

Oklahoma Legislature's  
**Joint Committee on  
Federal Health Care Reform**

**“PPACA’s Impact on Hospitals”**

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**October 5, 2011**



**“How will the Patient Protection and Affordable Care Act of 2010 impact Oklahoma’s hospitals?”**








# PPACA: The Overall Read...

- **Mostly a bill about insurance reform and coverage, much less about health care delivery reform**
- **For hospitals...less payment, more accountability for quality, new delivery system pilot programs**
- **Rest of bill: less clear; many decisions yet to be made**



# Key Elements of PPACA

- Expanding coverage 
- Reforming the delivery system 
- Financing reform 
- Protecting Mc/Mcd Payment
- Building the workforce 
- Wellness & Prevention
- Quality & Safety 
- Regulatory oversight & program integrity

# Expanding Coverage

- **32 million newly insured**
- **Immediate/future insurance reforms**
- **Federal support for subsidizing some individuals and small businesses**
- **Individual mandate: 2014**



# **Expanding Coverage: Vitaly important for Oklahoma**

- **19% of our state's population is uninsured...about 665,000**
- **Hospital emergency departments are largely the source of care.**
- **EMTALA requires hospitals to become the “safety net” for care**



# Expanding Coverage: Vitaly important for Oklahoma

- **Patients with insurance have better access to physicians**
- **Otherwise.... Cost of required care shifted to commercial payers**
  - **2009...\$954 Million (a hidden tax)**
  - **2009...\$500 Million in uncompensated hospital care**

# Expanding Coverage: Vitaly important for Oklahoma

- **Oklahoma Hospitals support patients having health insurance**
  - Improves access to care (right care, at the right time, and the right place)
  - Improves overall health status...  
positive impact on state's economy
  - Helps to lower the cost of health care





# Reforming the Delivery System and Quality of Care

- **Creates new ways for paying for health care**
  - Value-based purchasing...rewards value not volume (2013)
  - “Bundling” pilot programs (2013; 2016)
  - Accountable Care Organizations
  - “Medical Homes” (team-based)



# Financing Reform

- 49% via cuts; 51% via taxes & fees
- Hospitals: \$155 billion over 10 yrs
  - OK: ↓ \$2.6B over 10 yrs
  - OK: ↑ \$30M in rural payments; 2 yrs
  - Mc/Mcd DSH payment reductions
  - Hospital penalties in 2013: readmissions; hospital acquired conditions (HAC)



# Building the Workforce

- “Who will care for these newly insured 32 million people?”
- 2 add’l visits per year...
- = 64,000 visits, divided by 4,000
- = 16,000 more primary care providers needed

# An Oklahoma Perspective

- 66 of OK's 77 counties fail to meet the national physician standard: 1 for 3,500
- OK: 4th lowest of rural states 213/100K
  - Only 6% of Medical Residents desire to practice in a rural setting
- PPACA: bonus payments for PCPs and General Surgeons in some rural settings



# **“What will be expected of health care organizations in addressing health care reform ?”**

- More effort to clinically integrate patient care among many providers**
- More accountability for the quality of patient outcomes**
- Management of at-risk payments**

# Health Care Reform vs. PPACA

## National Framework for Change

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