 1997 and before
- Ideal is all payer system supporting innovation and redesign
- But much more likely – communities and providers have to make it happen

For further information

The RUPRI Center for Rural Health Policy Analysis
http://cph.uiowa.edu/rupri

The RUPRI Health Panel
http://www.rupri.org

Rural Telehealth Research Center
http://ruraltelehealth.org/

The Rural Health Value Program
http://www.ruralhealthvalue.org

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- ✓ The National Organization of State Offices of Rural Health
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