

HLB

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AMERICAN HEALTHCARE CHALLENGES IN THE TWENTY FIRST CENTURY (or at least a few years of it)

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A FEW OF THE CHALLENGES

HEALTH CARE COSTS STILL RISING

BABY BOOMERS ENTER MEDICARE

OBESITY

NO RESPONSIBILITY FOR OUR OWN HEALTH

CHRONIC DISEASE SPENDING

COORDINATION OF CARE

THE SHORTAGE OF PHYSICIANS

LOW PROVIDER REIMBURSEMENT

FRAUD AND ABUSE

POLITICS

PLAYING NICE IN THE SANDBOX

EXERCISE

ICD-10 IMPLEMENTATION

SEQUESTRATION AND THE FISCAL CLIFF CRISIS;

CONSOLIDATION

TOO MANY NEW PROGRAMS

TOO LITTLE TIME

NOT ENOUGH CAREGIVERS TO CHANGE

BABY BOOMERS' DIAPERS!!

ACHIEVING THE GOALS OF HEALTH CARE REFORM

- **THE TRIPLE AIM OF HEALTH CARE REFORM:**
 - **BETTER HEALTH FOR THE PATIENT POPULATION**
 - **INDIVIDUAL, PATIENT-BASED CARE**
 - **LOWER COSTS THROUGH IMPROVEMENTS**

- **TRANSFORM DELIVERY OF CARE**
 - **ALLOW PROVIDERS TO CHOOSE FROM DIFFERENT DELIVERY MODELS WITH DIFFERENT LEVELS OF RISK WHILE SPREADING BEST PRACTICES AND IMPROVING CARE**
- **USING THE FEDERAL HEALTH CARE PROGRAMS – MEDICARE AND MEDICAID – TO PAY PROVIDERS MORE OR LESS DEPENDING UPON THEIR ACHIEVEMENT OF CERTAIN GOALS**

INCENTIVE PROGRAMS TO ACHIEVE DESIRED RESULTS

- ELECTRONIC HEALTH RECORDS INCENTIVE PAYMENTS
- INNOVATION CHALLENGES
- BUNDLED PAYMENTS
- PRIMARY CARE AND MEDICAL HOMES
- ACOS
- DUAL ELIGIBLES AND GLOBAL PAYMENTS

TOOLS FOR ACHIEVING GOALS

- **EVIDENCE-BASED MEDICINE** AND PREDICTIVE MODELING
- BENEFICIARY ENGAGEMENT
- **QUALITY AND COST** MEASUREMENTS AND REPORTS
- COORDINATION OF CARE
- FOCUS ON **PATIENT CENTEREDNESS**

HEALTH CARE REFORM INCENTIVE PROGRAMS

- ***ACCOUNTABLE CARE ORGANIZATIONS (ACO)*** – MEDICARE SHARED SAVINGS PROGRAM: PROVIDER-BASED ENTITY USES SYSTEMS WITH PHYSICIANS, HOSPITALS OR OTHER PROVIDERS TO IMPROVE HEALTH CARE AND LOWER COSTS.
- IF COST SAVINGS ACHIEVED AND QUALITY MEASURES ARE MET, THE ACO SHARES IN THE SAVINGS AND/OR SHARES IN THE LOSSES DEPENDING UPON THE TYPE OF ACO

- PROVIDERS COLLABORATE TO DELIVER PRIMARY CARE
- PRIMARY CARE PHYSICIAN COORDINATES ALL
- FOCUS ON PATIENT-CENTEREDNESS AND EXPERIENCE

BUNDLED PAYMENTS FOR CARE IMPROVEMENT

- **“BUNDLED” PAYMENTS** FOR MULTIPLE SERVICES THAT A PATIENT RECEIVES DURING A **SINGLE EPISODE** OF CARE
- FOSTERS BETTER CARE COORDINATION AND IMPROVED QUALITY OF CARE
- E.G., HOSPITAL STAY PLUS POST-ACUTE CARE ASSOCIATED WITH THE STAY

PROGRAMS TO REDUCE HOSPITAL COSTS

- **HOSPITAL COSTS** ACCOUNT FOR 35¢ OF EACH HEALTH INSURANCE DOLLAR
- **REWARD BETTER VALUE** AND PATIENT OUTCOMES AND INNOVATION RATHER THAN VOLUME OF SERVICES
- **MEASURE 12 CLINICAL PROCESSES**, E.G., PATIENT GETS PROPHYLACTIC ANTIBIOTIC WITHIN ONE HOUR PRIOR TO SURGICAL INCISION
- **MEASURE 8 PATIENT EXPERIENCES** OF CARE, E.G., NURSE AND DOCTOR COMMUNICATION, HOSPITAL STAFF RESPONSIVENESS
- **INCREASE MEASURES** EACH YEAR

HEALTH BENEFIT EXCHANGES – “COVERED CALIFORNIA”

- **JANUARY 2014** -- INDIVIDUALS REQUIRED TO HAVE HEALTH INSURANCE
- INSURANCE MARKETPLACES IN EACH STATE
 - INDIVIDUAL MARKET
 - SMALL GROUP MARKET (SHOP EXCHANGE)
 - MARKETS FOR INSURANCE FOR INDIVIDUALS WHO DO NOT HAVE EMPLOYER INSURANCE OR WHO CANNOT AFFORD TO PURCHASE HEALTH INSURANCE

THE UNINSURED

- **UNINSURED INDIVIDUALS IN CALIFORNIA**
 - 6.9 MILLION EARNING <138% **Federal Poverty Level**
 - 2.6 MILLION EARNING 138 TO 399% FPL
 - 641,100 EARNING > 400% FPL

- **BY 2019, COVERED CALIFORNIA PROJECTS**
 - 2.9 MILLION ENROLLED IN SUBSIDIZED EXCHANGE COVERAGE
 - 2.1 MILLION ENROLLED IN UNSUBSIDIZED EXCHANGE COVERAGE OR ON INDIVIDUAL MARKET

WHAT IS COVERED IN HBEX: ESSENTIAL BENEFITS

- AMBULATORY PATIENT SERVICES
- PRESCRIPTION DRUGS
- EMERGENCY SERVICES
- REHABILITATIVE AND HABILITATIVE SERVICES AND DEVICES
- HOSPITALIZATION
- LABORATORY SERVICES
- MATERNITY AND NEWBORN CARE
- PREVENTIVE AND WELLNESS SERVICES AND CHRONIC DISEASE MANAGEMENT
- MENTAL HEALTH AND SUBSTANCE USE DISORDER SERVICES, INCLUDING BEHAVIORAL HEALTH TREATMENT
- PEDIATRIC SERVICES, INCLUDING ORAL AND VISION CARE
- KAISER FOUNDATION HEALTH PLAN SMALL GROUP HMO 30 PLAN

ELIGIBILITY FOR COVERAGE

- ❖ COST-SHARING: HOUSEHOLD INCOME <250% FPL
- ❖ INELIGIBLE FOR MEDI-CAL OR EMPLOYER-SPONSORED COVERAGE
- ❖ PREMIUM ASSISTANCE: HOUSEHOLD INCOME <400% FPL

COVERAGE PLANS

	Bronze	Silver	Gold	Platinum
Deductibles (Amounts in Red Subject to Deductible)				
	\$5,000 Medical & Drugs	\$2,000 Medical	None	None
		\$250 Drugs		
Copayments				
Preventive	None (1/yr)	None (1/yr)	None (1/yr)	None (1/yr)
Primary Care	\$60 for 3 visits	\$45	\$30	\$20
Specialty	\$70	\$65	\$50	\$40

COSTS OF COVERAGE

Copay	Bronze	Silver	Gold	Platinum
Urgent Care	\$120	\$90	\$60	\$40
E.R.	\$300	\$250	\$250	\$150
Lab Test	30%	\$45	\$30	\$25
X-Ray	30%	\$65	\$50	\$40
OP Surgery	30%	HMO \$600	HMO \$600	HMO \$250
		PPO 20%	PPO 20%	PPO 10%
Hospital	30%	HMO \$600/day (up to 5)	HMO \$600/day (up to 5)	HMO \$250/day (up to 5)
		PPO 20%	PPO 20%	PPO 10%

- 722,000 DUAL ELIGIBLE (“**MEDI-MEDI**”) BENEFICIARIES IN CALIFORNIA – LARGE PORTION OF MEDICARE PATIENTS
- PILOT PROGRAM TO ENROLL DUALS INTO MEDI-CAL MANAGED CARE, INCLUDING LONG TERM CARE
- GOAL TO INTEGRATE AND COORDINATE MEDI-CAL AND MEDICARE
- **SAVINGS:** 2012-13 (YEAR 1) \$679 MILLION
- **SAVINGS:** 2013-2014 (YEAR 2) \$1 BILLION

NEW AND CONTINUING

CHALLENGES WE FACE

HEALTH CARE SPENDING GROWTH

- HEALTH CARE SPENDING CONTINUES TO GROW AT A FASTER RATE THAN PROVIDER PAYMENTS*
- MEDICARE PREMIUMS WILL RISE 5% IN 2013
- AVERAGE MEDICARE BENEFICIARY SPENDS 15 PERCENT OF HOUSEHOLD BUDGET ON HEALTHCARE**
- SEQUESTRATION WILL REDUCE MEDICARE PAYMENTS TO PHYSICIANS BY 2% IN 2013

* S. Valentine, *Trends to Watch in 2013*, TRUSTEE (January 2013).

**M. Miller, *Medicare Premiums Rising in 2013, but Less Than Expected*, REUTERS (November 2012)

PHYSICIAN SHORTAGES

- THE AGING POPULATION AND INCREASE IN THE INSURED POPULATION WILL INCREASE DEMAND FOR PHYSICIANS
- THE AMERICAN MEDICAL ASSOCIATION PREDICTS A **52,000 PRIMARY CARE PHYSICIAN SHORTFALL** BY 2025
- **NEARLY 1/3 OF ALL PHYSICIANS WILL RETIRE IN THE NEXT YEAR***
- MEDI-CAL HAS ONE OF THE LOWEST REIMBURSEMENT RATES FOR MEDI-CAL PROVIDERS
- FEE-FOR-SERVICE PAYMENTS ARE GOING AWAY -- THE NATIONAL COMMISSION ON PHYSICIAN PAYMENT REFORM HAS RECOMMENDED THAT THEY BE ELIMINATED BY 2010

RESULT OF PHYSICIAN SHORTAGES

- **INCREASING GAP** – CARE FOR THE INDIGENT VS. OTHERS
- RISE OF **CONCIERGE MEDICINE**
- **INCREASED USE OF NON-PHYSICIANS** TO SERVE AS PRIMARY CARE PROVIDERS – NURSE PRACTITIONERS, PHYSICIAN ASSISTANTS AND OPTOMETRISTS (PROPOSED LEGISLATION)
- RETAIL CLINICS, TELEMEDICINE AND VIDEO CHATS

CONSOLIDATION

- HEALTH PLANS PURCHASING MEDICAL GROUPS, HOSPITALS, COORDINATING CARE GROUPS, RETAIL
- HOSPITALS CONSOLIDATING
- VENTURE CAPITALISTS AND WALL STREET INVOLVEMENT
- INDEPENDENT PHYSICIANS BECOMING EXTINCT WITH NEW BUSINESS MODELS AND PRESSURE TO CUT COSTS WHILE MAINTAINING QUALITY

WORKFORCE – CAMDEN GROUP STATISTICS

- MEDICARE REIMBURSEMENT CUTS, LOWER PATIENT VOLUMES AND UNCERTAINTY OVER MEDICAID EXPANSION LED TO MASS LAYOFF AT HOSPITALS IN 2012
- ROUGHLY 8,700 AFFECTED IN 2012 BY HOSPITAL LAYOFFS
- ADMINISTRATIVE STAFF MOST AFFECTED

INFORMATION TECHNOLOGY

- HEALTHCARE DATA READILY AVAILABLE AND BEING MINED
- PHYSICIAN QUALITY SCORE MADE AVAILABLE TO THE PUBLIC
- EVIDENCE-BASED MEDICINE DELIVERED AT THE POINT OF CARE
- ELECTRONIC HEALTH RECORDS AND HEALTH INFORMATION EXCHANGES
- USE OF TELEMEDICINE INCREASING

MOBILE DEVICES

- MOBILE HEALTH MARKET EXPLODING
- COST-EFFECTIVE DEVICES ASSIST IN ACHIEVING BETTER OUTCOMES AND LOWERING COSTS, E.G., WEB-BASED HOME MONITORING FOUND TO BE MORE EFFECTIVE THAN TRADITIONAL CARE FOR PATIENT WITH HYPERTENSION TO ACHIEVE BLOOD PRESSURE GOALS

HOW TO PREPARE YOURSELF

- DO NOT LEAVE YOUR CURRENT PCP UNTIL YOU HAVE BECOME AN ACCEPTED PATIENT OF ANOTHER PCP!
- PUT YOUR CHILD OR GRANDCHILD ON THE WAITING LIST OF ONE OR MORE PCPs AS SOON AFTER BIRTH AS POSSIBLE!
- TAKE CONTROL OF YOUR OWN HEALTHCARE -- GET A FIT-BIT AND USE IT!



QUESTIONS?

THANK YOU