

The Effect Of The Affordable Care Act On WC

Informed Speculations



About WCRI

- Not-for-profit public policy research organization in Cambridge, MA
- Diverse members includes payors, state governments, managed care companies, unions, etc.
- Do not make recommendations nor take positions
- Studies published if pass external peer review
- Research staff of PhDs, attorneys, statisticians

Comparing WC & ACA / Health Care Reform

- Workers' Compensation
 - Mandatory for employers to provide for employees
 - First dollar coverage: No deductibles, copayments
 - Typically orthopedics and trauma
 - Workers may receive income benefits
 - No public subsidy
- Health Care Reform
 - Individuals must insure or pay penalty
 - Employers must provide or pay penalty
 - Wide range of medical conditions
 - Liability only for medical care
 - Public subsidy

Will The Affordable Care Act Affect WC Systems And Costs?

- What the pundits say
 - ▶ Shortages of providers → raises costs
 - Healthier injured workers → lowers WC costs
 - Evidence-based care → reduces unnecessary care and costs
 - ▶ Cost shifting to/from WC

Will ACA Expansion Of Coverage Produce Provider Shortages For Injured Workers?

1

- Premature to know – informed speculation

2

- Shortages of certain provider types will occur/worsen without the ACA

3

- The ACA will exacerbate some of these shortages (differs from state to state)

4

- In most states, WC will adapt to avoid or mitigate longer wait times for injured workers

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- WC prices paid will rise (effects differ from state to state)

Why?

Markets (supply and demand) adjust to external changes

- **Demand for health care is increasing**

- Aging population
- Worsening population health status (e.g., obesity)
- ACA: expansion of coverage

- **Supply of health care providers—limiting factors**

- Current shortages of certain types of providers
- Aging physician workforce and growing retirements
- Training programs: pipeline of new physicians and other providers
- Low WC fee schedules

Likely Adjustment To Shortages

- Physicians raise prices—reducing discretionary demand
- Increased use of physician assistants, nurse practitioners, pharmacists, podiatrists, etc.
- Increased reliance on technology—the internet of everything
- Outsource certain services to providers in other countries

WC payors will raise prices paid to mitigate shortages

- WC payors have the strongest incentive to do this
- Canadian experience provides evidence

Canada: Paying Higher Prices To Get More Timely Care For Injured Workers

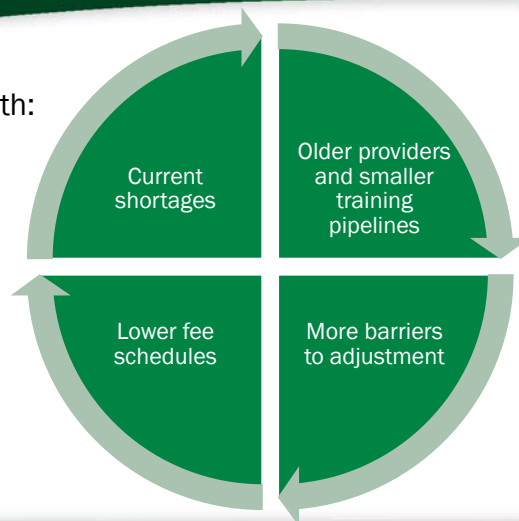
- Ontario, Canada has . . .
 - a single (government) payor health care system
 - a single (government) insurer for WC
- The Canadian health care system has longer wait-times than US
 - US: 6% waited more than 2 months for specialist appointment
 - Canada: 29%
- Ontario: The WC insurer pays more to providers for expedited access

State Barriers To Adjustment Will Exacerbate Shortages And Raise Costs

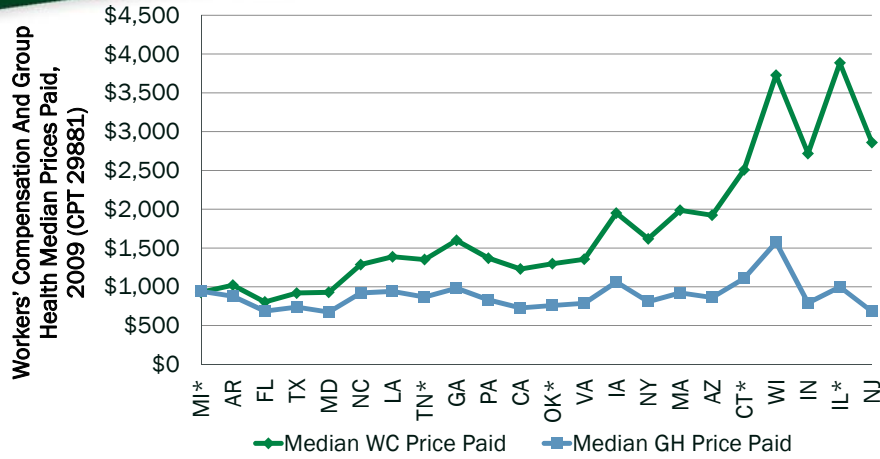
- State laws that limit:
 - Scope of practice for NP, PA, pharmacists, etc.
 - The use of technologies like telemedicine
- Increased demands on providers for nonclinical services
 - Government regulations
 - Corporatization of medical practice
- Higher state malpractice premiums

Where Will Provider Shortages Most Likely Be In Workers Compensation?

States with:



In Most States: ACA Unlikely To Reduce Access To Surgeons By Injured Workers



* Implemented a double-digit fee schedule decrease for a common knee arthroscopy (CPT 29881) from 2009 to 2012.

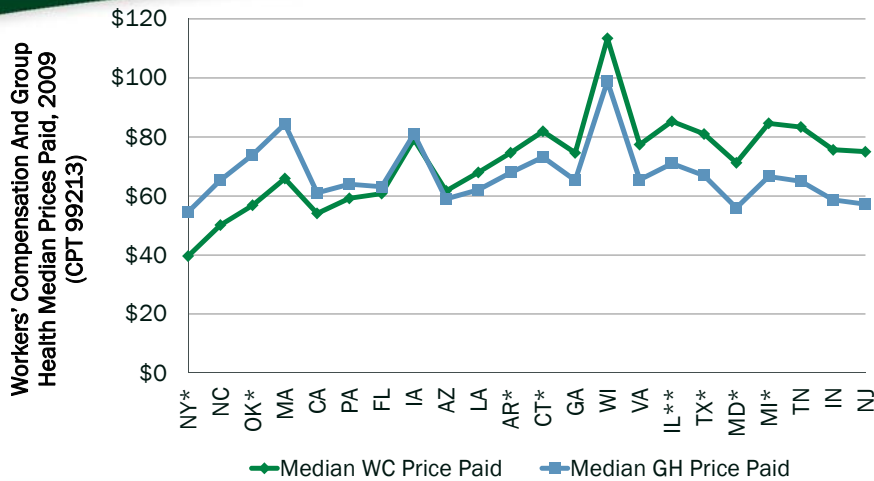
Source: A New Benchmark For Workers' Compensation Fee Schedules: Prices Paid By Commercial Insurers?
 GH: Group Health; CPT: Current Procedural Terminology

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Primary Care: WC Prices Likely To Rise In Many States To Retain Good Access To Care



* Implemented double-digit FS increase from 2009-2012. For comparison, the BLS reports that the CPI for professional medical services rose by 7% from 2009-2012.

** Implemented double-digit fee schedule decrease from 2009-2012.

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Applying The Framework – Example #1

	Florida	Median State	Minnesota
Increased Demand			
% uninsured	25%	16%	10%
Medicaid expansion adopted?	no	----	yes
% population over age 60	24%	20%	19%
% rating health as fair or poor	17%	15%	11%
Limiting Supply			
# of primary care physicians/100k	77	82	96
% of physicians over age 60	29%	26%	27%
# of physicians in training/100k	44	56	65
Retention rate at completion	high	moderate	moderate
Nurse practitioner scope of practice	restricted	restricted	restricted
Fee schedule for common office visit	\$70	\$83	\$112

Vulnerability To Provider Shortages?

Most Likely States?	Least Likely States?
California	Colorado
Florida	Massachusetts
Louisiana	Minnesota
Texas	Oregon
New Mexico	
Nevada	
Mississippi	

What Is “Claim Shifting”?

- Decision about work-relatedness of a medical condition
- Influenced by both provider and patient preferences
- Stimuli for claim shifting to WC inherent in the ACA
 - Growth of ACOs and capitation shifts provider preference to WC
 - Growth of large deductible plans in ACA shifts patient preference to WC

Provider Incentives: A Hint Of Powerful Claim-Shifting Incentives With ACOs

Shipyards #	% Of Workers Covered By HMOs	WC Cost Per Worker
1	0%	\$347
2	0%	\$370
3	<1%	\$477
4	39%	\$723
5	53%	\$756
6	53%	\$930
7	83%	\$1,181
8	66%	\$2,325

Thank You!

- For comments/questions about the findings:

Dr. Richard Victor, Executive Director

rvictor@wcrinet.org

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