

Who will be Newly Insured in Washington?

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As a result of the Affordable Care Act (ACA), providers and health insurance companies will gain newly insured patients and their related revenues on January 1, 2014. From a business perspective, healthcare leaders need to know three things:

1. How many newly insured will there be?
2. What insurance coverage will they have?

3. Who will serve them?

Putting aside the hype, opinion and politics, I set out to answer these questions using the best available public information.

Public Information

There are two reports that best support newly insured projections.

The first report is titled “Who Will Be Uninsured After Health Insurance Reform” by Matthew Buettgens, Ph.D., research associate, Urban Institute, Mark Hall, J.D. and Fred D. and Elizabeth L. Turnage Professor of Law, Wake Forest University and dated March 2011 (see www.rwjf.org). This report estimates uninsured individuals before and after healthcare reform.

The second report is titled “The ACA Medicaid Expansion in Washington” and was prepared by the Health Policy Center of the Urban Institute as commissioned by the Washington State Office of Financial Management and dated May 2012. This report focused primarily on the Medicaid aspect of

the ACA as it relates to Washington State. This report is available on the Washington State Health Care Authority web site at www.hca.wa.gov.

For the rest of this article I will refer to the first report as “Uninsured” and the second report as “Institute”.

The Reports

The Institute report makes an estimate of new Medicaid enrollment assuming the ACA rules were fully implemented for Washington State’s population and economic circumstances as of 2011. The report estimates newly insured Medicaid enrollment of 328,000 or an increase of about 30%. The actual implementation date is January 1, 2014 and a phase-in period is expected over several years so the figure should be discounted somewhat.

The Uninsured report makes an estimate of Washington State uninsured assuming the ACA was fully implemented in 2011. This report assumes non-elderly uninsured drops from 821,000

to 480,000 or a drop of 341,000. Subtracting the 328,000 new Medicaid members from the 341,000 total reduction results in a drop in non-Medicaid uninsured of 13,000. Like the Institute report figure, since the actual implementation date of HCA is January 2014 and a phase-in period is expected over several years this figure should be discounted.

Subject to previously noted caveats, the best available public information points to an after 2016 projection of 328,000 new Medicaid insured and 13,000 new non-Medicaid insured. This new enrollment will be phased-in beginning on January 1, 2014 when the Exchange opens.

The 13,000 new non-Medicaid insured seems low. However, many low income uninsured will become eligible for Medicaid coverage as they move from the non-Medicaid uninsured category in 2013 to the Medicaid insured category in 2014. In addition, many non-Medicaid individuals with current insurance will now qualify for Medicaid coverage.

Newly Insured

Who will serve these newly insured patients? Since so much effort is being made to move these patients into the exchange, the organizations most impacted will be exchange participating insurance companies and the providers contracted with them.

Individual

The insurance companies

competing for this business include traditional individual insurers like Group Health Cooperative, Bridge Span (a Regence affiliate), Premera, LifeWise and Kaiser Foundation Health Plan of the Northwest. New players include companies that historically served the Medicaid market like Molina Healthcare of Washington, Community Health Plan of Washington and Coordinated Care Corporation. This will be a highly competitive market with a wide range of rates. Expect the newly insured to disperse widely over all available carriers and the composition of enrollment to change as newly eligible people join and existing insured move to Medicaid.

Medicaid

The insurance companies competing for new Medicaid exchange business are Amerigroup, Community Health Plan of Washington, Coordinated Care Corporation and Molina Healthcare of Washington. There will be significant growth here, upwards of 30% by 2017 according to the Institute report, and providers serving Medicaid patients will be affected. The ACA will likely disrupt the Medicaid market given the high number of newly insured patients relative to the available providers serving these patients.

Conclusion

Despite the polarized political environment, the facts don't support complete disruption of the individual insurance market in Washington State due to the ACA. There will be people moving from uninsured

to insured but it will be phased in over time and disbursed among many insurance carriers. There will be a measure of administrative disruption as the exchange becomes the enrollment focal point for new insured, rather than the insurance companies themselves, but this will settle down as the kinks get worked out. It appears this will increase competition and may even hold down costs as insurance companies hold their provider networks and administrative cost structures accountable for cost increases.

However, the Medicaid program will change significantly with great numbers of new people gaining coverage and others moving from non-Medicaid plans. Medicaid insurance companies already have provider network shortages, particularly primary care physicians, ARNP and PA providers, that will be exacerbated by the increased volume of new patients choosing a relatively small number of insurance companies. Medicaid reimbursement is very low and there will be pressure to increase it to attract new providers to serve these patients. Access could become an issue in the short run as insurance companies struggle to adjust.

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