

# 2023 State of the Industry



Improving Health Care Affordability, Access, and Quality

## AHIP 2023 State of the Industry Virtual Event January 11, 2023

### Remarks by Matt Eyles, AHIP President and CEO

Thank you all for attending our State of the Industry event. I appreciate you all taking time today, and I see that we have participants from inside the Beltway and across the states, representing members of Congress, regulatory leaders, state leaders, members of the press, business and industry leaders, and other organizations focused on health care.

Together, you represent essential voices in health care policy and innovation, and I'm looking forward to your questions. So, let's dive right in.

### Finding Common Ground

Before we can talk about the state of the industry, it's important to reflect a moment on how we are starting off in 2023. Early Saturday morning, House Members of the new Congress were sworn in, with a Republican majority in the House and a Democratic majority in the Senate.

And with divided government at the federal level, we know a lot of Americans are concerned that the next 2 years in Washington may be dominated by gridlock, with very little getting accomplished.

Some might view that positively...others not so much. But against that backdrop, I'm generally optimistic there are some key areas of agreement and common ground – and many of them are in health care.

### Challenges in Health Care

So, let's look at what individuals and families are experiencing. Across America, inflation and rising prices are squeezing household budgets. Consumers, businesses, and elected officials, more than anything, are focused on affordability. And nowhere is that more true than in health care.

Over the past 3 years, our health care system has been tested in extraordinary ways—ways no one could have predicted. But in so many ways, health insurance providers met the challenges of the historic COVID-19 pandemic:

Health insurance providers came together with private market and public sector partners to ensure Americans had access to therapies and vaccines.

We embraced telehealth, new technologies, and new flexibilities to ensure patients had access to the care they needed.

We worked to ensure that seniors and other vulnerable populations had access transportation, nutrition, in home health care and other non-traditional benefits and services.

We addressed the unique access challenges faced by rural America through projects like the Pennsylvania Rural Health Model, in which insurance collaborated to provide more consistent funding through global payments to rural hospitals.

We worked with health care providers to reduce administrative burdens in a way that protected patients and purchasers of health care.

We found new ways to overcome workforce shortages, especially in the area of access to mental health.

Today, we are evolving from the COVID-19 pandemic – and while the public health emergency was extended again today, we know it won't last forever. And now, appropriately so, Americans are calling for public and private sector leaders to come together to make health care more accessible and affordable everyone.

It's no small task. But I want to highlight some important trends and developments.

We need to address **an unprecedented workforce shortage**.

The Bureau of Labor Statistics estimates that our health care system will need more than 200,000 new registered nurses each year as the need and demand for health care access expands, the population ages, and retiring nurses rotate out of the workforce.

The Association of American Medical Colleges reported an anticipated shortage of 120,000 physicians overall, including a shortfall of between 14,800 and 49,300 primary care practitioners, by 2030.

And health care worker burnout is also a major concern.

According to a Bain survey, about 25% of clinicians are thinking about leaving the health care field entirely, and along the same lines, an MGMA survey found that 36% of physicians were considering early retirement.

We're also seeing unprecedented **demand for mental health care**.

At the height of the pandemic, a Kaiser Family Foundation study found that 40% of adults reported symptoms of anxiety or depression — compared with 11% pre-COVID. This percentage dipped to 33% in June 2022, but it's still much higher than pre-pandemic levels.

The mental health care workforce shortage is particularly acute for children and teenagers. HHS estimates that in two years, the nation will have 10,000 **fewer** mental health professionals than it needs.

Substance use disorder is another public health emergency which affects more than 20 million Americans ages 12 and over. From April 2020 to April 2021, nearly 92,000 people in the U.S. fatally overdosed on drugs — the single highest reported death toll during a 12-month period.

We have added new **innovative drugs, treatments, and therapies to our health care armamentarium**, some of which show meaningful clinical promise to help more people live longer, healthier lives. But far too often they are **tremendously expensive**, putting them out of reach for the patients who need them most and creating enormous strains on our healthcare system.

A recent JAMA analysis reported by Reuters found that the median price of a new drug in 2022 was over \$220,000—that's about the same cost as the average annual health insurance premium for 10 families. Working together, we need to figure out how to correctly price these treatments—and then, how to pay for them.

In addition, we continue to expand the application of innovative new tools and technology—**integrating artificial intelligence and using advanced data analytics – to provide new opportunities for better service, better care, and better value.** However, as technology evolves and information becomes more readily available, **protecting data privacy becomes even more important.**

Americans want their data protected: 90% want tech companies held to the same high standard and scrutiny as health insurance providers and other health care entities when it comes to protecting their information.

Personal health information should be protected no matter who holds the data. As data becomes more interoperable, entities that collect, use, store, or disclose consumer health information should be required to comply with HIPAA or new HIPAA-like protections.

We have learned a lot of important lessons about **health equity and disparities**, how they impact millions of Americans, particularly those in historically underinvested or underrepresented communities, and we are taking action.

Our Vaccine Community Connectors program not only put more than 2 million shots in arms when vaccines were badly needed.... but showed us how smart use of data can help us tackle long-standing health challenges, including many chronic conditions that impact some populations more than others.

**Now, we need to measure, address, and scale data driven solutions** to ensure that everyone in America has an equal opportunity to thrive and achieve their best health.

And last year, AHIP devoted energy and resources to align stakeholders in a coordinated fashion to make real progress on demographic data standards – without such standards we will perpetuate our fragmentation, duplication and inefficiency and fail to advance our health equity efforts further and faster to the benefit of patients nationwide.

Finally, we have made huge strides in **ensuring more Americans have the financial security and peace of mind that health insurance offers.**

Now, we have to work to protect those achievements.

During the individual market open enrollment period that ends next week, nearly 16 million Americans have signed up for ACA marketplace coverage through healthcare.gov or state marketplaces. This is more than a double-digit increase from last year.

Seniors and people with disabilities continue to choose Medicare Advantage because it provides better services, better access to care, and better value than original Medicare. For over two decades, MA has served as a prime example of the government and private market working together, **and we are on the cusp of MA enrollment topping 30 million.**

We've also seen the important role Medicaid plays in covering about 1 in 4 Americans—including children, older and lower-income adults, people with disabilities, and veterans. However, as America begins the process to ensure Americans with Medicaid are eligible for this coverage, we need ensure a smooth transition through the redeterminations process.

Projections show that up to 16 million people could lose coverage after the expiration of the public health emergency, including

**nearly 6.7 million children. And with national uninsured rates at historic lows, our industry is committed to working with all stakeholders to make sure as many Americans as possible remain covered.**

*Now let's turn our attention for a few minutes to challenges, opportunities, and solutions before getting into our dialogue.*

As we enter the new year, health insurance providers look forward to leading efforts in partnership with federal and state policymakers to implement real solutions to improve our health care system—solutions that deliver high value and return, and that have strong bipartisan support.

### Competition Means More Choices, Better Quality, Lower Costs

So, let's start with competition in health care. First, **we need to focus on competition** and the role it can play in providing all Americans with more health care choices, greater access, and better quality at lower costs.

Last year, AHIP launched *Healthier People Through Healthier Markets*, our roadmap to improving affordability and access for everyone by improving competition in 10 key areas of our health care system. These include supporting patients' choice of telehealth, stopping dominant health systems from using their monopoly position to stifle negotiation and innovation and stopping drug manufacturers from engaging in patent games.

Without robust competition, health care providers and systems can charge exorbitant prices that drive up out-of-pocket costs and insurance premiums. For example, hospital concentration has been linked to average annual Marketplace insurance premiums that are 5% higher than those in less concentrated areas.

Over the past decade, private equity acquisitions of hospitals and health care companies have risen sharply, as some unscrupulous entities seek to generate outsized financial returns for their own benefit. And the soaring interest from some PE firms raise important questions about what this means for our nation's health care system and the future of health care.

Consumers and businesses understand the impact this lack of competition has on health care. So, as we look to 2023, we'll continue to prioritize reforms that remove some of the incentives and opportunities for PE firms to exploit patients for profit.

### Improving Mental Health/SUD Access and Care

Next, let's turn to mental health. The pandemic continues to demonstrate that mental health is everyone's issue.

Whether coping with stress and anxiety, managing a mental health condition, or confronting a substance use disorder, Americans of all ages need access to mental health support.

Mental health is also an equity issue, especially in historically underinvested or underrepresented communities that are more often forced to contend with social factors such as unstable housing, greater uncertainty in the job market, and systemic racism.

Last year, AHIP's Board of Directors released a detailed statement reinforcing our mental health advocacy priorities... And our members are taking action.

Health insurance providers are working to expand our health care system's capacity and increase the number of mental health and substance use disorder practitioners in health plan networks.

They're developing in-home mental health programs, adding behavioral health beds, training employees on mental health parity, staffing crisis hotlines, and providing virtual resources.

We are committed to improving affordability, access, quality, and results for everyone seeking mental health support.

### Addressing the High Cost of Treatments and Therapies

There's no question that innovative treatments and therapies—including prescription drugs—can save lives or provide breakthrough cures. But a therapy is useless if no one can afford it.

We have long said “the problem is the price.”

Look, we know drug prices are set and controlled by Big Pharma and Big Pharma alone. If they truly wanted to lower prices, they could do so right now. Yet, another recent report just found that Big Pharma rang in 2023 by continuing its tradition of new year's price increases on existing and old drugs... making health care and health insurance more expensive for everyone.

Too often, pharmaceutical companies abuse the patent system to prevent more affordable drugs from disrupting their monopolies over the drug marketplace.

Generic and biosimilar medications save money, yet Big Pharma takes advantage of a broken system by both increasing prices of brand-name drugs and blocking affordable generics or biosimilars. Federal and state policymakers can fix this system by holding Big Pharma accountable.

Hospitals and physicians' offices routinely mark up the price of physician-administered drugs – forcing patients and purchasers to pay more for their life-saving treatments. The same specialty pharmacies that hospitals use can safely distribute these drugs at a lower cost and preventing hospitals and physicians from imposing exorbitant markups and fees on patients.

Co-pay coupons and copay assistance programs sound helpful but actually serve one purpose—to pad Big Pharma's bottom line for insured patients. And they drive up premiums and costs for Americans. You shouldn't need a coupon to afford a life-saving medication.

Today, over 22 cents out of every premium dollar is spent on prescription drugs. Finding and implementing solutions to the high prices of drugs is critical, especially when too many Americans are forced to choose between paying bills and getting the life-saving medicines they need.

### Protecting Consumer Health Information

Every day, new technologies emerge to help consumer access their data. This is important—having access to personalized, actionable health care information empowers consumers to make more informed decisions. But as the world becomes more digital, protecting consumer health information is essential.

Many third-party apps are outside any regulatory framework for protecting personal, private health care information and can be used for marketing and sold for all sorts of commercial purposes.

AHIP's core principles on protecting consumer health information are a roadmap to give consumers the peace of mind they deserve in knowing that their data is secure.

## Addressing Disparities in Health Care

And finally, we absolutely must maintain our focus on addressing health disparities. AHIP has tackled this issue head-on.

I already mentioned our Vaccine Community Connectors program.

Last year, our Health Equity Workgroup finalized and vetted demographic data standards for race, ethnicity, language, disability status, sexual orientation, gender identity, veteran status, and spiritual beliefs to facilitate collection by health insurance providers' and others to better identify and act on disparities.

And we will continue building on this work to ensure that working together with our public sector, private market, and community partners, no one gets left behind.

## Medicaid Redeterminations

Since the COVID-19 crisis, the number of Americans who rely on Medicaid has grown substantially. Today, almost 90 million Americans have access to health care through their Medicaid coverage.

This coverage was protected during COVID-19, requiring states to pause annual eligibility redeterminations in exchange for additional federal matching funds to help cover the cost of that coverage.

With the passage of the Omnibus bill a few weeks ago, we now know that Medicaid redeterminations can begin on April 1—regardless of when the COVID-19 public health emergency—or PHE—ends.

In fact, The Urban Institute recently estimated that if the PHE expires in April 2023, 18 million Americans will lose Medicaid coverage in the following 14 months.

What's more, tens of millions of Americans who currently receive Medicaid coverage still don't know this coverage could be terminated when states resume the regular Medicaid renewal process.

That's why it is important that redeterminations be conducted in a manner that ensures people who continue to meet eligibility requirements are not disenrolled due to administrative barriers, and those who no longer meet requirements are transitioned to other coverage.

And to protect Americans from losing access to health insurance coverage, states must be actively communicating with Medicaid enrollees and, where necessary, facilitating a smooth transition from Medicaid to other types of coverage, including Marketplace and employer-sponsored coverage.

With four out of five Medicaid enrollees served by Medicaid managed care programs, health insurance providers are committed to playing an important and positive role to maintain coverage.

We're committed to protecting health care access for the almost 90 million Americans who depend on a strong and effective Medicaid program.

### Closing Remarks

Health care is about people serving people. That's what health insurance providers do. We are committed to ensuring that

Americans can live their lives to the fullest, with access to affordable health care that ensures their financial health and well-being.

As we start the new year, there are opportunities to make a difference by addressing the issues I've outlined—and more.

Thank you again for joining us for today's event. We look forward to continuing this robust discussion through 2023 and beyond.

We hope you'll join us at our upcoming 2023 Health Care Policy Forum March 14 through 16 in Washington, DC. And mark your calendars now for AHIP 2023, June 13 through 15 in Portland, Oregon.

**Take care and hope you all have a great new year.**