HEALTH CARE, HEALTH INSURANCE ON THE THRESHOLD OF...

Presented by:

DCCA Hawaii Insurance Division



PRICING OF HEALTH INSURANCE PLANS...

Health Insurance Rate Regulation

- HRS article 431:14G requires review of managed care plan rate filings
- Commissioner must ensure that rates are not excessive, inadequate, or unfairly discriminatory and are reasonable in relation to the costs of the benefits provided
- September 1, 2011, the Affordable Care Act allowed HHS to have limited oversight over State rate review regulation
- Hawaii is among the 46 states and the District of Columbia with federally recognized effective rate review programs for the individual and small group markets

RATE REVIEW IS NOT THE SOLUTION

Rate review will **NOT** solve the rising healthcare premium increase problem

Bending the Health Care cost curve is the **SOLUTION!**



HEALTH CARE REFORM

Why it is needed...

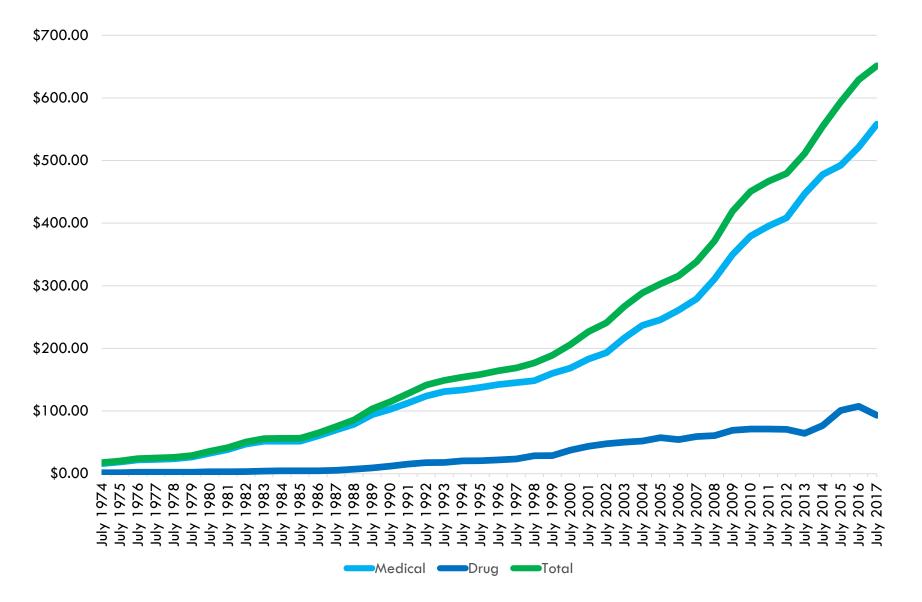
ESCALATING COSTS...

Hawaii Experience

- Prepaid Healthcare law passed in 1974
- Goals: reduce uninsured population, cover major medical to avoid financial hardship, cover preventative care, control healthcare cost increases

Year	Average Income in Hawaii	Medical & Drug Premiums	Percent of Wages
1974	\$7,418	\$17.50 per month (\$210 per year)	2.8%
1995	\$25,715	\$158.36 per month (\$1,900 per year)	7.3%
2005	\$35,669	\$303.10 per month (\$3,637 per year)	10.2%
2015	\$48,288	\$593.44 per month (\$7,121 per year)	14.7%
2017	-	\$651.18 per month (\$7,814.16 per year)	-

SMALL BUSINESS RATES — 1974 TO 2015

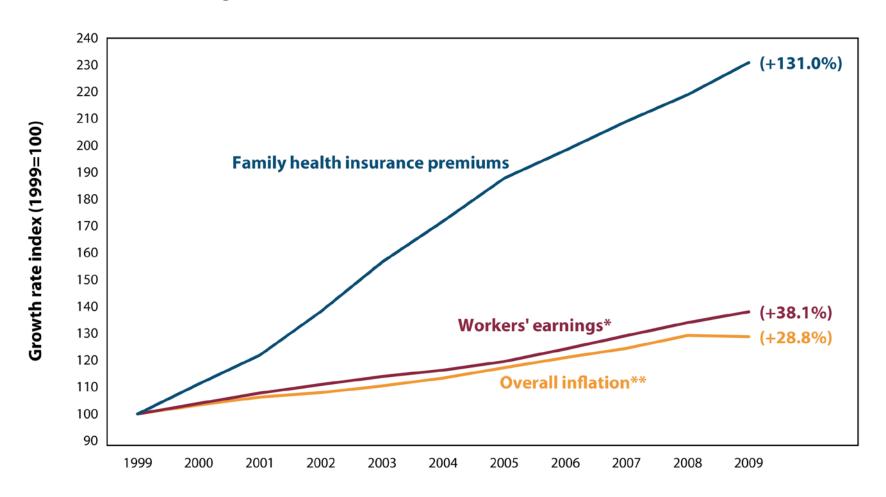


- Average medical & drug premiums have risen steadily due to increases cost of care, medical and drug utilization
- In 1974, medical & drug premiums totaled \$17.50. As of 2015 the cost of medical & drug premiums have increased to \$593.44

Growth of health insurance premiums far outpaces workers' earnings and overall inflation



Growth rate index of family health insurance premiums, workers' earnings, and overall inflation, 1999-2009

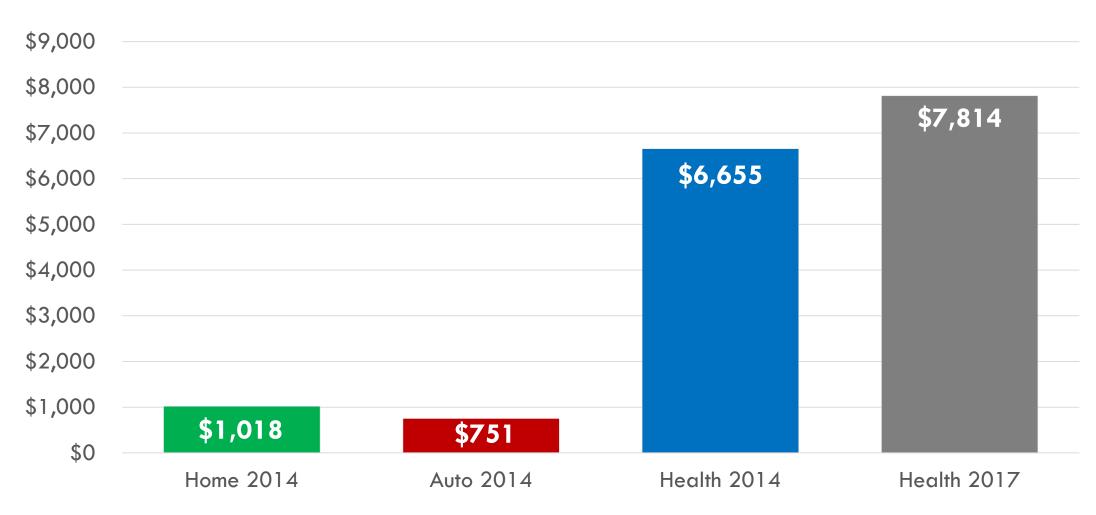


^{*} Workers' earnings as measured by average hourly earnings for private sector production workers.

Source: EPI analysis of Kaiser Family Foundation and Bureau of Labor Statistics data.

^{**} Overall inflation as measured by the Consumer Price Index for All Urban Consumers (CPI-U).

HAWAII AVERAGE PREMIUM COSTS



HAWAII HEALTH PREMIUMS COSTS OVER TIME

Year	Individual	Subtotal Group Comprehensive	Government Business	Other Health Business	TOTAL
1995	_	\$1,212,145,529	_	\$49,973,336	\$1,262,118,865
2005	\$43,858,511	\$1,824,098,545	\$83 <i>5,717,</i> 800	\$55,268,655	\$2,758,943,511
2010	\$82,089,690	\$1,840,873,925	\$2,090,320,888	\$71,046,281	\$4,084,330,784
2015	\$1 <i>5</i> 2,999,91 <i>7</i>	\$2,697,319,284	\$3,404,523,769	\$89,106,887	\$6,343,949,857

Source: Hawaii DCCA Insurance Division and Department of Budget and Finance $\,$ – EUTF

HAWAII HEALTH PREMIUMS COSTS OVER TIME GOVERNMENT BUSINESS BREAKDOWN

Year	Federal Employees Health Benefit Plan	Medicare	Medicaid	EUTF	TOTAL
1995	_	_	-	_	-
2005	\$233,792,052	\$234,988,249	\$366,937,499	\$591,058,711	\$1,426,776,511
2010	\$311,461,098	\$573,195,558	\$1,205,664,232	\$673,314,201	\$2,763,635,089
2015	\$399,764,461	\$1,16 <i>4</i> ,51 <i>7</i> ,112	\$1,840,242,196	\$945,202,267	\$4,349,726,036

Source: Hawaii DCCA Insurance Division and Department of Budget and Finance – EUTF, includes counties

SMALL GROUP HEALTH PREMIUMS IN 2016 PROJECTION FOR 2026

Projected Small Group Health					Annual	Projected	Projected	Projected	Projected Familγ	Projected	Projected	Projected Family	Projected	Projected	Projected
Premium Increase 2016 -			% Drug		Precentage	Increase at	Increase at	Increase at	Increase at	Increase at	Increase at	Increase at	Increase at	Increase at	Increase at
2026	Medical	Drug	Increase	Total	Increase	8.0%	7.0%	6.5%	6.5%	4.0%	3.5%	3.5	3.0%	2.5%	1.0%
2010	\$ 379.44	\$ 71.26		\$ 450.70	7.6										
2011	\$ 395.38	\$ 71.76	0.1	\$ 467.14	3.6										
2012	\$ 408.42	\$ 70.76	(1.4)	\$ 479.18	2.6										
2013	·	•	(8.9)		6.7										
2014			19.4		8.5										
2015			31.2	•	7.0										
2016	\$ 521.52	\$ 107.44	6.3	\$ 628.96	6.0				\$ 1,886.88			\$ 1,886.88			
Annual 2016				\$ 7,547.52					\$ 22,642.56			\$ 22,642.56			
Ten Year Projection 2017						\$ 679.28	\$ 672.99	\$ 669.84	\$ 2,009.53	\$ 654.12	\$ 650.97	\$ 1,952.92	\$ 647.83	\$ 644.68	\$ 635.25
2018						\$ 733.62			\$ 2,140.15			\$ 2,021.27	\$ 667.26		
2019						\$ 792.31	\$ 770.50	\$ 759.75	\$ 2,279.26			\$ 2,092.02	\$ 687.28	\$ 677.32	
2020						\$ 855.69				•			-		
2021						\$ 924.15								•	
2022						\$ 998.08							·	\$ 729.40	
2023						\$ 1,077.93						\$ 2,400.64			
2024						\$ 1,164.16						\$ 2,484.66			
2025						\$ 1,257.29						\$ 2,571.62	\$ 820.65	\$ 785.48	
2026					0.818111.01	\$ 1,357.88	\$ 1,237.26	\$ 1,180.64	\$ 3,541.93	\$ 931.01	\$ 887.21	\$ 2,661.63	\$ 845.27	\$ 805.12	\$ 694.76
					ANNUAL										
					PREMIUM	6 4 6 204 52	644.047.44	6 14 167 70	6 40 F02 00	A 44 470 47	6 10 C1C F0	£ 24 020 57	6 40 443 54	A 0.551.55	
					IN 2026	\$ 16,294.53	\$ 14,847.11	\$ 14,167.73	\$ 42,503.20	\$ 11,172.17	\$ 10,646.52	\$ 31,939.57	\$ 10,143.24	\$ 9,661.46	\$ 8,337.16

INSURANCE PREMIUMS IN HAWAII - 2016

Life		\$	741,275,560
Annuities		\$	1,299,841,897
Fire, Casualty, Misc.		<u>\$</u>	2,324,784,879
	Total	\$	4,365,902,336
Mutual Benefit Societies (MBS)		\$	3,671,823,068
HMO		\$	1,706,971,343
Dental		\$	217,949,196
Foreign Health Companies		\$	1,710,245,074
	Total	\$	7,306,988,681
	GRAND TOTAL	<u>\$</u>	11,672,891,017

Source: 2017 Report of the Insurance Commissioner of Hawaii

HEALTHCARE COST DRIVERS

- Physician, facility and pharmaceutical cost
- Expensive technologies and procedures
- Fragmented and uncoordinated care
- Lack of cost consideration from patients
- Fee-for-service
- High administrative cost expenses
- Unhealthy behavior and lifestyle choices
- Expensive end-of-life care
- Provider consolidation
- Aging population



Source: http://www.slideshare.net/PayerFusion/10-drivers-of-healthcare-cost

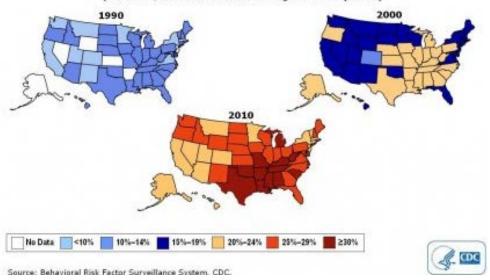
UNHEALTHY BEHAVIOR & LIFESTYLES

1 in 5
Americans
will die from an
Obesity Related Disease

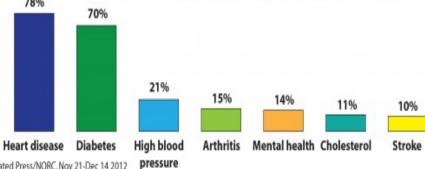
Obesity Trends* Among U.S. Adults

BRFSS, 1990, 2000, 2010

(*BMI ≥30, or about 30 lbs. overweight for 5'4" person)



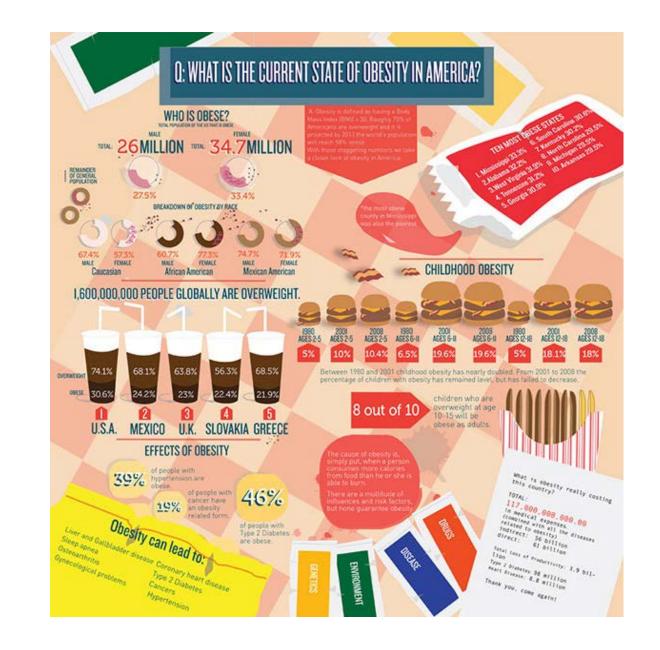




Source: Associated Press/NORC, Nov 21-Dec 14 2012 Note: Respondents could give multiple responses

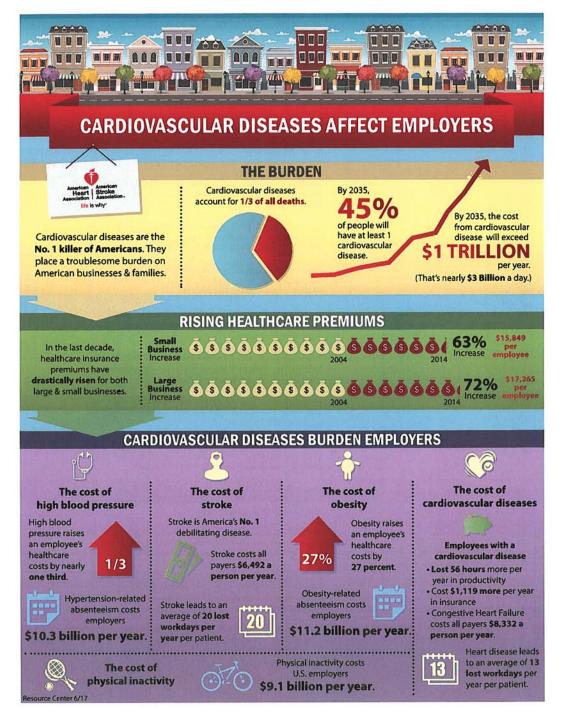
UNHEALTHY BEHAVIOR & LIFESTYLES

Source: http://thedinfographics.com/2011/11/16/obesity-in-america-facts-statistics-and-lies/



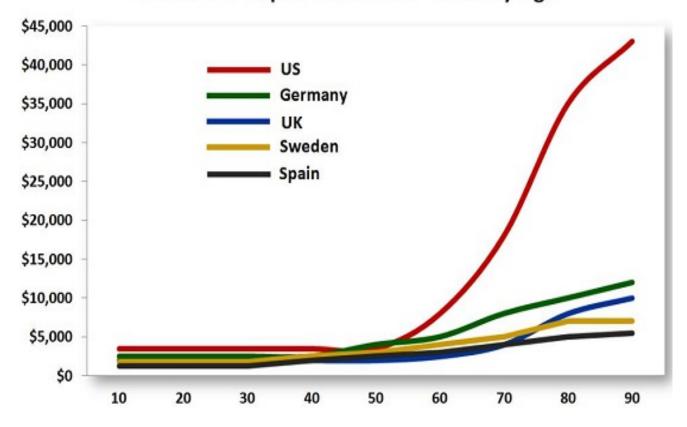
UNHEALTHY BEHAVIOR & LIFESTYLES

Source: American Heart Association



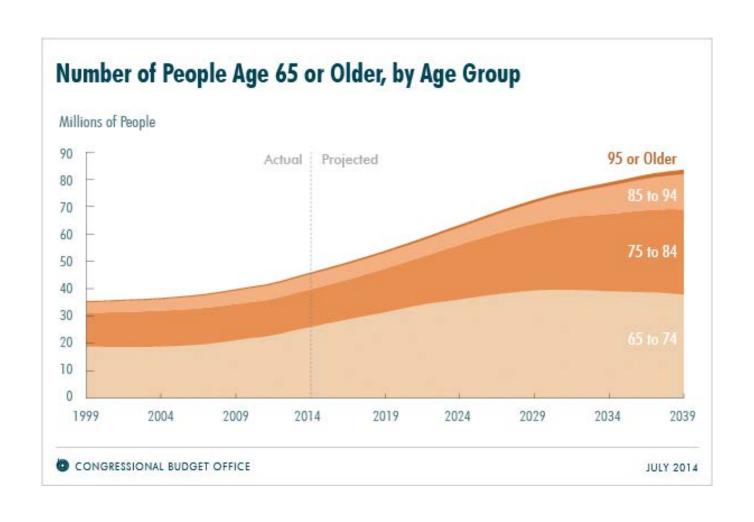
AGING POPULATION...

Annual Per Capita Healthcare Costs by Age

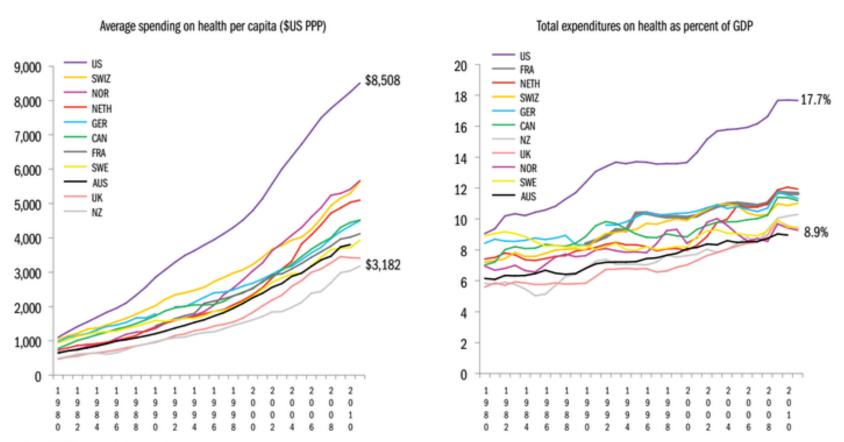


Source: http://www.zerohedge.com/news/2015-05-28/how-healthcare-dooming-us-economy-just-3-charts

AGING POPULATION...



HIGHER EXPENDITURES IN THE UNITED STATES



Note: \$US PPP = purchasing power parity.

Source: Organization for Economic Cooperation and Development, OECD Health Data, 2013 (Paris: OECD, Nov. 2013).

HIGHER EXPENDITURES DO NOT EQUATE TO LONGER LIFE SPAN

WORLD HEALTH

Every country in the world approaches health care differently, but the end goal is the same. Neep citizens as healthy as possible at the lowest cost. Some countries spend a sot on health care, but don't see great benefits for those expenditures among their citizens. Others, at least by the metrics below, are finding ways to reach both goals. This is a look at 12 countries around the world that examines how far the money they spend on health care goes toward affecting the health of their citizens.



HEALTHCARE COST DRIVERS

- Physician, facility and pharmaceutical cost
- Expensive technologies and procedures
- Fragmented and uncoordinated care
- Lack of cost consideration from patients
- Fee-for-service
- High administrative cost expenses
- Unhealthy behavior and lifestyle choices
- Expensive end-of-life care
- Provider consolidation
- Aging population



Source: http://www.slideshare.net/PayerFusion/10-drivers-of-healthcare-cost

IMPACT OF TOBACCO USE IN HAWAII

143,000 Hawaii adults currently smoke cigarettes

1,200 people die each year due to cigarette smoking

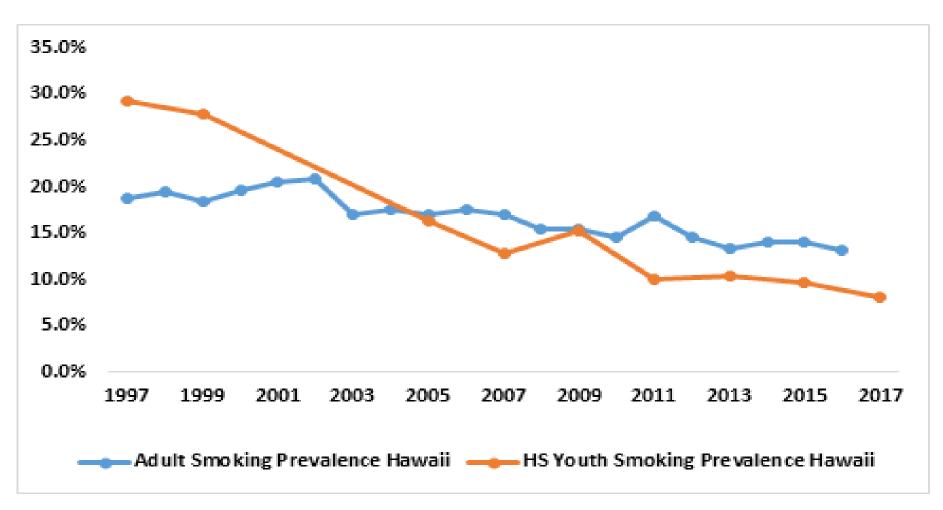
Smoking costs the Hawaii \$526 million annually in medical costs

Lost productivity costs \$320 million and Medicaid costs \$117 million a year

Comprehensive tobacco prevention efforts using the social ecological approach includes policies such as

- Cigarette stamp tax
- Increasing the age of legal purchase of tobacco products to age 21 years
- Clean air laws that protect non-smokers from exposure to tobacco smoke
- Community based programs
- 1-800 QUIT NOW phone, web, and text-based counseling to help people quit smoking regardless of their insurance status

ADULT AND YOUTH SMOKING PREVALENCE - HAWAII



Sources: Hawaii Behavioral Risk Factor Surveillance System 1997 - 2016; Hawaii Youth Risk Behavior Survey 1997 - 2015

HAWAII TOBACCO PREVENTION SAVES LIVES

Deaths due to heart disease decreased 34%,

and stroke decreased 44%, (2000-2002 to 2012-2014, Vital Statistics)

Lung cancer deaths decreased 10% (2000-2002 to 2012-2014, Vital Statistics)

Data source: Hawaii Health Data Warehouse, http://hhdw.org



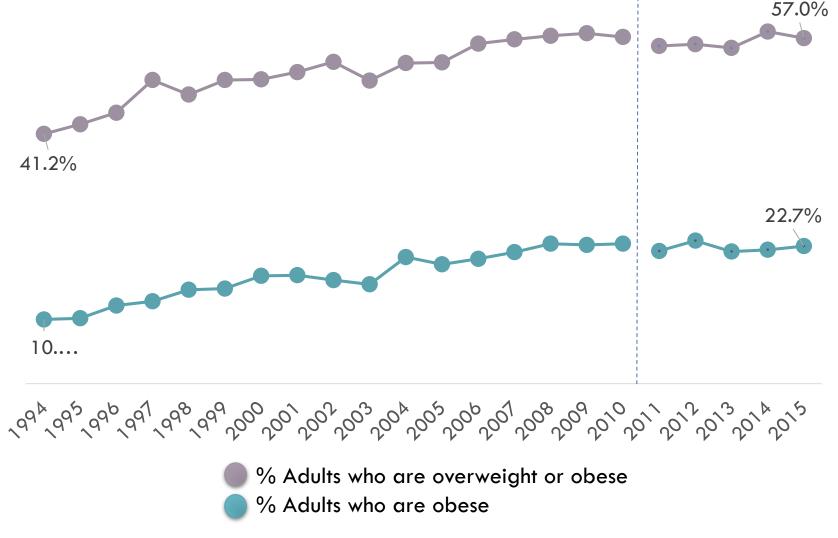


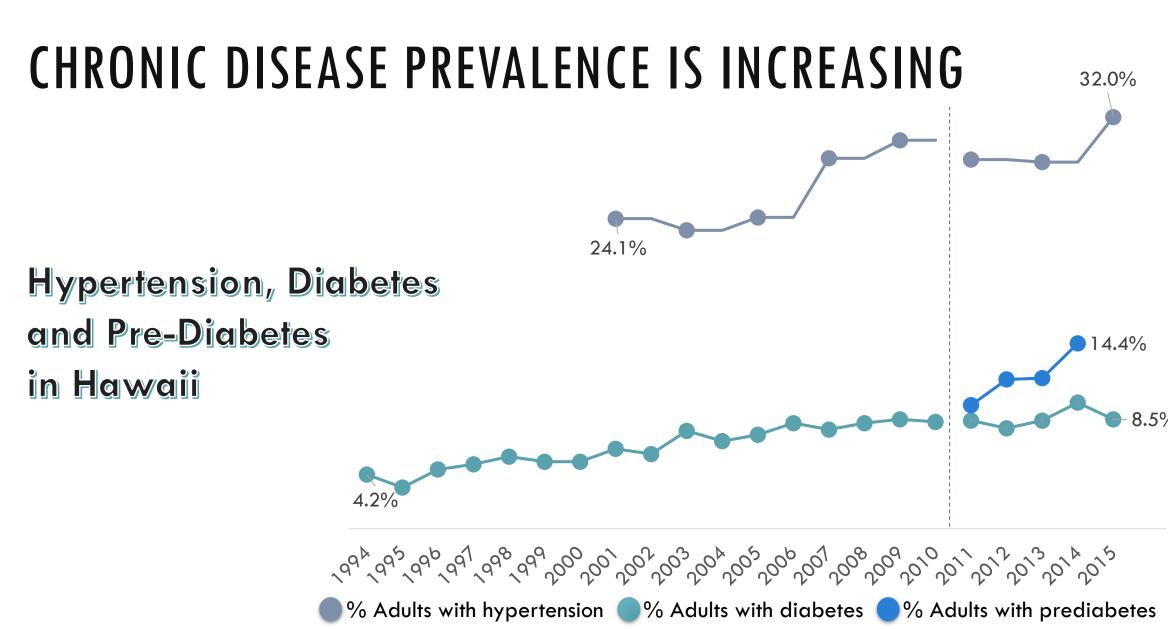




MORE PATIENTS ARE GETTING SICK

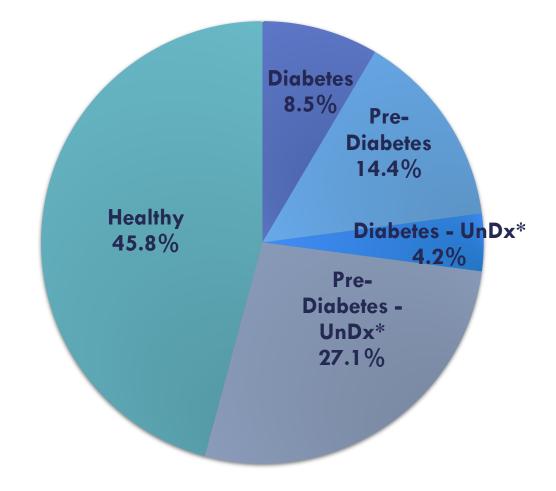
Prevalence of
Overweight
and Obesity in
Hawaii





DIABETES & PRE-DIABETES PREVALENCE

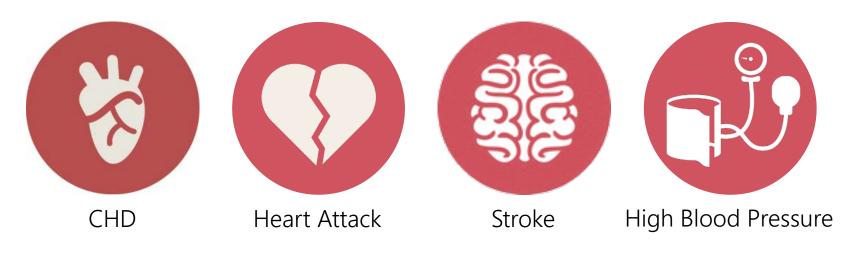
More than
1 in 2 Adults have
Type 2 Diabetes or
Pre-diabetes



CHRONIC DISEASE PREVALENCE IS INCREASING

1 in 3

Hawaii adults report having 1 or more of the following conditions:



BOTH DX AND UNDX CONDITIONS CONTRIBUTE TO "COMPLEXITY"

Pre-Diabetes
12.7%

Pre-Diabetes
14.4% diagnosed, 27.1% undiagnosed

Patients consuming the majority of healthcare resources

"Healthy"

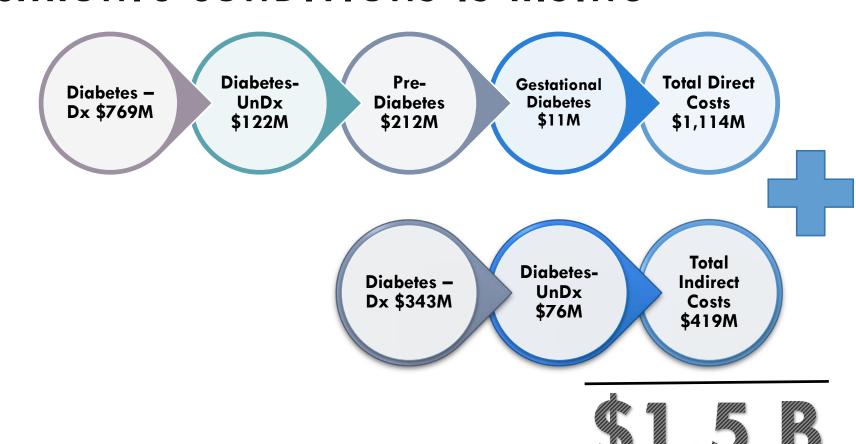
45.8%

SOURCE: [1] Diabetes & Pre-Diabetes Prevalence, Hawaii Behavioral Risk Factor Surveillance System 2014 & 2015.

[2] Deitz, W (2016). Presentation at the 1305/1422 Grantee Meeting.

[3] Undiagnosed diabetes & Pre-Diabetes Prevalence, American Diabetes Association (Hawaii) Factsheet

THE COST OF CHRONIC CONDITIONS IS RISING

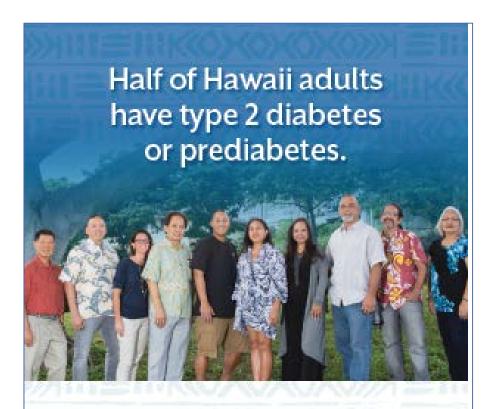


\$1 in every \$5 health care dollars spent is on diabetes

Cost of

Hawaii

Diabetes in



ARE YOU ONE OF THEM?

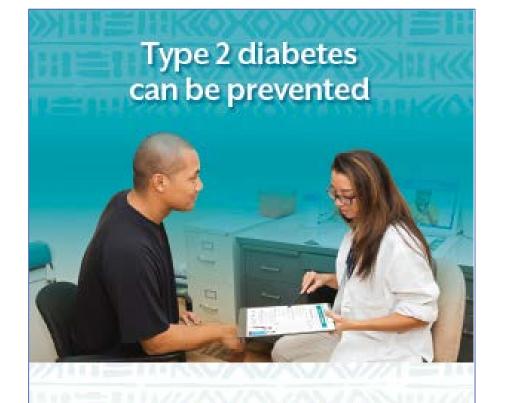
Take the
Diabetes Risk Test
at PreventDiabetesHawaii.com

Share the results with your health care provider today.









TAKE THE DIABETES RISK TEST

at PreventDiabetesHawaii.com and talk to your health care provider about how you and your family can prevent diabetes.





Did You Take The Test?



PreventDiabetesHawaii.com

PREVENT Diabetes

RETHINK YOUR DRINK

56% of youth aged 12-18 years report drinking sugar-sweetened beverages (SSBs), including sugar-sweetened soda, juice drinks (excluding 100% fruit juice), sweetened tea or coffee, and/or sports or energy drinks) one or more times per day.

By race-ethnicity, we see the greatest SSB consumption among Other Pacific Islander youth.

http://www.healthyhawaii.com/rethinkyour-drink/





WHAT DOES THE FUTURE HOLD?

ACA

- Cost Sharing Reduction (CSR) eliminated
- Individual mandate non-enforced
- Repeal or amendments to ACA?
- Transitional plans extended?
 - Age rating for individuals and small groups if not extended
- Small group market
 - Shrinks due to ACA impacts 10 EHBs, age rating, morbidity of pool

Health Care Reform

- Coordinated care
- Electronic medical records
- Delivery of care
 - Telehealth
 - Nurses, physician assistants
- Payment reform
 - Move away from fee for service
 - Prescription drug bulk purchasing

Prepaid Health Care Act

2026 - \$14,000 per person, \$42,500 for family of 4,
 If no changes are made to the cost curve



Visit us at cca.hawaii.gov/ins THANK YOU!

