

CureMD™
Practice without boundaries

HealthCare Reforms

What the future holds

by Robert E. Goff

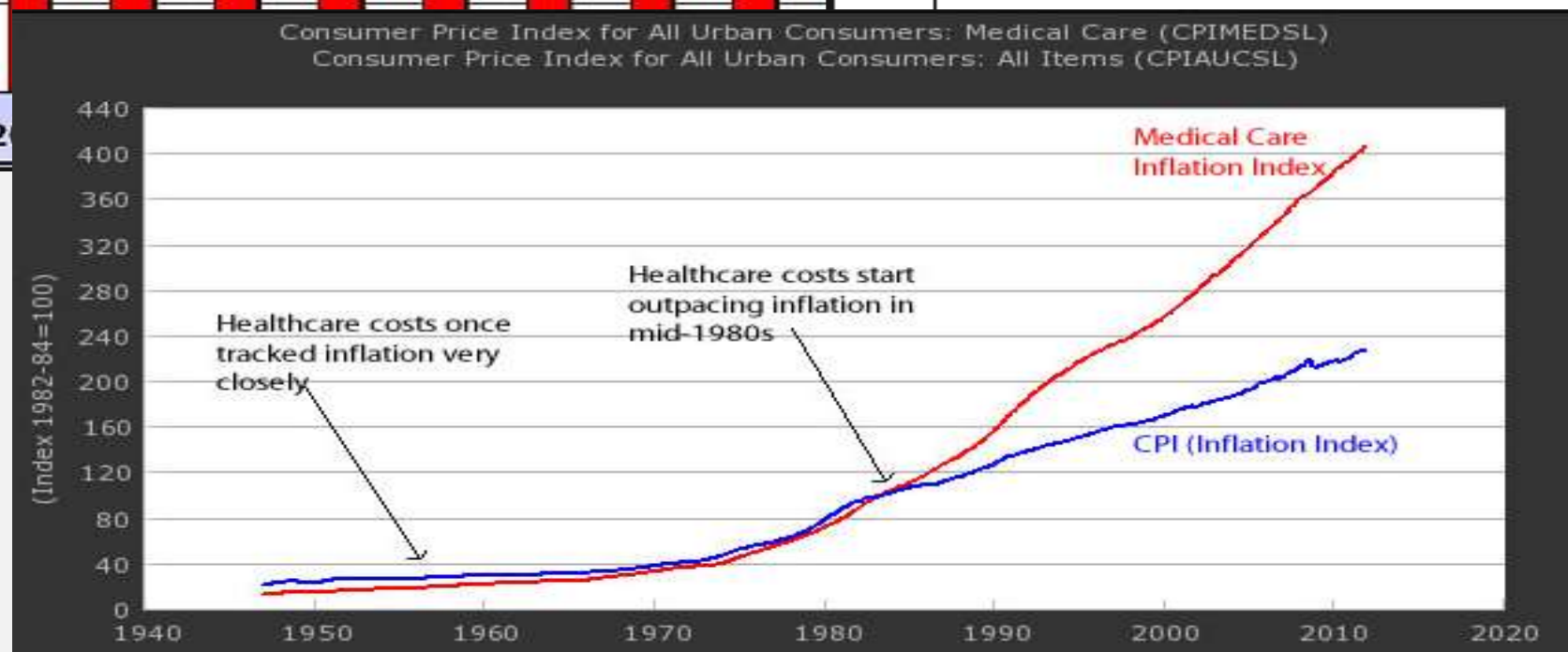
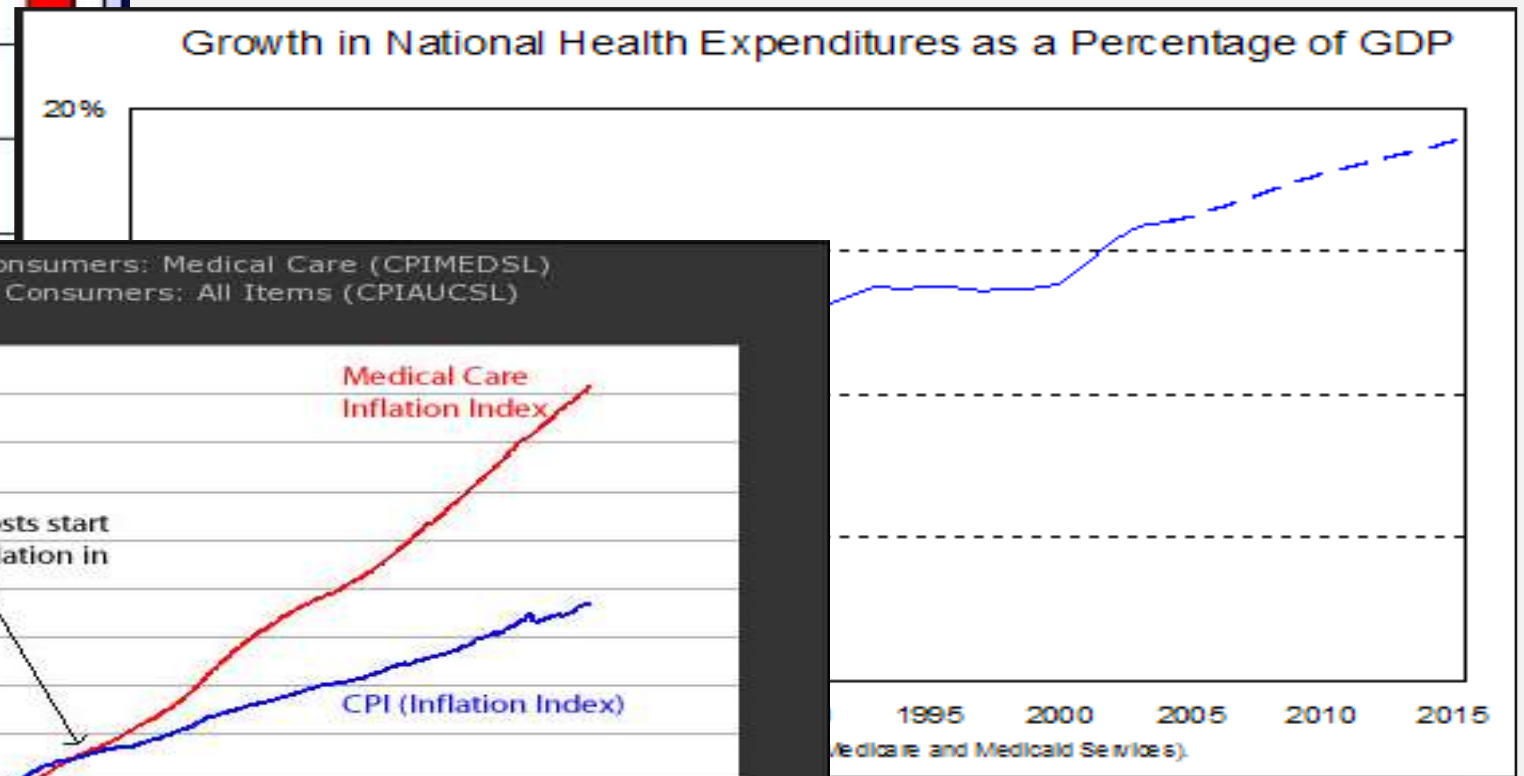
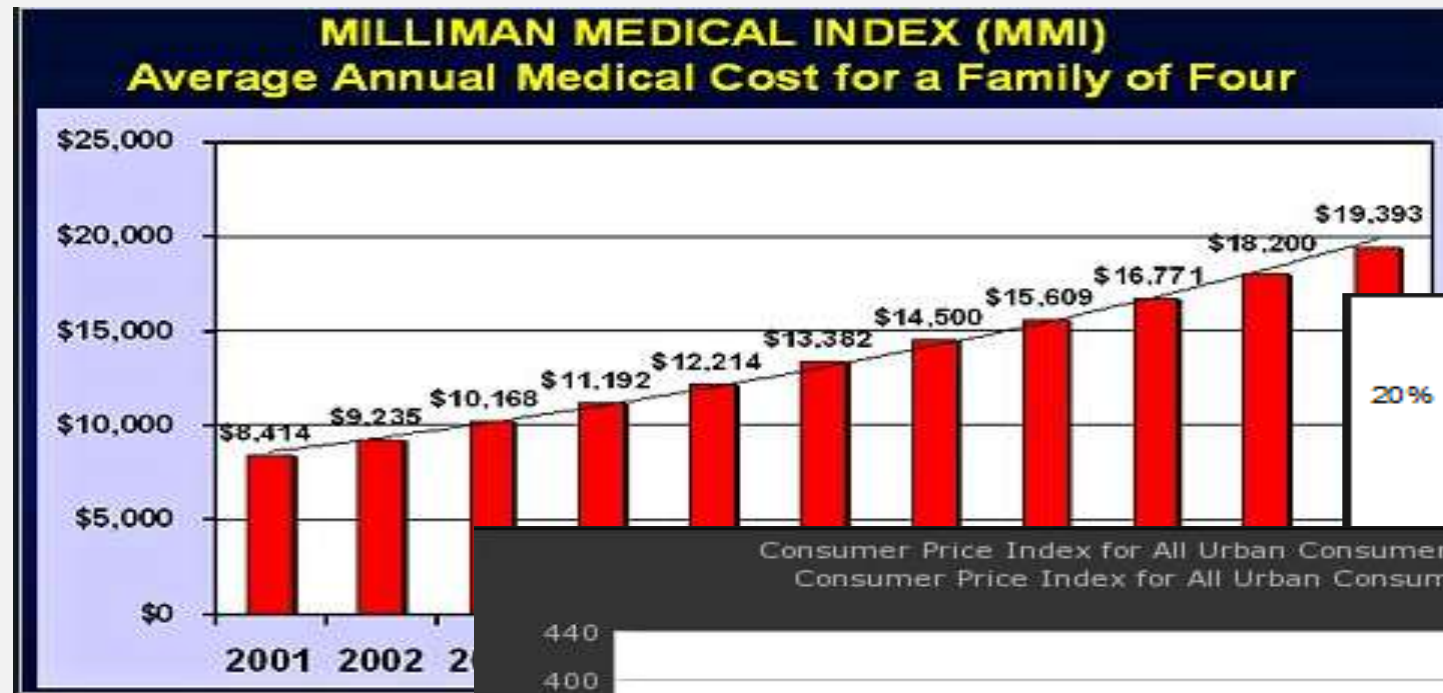


The future belongs to those who prepare
for it today.

- Malcolm X

The Uncomfortable Reality

That scares anyone that understands it





**KEEP
CALM
AND
TAKE
NOTES**



Health Reform Has Been Happening

- Small business tax credit
- Prohibitions against lifetime benefit caps & rescissions
- Phased-in ban on annual limits
- Annual review of premium increases
- Public reporting by insurers on share of premiums spent on non-medical costs
- Preventive services coverage without cost-sharing
- Young adults on parents' plans

- States adopt exchange legislation and begin implementing exchanges
- Phased-in ban on annual limits

- Insurers must spend at least 85% of premiums (large group) or 80% (small group / individual) on medical costs or provide rebates to enrollees

- HHS must determine if states will have operational exchanges by 2014; if not, HHS will operate them

- State Insurance Exchanges
- Medicaid expansion
- Small business tax credit increases
- Insurance market reforms including no rating on health
- Essential benefit standard
- Individual requirement to have insurance
- Employer shared responsibility penalties

- Penalty for individual requirement to have insurance phases in (2014-2016)
- Option for state waiver to design alternative coverage programs (2017)
- Employer mandate kicks in 2015

2010

2011

2013

2014

2015-2017

In 2011 Health Insurance Companies Became Public Utilities

- Insurers must spend on medical expenses at least
- 85% of premiums (large group) or
- 80% (small group/individual)
- Or provide rebates to enrollees



- Premium increases subject to state rate review and approval

Health Plans

worst possible position



- Public Policy demands premium “restraint”
- If there is a surplus – must refund it
- If there is a deficient – must absorb it
- Better to have a surplus than a loss

- Cost of care controls
 - Deductibles
 - Narrow Networks
 - Ending OON
 - Rate restraint
- Try to grow revue outside of insurance
 - Optum/United
 - Aetna – WellMatch

Impact on physician



Narrow Network

- In- loss of income
- Out – loss of volume
- The virtual end of OON Coverage

Deductibles

- Dramatically restrain care
- Patients seek alternative care sources during deductible period
- Increasing receivables

Damn the deductibles

Exchange Deductibles	Individual	Family
Platinum	-0-	
Gold	\$600	\$1200
Silver	\$2000	\$4000
Bronze	\$3000	\$6000

Commercial Deductibles

Average over \$4000

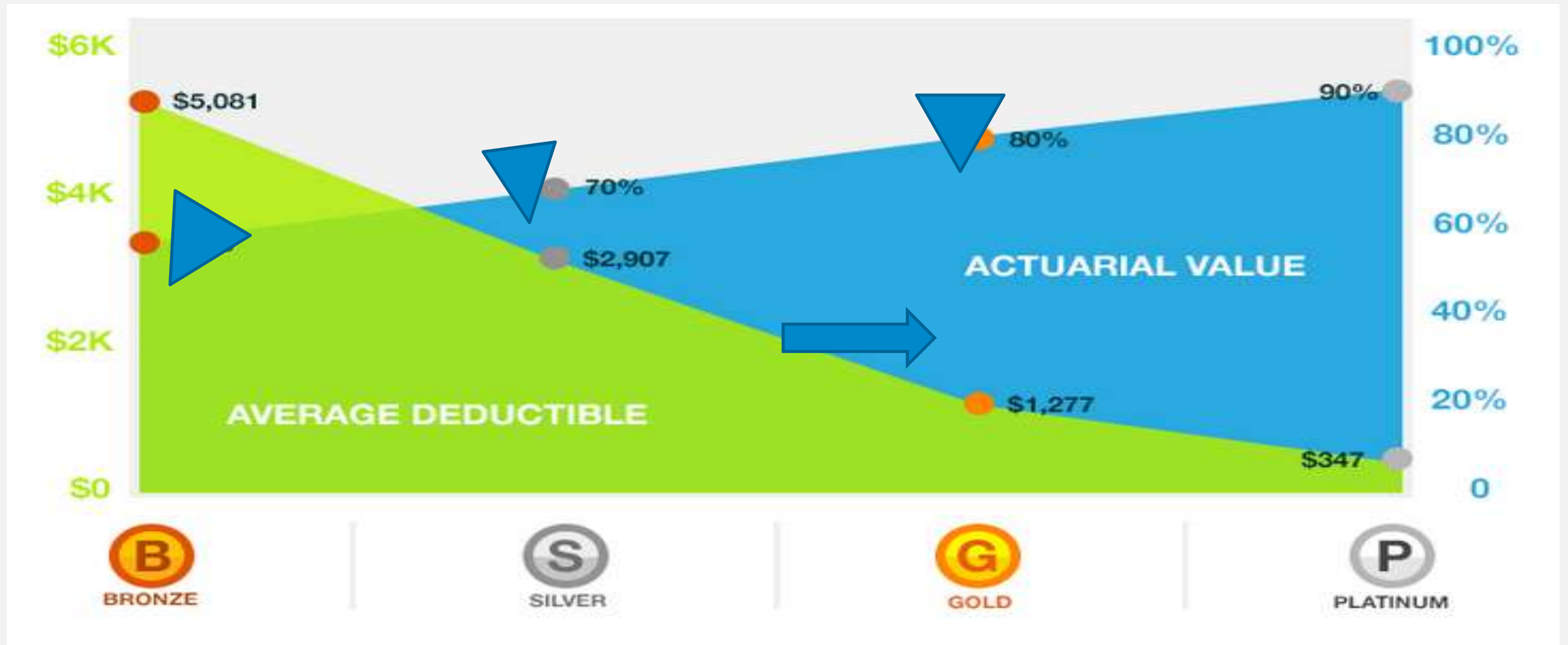


- 64% of insured policies carry a meaningful deductible

For Health Exchange Products Providers will have to be collectors of significant patient financial responsibilities

	Bronze	Silver	Gold	Platinum
Deductibles				
Individual	\$3000	\$2000	\$600	-0-
Family	\$6000	\$4000	\$1200	-0-
Out-of-pocket cap				
Individual	\$6350	\$5500	\$4000	\$2000
Family	\$12700	\$11000	\$8000	\$4000

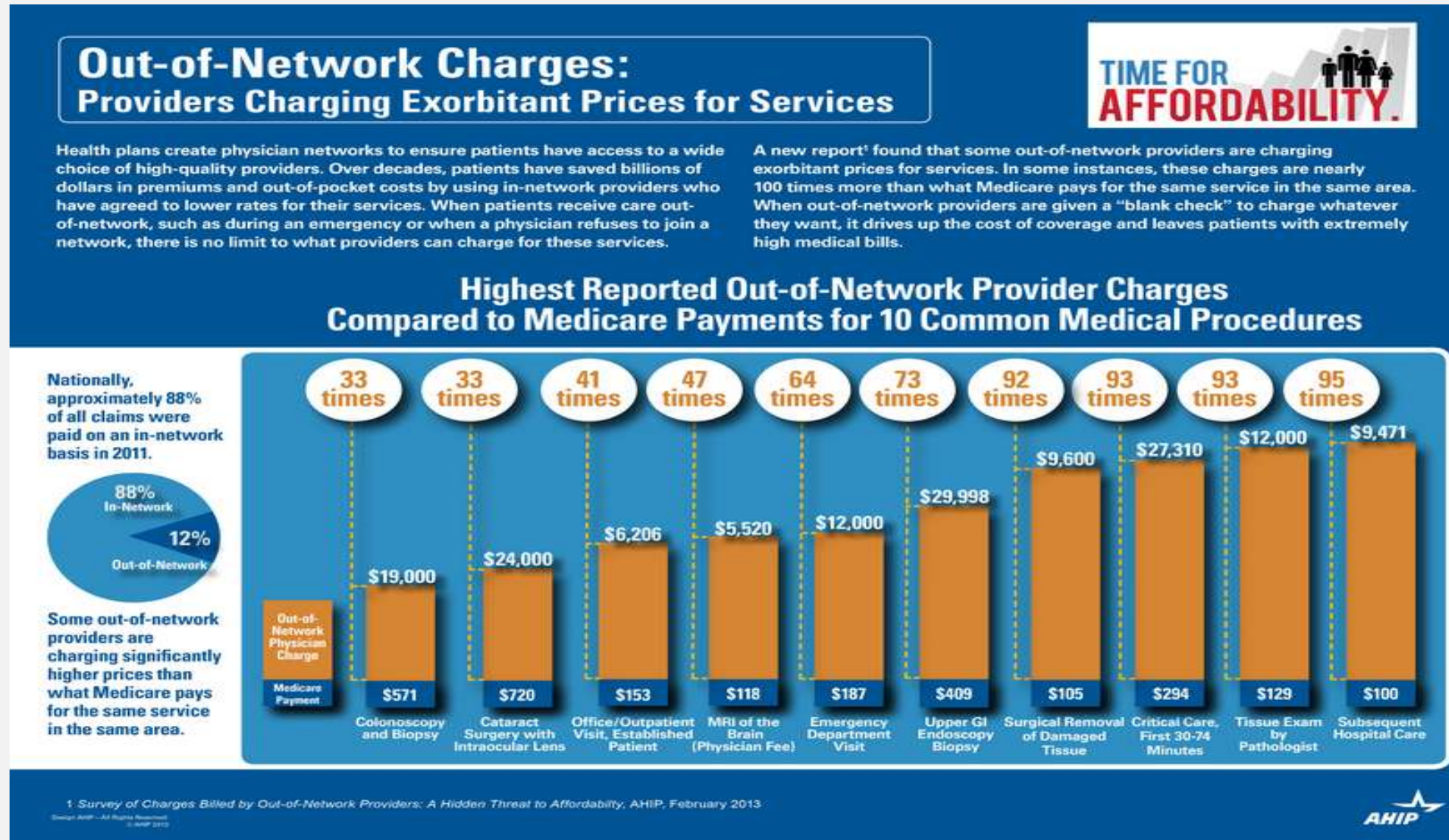
And the patient pays and pays....



**INCREASING OUT-OF-POCKET –
EVEN AFTER THE DEDUCTIBLE**

The virtual end of OON coverage

Be par
or be out-
of-luck



Health Delivery Reform

ACO

Accountable Care Organizations

- Medicare Contract
- Providers contract to accept quality and efficiency risk for care provided to Medicare beneficiaries

Clinically Integrated Networks

- Commercial Contracts
- Providers contract with commercial plans on a variety of shared savings, incentive, capitation, and risk models to accept responsibility for care provided to commercial patients

ACO/CIN

Triple Aim

- Lower costs
- Increase quality
- Increase patient Satisfaction

Tools

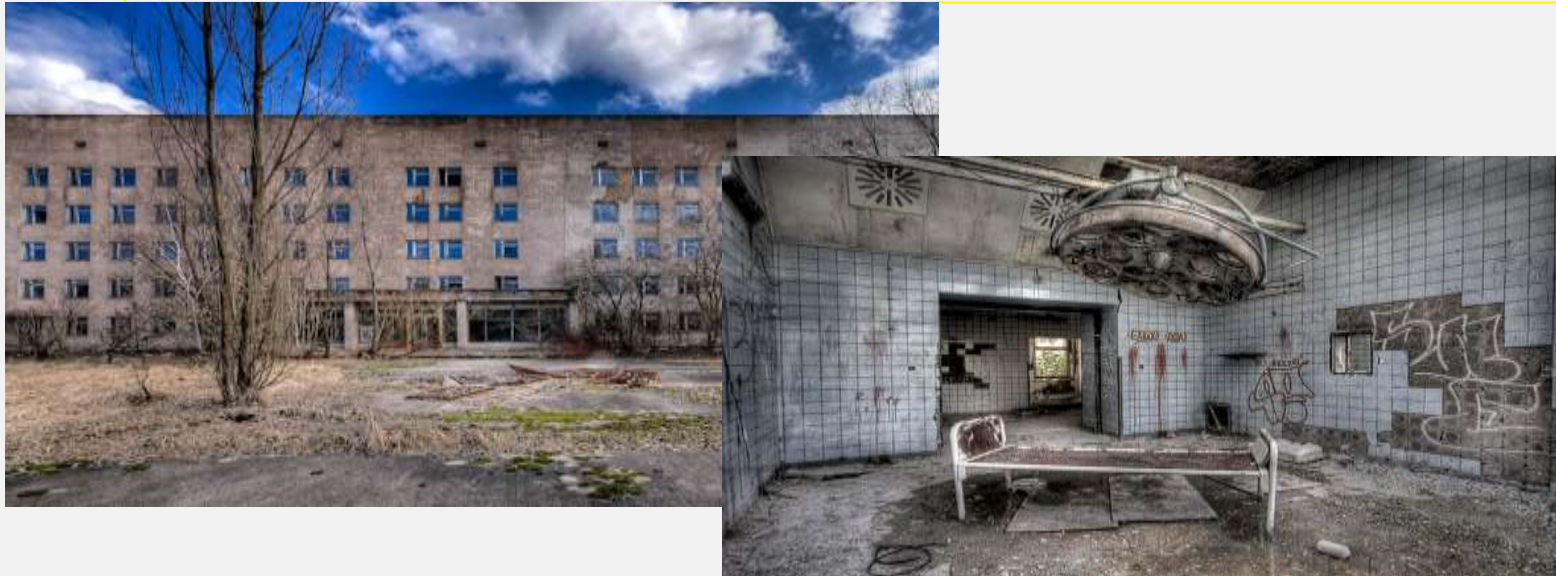
- Cost
 - Population Health
- Quality/Cost /Satisfaction
 - Patient Centered medical Homes
 - Patient engagement
 - Transparency
- Bundled Payments
- Control
 - Narrow network – in ACO/CIN referrals

To Be In – Or Not To Be In

- Organizations are forming to do ACO and CIN
- Physician Driven
- Hospital Driven
- PHO Driven
- Who will make it and who will fail?
- Risk of being left out?
- Cost/risk of being included?

What the future holds

Mass Confusion,
Mass Destruction
And/or
Mass Disruption?



Sea of Confusion³

Workers who are not knowledgeable about

- › Federal & State Exchanges – 76%
- › Health Reimbursement Accounts – 49%
- › Health Savings Accounts – 32%
- › High Deductible Health Plans – 31%

Security

- Hacking is free

Religion

- Expanding Impact

Business

- New competitors
- Coopition everywhere
- Peak everything

Health

- Longer life*
- Healthier life*
- Chronic is normal

Work

- Automation of "normal"
- Skills gap and need for reskilling
- Technology-enhanced employees

Law

- Relative stability

Government & Society

- Flattening world
- Pockets of instability

Demographics

- Older consumer

Science & Technology

- Bandwidth is distance
- Context is king

Energy

- Oil important, not king

Economy

- Water as currency

Transportation

- Security challenged
- Infrastructure impacted
- Tight economics

Environment

- Business measure
- Need to Know

Education

- Better educated*
- Distance learning

Food & Agriculture

- Stable currently but linked to environment

MEGATRENDS

* Not all the
may particip

Trend: The demand for physician services is changing

Transactional Patient

- Seeking care
 - Fast
 - Cheap
 - Adequate Quality

Patient-Patient

- Seeking care from a physician and the “traditional patient-physician relationship”

New providers/ Competition

- ❖ Urgent Care
- ❖ Rx Clinics
- ❖ Telemedicine

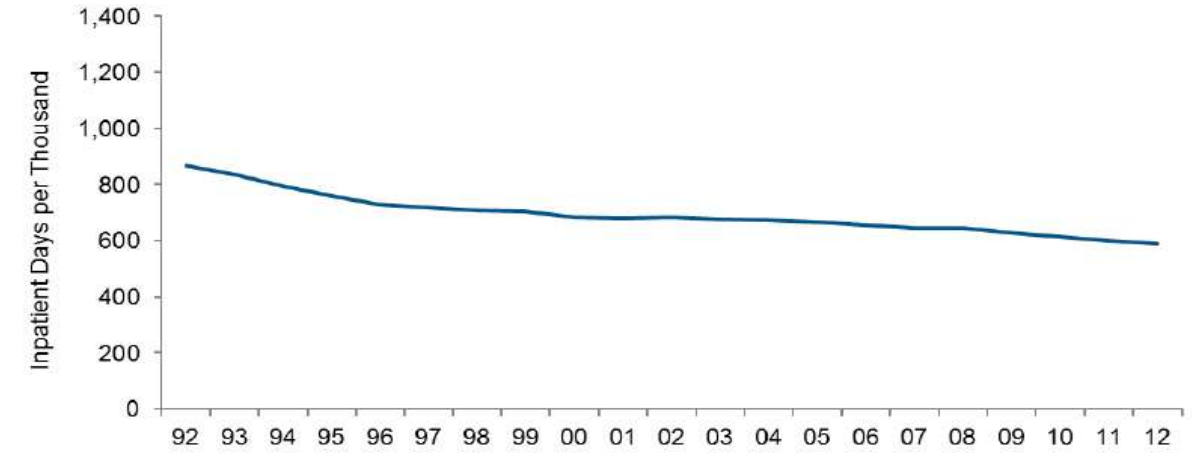
Trend: Patient as consumer

	Patients	Consumers
Level of engagement in decisions about their treatments	Low: depend on physicians to make decisions on their behalf	High: depend on physician recommendation and personal verification
Level of awareness of treatment options and associated costs	Low: depend on physician opinion	High: depend on online tools and social media
Source of trust in providers they use	High: based on personal experiences and word-of-mouth	High: based on personal experiences and comparison shopping
Primary unmet needs	Access within a reasonable timeframe + personal attention	Value: access + service delivery + outcomes + cost
Unmet need from insurance plan sponsor	Large networks of providers to enhance access and convenience + manageable out-of-pocket costs	Narrow networks of high-performing (high-value) providers + predictable costs

Trend: There is no future in bricks and mortar

One-third of hospitals will close by 2020

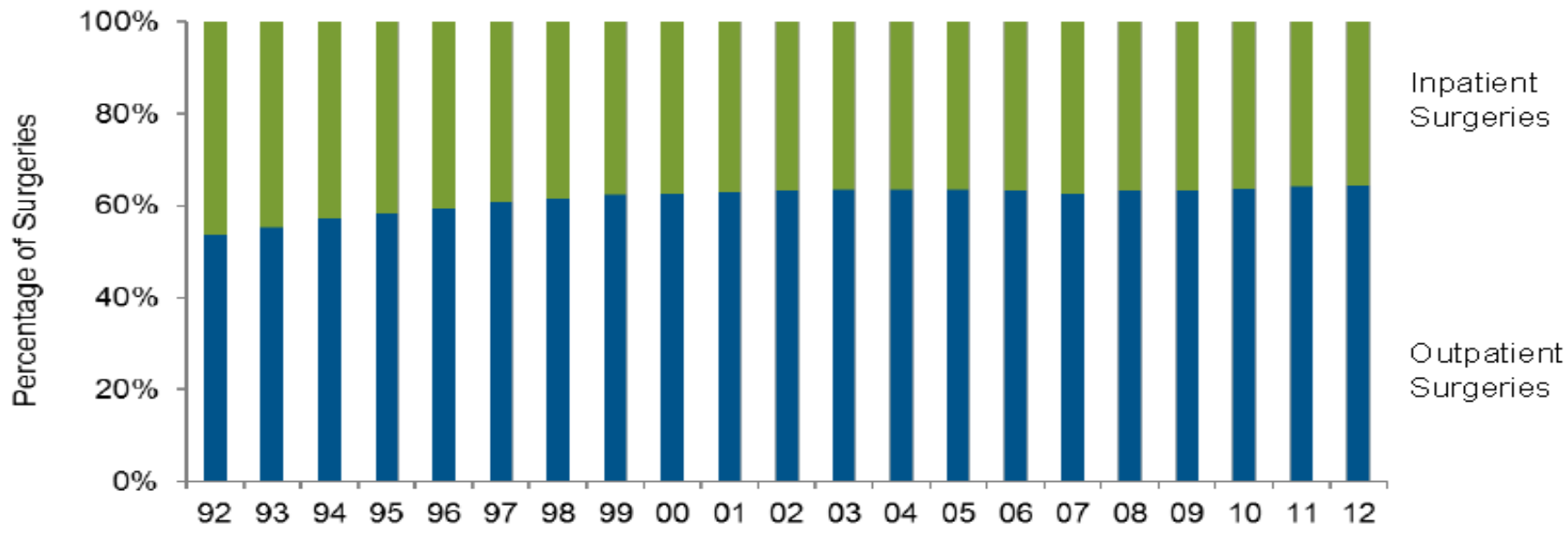
Chart 3.4: Inpatient Days per 1,000 Persons, 1992 – 2012



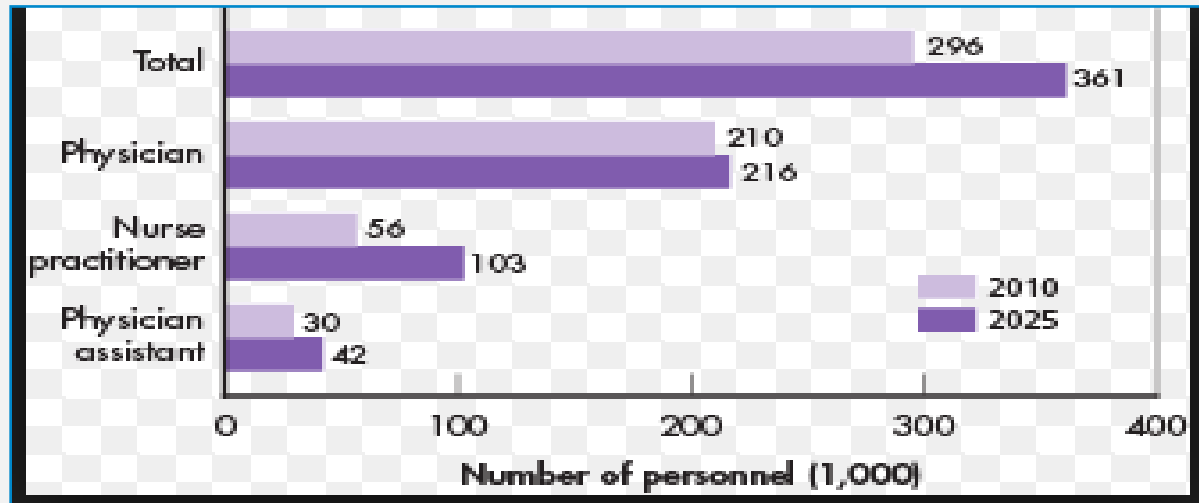
Source: Avalere Health analysis of American Hospital Association Annual Survey data, 2012, for community hospitals. US Census Bureau: National and State Population Estimates, July 1, 2012.
Link: <http://www.census.gov/popest/data/state/totals/2012/index.html>.



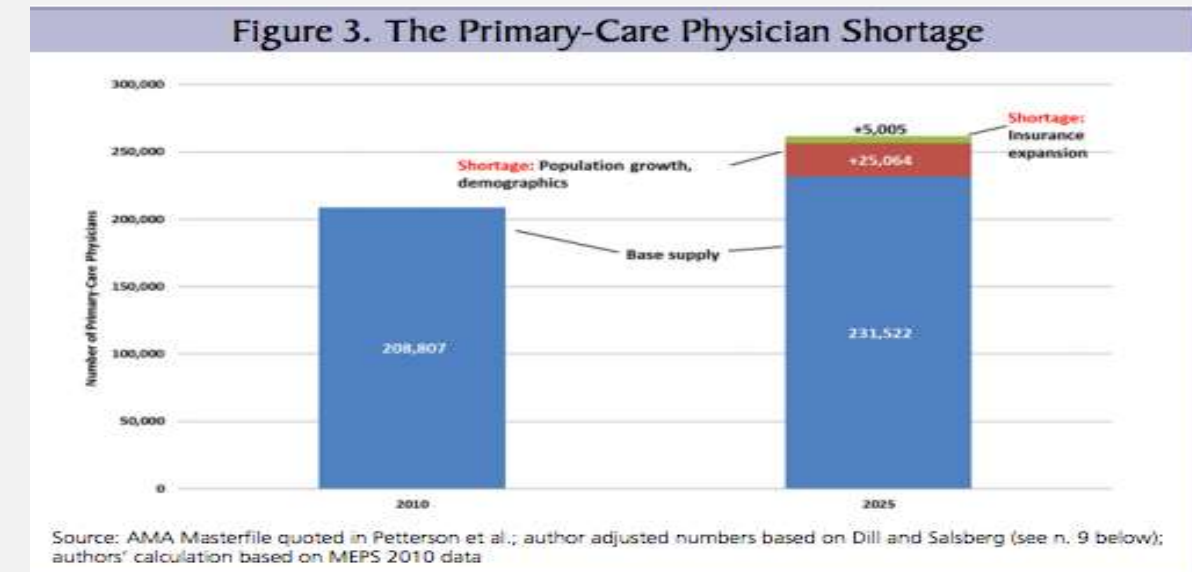
Chart 3.11: Percentage Share of Inpatient vs. Outpatient Surgeries, 1992 – 2012



Trend: The composition of the medical workforce will change



Open question – to what extent will non-physician providers fill the shortage?



All trends will be driven by money

Estimated Savings of Reinforcing Medicare Reforms	
Reforms	Estimated 10-Year Savings
Post-acute care payments based on beneficiary needs not setting	\$45 billion
Stronger hospital incentives for coordinated post-hospital care	\$10-15 billion
Equalize payments for certain outpatient and ambulatory services	\$10-15 billion
Use competitive bidding for clinical laboratory payments	\$8 billion
Phase in reforms in Medigap and Medicare benefit design	\$20-40 billion
Encourage efficient prescription drug use by low-income beneficiaries	\$30 billion
Increase income-related Medicare premiums	\$60 billion



**Devastating
to hospitals**
Does a job on hospitals and Labs
Any benefit reductions reduces income to
providers

Trends will put increasing pressure on physician practice income

Increasing Pressures on Physician Practice Income



- **Inadequate reimbursement**
- **Higher malpractice premiums**
- **Increasing administrative/overhead**
- **Longer receivable cycles**
- **Displacement of income-generating procedures through new technologies**
 - **Imaging advances have replaced need for some higher-reimbursed procedures and surgeries**
- **Competition from retail clinics and “lifestyle enhancement” alternatives**
 - **Health clinics and quick care centers (e.g. Walgreens’ Take Care™, Minute Clinics)**
 - **Patients are becoming more involved with programs that eliminate or reduce pain (pain centers, chiropractors,), improve well-being/quality of life (fitness centers, massage centers), and improve their appearance (vein centers, cosmetic surgery, weight management programs)**
- **Employers are becoming more active in health promotion**
- **Move toward new health management models (medical home, integrative medicine)**
- **Consumers are engaging more pre-actively in their health care diagnosis, treatment, and health maintenance**



- The status quo is unsustainable
- Do nothing and participate in the decline of your practice

Pragmatic responses

○ Look internal to improve your income

- Understand deductibles and the implications for your practice
- Maximize all legitimate income opportunities
- Watch your revenue cycle – bill, re-submit, and appeal
- Understand the plans you par and are non-par – verify participation and individual eligibility

○ Look internal to improve your patient base

- Promote – market
- Improve access to – YOU
 - Make room to say yes to capture patients same day
 - Add telemedicine?
- Improve satisfaction w/YOU
 - Survey, listen, respond
- Firm up your referral sources and make new ones

Pragmatic response

Look internal to understand your own performance

- Internal - your IT system
- External – payer data
- Use data to understand
 - Quality measures
 - HEDIS scoring
 - Cost measures
 - Payer performance programs
 - United premium Designation
 - CignaCare
 - Aetna Axcel

Look external at what is going on

- Don't sit on the sidelines
 - Consider joining in various developing ACO/CINs
 - Evaluate and challenge them on their potential to be successful
- Re-asses you health plan participation
 - add or delete payers as appropriate

You can thrive in the evolving chaos

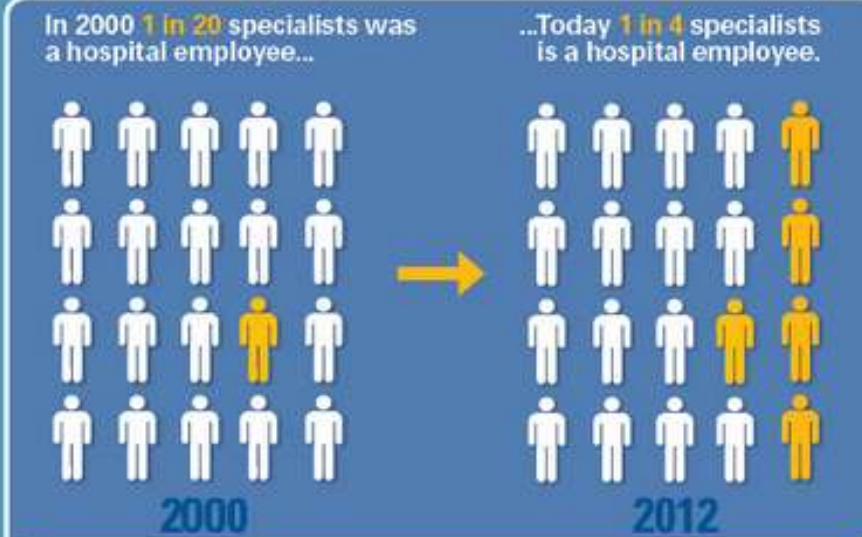
- Demand for private practice physician services has changed – not diminished
- The cost of pushing out the private practitioner is becoming recognized

Provider Consolidation LESS COMPETITION AND HIGHER COSTS

Research demonstrates that when hospitals consolidate, either merging with other hospitals or buying up physician practices, health care costs go up. Provider consolidation gives hospitals greater

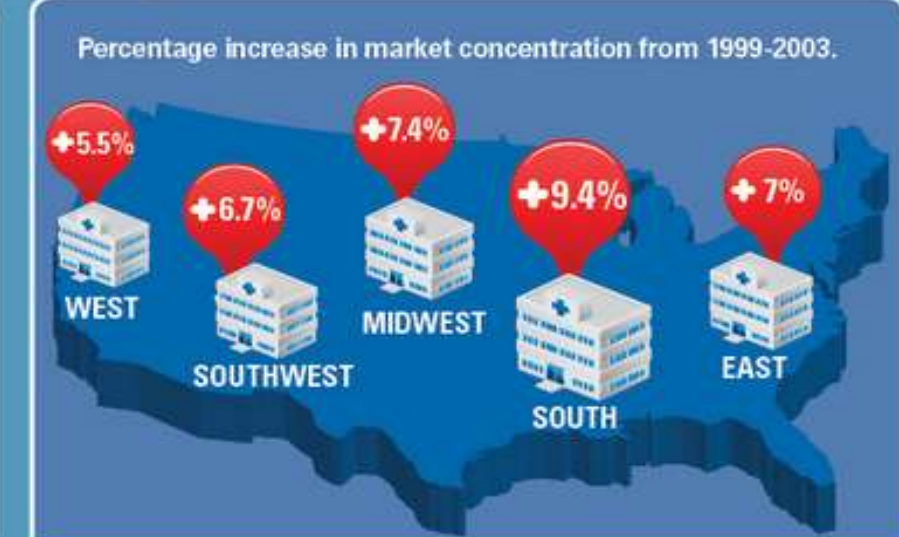
negotiating strength and limits competition, resulting in higher prices for services, higher costs for patients, and no improvement in the quality of care delivered.

Physicians Are Becoming Hospital Employees¹



“Last year, a 15-minute visit to a doctor in private practice cost \$69...That same visit to a hospital-employed physician cost \$124.”
-Orlando Sentinel

Increasing Market Concentration Leads to Higher Prices for Consumers²



“Research suggests that hospital consolidation in the 1990s raised prices by at least five percent and likely significantly more. Prices increase 40 percent or more when merging hospitals are closely located.”
-Robert Wood Johnson Foundation



1. Jameson, Mark. "As Hospitals Take Over Doctors' Practices, Fees Rise." Orlando Sentinel. N.p., 15 Sept. 2012. Web. <http://articles.orlandosentinel.com/2012-09-15/health/oa-hospital-buy-physicns-20120915_1_hospital-executives-hospital-employee-physician-practices?page=all>.
2. Vogt, William B., Ph.D., and Robert Town, Ph.D. How Has Hospital Consolidation Affected the Price and Quality of Hospital Care? Rep. N.p., Feb. 2004. Web. <http://www.rwjf.org/content/dam/vuln/research_publications/and-rwjf-research/2004/02/how-has-hospital-consolidation-affected-the-price-and-quality-of-hmc>.

The difference between business and healthcare

**In the business world
its dog eat dog**

The difference between business and healthcare

**In the business world
its dog eat dog**

**In health care
its completely reversed**

- *Control your own destiny or someone else will.*

- Jack Welch



**KEEP
CALM
AND
MAKE YOUR
DESTINY**

Thank You