

**04/04/13**

**PRESENTATION:**

**ACA IMPACTS ON  
MEDICAL CARE IN  
ALASKA,  
EXCHANGES, AND  
MEDICAID  
EXPANSION**

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# ACA Impacts on Medical Care in Alaska, Exchanges and Medicaid Expansion

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# Access to care

- ACA has added over 20,000 new pages of regulations to over 130,000 pages of pre-existing medical regulations before ACA. Makes care more expensive and more confusing to provide.
- 40% Providers opted out of Medicaid nationally creates more limited access (low reimbursement so less time with patient results in poorer outcomes, more rules, more restrictions, more audits)
- Estimates of up to 60% providers will retire or opt out of Medicare/Medicaid in next 3 years. Alaska has 80% participation in Medicaid now because of high reimbursement will fall if reimbursement cut and as more rules and regulations are released from committees set up under ACA.
- Many states really limit services/medications which causes poorer Medicaid outcomes. Medicare now won't pay for services ordered by un-enrolled providers. Exchanges-15- 60 page applications, limits on eligibility \$62,000/family of 2, expensive, limits on which insurance companies can participate, repayment if income higher than estimated
- More employers cutting back on employee hours <30/week or days <120/year of employment to avoid paying for rapidly increasing cost of health insurance premiums up over \$2000/year/family, or eliminating spousal coverage--Children covered up to 26 years. Severe penalties if do not supply insurance.
- HSAs modeled after Healthy Indiana Program much better option as lower costs, less fraud, better outcomes consider linking this to permanent fund could cover many more people less expensively putting patients back in charge of health care

# Increasing Costs

- No state opt out once expand Medicaid. (see ACA)
- No federal funding guaranteed beyond first 3 years of Medicaid expansion  
Federal government trillions in debt with (\$220?) trillion unfunded liabilities  
Medicare, etc.(Baby Elephant model)
- Cost estimates range from \$68 to \$278 million/year just for cost to state for Medicaid expansion.
- CBO says 2014-2019 cost \$570 million to state of Alaska with cost increasing from 2014-2022 to \$987 million as federal reimbursement falls for Medicaid.
- Increasing premiums in private sector (Medicaid pays below cost- so costs shifted to private payers increasing the premiums especially for small businesses and individuals) as insurance premiums est. to increase by 30-70% and up to 200% for younger people. By 2018 est. 100% of private insurance plans in Alaska will be taxed at 40% level (More services mandated to be covered under ACA so premiums will go up)
- Expansion of Medicaid increases costs both to state and federal government paid for by increased taxes/fees/penalties on taxpayers and companies. (Block grants-RI which puts states in charge a better choice)

# Problems with Medicaid

- Many who need help fall through cracks.
- Medicaid patients poorer outcomes (University of Virginia study 800,000 patients) than uninsured.
- Many not getting married or deliberately underemployed/unemployed to obtain Medicaid or coming from other states.
- 60% Alaskans now dependent on Fed government for services what about independence/freedom/personal responsibility? Small number actually paying the bill via taxes: federal government borrowing from foreign governments to pay bill is unsustainable!
- ACA transfers \$700 billion from elderly (Medicare) to fund younger healthier people (Medicaid/Exchanges) and requires everyone to pay for abortions and other elective procedures (sex change operations)
- Confusing rules/regulations fed/state takes decisions away from patients/providers and limits medications/services-- disallows charity care/ boutique practices!(providers are told they are committing fraud if discount services below Medicare rate)
- Low reimbursements/audits in many states forcing practices to close/sell to large corporations.

# Exchanges

- Mandated under ACA --many from Medicaid may be forced into these exchanges- confusing requirements/60 page application!
- Expensive to run \$60 to 70 million to set up, \$6 million/year to run in Alaska alone before any care given --duplicate administrative costs  
Medicaid/exchange-- restrictive on who can participate people limited by income to 400% poverty level and insurance companies government controls which ones participate.
- No clear guidelines as Governor Herbert of Utah said unsure if their exchange will qualify!
- Federal exchange no penalties to private companies if do not meet insurance requirements as there are in state exchanges as ACA is currently written
- Many states giving money back!
- Unsure number of people who will benefit or of cost to run- if employers drop coverage and pay less expensive penalties may be tremendous demand from new uninsured or may be very little demand as people may find it less expensive to buy as they do now privately- unsure how new premium taxes will impact these exchanges.

# Providers

- Shortage of primary care providers now 50% MDs over 50; need 32 new/year, average 8 new MDs. 60% MDs considering retiring/opting out nationwide 2014/2015 (67% in an Anchorage survey I did of 400 providers)
- EHR increased time and expenses and security concerns (25% less efficient) \$1.5 million in fines if security breach
- Coding changes in 2014 (10,000 to over 80,000 codes)
- Audits by 18 organizations now with increasing fines regular includes new RAC Medicaid/Medicare audits (commission based/extrapolate) mandated under ACA
- Bundling of payments( have to bill hospital if within 30 days of hospital admission)/quality reporting/IPAB (Independent Physician Advisory Board sets rates and services allowed)
- Underpayment by Medicare, Medicaid, Insurance, Large corporations(United, etc. now buying up practices) US average 40% MDs not taking Medicaid; dramatic reduction in private practices since ACA passed selling to large corporations
- Federal mandates/limits on services or required unnecessary services (breast cancer screening/PSA testing/Pap smears, etc.) 50% of my breast cancer patients diagnosed before age 50 yet limit Mammograms to >50!
- Abortion coverage; Formula restrictions; pre-authorizations; increasing regulations

# Summary

- ACA is a very expensive tax and regulatory bill that is going to drive providers out of business, increase insurance premiums and have a very detrimental impact on the economy of Alaska.
- We need to limit Medicaid, encourage the use of HSAs, not fund state exchanges, limit rules and regulations that increase costs for all, limit punitive audits and make them educational, support programs for the training of medical providers, continue efforts toward liability reform, pass legislation to allow boutique practices, and support health care freedom acts that put the patient, not the government, back in charge of their health care.

# Better Solutions than ACA

- Block grants for states for Medicaid (Rhode Island)
- Educational not punitive audits
- Preventive care and prevention of accidents, Internet and school educational programs on diabetes, blood pressure, lipids, diet. etc.
- HSAs to model after Healthy Indiana Program(67% reduction in expenditures)
- Allow tax right offs or waivers for charity care without accusations of fraud for providers; pass legislation to allow boutique practices
- Increase vocational education programs for home care for disabled/elderly, support WWAMI, PA, NP, Residency, Nursing, Dental programs
- Payment like VISA/debit cards
- Allow patients/providers to make decisions not government/insurance/committees/UN/court(tort reform!)
- Pass a Health Care Freedom Act

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April 3, 2013



To Whom It May Concern;

My name is Ilona Farr, MD. I am a Family Medicine Physician who has been a resident of Alaska for 52 years and practiced medicine here for over 26 years. I am speaking out in favor of HB 173/ SB 49. As a physician I do my best to promote life and do not wish to pay for abortions that are not medically necessary as this results in the deaths of unborn Alaskan children with my tax dollars.

18 states now have passed legislation prohibiting abortions in the new state exchanges set up under Obamacare or ACA. ACA rules violate the HYDE amendment, thus it is vitally important that Alaska sets a clear standard for what is medically necessary now before the federal government imposes their definition.

I agree with most of the reasons listed, but would add the words "kidney infection with sepsis" as many women have kidney infections that are easily treatable during pregnancy so that is not a reason for an abortion. Mental health issues by themselves are not a reason for abortions nor are economic considerations. I have several patients with mental and severe physical disabilities, including one with schizophrenia, who have successfully raised children. Moreover, I have seen many women become depressed and turn to alcohol and drug use following abortions to numb the pain of killing their unborn child.

In my practice I have seen women commit suicide after having abortions, and other women die because of congenital heart disease when they became pregnant. I have seen women make the difficult decision when they have babies with congenital abnormalities about whether or not to continue to carry a child when they were developing complications related to pregnancy. These are rare exceptions (less than 4% of abortions) as most abortions are related to choice on the part of the mother and these should not be paid for with tax dollars. I also know of a person who developed breast cancer while pregnant and successfully underwent treatment while pregnant and both she and the baby are healthy. We need to get clearly worded legislation passed to limit tax payer funded abortion as there are many places in the world where abortions are forced upon women and we do not want that here in Alaska.

Please pass HB 173/ SB 49 as it is needed to clearly define and limit tax payer funded abortions to those that are truly medically necessary. Medicaid funds should not be used for elective procedures as this takes needed services away from patients who are disabled, have cancer, children, and those that are unable to care for themselves, the poorest among us, the true purpose of Medicaid.

Sincerely,

Dr. Ilona Farr, M.D.

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To Whom It May Concern;

Please do not expand Medicaid, as expansion will result in increased costs to the state and federal governments, increased taxes, and a decrease in services for the truly needy as funds will be limited in the future. There is no guarantee of future federal funding for Medicaid because of our national debt, and state funds for Medicaid will depend on future oil revenues.

The number of providers will decrease as a result of more regulation and lower reimbursement rates, as 40% of providers nationwide have opted out of Medicaid currently, a trend that will get worse with time as ACA or Obamacare goes into full effect. In addition, cost shifting and lower reimbursement under Medicaid will result in both higher insurance premiums and increased medical costs for the private sector.

Medicaid expansion is a mistake for Alaska as there is no opt-out in ACA, leaving future generations with an unsustainable financial burden. Medicaid was intended to help the disabled, people with cancer, needy children, and people who are unable to care for themselves. Expansion will encourage people to be underemployed, not get married, or manipulate the system in other ways as private sector health insurance premiums dramatically increase under ACA.

Health savings accounts modeled after Indiana's Healthy Indiana Program, or block grants like Rhode Island has done are ways to save money and expand coverage without indebting future generations by expanding Medicaid.

Sincerely,

Dr. Ilona Farr, M.D.