How Affordable Is the Affordable Care Act for Workers Compensation?

Panel Discussion
Annual Issues Symposium
May 8, 2014
Workers Compensation and the Patient Protection and Affordable Care Act (PPACA)

Background

The impacts on the healthcare system remain uncertain

- Three Key Segments:
  - Medicaid Expansion—Healthcare access for those in poverty
  - Medicare Initiatives—Enhance Quality, Reduce Costs
  - The Private Exchanges—Subsidized Access for the Difficult to Insure

- Implementation Has Been Fragmented
Workers Compensation and PPACA

Background

A Multistep Process

1. ACA is implemented

2. The ACA brings changes to the market for healthcare services

3. The resulting changes in the healthcare market extend into the specialized market for healthcare services in workers compensation
Workers Compensation and PPACA

Background

What does this mean for workers comp?

- Workers comp medical spending is near 60% of total benefits
- Workers comp medical spending is a tiny share of total medical spending in the United States
- Workers comp medical spending tends to track changes in total medical spending in the United States
Medical Spending in the United States: How Does Workers Comp Fit?
Workers Compensation Shares a Lot With the Country’s Healthcare System

Total Medical Benefits Under Workers Compensation Have Grown More Modestly Than US Medical Care Spending

Sources: Centers for Medicare & Medicaid Services (CMS)

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What Is Surprising Is How Small We Are Compared to the Country Total

Total Medical Benefits Under Workers Compensation Are Modest Compared to US Medical Care Spending

From $448 billion to $2.4 trillion
From $10 billion to $30 billion

Sources: Centers for Medicare & Medicaid Services (CMS)
The WC Share of US Medical Costs: Small and Shrinking

Medical Benefits Paid Under Workers Compensation Have Been Declining as a Share of Medical Care Spending

Sources: Centers for Medicare & Medicaid Services (CMS)
Growth in Health Consumption Expenditures Is Slowing Nationally and in Workers Compensation

Medical cost per lost-time claim, based on data through 12/31/2012, developed to ultimate; excludes high deductible policies
Average severity for the states where NCCI provides ratemaking services, including state funds; excluding WV
Health Consumption Expenditures: Center for Medicare & Medicaid Services

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Background on PPACA

- Comprehensive Coverage
  - 10 essential benefits

- Minimal Underwriting Restrictions
  - Preexisting conditions are covered

- Community Rating
  - Limited surcharges for smoking and age

- Broad Range of Subsidies
  - For lower income insureds and small businesses

- Focus on Enhanced Efficiency
  - Fees, utilization, electronic medical records
Background on PPACA

How Might PPACA Impact Workers Comp?

- Healthier Workers
- Reduced Access to Care
- Cost Shifting
- Enhanced Emphasis on Quality of Care
- Structural Changes in Payment for Services
- Comparative Effectiveness Research
How Affordable Is the Affordable Care Act for Workers Compensation?

Panelists

Today

Dr. Jeff Ritter—Healthcare Industry Management Consultant; Assistant Professor, Barry University
  “The Affordable Care Act: One Step in an Ongoing Process of Health Care Reform”

Dr. David Auerbach—Policy Researcher; Professor, Pardee RAND Graduate School
  “Worker’s Compensation and the Affordable Care Act”

Dr. Len Herk—Senior Economist, NCCI Holdings, Inc.
  “How Affordable Is the Affordable Care Act for Workers Compensation”

Tomorrow

Joseph Paduda—Principal, Health Strategy Associates
  “Reforming the Delivery of Workers Compensation Benefits: Something the ACA Can’t Do”
Panelists’ Presentations Here
Other Research of Interest

- RAND Study of Massachusetts
  - Emergency Room utilization by WC declined
- Oregon “Natural” Experiment with Medicaid
  - Administrative vs. Self-Report Outcomes
  - Medicaid participants received more services, experienced less financial stress
Workers Compensation and PPACA—What’s Next?

The Outlook

- The Impacts on Workers Comp Are Uncertain
  - Workers comp medical varies dramatically among states
  - These often reflect differences in such things as fee schedules and utilization guidelines

- Takeaways:
  - The impact of the ACA on the delivery of WC medical services is likely to be modest in the near term
  - Enhancing the quality and managing the costs of WC medical benefits can only be done by us—the key stakeholders in the WC system
2014 Annual Issues Symposium

Thank You

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