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THE STATE UNIVERSITY OF NEW JERSEY

What's Really Happening in New Jersey Health Reform?

Presentation to New Jersey Health Care Funders
April 15, 2011

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About CSHP

Established with a major grant from the Robert Wood Johnson Foundation in 1999, the Center seeks **to inform, support, and stimulate state health policy in New Jersey and around the nation**

Selected Funders

Robert Wood Johnson Foundation

Commonwealth Fund

Healthcare Foundation of New Jersey

Fannie E. Ripple Foundation

Johnson & Johnson

Horizon BCBS

NJ Dept. of Banking & Insurance

NJ Dept. of Health & Senior Services

NJ Dept. of Human Services

US Agency for Healthcare Quality & Research

Outline

- Health Care Challenges in New Jersey
- Looking Ahead to the ACA
- Opportunities for Philanthropy

New Jersey Health Care Challenges

- Changing demographics
- Stubbornly high uninsured rate
- Mediocre health systems performance

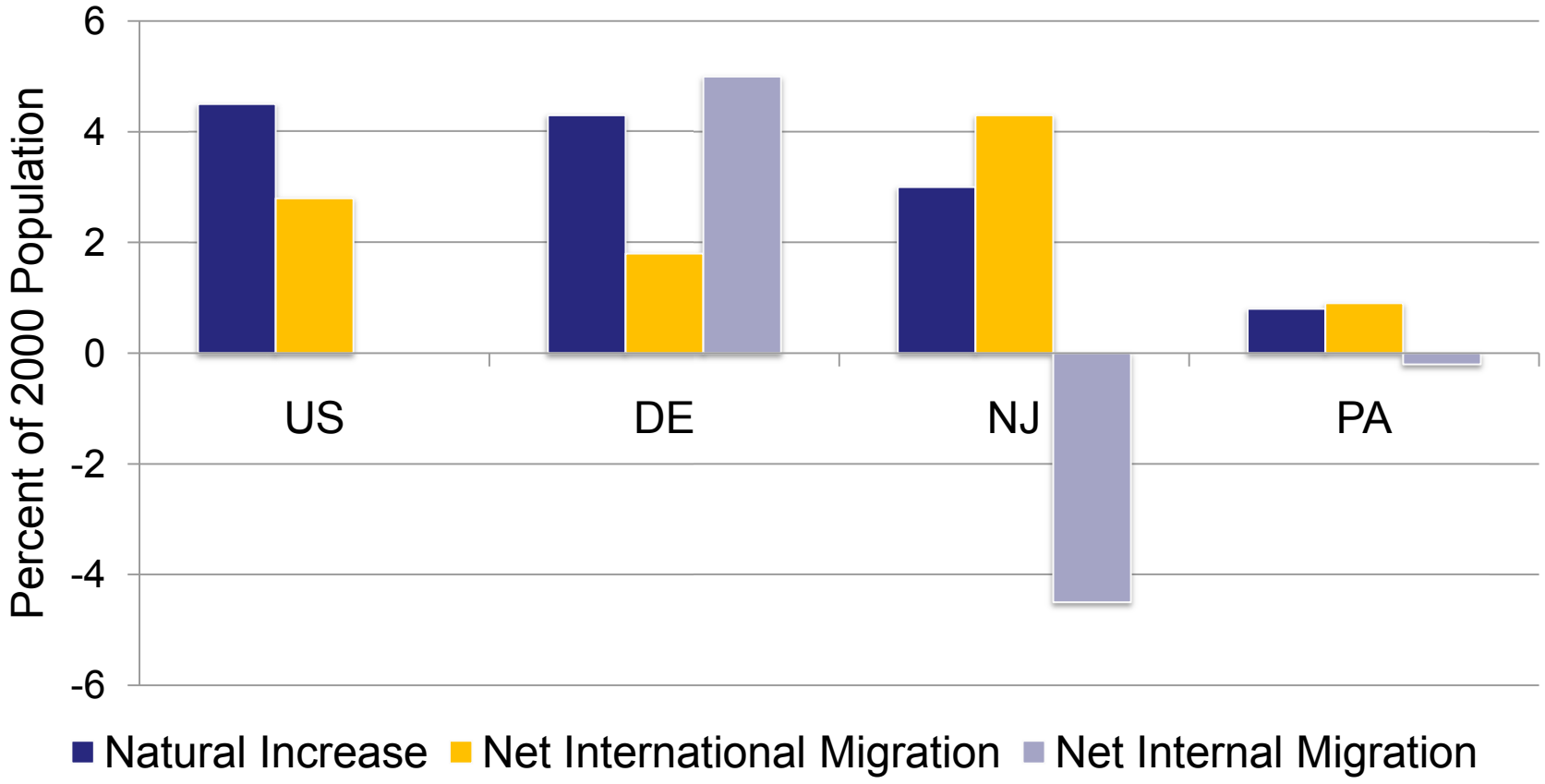
Changing Demographics

- **Population aging, growing diversity 2006-2016***
  - Nearly all growth in 55+ age group
  - Hispanic, Asian and multi-racial account for most growth
  - Nearly 1/3 of labor force growth will be Asian
- **NJ immigrants are diverse, working age, high education****
  - Top 5 countries – India, Mexico, Dominican Republic, Philippines, China
  - More likely to be prime working age and highly educated versus US born
- **But, NJ also has many unauthorized immigrants*****
  - 550,000 in 2010
  - 8.6% of workforce

Sources:
*New Jersey Department of Labor and Workforce Development
**2007 American Communities Survey, US Census Bureau
***Pew Hispanic Center, 2011

New Jersey is becoming more diverse, 2000-2007

Net loss from interstate migration, but gain from international immigration



Source: Schiller, T,. "Growing Slowly, Getting Older: Demographic Trends in the Third District States." Q4 2009 *Business Review.* Philadelphia Federal Reserve.

Stubbornly high uninsured rate in NJ

1.3 million uninsured (15% of NJ non-elderly) high for a wealthy state*

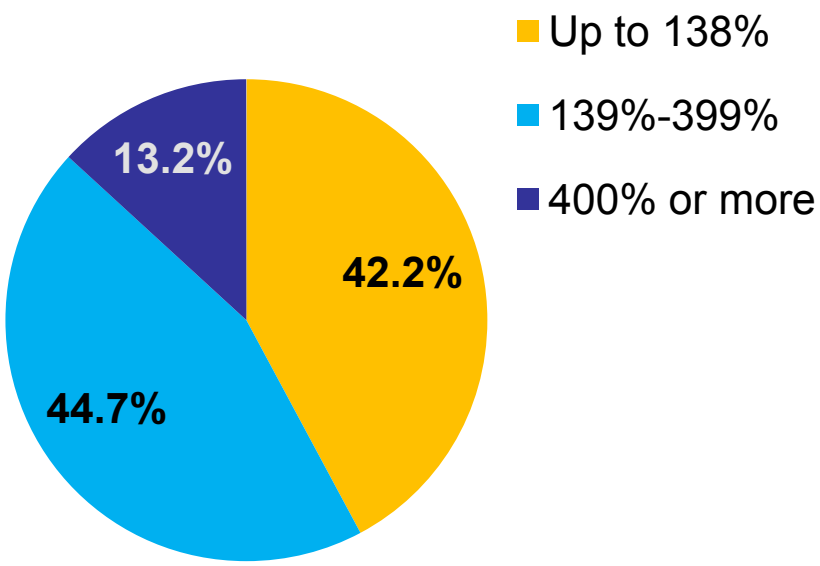
On the one hand….

- High employer offer rate (92% NJ vs. 88% US)**
- Highest CHIP income eligibility

On the other…

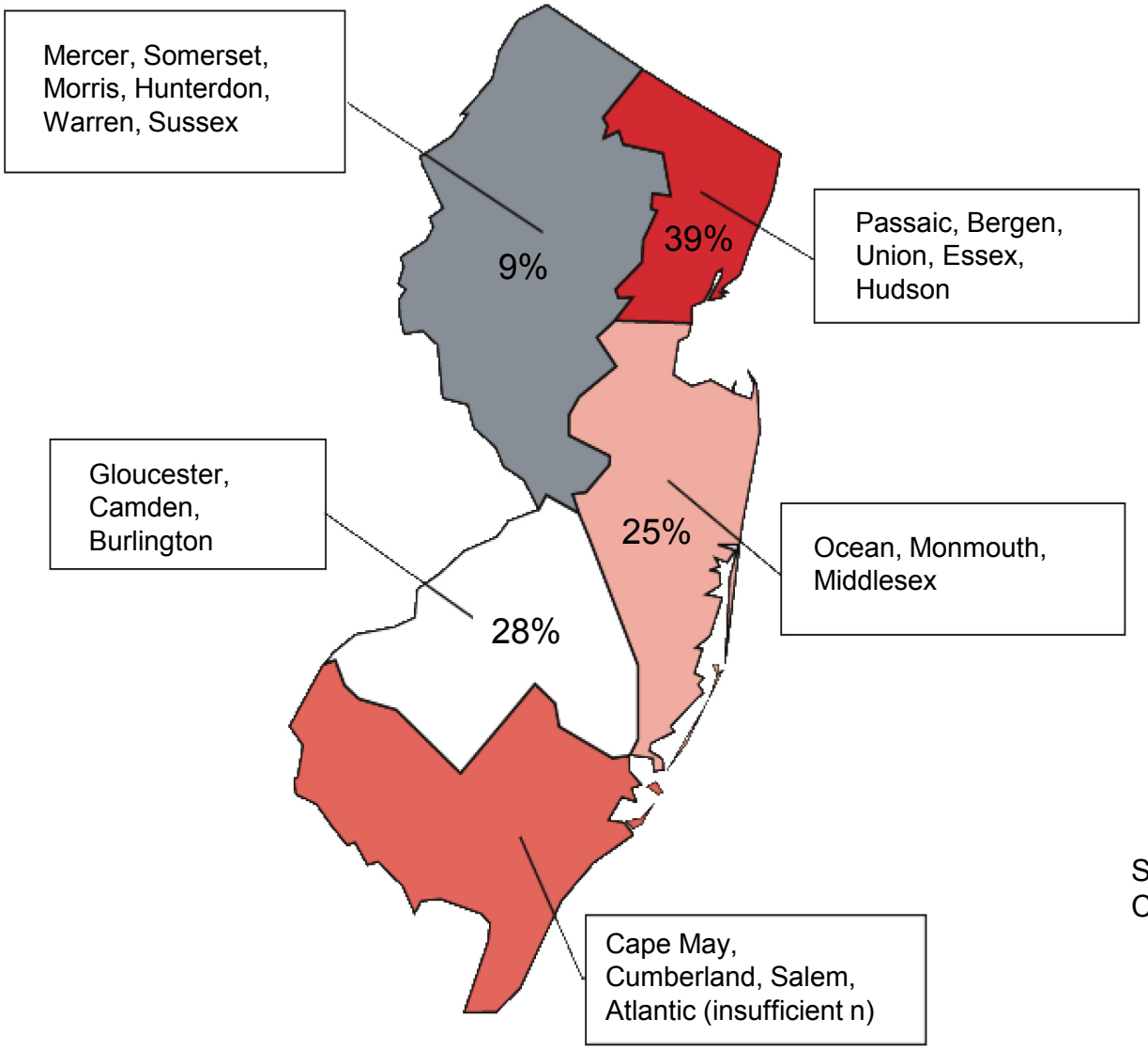
- Limited Medicaid for adults
- Large affordability gap for many
- Large number of immigrants

Distribution of NJ Non-Elderly Uninsured by Federal Poverty Level*



Sources:
*Current Population Survey, 2008-09, from statehealthfacts.org
**MEPS-IC, 2009 from www.ahrq.gov

Percentage Uninsured among Foreign Born Non-Elderly Adults in New Jersey, 2009



NJ Uninsured Rates, Non-Elderly Adults:

13% - US born
16% - Naturalized Citizen
42% - Non-Cit. in US 5+yrs
71% - Non-Cit. in US<5 yrs

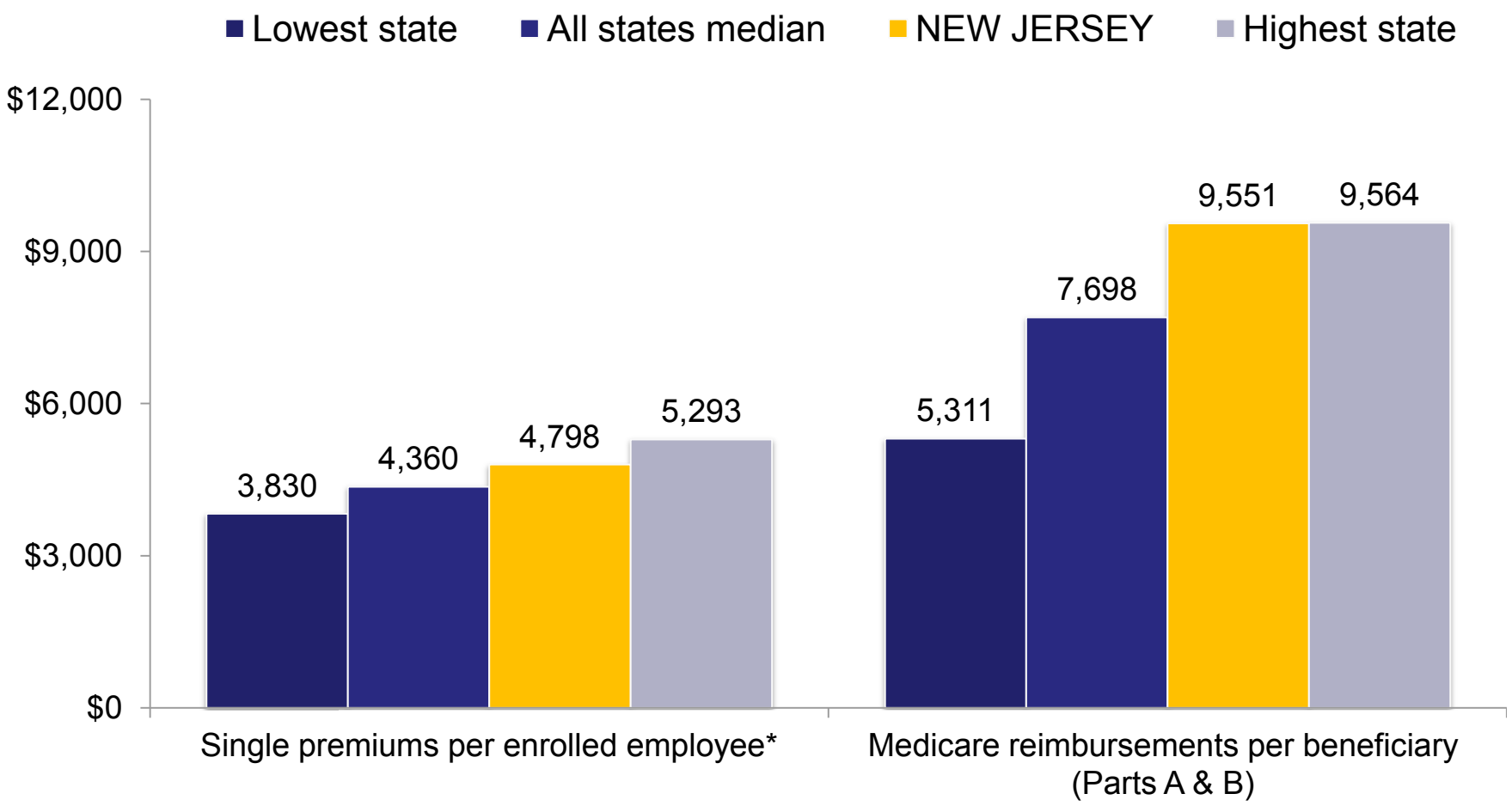
Source: NJ Family Health Survey, 2009
Center for State Health Policy

Mediocre Health System Performance

- **NJ ranks 30th overall "health system performance"**
- **Middle of states on many indicators**
  - 27th – Access to care
  - 21st – Prevention & treatment quality
  - 31st – Equity
- **But much worse on cost and preventable utilization**
  - 48th – Cost and avoidable hospital use

Source: State Scorecard on Health System Performance, *Commonwealth Fund,* 2009

New Jersey Among Highest Costs States



*NOTE: Premiums at private-sector establishments that offer health insurance.
DATA: Medical Expenditure Panel Survey, Insurance Component—2008; Dartmouth Atlas of Health Care—2006.
SOURCE: CSHP analysis for the Commonwealth Fund State Scorecard on Health System Performance, 2009

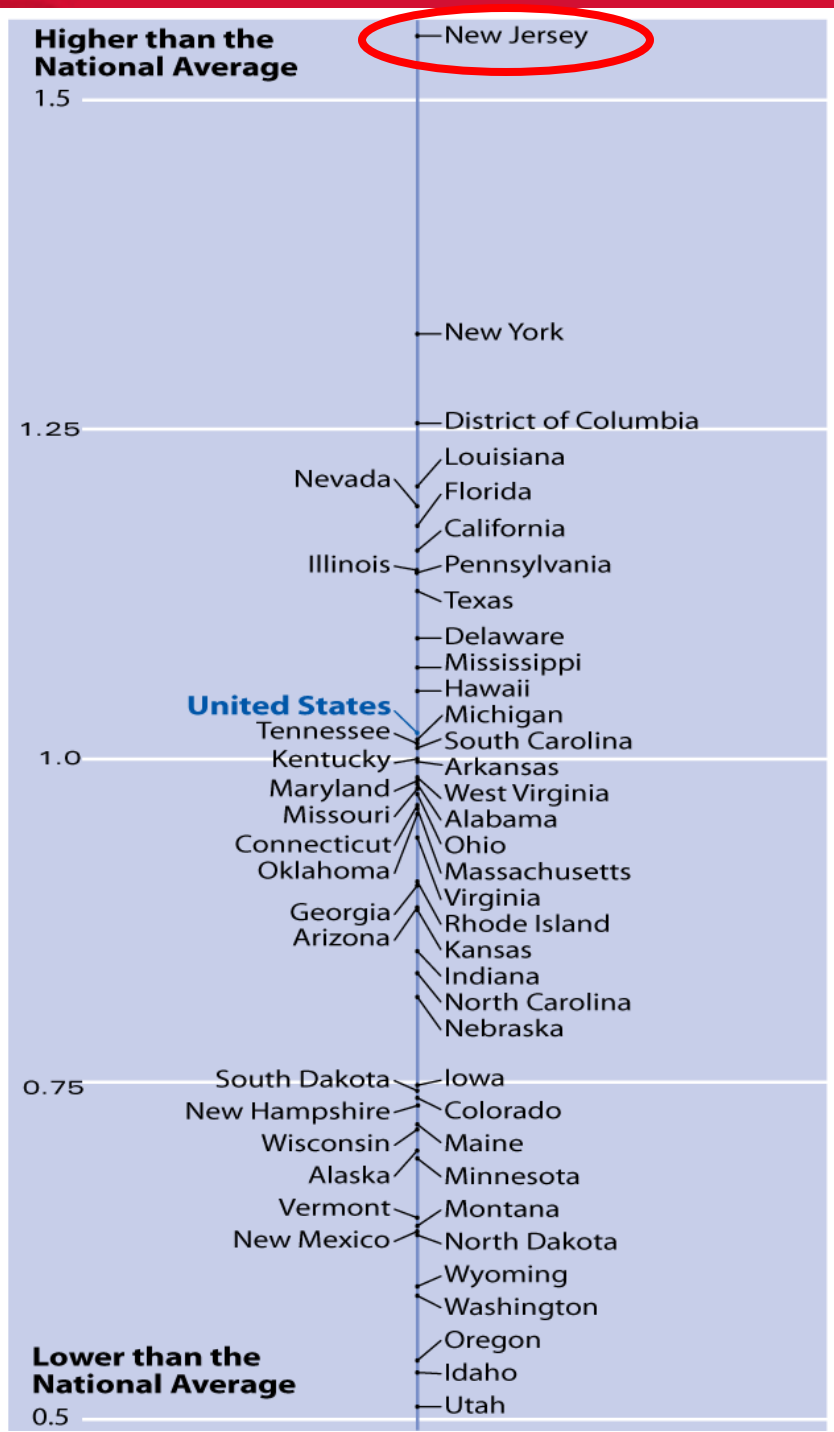
State Variation:
Hospital Care Intensity Index, 2005

Chronically ill Medicare beneficiaries in the last two years of life.

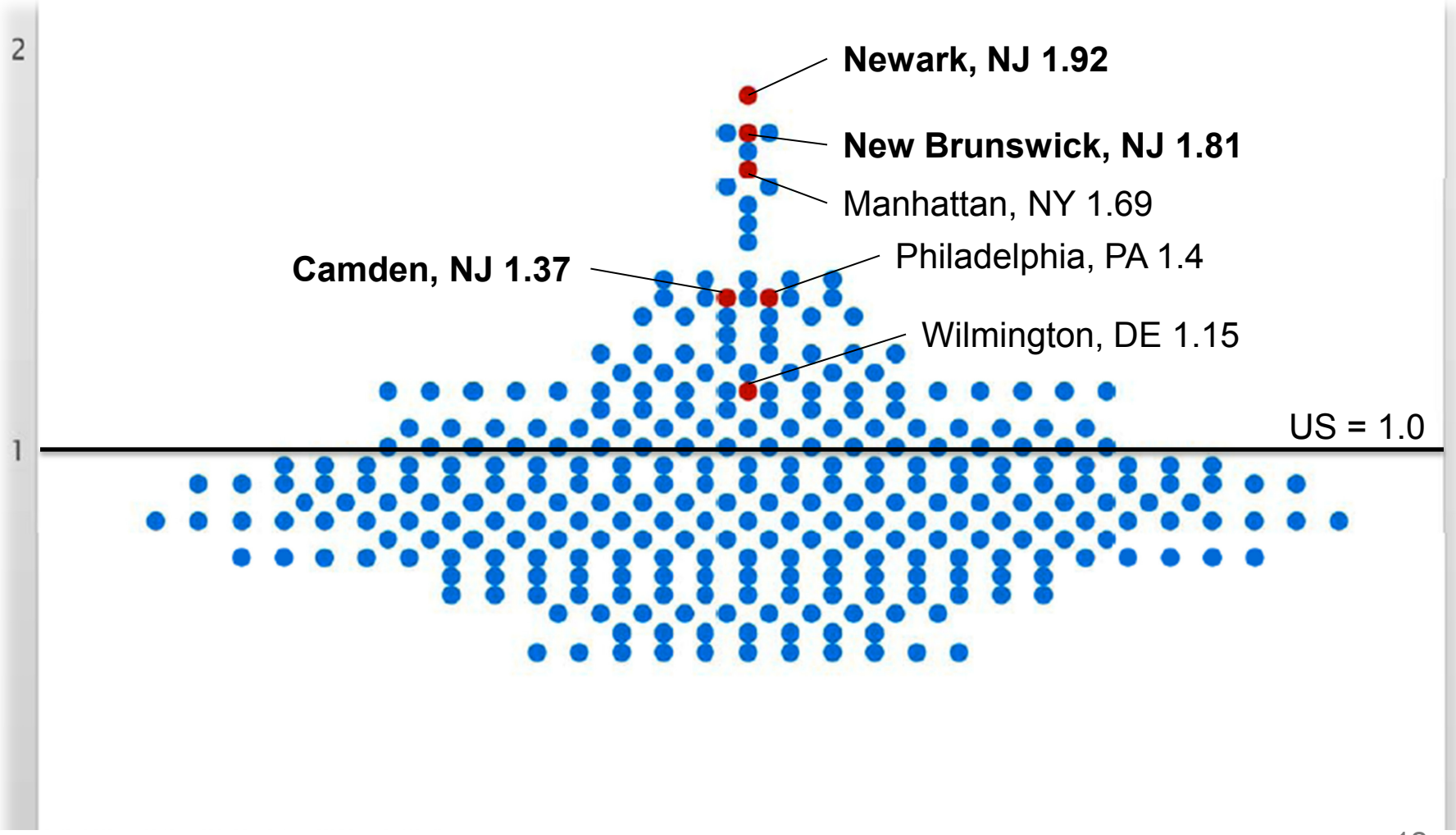
Index of inpatient days and in-hospital physician visits relative to 2001 US average (set to 1.0)

Age-sex-race-illness standardized.

Source: Commonwealth Fund State Scorecard, 2009. Data from the Dartmouth Atlas Project.

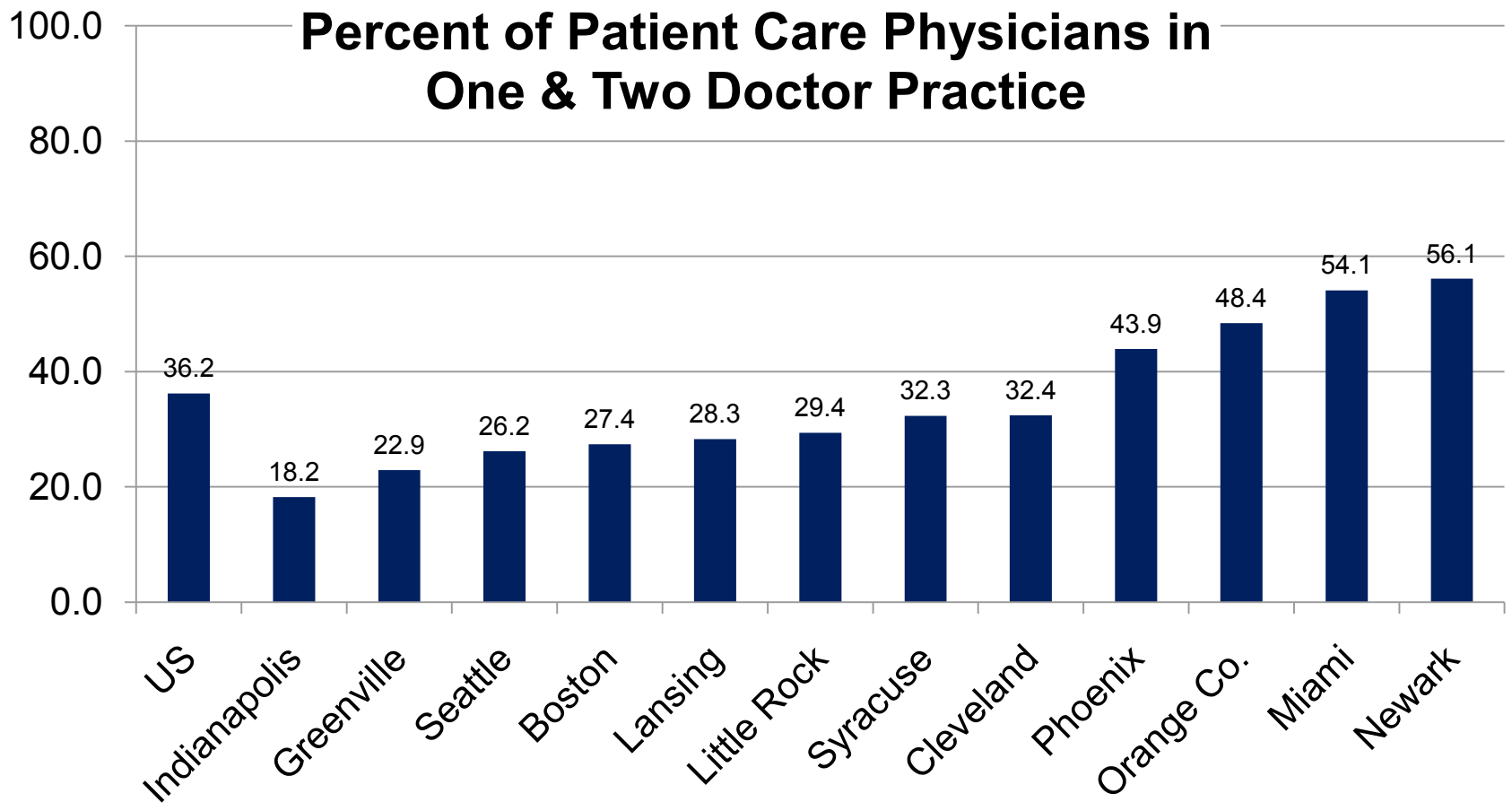


Care Intensity Index for Hospital Referral Regions



Note: Medicare fee-for-service patients with a chronic condition in last 2 years of life, age, sex, race and condition adjusted.
Source: Dartmouth Atlas of Health Care, 2001-2005

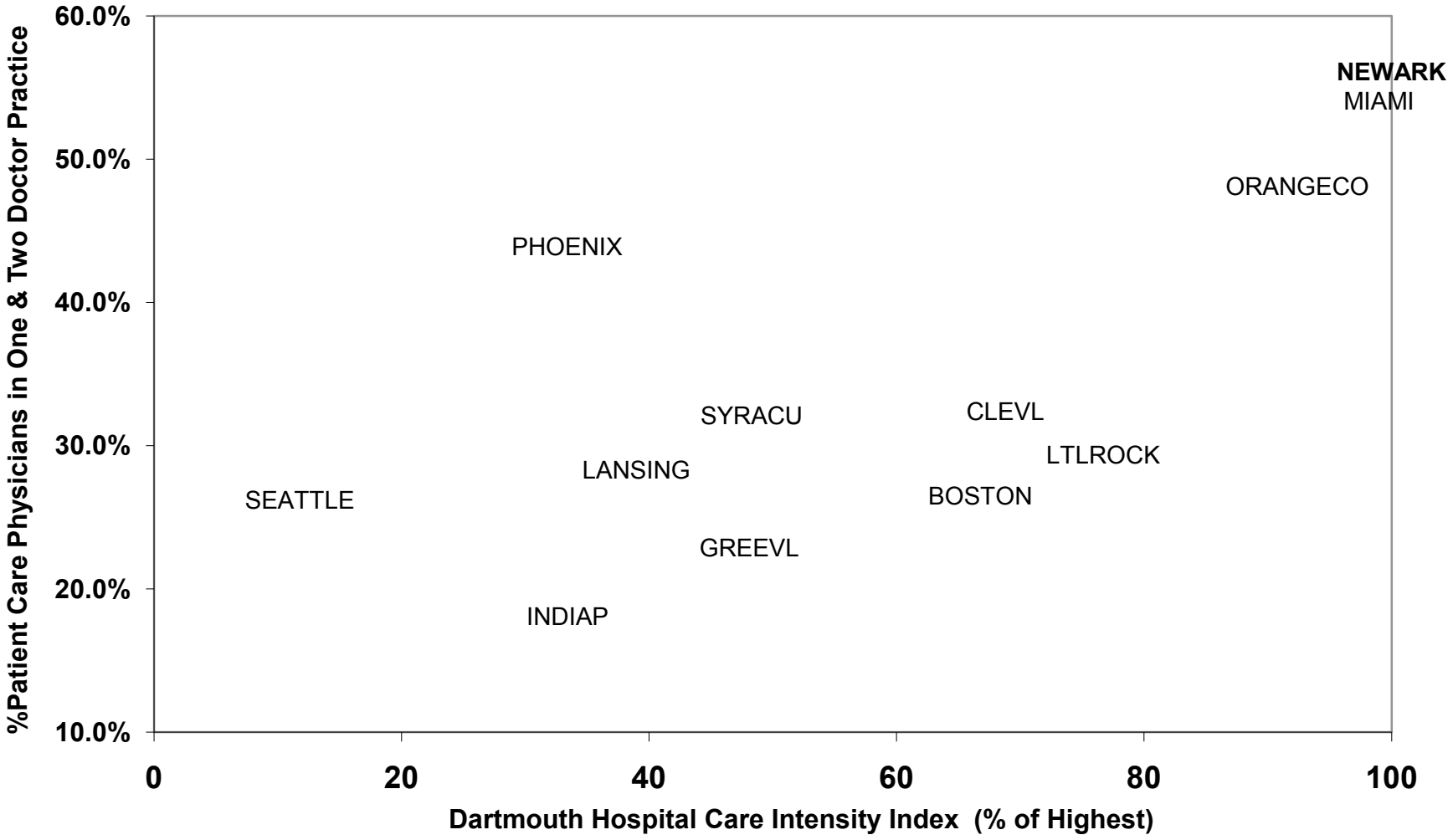
Small Practices in 12 Metropolitan Areas



Source: Center for Studying Health System Change, Physician Survey, 2008

Small Practices and Hospital Intensity Index

Metro Areas (physician data) and Hospital Referral Regions (Intensity Index)



Sources: Intensity Index uses Medicare data from Dartmouth Atlas
Practice data from Center for Studying Health Systems Change Physician Survey

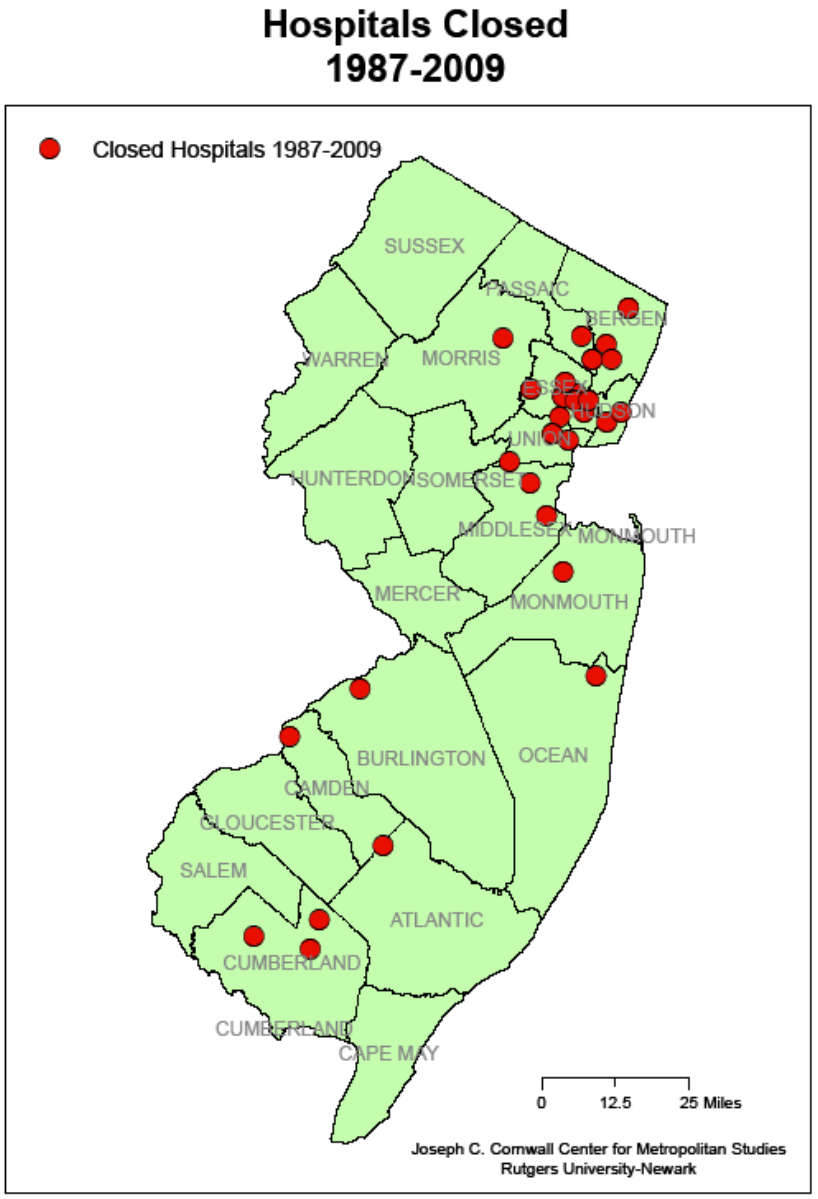
Hospital Sector Weakness

Causes

- Too much capacity
- Medicaid dependency
- High uninsured population
- Amb. surgery center competition

Consequences

- Growing disparities
- Weak position to organize care
- ED overcrowding



Looking Ahead to the ACA

- Benefits
- Risks & Challenges
- Status Report

Potential Benefits for NJ of the ACA

- Federal funding for expanded coverage
- Exchanges and new market rules
- Cut uninsured rate roughly 50% in 2014*
  - 1.3 million to 683,000
- Opportunities for delivery system reforms
- Investments in primary care

*Source: Buettgens, Holahan, & Carroll, Health Reform Across the states: Increased Insurance Coverage and Federal Spending on the Exchanges and Medicaid, RWJF State Coverage Initiatives and the Urban Institutes, March 2001

Risks & Challenges of the ACA

- State and federal fiscal distress, anticipated budget cuts
- Rapid implementation, technical challenges
- Preparing the public, achieving high up take
- Reductions in safety net funding and timing of coverage expansions
- Provider supply adequacy (especially for Medicaid)
- Underlying cost pressures, delivery system challenges remain

NJ ACA Implementation Status Report

- NJ has aggressively sought ACA resources
  - NJ Protect
  - Early Retiree Reinsurance Pool
  - Planning funds (Exchange, Rate Review, Consumer Assistance)
- Preparations moving along
  - Internal State Working Group on the ACA
  - Consultants engaged
  - Stakeholder outreach
  - Health Insurance Exchange bills introduced (A3733/S2597, A1930/S2553)
- Critical choices must be made starting early 2012

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NJ Medicaid ACO Bill (A3636/S2443)

MEDICAL REPORT

THE HOT SPOTTERS

Can we lower medical costs by giving the neediest patients better care?

BY ATUL GAWANDE

If Camden, New Jersey, becomes the first American community to lower its medical costs, it will have a murder to thank. At nine-fifty on a February night in 2001, a twenty-two-year-old black man was shot while driving his Ford Taurus station wagon through a neighborhood on the edge of the Rutgers University campus. The victim lay motionless in the street beside the open door on the driver's side, as if the car had ejected him. A neighborhood couple, a physical therapist and a volunteer firefighter, approached to see if they could help, but po-

ken family physician who had grown up in a bedroom suburb of Philadelphia. As a medical student at Robert Wood Johnson Medical School, in Piscataway, he had planned to become a neuroscientist. But he volunteered once a week in a free primary-care clinic for poor immigrants, and he found the work there more challenging than anything he was doing in the laboratory. The guy studying neuronal stem cells soon became the guy studying Spanish and training to become one of the few family physicians in his class. Once he completed his residency, in

Bratton and the Compstat approach to policing that he had championed in the nineties, which centered on mapping crime and focussing resources on the hot spots. The reform panel pushed the Camden Police Department to create computerized crime maps, and to change police beats and shifts to focus on the worst areas and times.

When the police wouldn't make the crime maps, Brenner made his own. He persuaded Camden's three main hospitals to let him have access to their medical billing records. He transferred the reams of

Possible Roles for Philanthropy

- Prepare the insurance buying public for 2014
  - Individual consumers
  - Small business
- Educate other stakeholders
- Support consumer advocacy
- Address longer-term challenges
  - Primary care workforce/capacity
  - Delivery systems
  - Cost containment

Thank you.


HEALTH CARE BILL
"IT'S A REMINDER OF WHAT WE CAN DO WHEN WE ALL WORK TOGETHER."