

## IMPACT OF ACA ON WORKERS' COMPENSATION

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## THE BASICS

Workers' Compensation Insurance	Health Insurance	Disability Insurance
Business insurance that pays for an employee's workplace injury or illness.  Employee disability and lost wages are included.	Insurance that pays medical expenses not related to work.  Many employers offer health insurance to their employees as part of a benefits package, but individuals can purchase plans on their own.	Insurance that helps pay an individual's lost income if they become disabled and are unable to work.  Separate from health insurance and workers' compensation insurance.



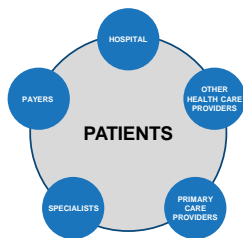
## THE AFFORDABLE CARE ACT (ACA)

- A massive law with 10 titles and hundreds of provisions
- Individual and employer mandates, exchanges/marketplaces
- Medicare and Medicaid reforms, workforce provisions, FDA approval of biosimilars
- Many other provisions with guidance issued by multiple federal agencies
- No mention of Workers' Compensation
- Catalyst for Accountable Care Organizations (ACOs) and health system consolidation and integration



## ACO OFFERS INTEGRATED CARE

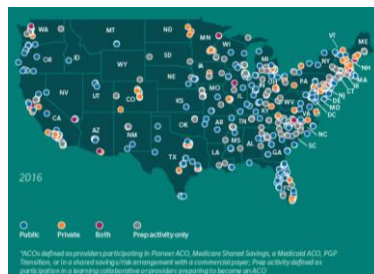
A network of doctors, hospitals and other providers that share responsibility for patient care.



- Features:**
- Electronic health records
  - Data sharing
  - Clinical protocols



## 630 ACOs AND COUNTING



**480**  
are Medicare Shared Savings Program (MSSP) ACOs

Source: Robert Mechanic, The Long-Term Outlook for Payment Reform: What Does it Mean for Hospitals and Physicians, 2017.

Sources: News releases, company websites, Dartmouth Atlas PCAs, Claritas, Oliver Wyman analysis, <http://www.oliverwyman.com/index.html>



## ACO/ACA IMPACT ON WORKERS' COMPENSATION

- ACOs improved care coordination for occupational health providers
- ACOs reinforced the concept of value-based provider contracts for workers' compensation
- ACA Medicare provider payment policy reduced reimbursements. Many states use Medicare to set their workers' compensation reimbursements, so payments are reduced
- ACA increased the number of insured Americans, reducing cost shifting to workers' compensation

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## REPEALING HEALTH CARE REFORM



Source: America's Health Insurance Plans (AHP), Summary of Health Insurance Plan Regulation

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## KEY PROVISIONS OF AMERICAN HEALTH CARE ACT

Under Obamacare	American Health Care Act
Individual mandate	Repeal
Employer mandate	Repeal
Subsidies for out-of-pocket expenses	Repeal
Premium subsidies	Change
Medicaid expansion	Change
Health Savings Account	Change
Restrictions on charging more for older Americans	Change
Dependent coverage until 26	Keep
Pre-existing conditions policy	Keep
Essential health benefits	Keep
Prohibitions on annual and lifetime limits	Keep

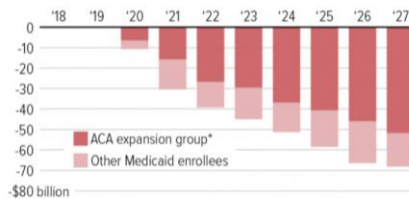
Source: [https://www.nytimes.com/interactive/2017/03/06/us/politics/republican-obamacare-replacement.html?\\_r=1](https://www.nytimes.com/interactive/2017/03/06/us/politics/republican-obamacare-replacement.html?_r=1)

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## POSSIBLE MEDICAID COST SHIFTS

Cost shifts to states, relative to current law



\*Enrollees under the Affordable Care Act's Medicaid expansion

Source: CBPP analysis using Jan. 2017 Congressional Budget Office Medicaid baseline and inflation estimates from CBO and the Centers for Medicare and Medicaid Services

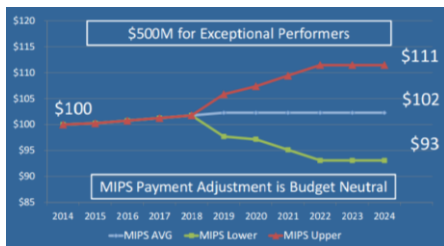
Source: Center on Budget and Policy Priorities, CBPP.org

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## PHYSICIAN PAYMENT UNDER MEDICARE ACCESS AND CHIP REAUTHORIZATION ACT (MACRA)

10-Year Change in Physician Payment Under Merit-Based Incentive Payment System (MIPS)



Source: Robert Mechanic, Physician Payment Under MACRA: How Will it Change the Market?, 2017.

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## PHYSICIAN PAYMENT UNDER MACRA

10-Year Change in Physician Payment Under Merit-Based Incentive Payment System (MIPS)



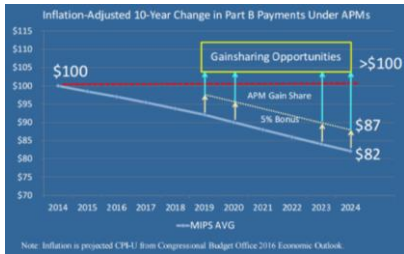
Source: Robert Mechanic, Physician Payment Under MACRA: How Will it Change the Market?, 2017.

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## PHYSICIAN PAYMENT UNDER MACRA

The only way physicians can maintain current income is through successful Advance Alternative Payment Model (APM) Performance



Source: Robert Mechanic, *Physician Payment Under MACRA: How Will it Change the Market?*, 2017.

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## NOW WHAT?

### Catalysts

- Medicare payments will decrease and be based on quality metrics
- Medicaid payments will likely decrease and become per capita "block grants" to states

### Implications

- Pressure on hospital bottom lines
- Competition for private and commercial paid patients, including workers' compensation
- Pressure on workers' compensation providers to accept lower pricing

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THANK YOU