The Impact Of ACA On Case-Shifting From Group Health To Workers' Compensation

WCRI

About WCRI

- Independent, not-for-profit research organization
- Diverse membership and funding support
  - Insurers, service providers, employers, labor, state and independent organizations
- Studies are peer-reviewed
- Resource for public officials & stakeholders
  - Content-rich website: www.wcrinet.org
  - Over 550 WC studies published

WCRI Approach

- Mission

  "Be a catalyst for improving WC systems by providing the public with high-quality, credible information on important public policy issues."

- Studies focus on benefit delivery system
- Don't make policy recs nor take positions on issues
- Sgt. Joe Friday of Workers' Comp

Case-Shifting

- Parallel reimbursement systems for health care
  - Group health (GH)
  - Medicare/Medicaid
  - Workers' compensation insurance (WC)
    - Medical and indemnity benefits for those injured at work
- Financial incentives may affect likelihood a claim is reimbursed by a particular system
- Higher likelihood = case-shifting
- Not literal shift of a case from one system to another

WCRI Studies Of Case-Shifting

- Look at impact of financial incentives to "shift" cases between WC and GH
- Provider incentives to shift to WC from:
  - capitated GH plans under ACA (published)
  - fee for service GH when WC fees are higher (published)
- Worker incentives to obtain care under WC:
  - when GH co-pays and deductibles are higher (begun)

WC: Workers' Compensation; GH: Group Health

Today's Focus

- Look at impact of financial incentives to "shift" cases between WC and other health care systems
- Provider incentives to seek reimbursement from WC when workers are in:
  - capitated GH plans
- Look at how ACA may influence provider incentives
  - fee for service GH plans when WC fees are higher
- Worker incentives to obtain care under WC:
  - when GH co-pays and deductibles are higher (begun)

WC: Workers' Compensation; GH: Group Health

Present Study

- Not a critique of the ACA
  - It's about workers' compensation
- Studies one case-shifting mechanism of ACA
  - ACA emphasis on capitated health plans

Provider Incentives: A Hint Of Powerful Case-Shifting Incentives With HMOs

Shipyard #	WC Cost/Worker	% Workers Covered By HMOs
1	$347	0%
2	$370	0%
3	$477	<1%
4	$723	39%
5	$756	53%
6	$930	53%
7	$1,181	83%
8	$2,325	66%

Source: A. Ducatman, Workers' compensation cost-shifting, *Journal of Occupational Medicine*, 12/1986; 28(11): 1174-6

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Outline

- Case-shifting mechanism under ACA
- Research approach and data
- Major findings
- Policy implications
- Outstanding questions to answer

ACA And ACOs

- A central part of ACA is creation/expansion of Accountable Care Organizations (ACO)
- ACO: network of doctors and hospitals sharing financial and medical responsibility by providing patients with coordinated services
- Financial responsibility => paid more if ACO meets quality metrics at lower cost
- Cost => total cost for a group of patients (at least 5,000)

ACA
Value-based Payments And Capitation

- Under fee for service: providers paid for every service
- Goal of ACA: incentivize providers to avoid unnecessary services
- Variety of value-based payment models under experimentation
  - Bundled payments—payment per episode of care
  - Capitation—provider group paid set amount for a group of patients (per head)
- Explicit goal of ACA: increase number of patients covered by "capitated" payment plans

Financial Incentives Under Capitation: Illustration

Worker seeks care for back pain

Fee-for-service GH Insurance Plan

- Not work related: provider paid fee for service by GH insurer
- Work related: provider paid fee for service—often higher prices—by WC insurer

Capitated GH Insurance Plan

- Work related: provider paid fee for service by WC insurer
- Not work related: provider has already been pre-paid for care

How Manifest In WC?

- Decisions about “work-relatedness” rely on assessment of treating doctor
- Fractures, lacerations, contusions:
  - Usually arise from specific event—work or not work obvious
  - Objective facts limit influence of capitated financial incentives
- Back, knee, shoulder strains:
  - Cause may be less clear—more discretion to doctor
  - Financial incentives have opportunity to influence

Major Findings

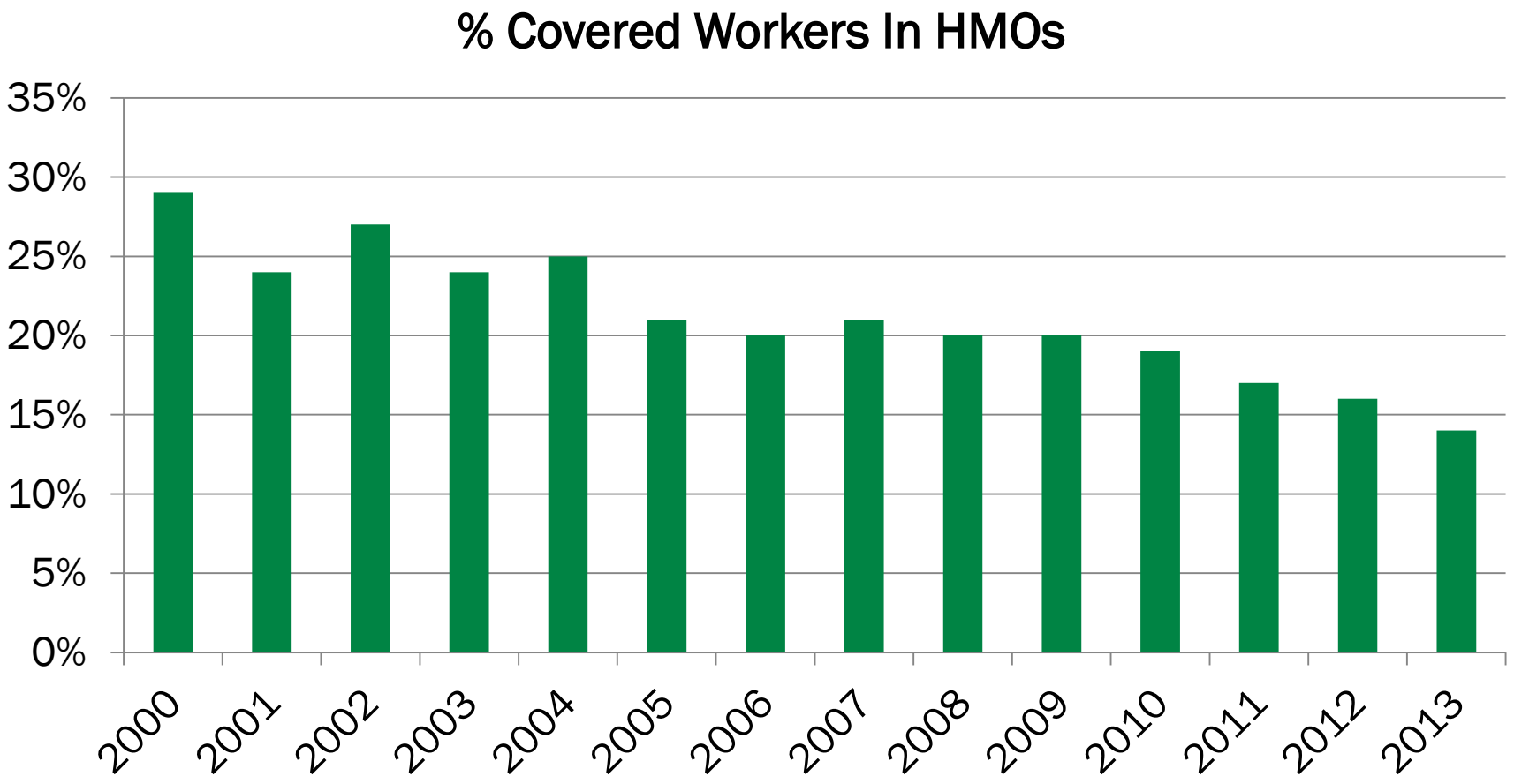
- When GH is capitated, soft-tissue cases more likely to be covered by WC as opposed to GH ("case-shifting")
- Growing use of capitation under ACA will increase the number of WC soft-tissue cases
- Initially, larger shifting of soft-tissue cases to WC more likely to occur in states where capitation is currently more common
- Ultimately, states with little current use of capitated plans may see the largest shifts to WC

How Common Are Capitated GH Plans?

- In 2010, 12 states had more than 25% of insured workers in capitated plans
  - Representing 38% of U.S. workers
  - E.g., CA, NY, PA, MI, MA
- Little use of capitation in 22 states—31% of U.S. workers
  - E.g., TX, IL, NC

Source: The Henry J. Kaiser Family Foundation, 2013, State HMO Penetration Rate.

Nationwide: Fewer Workers Enrolled In Capitated Health Plans Since 2004



ACA Likely To Reverse Trend

- Increase the use of capitated GH insurance plans
- In 2000, 29% of insured workers in capitated GH plans
- By 2013, only 14% in capitated plans
- What if ACA/ACO stimulated a 30 percentage point increase in market share of capitated GH plans?

Data

- Truven Health Analytics MarketScan® Research Databases
- Sample of employed individuals from employers who provided both WC & GH claims data
- 2008-2010 claims
- Nationwide sample, but not necessarily representative
  - 126,000 workers covered by capitated health plans
  - 611,000 workers covered by fee-for-service plans

Research Approach

- Identified full-time workers seeking care for a soft tissue condition or fracture, cut, laceration
- Identified who paid for first two visits to initial treating provider: GH or WC
  - (WC = yes) => work-related
- Determined whether GH plan was partially or fully capitated, or not

Research Questions

- Is WC more likely to pay for soft tissue conditions when worker is covered by capitated GH than by fee-for service GH?
- Same question for trauma conditions
- Do answers to above depend on HMO penetration in a state?
- Analysis controls for age, gender, industry, year, state, and medical history in 12 months prior to injury

Estimating Equation

$$P[WC_i|.] = \beta_0 + \beta_1 soft\ tissue\ conditions_i + \beta_2 capitated_i * soft\ tissue\ conditions_i + \beta_3 capitated_i * injury\ by\ trauma_i + \beta_4 state_i + \beta_5 year_i + \beta_6 industry_i + \beta_7 medical\ history_i + \beta_8 demographics_i + \varepsilon_i,$$

- Linear probability model
- Pooled sample, plus
- Separate estimates for three groups of states: high, medium, and low capitation states

Study Findings
Case-Shifting Over All States

- Patients covered by capitated GH plans
  - 11% more likely to have workers' compensation pay for soft tissue injury
  - Not more likely for fractures, lacerations, contusions
- These averages hide important differences across states

Study Findings
States Where Capitation Common

- Patients covered by capitated GH plans
  - 31% more likely to have workers' compensation pay for soft tissue injury
  - Not more likely for fractures, lacerations, contusions
  - Effect for soft tissue cases not just because there are more capitated plans
  - Effect is stronger. Likely reflects provider knowledge of incentives.

Study Findings
States Where Capitation Is Less Common

- Patients covered by capitated GH plans
  - Not more likely to have soft tissue claims paid by workers' compensation
  - Same for fractures, lacerations, and contusions

Growing Capitation Increases Employers' WC Costs – A Simulation

- If capitation grows by 30 percentage points:
  - 9.2% more soft tissue claims paid by workers' compensation
  - No increase in fractures, lacerations, and contusions
- Examples
  - If Michigan increased from 26% to 56%
    - 7% increase in soft tissue claims paid ($16 million)
  - If Illinois increased from 12% to 42%
    - 13% increase in soft tissue claims paid ($91 million)

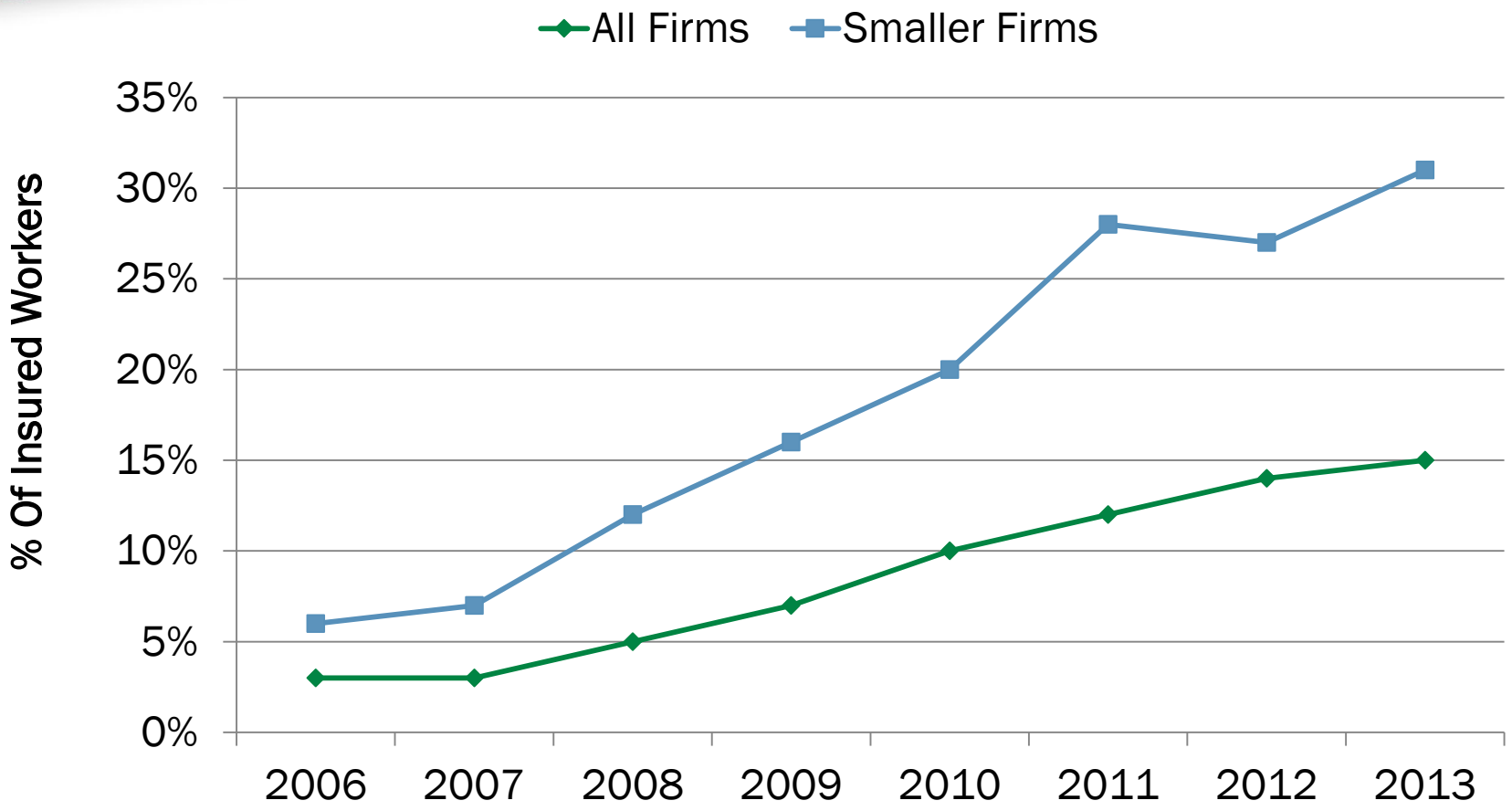
Policy Implications

- Case-shifting raises costs to employers
- ACA raises WC costs as capitation becomes increasingly common
- Coverage by capitated GH plans may be relevant for adjudicators evaluating work-relatedness

Outstanding Questions To Address

- Are the effects of capitation predicted by this study materializing?
- Are the case-shifting effects larger in states with higher medical fee schedules—especially for patients in fee-for-service GH plans?
  - Yes
- Is the use of high deductible plans leading to more case-shifting to WC?
  - Next WCRI study

Rising Number Of Workers Have Deductibles Of $2,000 Or More



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Thank You!

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