

# 2012 TRIDEC Regional Economic Forum

# KADLEC

A Higher Level of Care

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# National Trends

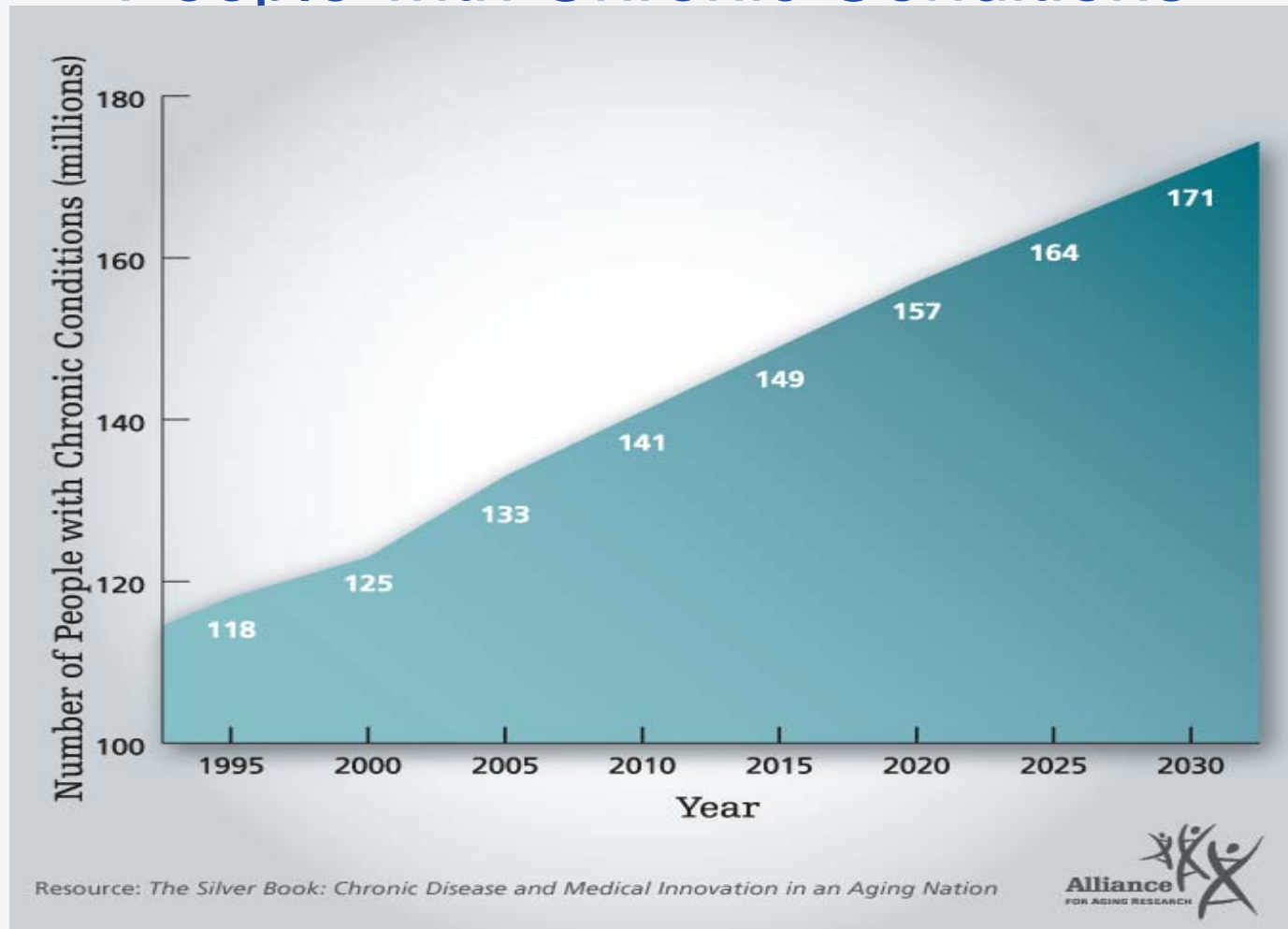
- Aging of the population
- Debt projections
- Health reform
- Insurance reform
- Increase in uninsured
- Increase in charity care

# Aging of Population

“The nation’s elderly population will more than double in size from 2005 through 2050, as the baby boom generation enters the traditional retirement years. The number of working-age Americans and children will grow more slowly than the elderly population, and will shrink as a share of the total population.”

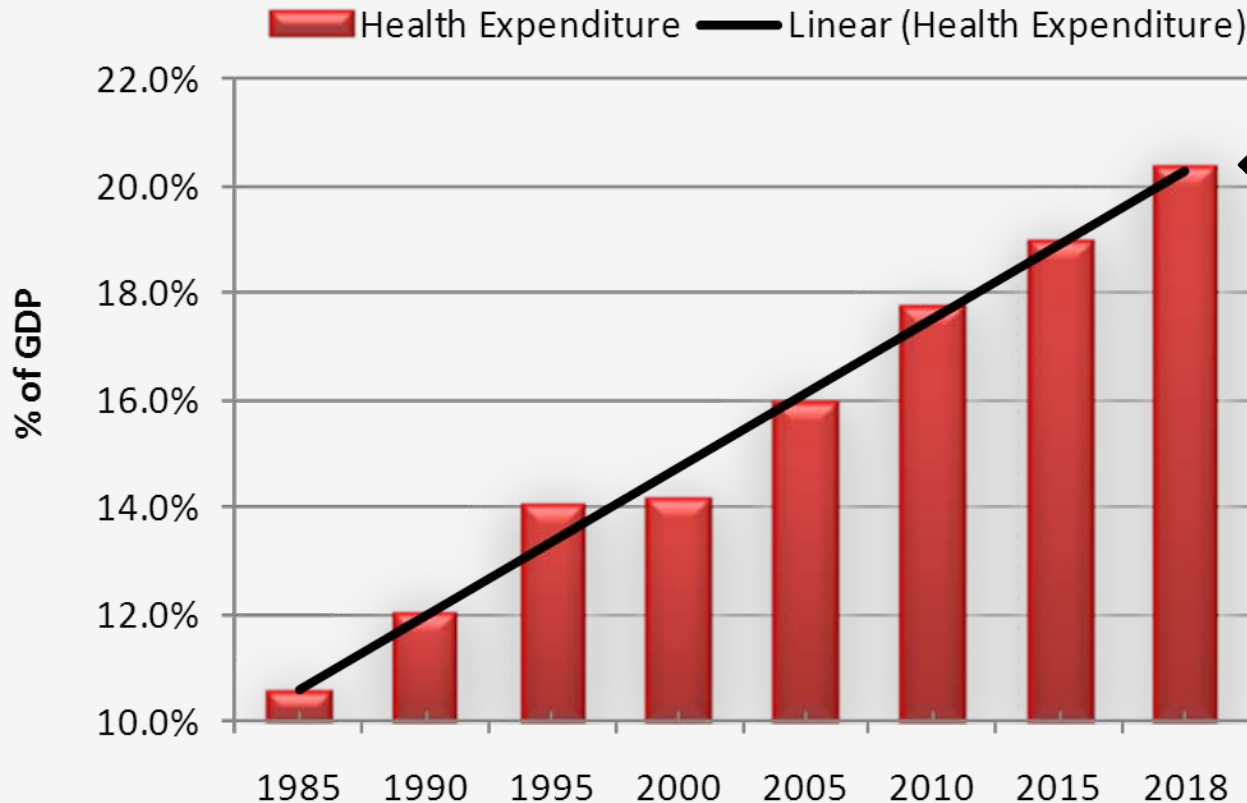
Source: Pew Research Center

## People with Chronic Conditions



Partnership for Solutions 2004, *Chronic Conditions: Making the case for ongoing care*

# Growth in Healthcare Spending as a Percentage of GDP



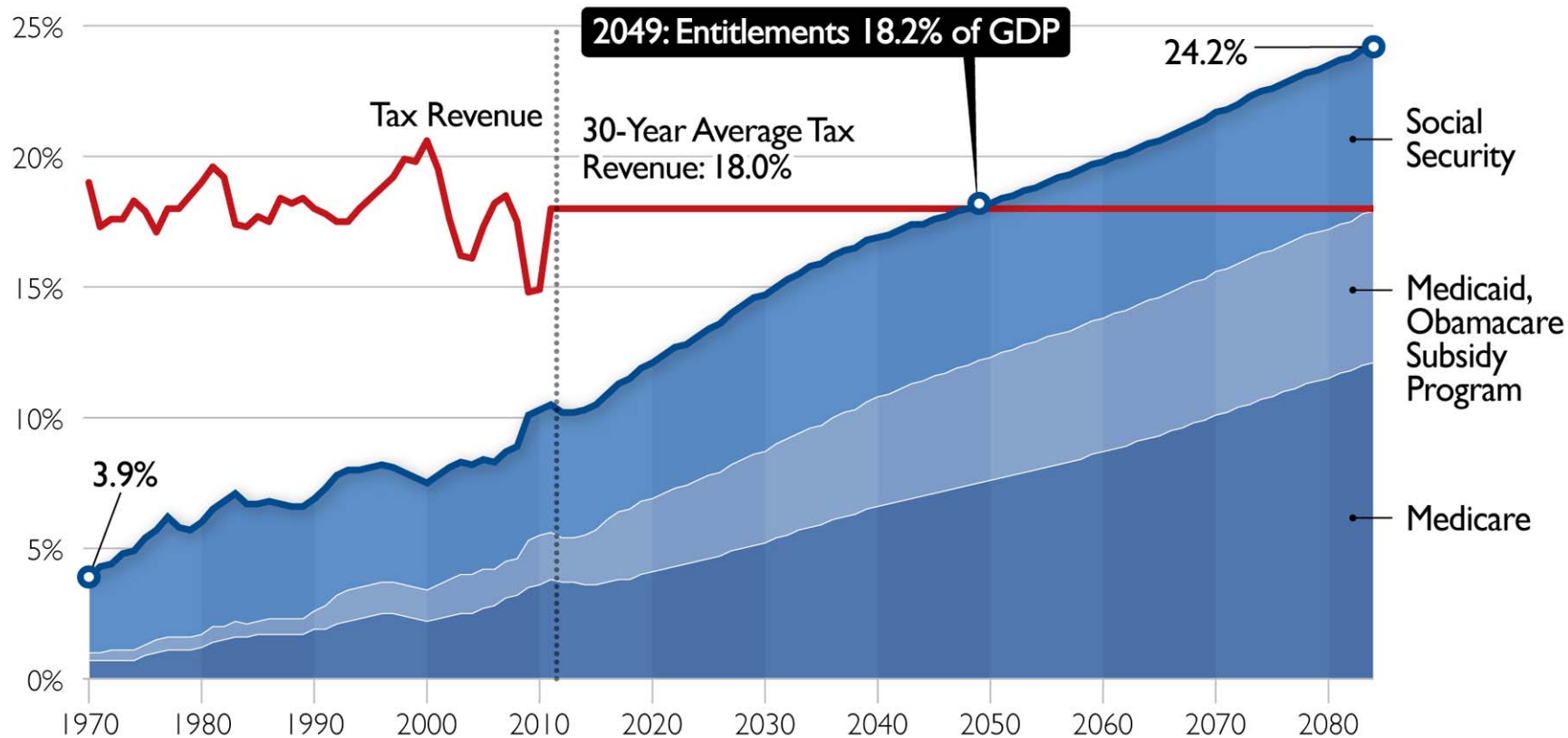
National health expenditures as a percent of GDP is projected to exceed 20% by 2020.

Source: National Health Expenditure Projections 2008-2018, CMS, 2008.

# Entitlements Will Consume All Tax Revenues by 2049

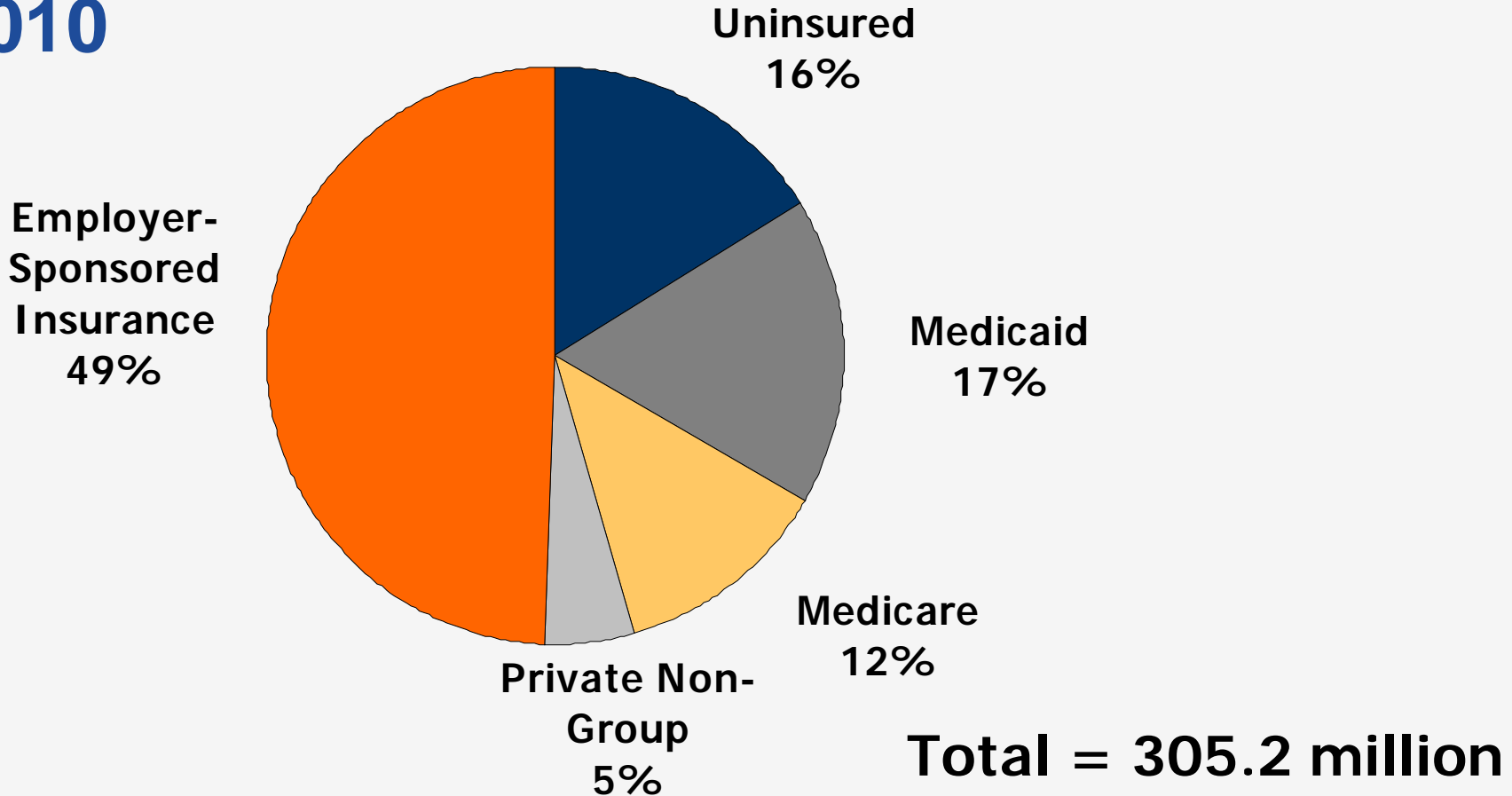
If the average historical level of tax revenue is extended, spending on Medicare, Medicaid and the Obamacare subsidy program, and Social Security will consume all revenues by 2049. Because entitlement spending is funded on autopilot, no revenue will be left to pay for other government spending, including constitutional functions such as defense.

## PERCENTAGE OF GDP



Source: Congressional Budget Office.

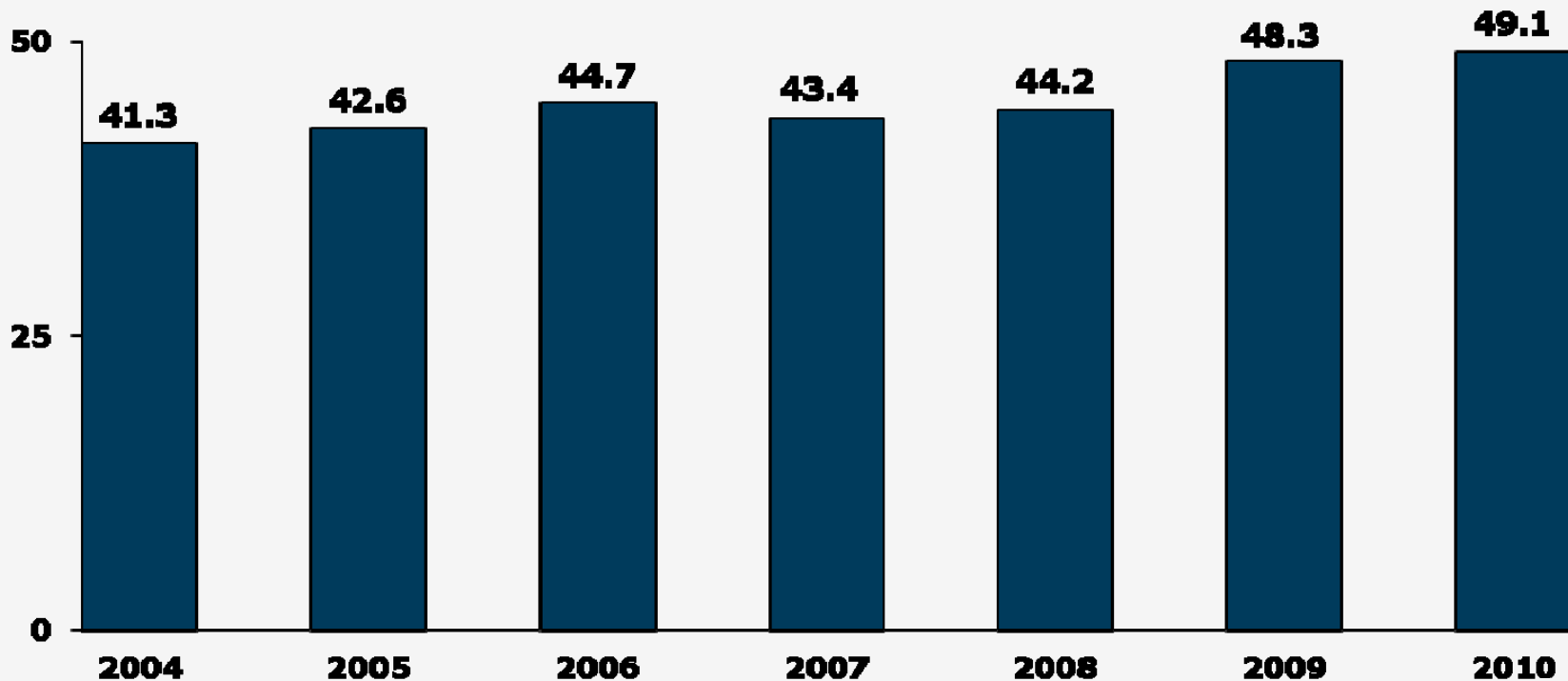
# Health Insurance Coverage in the U.S., 2010



\* Medicaid also includes other public programs: CHIP, other state programs, military-related coverage. Numbers may not add to 100 due to rounding.

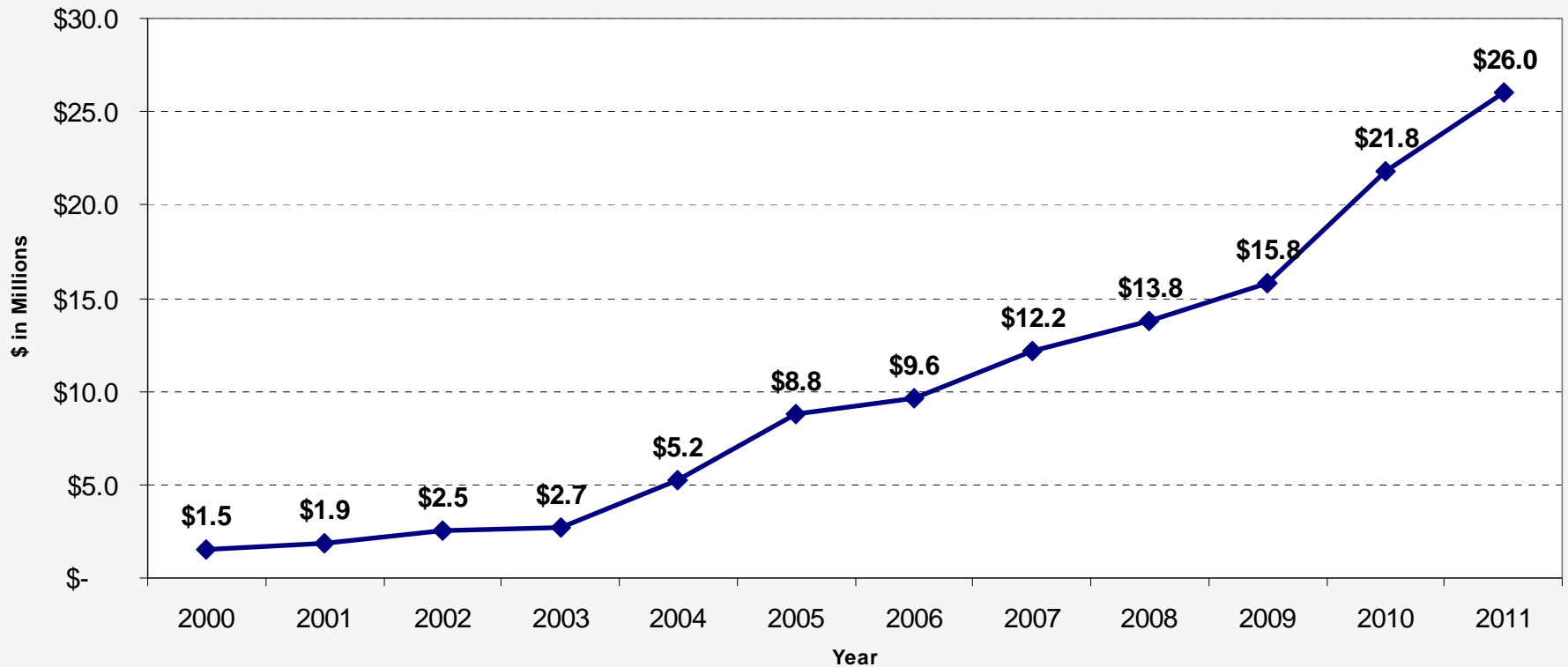
SOURCE: KCMU/Urban Institute analysis of 2011 ASEC Supplement to the CPS.

## Number of Nonelderly Uninsured Americans, 2004 – 2010



SOURCE: DeNavas-Walt C, Proctor B, and Smith J. "Income, Poverty, and Health Insurance Coverage in the United States: 2010". United States Census Bureau. Issued September 2011.

## Kadlec Charity Care



# State of Washington

- Critical Access hospitals threatened
- Basic Health plan downsized
- Emergency Department coverage decreased
- Bad debt increasing
- Charity care increasing
- Safety net assessment changes

# Employer/Purchaser Expectations

- Increase in quality/outcomes
- Decreased cost
- Better coordination
- Transparency for outcomes and cost
- Measurement tools

# Changes Needed/Anticipated

- Reduction in variation/best practices
- Health insurance exchanges
- Alignment of provider incentives
- Consolidation
- Change in care for end of life
- Prevention vs. cure
- Tort reform
- Eliminate cost shifting
- Management of chronic conditions

# SE Washington/NE Oregon Impact

# Kadlec Service Area Growth Projections

<i><u>Population Segment</u></i>	<i><u>Ages</u></i>	<i><u>2008</u></i>	<i><u>2018</u></i>	<i><u>% Change 2008 - 2018</u></i>
<b><i>Pediatric</i></b>	<b><i>0 - 14</i></b>	<b><i>88,051</i></b>	<b><i>109,231</i></b>	<b><i>24.1%</i></b>
<b><i>Child-bearing females</i></b>	<b><i>15 - 44</i></b>	<b><i>78,348</i></b>	<b><i>96,638</i></b>	<b><i>23.3%</i></b>
<b><i>Young Adults</i></b>	<b><i>15 - 44</i></b>	<b><i>164,011</i></b>	<b><i>202,746</i></b>	<b><i>23.6%</i></b>
<b><i>Middle Age</i></b>	<b><i>45 - 64</i></b>	<b><i>92,582</i></b>	<b><i>119,171</i></b>	<b><i>28.7%</i></b>
<b><i>Seniors</i></b>	<b><i>65 +</i></b>	<b><i>42,611</i></b>	<b><i>59,993</i></b>	<b><i>40.8%</i></b>
<b><i>Total</i></b>		<b><i>387,255</i></b>	<b><i>491,141</i></b>	<b><i>26.8%</i></b>

# Reducing Cost of Healthcare

- Continued reimbursement declines
- Continued expense pressures
- Consolidation of physician practices
- Hospital system owned physician practices
- Some critical access hospitals become outpatient facilities
- Consolidation of hospitals
- Elimination of “frills”
- More mid-level providers

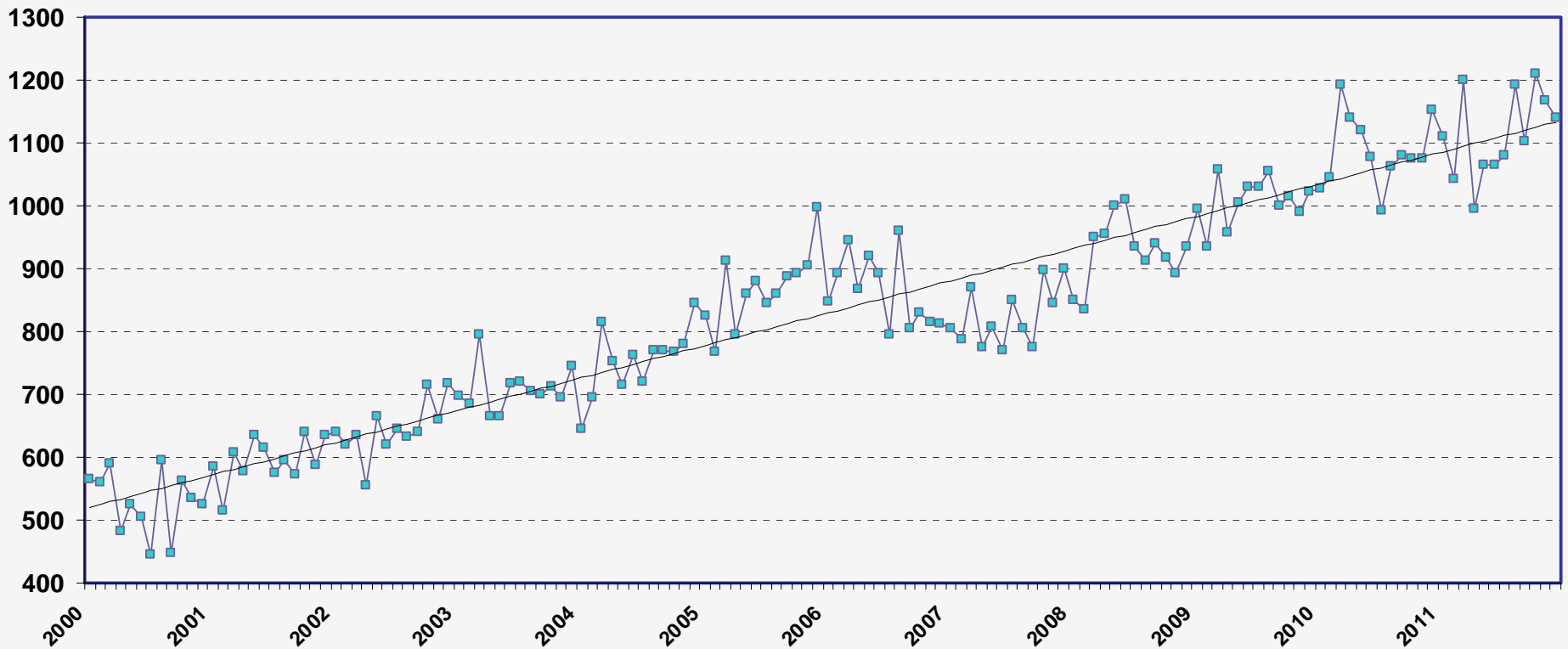
# What Can Employers Expect?

- Insurance exchanges with standard “package”
- Supplemental insurance for more coverage
- Direct contracting with health systems
- Employees expected to pay a higher percentage
- On-site medical clinics for larger employers
- Demand transparency for cost and outcomes
- Meaningful dialogue with health systems to achieve mutually satisfactory outcomes

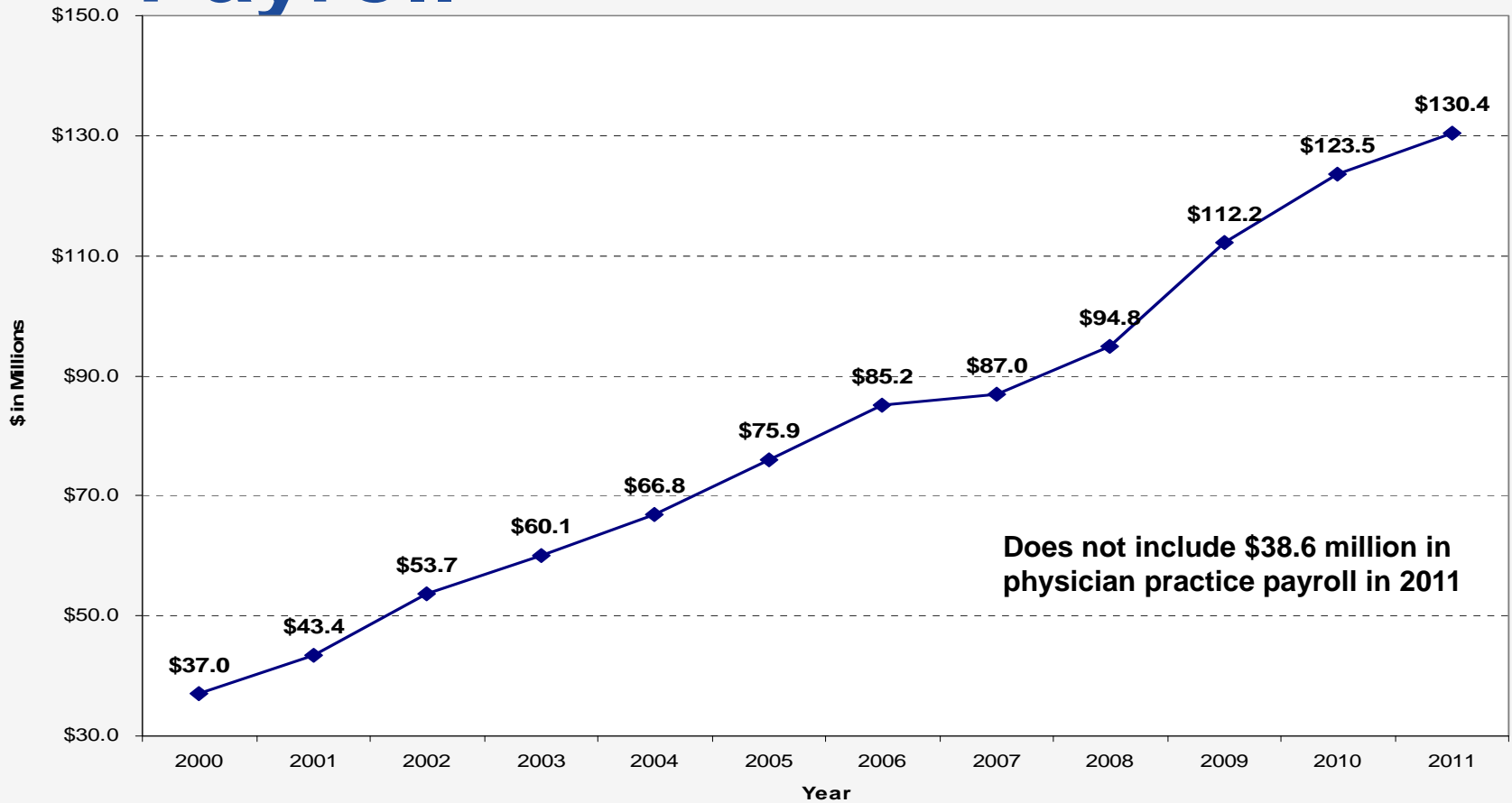
# Mitigating Factors in Tri-Cities

- Hanford, PNNL, Agriculture, Wine, and Healthcare are somewhat insulated
- The above are primarily funded by populations outside of the Tri-Cities resulting in a net influx of dollars/healthier economy
- Significant cost reductions possible by consolidation, coordination, and efficiency

## Kadlec as Economic Driver – Admissions



## Kadlec as Economic Driver - Payroll



# Future

- The health care providers in the Tri-Cities will continue to struggle to provide services.
- The employers in the Tri-Cities will continue to struggle with the cost of health insurance.
- Consumers will struggle with more expensive health insurance for less coverage.
- But, healthcare spending will increase and healthcare will remain as a major economic driver for the community.



# Thank you!!

