Healthcare Reform: Unsolved Mysteries...

It’s not just reform it’s how we choose to perform

MAHAP Education Session
March 22, 2013

Healthcare Reform and consumerism:
How Providers & Consumers must deal with the challenges

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Passport Health Communications, Inc.
Can we make a complicated process simple?

I think we need to schedule another appointment...

Doc, What is Healthcare deform?
# What Is The Definition Of Insanity?

<table>
<thead>
<tr>
<th>Agenda 1975-6</th>
<th>Agenda 2013</th>
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<tbody>
<tr>
<td>1. Uniform Billing Project-UB16</td>
<td>1. ICD10</td>
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<td>2. Discharge Planning</td>
<td>2. Discharge Care/Readmission</td>
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<td>4. Cost Containment</td>
<td>4. VBP, HCAHPS</td>
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<tr>
<td>5. HMOs</td>
<td>5. HSAs, HDHPs, ACOs, CDHPs</td>
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<td>6. Establishing Policies for Charity Care</td>
<td>6. Charity Care, Self-Pay</td>
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<td>7. A 5-Step Approach to avoiding excessive uncompensated care</td>
<td>7. Six Sigma/Lean projects</td>
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<td>(programs du jour)</td>
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<tr>
<td>9. The Launching of NAHAM</td>
<td>9. 9. Importance of networking!</td>
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</table>

4/8/2013
I understand your disappointment.

What was supposed to be the future is still our present...
Legislative Forces

- Executive order
- Federal legislation
- State laws

- Meaningful Use
- Financial Assistance
- Electronic Medical Records
- Streamlining
- Accountability
- Readmissions
Executive Order

Directs federal agencies that administer or sponsor federal health insurance programs to increase:

- Pricing transparency
- Quality
- The adoption of health information technology standards
- Provide options that promote quality and efficiency in health care.
Pricing Transparency

6/25/06

STOOL FOR O+R X 3
STOOL FOR ENTERIC X 3
24 HR STOOL FOR Fecal Fat

H2 BREATH TEST 50G REUM
D-XYLOSE TEST 150G REAM
C R O T H O M, U A, L A P Y
PROFILE I T S H, F R E 73
F R I E 74

DX: CHRONIC DIARRHEA

K. DHARM: FORCERY CAST
Electronic Records-Tangled Web! (ICD!10!)

- Hospitals received $1 billion more in Medicare reimbursements in 2010 than the 5 previous.

- Partially by changing the billing codes they assign to patients in emergency rooms.

- Regulators also say physicians have also changed the way they bill for office visits, increasing their payments by billions of dollars.

- Regulators, including the OIG / HHS are concerned about the increase in billing for the most expensive evaluation services by hospitals, in the emergency room, and by doctors in their offices. Private insurers have also expressed concern about the higher level of billing.
Capital Gains – Back to the future?

- Bush tax cut from 20% to 15% ended 1/13

- Gains Tax increases by additional 3.8% to fund Medicare if income > $200,000

Employer coverage?:

- Approximately one in 10 employers plans to end workers’ health insurance as the Affordable Care Act is implemented, according to a Deloitte study, The Wall Street Journal reports.

- Small firms are most likely to drop coverage. 13% with 50-100 workers said they would end policies within 3 years, and 2% with more than 1,000 workers.
CBO: Supreme Court Decision Reduces Cost of ACA by $84 Billion

- The Congressional Budget Office (CBO) has projected that the recent U.S. Supreme Court’s decision to uphold the Affordable Care Act will reduce the 11-year cost by $84 billion.

Estimates state the health insurance coverage provisions will have a net cost of $1.168 trillion from 2012 to 2022, compared to the $1.252 trillion projected in March before the Supreme Court decision, resulting in a net reduction of $84 billion, the CBO said.

The projected net savings are due to reductions in spending from lower Medicaid enrollment, which are expected to more than offset the increase in costs from greater participation in new health insurance exchanges, according to the CBO projection. The CBO projected that the court’s decision will result in about 6 million fewer enrollees in Medicaid and the Children’s Health Insurance Program (CHIP). As a result, federal spending for Medicaid and CHIP is projected to be $289 billion less than previously expected.

The CBO projected about 3 million more enrolled in the health insurance exchanges that will be launched in 2014. Costs related to the exchanges have increased by $210 billion. Small changes in other components of the budget estimates account for the remaining $5 billion of the net difference, the CBO said. 7/24/12
Streamlining Healthcare

- **Challenges we face**
  - Insurance Exchanges
  - Enrollment periods
  - High Deductibles / IRS oversight
  - Government Program Funding

- **Our need to conduct business differently**
  - New Delivery models
  - Concierge Medicine
  - Access to Care – Community Health Programs, Wal Mart
  - Accountability
  - Post Acute & Follow Up Care (DISCHARGE)

- **Changing Behavior**
  - Personal responsibilities
  - Gov programs – having enough to go around

- **Automation**
  - Multi-generational consumer expectations
  - Managing reimbursement RISKS
  - Unbundling the Bundled!
Diagnostic testing/Streamlining

- Duplication of procedures
- Lack of coordination among providers
- Communication of preps, expectations
- Communication of reason for procedure
- Need for closing the loop
  - Results reporting across providers – ineffective
  - Poor results reporting to patients & caregivers
  - Order-schedule-arrive-results-follow care
Very Nice Sinus, be sure to get your chocolates on the way out.
Concierge Medicine – the new Health Club?

- Doctors paid up front for more personalized, attentive care.

- Access to email & cell phone 24/7

- Assistance with scheduling procedures, pickup/delivery!

- No appt necessary

- Doctors know each patient’s health conditions intimately. Enough to discuss it with Doctors anywhere in the world.

"blatant money grab", “2 Tier HealthCare”, “Reduced access to care”? Can/Will you pay $2000 - $25,000 for this?

Healthcare Reform?
Insurance Exchanges

- Exchanges are new organizations that will be set up to create a competitive market for buying health insurance.

- They will offer a choice of different health plans, certifying plans that participate and providing information to help consumers better understand their options.

- Beginning in 2014, Exchanges will serve individuals buying insurance on their own & small businesses up to 100 employees.

- States can choose to include larger employers in the future. All States are expected to establish Exchanges.

- The federal government will help states set up Exchanges.

- The federal government will step in if a state does not set them up and require states to use the Federal Exchange.
Healthcare Exchange Objectives
(Envision the Access Dept of 2014)

- Front end collections
- Insurance Exchanges
- Lower Readmissions
- Medicaid?
- Quality
- Accountability
- ICD10/Y2K?
- How will FC work?
- Will the average know what to do?
The Requirement to Buy Coverage Under the Affordable Care Act

Do any of the following apply?
- You are part of a religion opposed to acceptance of benefits from a health insurance policy.
- You are an undocumented immigrant.
- You are incarcerated.
- You are a member of an Indian tribe.
- Your family income is below the threshold requiring you to file a tax return ($9,350 for an individual, $18,700 for a family in 2010).
- You have to pay more than 8% of your income for health insurance, after taking into account any employer contributions or tax credits.

There is no penalty for being without health insurance.

Were you insured for the whole year through a combination of any of the following sources?
- Medicare.
- Medicaid or the Children's Health Insurance Program (CHIP).
- TRICARE (for service members, retirees, and their families).
- The veteran's health program.
- A plan offered by an employer.
- Insurance bought on your own that is at least at the Bronze level.
- A grandfathered health plan in existence before the health reform law was enacted.

The requirement to have health insurance is satisfied and no penalty is assessed.

Coming SOON! 2014
Coverage – Affordable Care Act

There is a penalty for being without health insurance.

2014
Penalty is $95 per adult and $47.50 per child (up to $285 for a family) or 1.0% of family income, whichever is greater.

2015
Penalty is $325 per adult and $162.50 per child (up to $975 for a family) or 2.0% of family income, whichever is greater.

2016 and Beyond
Penalty is $695 per adult and $347.50 per child (up to $2,085 for a family) or 2.5% of family income, whichever is greater.

The penalty is pro-rated by the number of months without coverage, though there is no penalty for a single gap in coverage of less than 3 months in a year. The penalty cannot be greater than the national average premium for Bronze level coverage in an Exchange. After 2016, penalty amounts are increased annually by the cost of living.

Key Facts:

• Premiums for health insurance bought through Exchanges would vary by age. The Congressional Budget Office estimates that the national average annual premium in an Exchange in 2016 would be $4,500-5,000 for an individual and $12,000-12,500 for a family for Bronze coverage (the lowest of the four tiers of coverage that will be available).

• In 2010 employees paid $899 on average towards the cost of individual coverage in an employer plan and $3,997 for a family of four.
What Must we do?
Unsolved Mysteries

• **Physician Education:** What steps should be taken to make sure physicians embrace technology ... and who will be left holding the bag if they don't?

• **Real-time Adjudication:** The ability of all providers to submit information to insurers and present patients with bills before they leave is considered "the holy grail". While real-time adjudication is fairly easy to do at the pharmacy, what is necessary to make it work at a hospital or doctor's office?
Payer Reform?

- Mailing healthy eating menus and recipes to its members.

- However last year BC TN justified doubling the salary of the Board Chair & raised the CEO’s compensation.

- Last year Blue Cross of Massachusetts eliminated pay for its board members, stating it was unjustified.

- Last fall BC TN announced a 25% staff reduction.
Tennessee Medicaid

- 2005 Prescription limitations: adults = 5
  Today limits adults to 3 as does New Hampshire

- Encourages over the counter or generic use

- Adverse consequences anticipated never happened?

- Incentive to stay healthy / make choices

- Tn. added validity to concerns of over prescribing

- Illinois & other states have implemented same or similar concepts.
Lifestyle Choices


New York City’s chain restaurants that have more than 15 outlets must include calories on menus and menu boards.
Put down that margarita, and back away from the bar! (AP)

NYC Menu Calorie regulation To Cover Cocktails Too!

A city regulation requires chain restaurants to display calorie information also covers cocktails, sodas and other beverages that appear on menus.

Drinks are no longer the forgotten calories!

740 calories in a 10-ounce margarita
impossible guessing game…

Calif: Menu Education and Labeling Act, called the MEAL Act for short

"Who would guess that a large chocolate shake at McDonald's has more calories than two Big Macs or that a multigrain bagel at Dunkin' Donuts has 140 more calories than a jelly doughnut?

The California law applies to restaurants with 20 or more locations in California, about 17,000 eateries. Beginning July 1, 2009 they must provide brochures with the number of calories and grams of saturated fat for each item. Starting Jan. 1, 2011, all menus and menu boards will have to include the number of calories for each item.
“Go humans go”!
The Healthcare cost of some choices

- Clarion Health
  Higher premium

- Weyco – Michigan
  Nicotine positive = no employment
The highest combined state-local tax rate is $5.85 in New York City, with Chicago, IL second at $4.66 per pack. Other high state-local rates include Evanston, IL at $4.48 and Anchorage, AK at $3.452 per pack.

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Question

- If consumers are over utilizing health care what happens if utilization goes down?

- What happens to the excess capacity in the health care field?
Due to the failure of Managed Care
And the advent of HCAPHS + Healthcare Reform

The healthcare pity-party continues…
Theory

• Managed Care shielded patients from cost

• Exchanges: Patients likely to shop & interested in price

• Individual “ownership” Insurance Exchanges

• Control over their healthcare

• Consumers have more choice

• More responsibility for lifestyle choices & treatment
More theory

- Patient will make rational cost-effective decisions
- Actions will lead to a reduction in utilization of services
- Lower overall healthcare costs
- S/B able to make complex decisions if provided education and information

Another theory: Managed care – Payer rationed services to patient
Insurance Exchanges: Patients ration themselves
We cannot go it alone: Creative collaboration with other providers, vendors, your staff & the consumers themselves.
The HCAHPS survey results can reduce a hospital's reimbursement rate up to 1 percent in 2013.

For a hospital with an average daily Medicare census of 100 patients at an average daily reimbursement of $1,200 per day, the 1 percent reimbursement at risk for 2013 is $438,000.

By 2017, that rate will double.
Communication & HCAHPS

- HCAHPS is a survey administered to a random sample of adult inpatients between 48 hours and six weeks after discharge. Patients admitted in the medical, surgical and maternity care service lines are eligible for the survey;

- 21. Using any number from 0 to 10, where 0 is the worst hospital possible and 10 is the best hospital possible, what number would you use to rate this hospital during your stay?

- 22. Would you recommend this hospital to your friends and family?
The Patient

- Can someone explain this to me?
- Am I covered?
- My Dr. didn’t tell me?
- I thought you knew why I was here!
- No one ever told me that
- No one ever asked me to pay before
- What am I signing?
- WHY AM I STILL WAITING???
- Can I show you pics of my grandkids?

Not every patient complains, until their survey. They take their business elsewhere & you get paid less

“Show me the $ is now a really different business"
Consumerism will continue to transform business

- Telemedicine
- eVisits—the new House Call
- HSA’s and RHIO’s
- ECG@Home / Robots
- Concierge Medicine
- Insurance Exchanges
- Is there an app?

4/8/2013
PAS Director
REFORM = Behavior Awakening
Jennifer, the Consumer

- Jennifer’s 2007 Lab Results (age 27 y/o)
  - Blood Sugar: 126 (normal 70-110)
  - Total Cholesterol: 210 (normal below 200)
  - Body Mass Index (BMI): 24.6 (normal 18.5-24.9)
  - d/c from ER with severe abdominal pain

- Jennifer, she had the knowledge?
  - RN at Loyola Medical Center-pediatrics
  - Family Nurse Practitioner Student
  - Berkley Newsletters
  - Works with community health clinics
The Standards

- Jennifer was eating according to the standards she was teaching/learning about
- Something must be missing
- Jennifer is not alone
Kevin Visits the Clinic

- 8 y/o male comes to the clinic with stomach pains
- Why?
- Dinner: #8 from McDonald’s
What’s In our Food Anyways?

What do The Standards say about…
- Antibiotics
- Corn fed meat
- Pesticides/Insecticides
- Genetically Modified Organisms (GMO’s)
- rBGH (recombinant bovine growth hormone)
- Meat with antibiotics
- Preservatives
- Pink Slime
- Dyes
- Corn, Corn and Corn

The current guidelines focus on food groups and serving sizes, but leave little guidance on what’s in our food.
Many health problems are increasing in the general population including obesity, diabetes, hypertension, heart disease, cancer, asthma, food allergies, and food poisoning.

This generation may not live beyond their parents’ generation due to obesity related diseases.
Jennifer

- I stopped eating
  - Antibiotics
  - Corn
  - Growth Hormones
  - Pink Slime
  - Preservatives
  - GMO’s
  - High fructose corn syrup
Results

- Blood Sugar: 100 (before 126)
- Total Cholesterol: 180 (before 210)
- Body Mass Index (BMI): 19.2 (before 24.6)
- Lost 30 pounds
Ashley

- Came to the clinic 3 months ago
  - Blood Sugar: 155
  - Total Cholesterol: 350
  - Body Mass Index: 35
  - Blood Pressure: 135/88 (normal 120/80)
Stepping Out of the Box (Grocery Store)

- I don’t have time
  - 30 minutes at Farmer’s Market vs. 60 minutes at Doctor’s Office
- It’s too Expensive
  - Pay Somewhere: Hospital vs. Farmer’s Market
- I can’t Afford Fruits and Vegetables
  - Banana: $0.19 vs. Candy Bar $1.00
  - Water: $0.00 vs. Bottle Water
  - Orange
- Herb grown at home 3 seeds: vs.
- You own the choice!!!
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- Herb grown at home 3 seeds: vs.
You own the choice!!!
Stepping Out of the Pill Box

PREVENTING and managing illnesses through food choices.
Paint a new picture!
Meet Tommy

I think he looks like me!

She’s crazy! He looks like me!

Sweet, but what can this child expect for healthcare when he is their age? 1 in 3 born today will live to 100!
It has been a pleasure!

QUESTIONS?