

Nevada Health Care Demographics



April 23, 2018



Nevada Health Care Demographics

Topics for Today

1. Nevada Population 2018
 2. Nevada Business Demographics
 3. Health Care Market Dispersion
 4. Increasing Cost of Health Care
 5. Impact of Catastrophic Medical Claims
 6. The Future for Nevada??
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Sources and Disclaimers

Sources:

U.S. Censes Bureau

Bureau of Labor Statistics

CMS.gov

Kaiser Foundation

Milliman

Commonwealth Fund

Allied National Claims Data

The data contained in this presentation has been drawn from multiple sources and is provided as general information only.

State of Nevada 2018 Population

Source: U.S. Census Bureau

Nevada Demographics		2018 (estimated)	
Total State		3,058,264	100%
Las Vegas (Clark Co)		2,160,000	71%
Reno (Washoe Co)		446,903	15%
Carson City		54,521	2%
All other		396,840	13%



2016 USA Health Plan Market Segments*

	Persons Covered		
Group Plans		139,800,000	43%
**Medicaid		81,000,000	25%
**Medicare		55,000,000	17%
Individual			
**On Exchange Subsidized		9,400,000	3%
On Exchange Non Subsidized		1,700,000	.5%
Off Exchange		9,100,000	3%
Uninsured		28,000,000	9%
Total US Population 2017		324,000,000	100%

**Gov Subsidized Plans		145,400,000	45%
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** Kaiser Foundation 2016*



2016 Nevada Health Plan Market Segments*

Group Plans	49.0%	1,469,020
Individual Plans	5.0%	149,900
Medicaid	18.0%	539,640
Medicare	15.0%	449,700
Other Public	4.0%	119,920
Uninsured	9.0%	269,820
Total	100.0%	2,998,000

** Kaiser Foundation 2016*



State of Nevada Business Profile

Source: U.S. Bureau of Labor Statistics (2015)

NEVADA 2015	Total Businesses	Total FTE	Total Payroll	Avg FTE / business
0 to 9	36,924	95,433	4,250,957	3
10 to 99	9,845	231,867	8,667,528	24
100+	3,793	802,665	33,677,188	212
	50,562	1,129,965	46,595,673	22



State of Nevada Small Group Market

Source: U.S. Bureau of Labor Statistics (2015)

NEVADA 2015	Total Businesses	Total FTE	Total Payroll	Avg FTE / business
0-99	46,769	327,300	12,918,485	7
% of Total	92%	29%	28%	

Citizens potentially covered (1.8 x FTE) 589,140

Nevada population (2018)

3,058,264

% Citizens potentially covered

19.3%



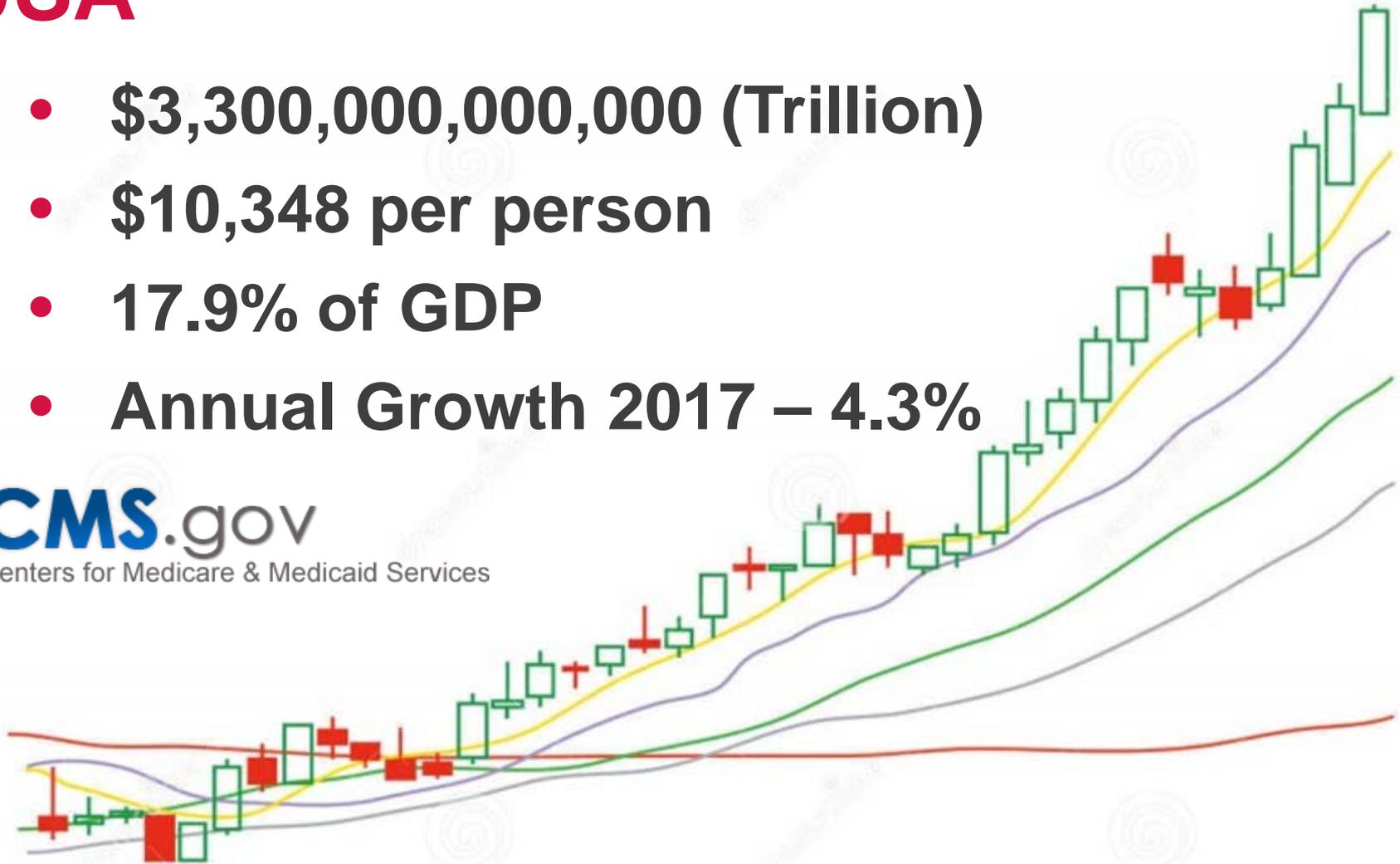
2017 Health Care Spending

USA

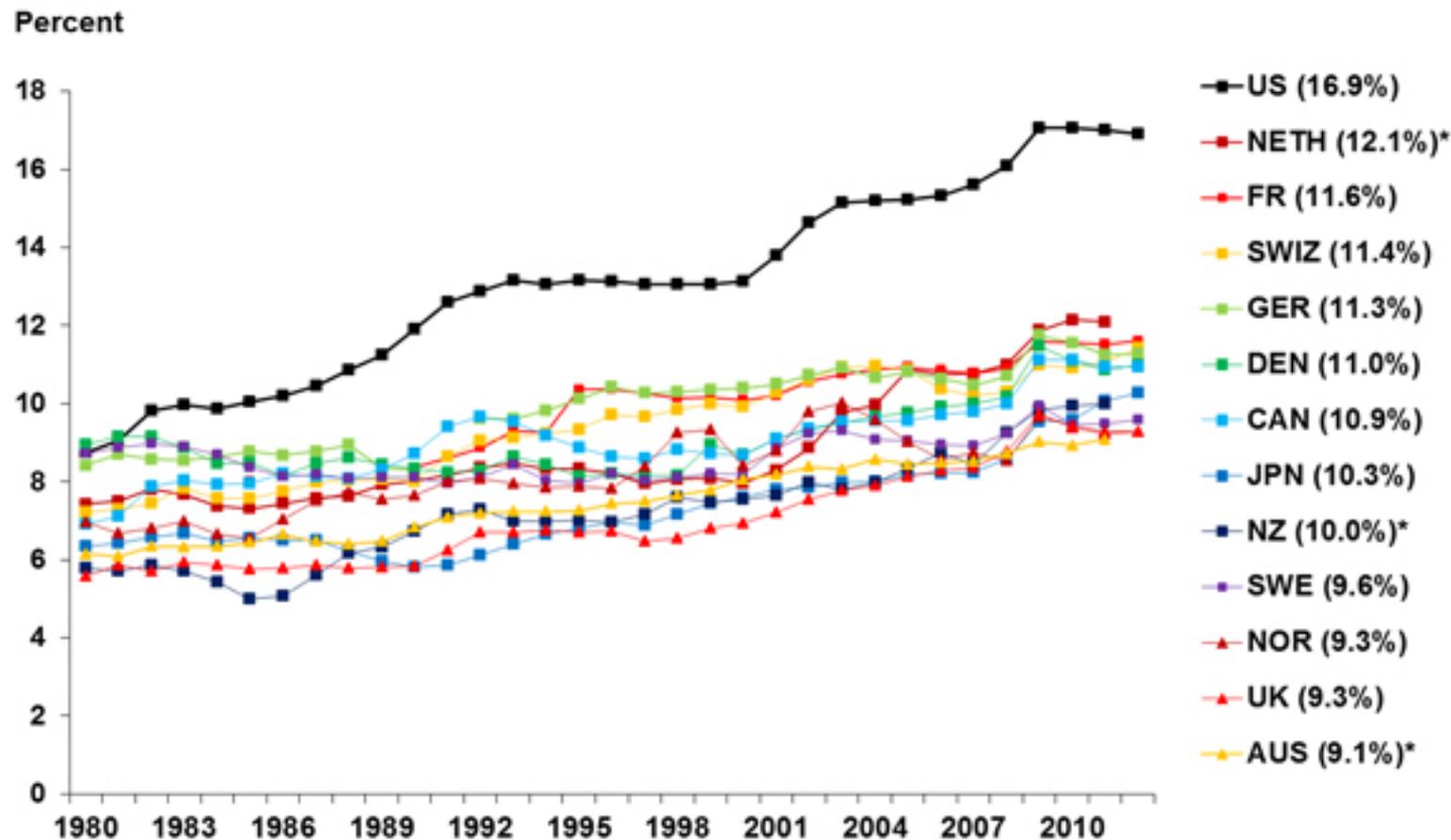
- **\$3,300,000,000,000 (Trillion)**
- **\$10,348 per person**
- **17.9% of GDP**
- **Annual Growth 2017 – 4.3%**

CMS.gov

Centers for Medicare & Medicaid Services



Health Care Spending as a Percentage of GDP, 1980–2012



* 2011.

GDP refers to gross domestic product.

Source: OECD Health Data 2014.

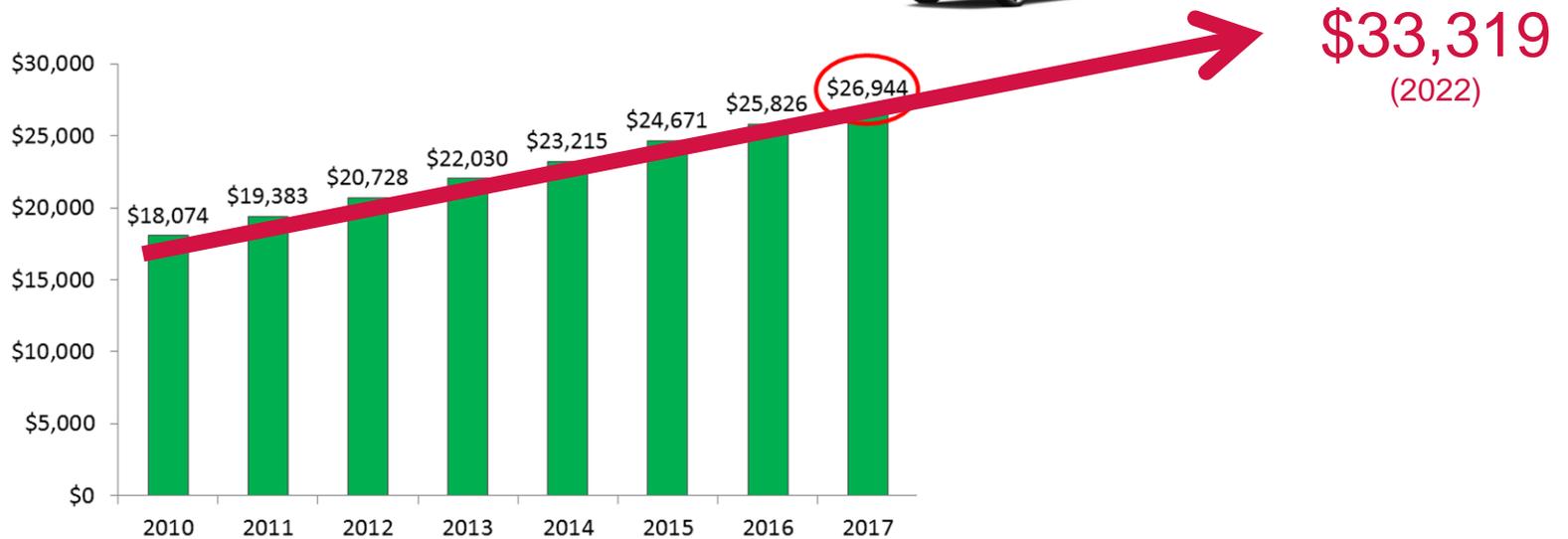


The
COMMONWEALTH
FUND

USA Projected Family Cost by 2022 = \$33,319



MMI Annual Health Costs for Family of Four in 2017 = \$26,944
Healthcare, a Kia Optima, or 28 Shares of Amazon Stock

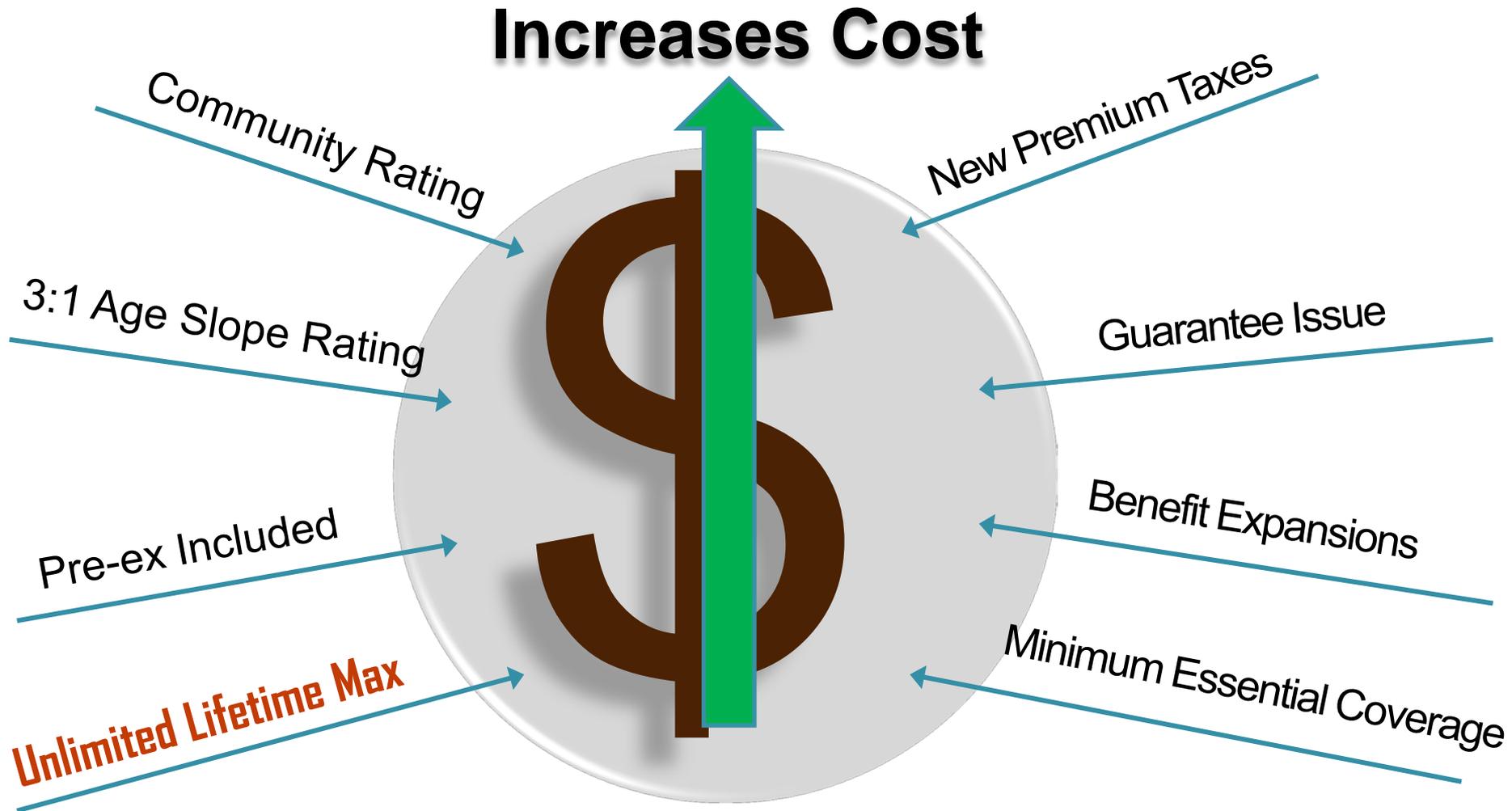


Source: 2017 Milliman Medical Index, May 2017

Health Care Cost Drivers

1. **Business Practices** – Marginal business practices of government, insurance companies, providers and medical vendors and suppliers
2. **Drug Costs** – Mercenary pricing
3. **Transparency** – Lack of transparency with actual costs and appropriate profit margins
4. **Litigation** – Threat of litigation drives costs through redundant “defensive” medical practices and malpractice insurance costs
5. **Wellness** – Unhealthy lifestyles choices
6. **Media Distortions** – Promoting an entitlement mentality... “Free” is not “Free”
7. **Consumer Education** – Lack of informed medical consumers
8. **Technology** – State-of-the-art medical technology prolongs life
9. **Aging Population** – Baby boomer generation experiencing deteriorating health
10. **Government – Cost of Compliance ACA, EHR and additional taxes**
11. **Politics** – Marketplace volatility driven by political uncertainty
12. **Catastrophic Claims** – Unlimited lifetime benefits driving cost increases

Adverse Elements of the Affordable Care Act Cost Structure



Impact of ACA Unlimited Lifetime Max

Claims In Excess of \$1,000,000 Incidence Increase 2012 to 2016

	\$1M Claim	Population	% increase
2012	1	17,422	
2013	1	14,184	23%
2014	1	12,903	35%
2015	1	10,706	63%
2016	1	9,198	89%

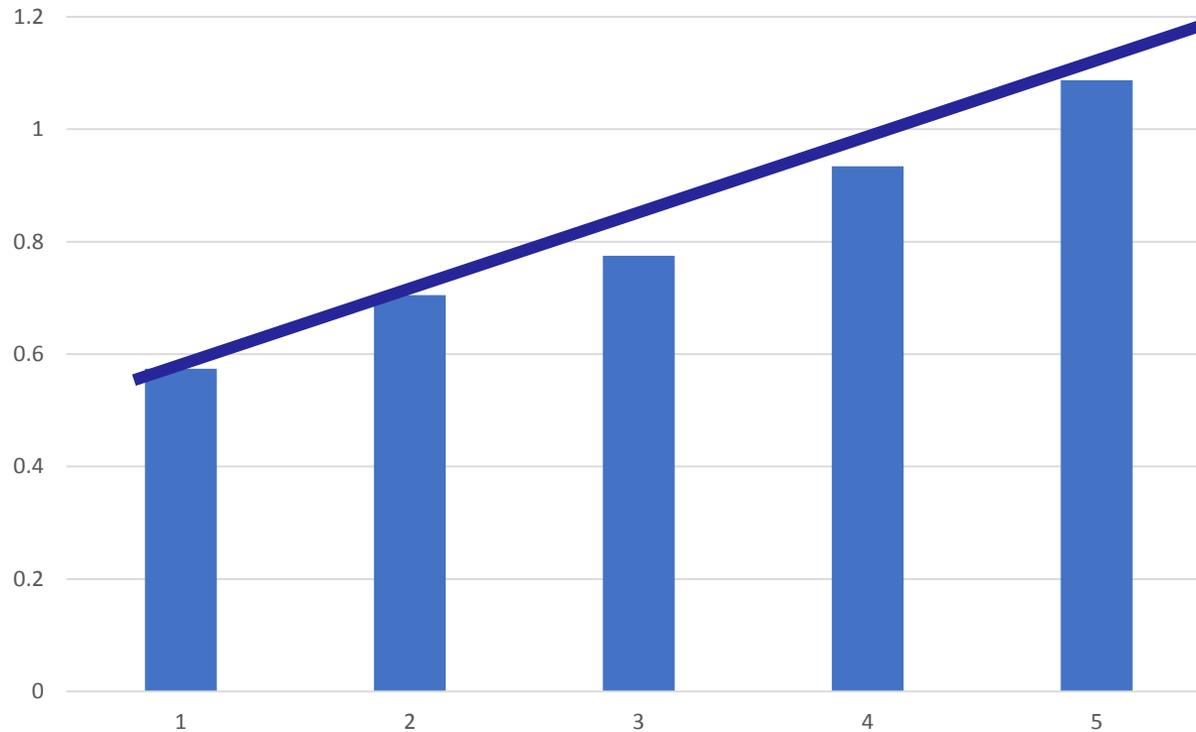
Estimated*

2020	1	7,500	132%
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** These estimates are based on various untested assumptions*

Source: Allied National Claims Data Base 2017

Increase in \$1,000,000+ Claims 2012 - 2016



Source: Allied National Claims Data Base 2017

Claims in Excess of \$1,000,000 in Nevada

(Based on Allied National Stop-Loss Data Factors Applied to Nevada
Population)

Year	Population	Number
2012	2,752,000	158
2016	2,939,000	319
2020	3,300,000(?)	475(?)

2017 Health Care Spending

NV*

- **\$25,015,000,000 (Billion)**
- **\$8,637 per person**
- **Annual Growth 2017 – 4.3% (CMS)**

Kaiser Foundation*



Projected 2022 Health Care Spending NV

- **\$33,729,000,000 (Billion)**
- **\$10,221 per person**
- **Projected Annual Growth – 4.3% (CMS)**



Changes in Health Care Financing Costs Since 2012

Administration	Sales	Health Care Costs
8-10%	3-5%	85 - 89%

Administrative - 10%

Sales - 20%

Medical Costs + 60 - 80%

The critical issue.....

Affordability!!!

- At what point does the citizen say, ***“Insurance is unaffordable?”***
- At what point does the citizen say, ***“I cannot afford health care?”***
- ***At what point will only the sick apply for insurance coverage?***
- ***How do we get the healthy to contribute to the claims fund pool?***



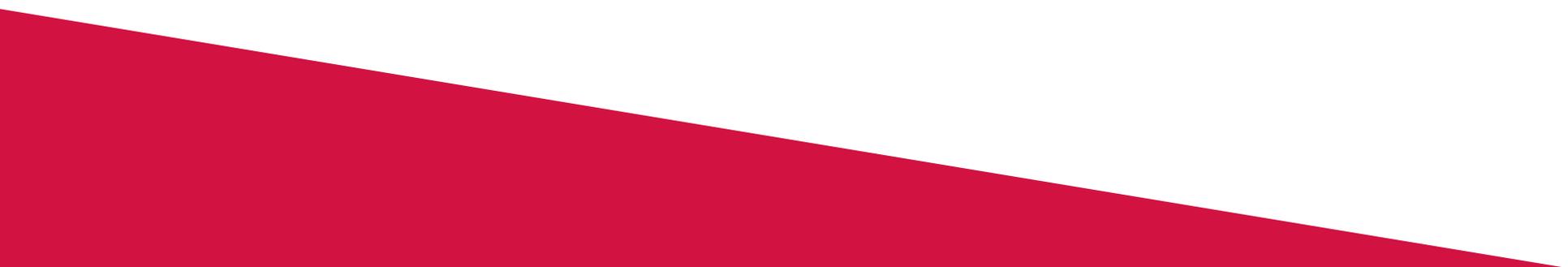
The critical questions.....

*How would you define
“Affordable” Health Care?*

What is “Affordable” Health Care?

*How do we achieve
“Affordable” Health Care?*

***Small group level-funded
health plans are an
affordable option for small
Nevada businesses.***

A solid red shape in the bottom-left corner of the slide, consisting of a triangle that tapers towards the bottom-right, creating a modern, abstract design element.

Suggested Nevada Small Group Stop-Loss Regulations:

- **Groups 2 lives or more**
- **Spec attachment \$10,000**
- **No aggregate**
- **115% or 120% aggregate**
- **No “Stop Loss Disclosure” required**

States with Stop-Loss Regulations that meet these specifications:

Arizona, New Mexico, Wyoming, Idaho, Nebraska, Oklahoma, Kansas,
Texas, Missouri, Iowa, Illinois, Indiana, Ohio, Tennessee, Alabama, Virginia,
South Carolina, Georgia

Sample States

Small Group Level-Funded Plans

State	Spec	Agg Applied	Min Group	Average participants per case
Wy	10,000	115%	2	8.1
Ne	10,000	115%	2	8.9
Ks	10,000	120%	2	9.2

Options With Level-Funded Health Plans for Small Employers to Improve Affordability

- Customized plan designs
- Improved employer communications
- Detailed claims data for employer
- Reference-based pricing options
- Direct Primary Care plan coordination
- Wellness with real financial incentives
- Refunds of unused claim fund dollars

Carriers with Level-Funded Health Plans for Small Employers – 25 or less

- Starmark – Trustmark
 - United Healthcare – All Savers
 - Allied National
 - American Trust Administrators
 - National General
 - Cigna
 - Aetna
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Thank you

Dan Meylan, National Sales Director

Office: 913-945-4253

Cell: 719-338-6466

dmeylan@alliednational.com

www.alliednational.com

4551 W. 107th Street, Suite 100

Overland Park, KS 66207

