Will the Midterm Elections Transform Our Health System?
Daniel Derksen, M.D. | October 3, 2018 | Duvall Auditorium, Tucson, Arizona
Associate VP for Health Equity, Outreach & Interprofessional Activities
Walter H. Pearce Endowed Chair & Director, Center for Rural Health
Daniel Derksen, M.D. Statement

• I do not represent the positions of the UA or the Arizona Board of Regents.

• I will express my personal opinions based on more than 30 years of experience as a family physician and in applied health policy to inform the public, providers, and policymakers.

• I cite primary source data in this presentation & the handout posted at: http://crh.arizona.edu
Dan Derksen, M.D.
UAHS Associate Vice President
for Health Equity, Outreach & Interprofessional Activities

March 1, 2017 CNN Town Hall Question

“How will you make sure the country doesn’t return to having 48 million people without health insurance?”
New Yorker World View

You Are Here!

UAHS World View

Dan Derksen, MD
What’s past is prologue
Shakespeare: The Tempest
Eight Years Ago

Affordable Care Act Signing March 2010

https://www.washingtonpost.com/graphics/national/obama-legacy/obamacare.html
Brewer wins Medicaid expansion

By Kyle Cheney & Jason Millman  06/13/2013

AZ Gov. Jan Brewer muscled to victory in her Medicaid expansion crusade, outmaneuvering conservative opposition to push through a key piece of President Obama’s agenda.

https://www.politico.com/story/2013/06/arizona-medicaid-expansion-jan-brewer-092723
### AZ Pre-ACA Health Coverage 2013

<table>
<thead>
<tr>
<th>Payer Source</th>
<th>Arizonans</th>
<th>% AZ Pop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid + CHIP (AHCCCS + KidsCare)</td>
<td>1,320,000</td>
<td>20%</td>
</tr>
<tr>
<td>Uninsured</td>
<td>1,225,000</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Total AZ Population</strong></td>
<td>6,458,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

### AZ Health Coverage 2018

<table>
<thead>
<tr>
<th>Medicaid + CHIP</th>
<th>1,689,000</th>
<th>24%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uninsured</td>
<td>725,000</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Total AZ Population</strong></td>
<td>7,016,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

Arizona ACA Impact

AZ #13 in Uninsured Decline

AZ #5 in Health Sector Job Growth Since 2010

AZ Hospital Financial Trends Since Medicaid Restoration and Expansion

For the 12 months ending Jan 2014 and Jan 2018:

- Uncompensated care dropped from 7.9% to 2.4%
- Avg. operating margin increased from 3.1% to 5.1%

<table>
<thead>
<tr>
<th>Estimate for All Arizona Hospitals</th>
<th>Twelve Months Ending January</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dollars in millions</strong></td>
<td>2018</td>
</tr>
<tr>
<td>Operating Income Estimate</td>
<td>$831</td>
</tr>
<tr>
<td>Uncompensated Care Costs Estimate</td>
<td>$360</td>
</tr>
<tr>
<td>Average Operating Margin</td>
<td>5.1%</td>
</tr>
<tr>
<td>Average Uncompensated Care Percentage</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

AzHHA@https://static1.squarespace.com/static/572a399a1bbee0add26af051/t/5aa86c57f9619a457058032e/1520987224999/January+2018+Hospital+Financial+Reports.pdf
Federal Per Capita Medicaid Enrollee Spending by State 2017

While Arizona’s Federal Medical Assistance Percentage (FMAP) is high (69%), its federal spending is 8th lowest.


## U.S. Coverage: >40% Public

<table>
<thead>
<tr>
<th>Health Insurance Type</th>
<th># covered in millions (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Health Insurance</td>
<td></td>
</tr>
<tr>
<td>Employer Sponsored ESI</td>
<td>179 (54%)</td>
</tr>
<tr>
<td>Individual Purchase (Non-Group)</td>
<td>157 (43%)</td>
</tr>
<tr>
<td>Medicaid + CHIP</td>
<td>73 (22%)</td>
</tr>
<tr>
<td>Medicare</td>
<td>59 (18%)</td>
</tr>
<tr>
<td>Uninsured</td>
<td>28 (8.8%)</td>
</tr>
<tr>
<td>Total Population</td>
<td>328 (100%)</td>
</tr>
</tbody>
</table>

Note: 9 million Americans have both Medicaid and Medicare (dual eligible)

1. 2016 KFF Data at: https://www.kff.org/other/state-indicator/total-population
Medicaid + CHIP Cover 73M
22% of Americans

Over half are children

Accessed 10/01/2018 for enrollment and pop. estimates as of July 2018:
https://www.census.gov/popclock/
Medicaid Also Covers the Blind, Disabled, Frail Elderly, Long Term Care

<table>
<thead>
<tr>
<th>MEDICAID</th>
<th>Blind, Elderly, Disabled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Of 68 Million on Medicaid in 2016</td>
<td>24% Enrollees</td>
</tr>
<tr>
<td>Of Medicaid’s $566 Billion Costs</td>
<td>63% of Costs</td>
</tr>
</tbody>
</table>

States Not Expanding Medicaid - Higher Rural Hospital Closures

YES: 33 States

MAYBE: 3 States ID, UT, NE

NO: 14 States

-14 rural hospitals

ACA Medicaid Expansion by State

Dan Derksen, MD
Uninsured, CMS Medicaid & Medicare payment policies drive rural provider fiscal viability

Cochise Regional Hospital set to close, after Medicare cut off funding

July 28, 2015 6:54 pm • By NICK WICKSMAN Cronkite News | AP Content

WASHINGTON – Medicare restrictions are crippling rural healthcare centers like Cochise Regional Hospital, which is set to close Friday after a funding dispute with the federal agency, an Arizona health expert testified Tuesday.

Dr. Daniel Derksen, the director of the University of Arizona’s Center for Rural Health, was one of several health care experts testifying before a House subcommittee on “rural health disparities created by Medicare.”

They told a House Ways and Means subcommittee that rural facilities operate on such thin margins that any change in policy or delay in payment can “push them over the brink.”
Uneven Decline in Uninsured by Race & Ethnicity Post-ACA

Figure 2: Quarterly Uninsured Rate Estimates for Nonelderly Adults (Ages 18 to 64) by Race and Ethnicity Using the Gallup-Healthways Well-Being Index, 2012 to 2016

Source: The Office of the Assistant Secretary for Planning and Evaluation’s (ASPE) analysis of the Gallup-Healthways Well-Being Index survey data through February 22, 2016.

Equity is the absence of avoidable or remediable differences among groups of people, whether those groups are defined socially, economically, demographically, or geographically.

Shift from Passive Observers to Active Participants
2019 Prelude?
Tax Cuts & Jobs Act 12/2017

• Repeals ACA tax penalty for being uninsured in 2019
• Increases uninsured by 4M by 2019, 13M by 2027
• Destabilizes individual health insurance market
• Increases fed deficit $1.5 trillion over 10 years

46% projected 2019 deficit relates to bills signed in last 12 mo.

https://www.cbo.gov/publication/53300
http://www.crbf.org/blogs/fiscal-year-defined-24-trillion-new-debt
Tax Cuts & Jobs Act 12/2017

Permanently lowers corporate tax rate from 35% to 21%

Temporarily lowers individual tax rate

Individuals gain +1.6% income overall

Drops to +0.3% in 2027

https://www.cbo.gov/publication/53300
One View of Paying for the Corporate Tax Cut

Repeal the Social Security Act
Replace ‘entitlements’ with:
• Medicaid Block Grants
• Medicare Market Vouchers
• Privatize Social Security

Accessed 09/26/18 at:
How Would Arizona Do with a Medicaid /AHCCCS Block Grant?

States with largest growth in low-income elderly population

<table>
<thead>
<tr>
<th>State</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nevada</td>
<td>+54%</td>
</tr>
<tr>
<td>Alaska</td>
<td>+42%</td>
</tr>
<tr>
<td>Arizona</td>
<td>+39%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>+36%</td>
</tr>
<tr>
<td>Utah</td>
<td>+30%</td>
</tr>
</tbody>
</table>

States faring worse with Medicaid block grants:
X Expanded Medicaid
X Cost efficient
X Rapid growth in low-income elderly

Park, H. NYT 03/07/17:
### 2019 Preamble? One Vote Short in 2017 of:

Almost $1 Trillion in Medicaid Cuts

<table>
<thead>
<tr>
<th>2017 American Health Care Act</th>
<th>Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td># Insured Decreasing Over 10 Years</td>
<td>-24 M</td>
</tr>
<tr>
<td># Insured Decreasing in 2018 Alone</td>
<td>-14 M</td>
</tr>
<tr>
<td>Medicaid $$$ Cut to States Over 10 Years</td>
<td>-880 B</td>
</tr>
</tbody>
</table>

How will you make sure the country doesn't return to having 48 million people without health insurance?
“We’re not gonna throw anybody off of health care - as long as that fundamental principle is there, we will be fine.” Sen. McCain
McCain Votes NO

“I believe we could do better working together, Republicans and Democrats, and have not yet really tried”

Sen. McCain
Arizona Nonpartisan Health Policy Collaboration in 2018

Legislature Unanimously Passes AZ Opioid Epidemic Act
Gov. Ducey Signs 1/26/18

HB 2235 Dental Therapists

HB 2324 CHW Voluntary Certification
Education Is a Social Determinant of Health

Dan Derksen, MD
Undermining Medicaid Coverage with Sec. 1115 Soc. Sec. Act Waivers

Seeking CMS ok for work requirements: AR, AZ, IN, KS, KY, ME, NH, UT, WI

CMS approved them for AR, KY, IN, NH

CMS Denies KS Lifetime Medicaid Limits

Arizona pulls back from imposing time limits on AHCCCS enrollment
Stephanie Innes | May 13, 2018

The New York Times
Judge Strikes Down Kentucky’s Medicaid Work Rules
Abby Goodnough | June 29, 2018

What’s past is prologue

What to come,
in yours and mine to discharge

William Shakespeare: The Tempest Act II

November 6, 2018

Arizona Voting Starts Oct 10

37 states begin voting 5 to 45 days before Nov 6
2018 US Senate 2*
51 R
49 D

35 Seats Up
26 held by D’s

*Seats needed to change majority

In 2016 in the U.S.
245.5M Eligible to Vote
157.6M Registered to Vote
136.8M Voted

87% of Registered Americans Voted
56% of Eligible Americans Voted

2018 US House 25*
236 R
193 D
6 Vac

All 435 Up

http://www.pewresearch.org/fact-tank/2018/05/21/u-s-voter-turnout-trails-most-developed-countries/
2018 Current
AZ Senate 3*
17 R
13 D

2018 Current
AZ House 6*
35 R
25 D

*Seats needed to change majority

In August 2018 in Arizona
1,264,295 (34.8%) Registered Republicans
1,256,170 (34.6%) Other
1,111,580 (30.6%) Registered Democrats
3,632,045 Registered Arizona Voters¹

74% of Registered Arizonans Voted in 2016
57% of Eligible Arizonans² Voted in 2016

Midterm and the Supreme Court of the United States (SCOTUS)

• Justice Gorsuch Age 51, 2017: Justice Scalia Age 80 (dec.)
• Justice Kennedy: Retired Age 82 in July, 30 yrs SCOTUS
• Justice Breyer: Age 80, in 25th year on SCOTUS
• Ruth Bader Ginsburg: Age 85, in 26th year on SCOTUS

DECISION PENDING
Healthcare Is the #1 Voter Concern This Midterm Election

• Spiraling drug costs
• Losing coverage
• Cutting Medicaid, Medicare
• Covering ‘pre-existing’ conditions
• Shifting costs to elderly Americans with chronic disease - diabetes, hypertension, arthritis, heart disease

U.S. Drug Prices – Health Policy

• From 2008-15 brand name drug prices rose by 164%, 12X rise in CPI (13.5%)
• Prices fall 75% after patents end

Policy Interventions:
• Fast track generic applications to FDA
• Import off-patent drugs
• FTC strict oversight of drug co. mergers

https://data.bls.gov/pdq/SurveyOutputServlet?request_action=wh&graph_name=CU_cpibrief
Innovative Policy Interventions

- Allow Medicaid ‘buy-in’ for states (NV)
- Manage costs: home, community (ALTCS)
- Pay value-based care v fee-for-service
- Eliminate steps not adding value: billing, collecting, EHR documenting
- Shift from PhRMA & insurance company ‘hold harmless’ policy approaches to: hold accountable
To carry a positive action we must develop a positive vision

Dalai Lama

Lake Mary

Coconino National Forest
Though I have to say goodbye
Remember me

Día de los Muertos
Oct 31 to Nov 2
Though I have to say goodbye
Remember to vote!

Día de los Votos: Nov 6
AZ: Register to Vote by Oct 9