# What does disruption in healthcare look like?

1

AR Systems, Inc & Patient Financial Navigator Foundation, Inc.

Transforming the hassle factor in healthcare…thru education


# Four categories of Impact:



Patients
Hospitals and Doctors
Payers
National

# Patient Impact- Convenient Care Movement



- Access ‘healthcare’ thru social media
- Research their own healthcare needs – internet
- Generational differences
- Insurance directed care vs physician directed care..
- *EX) Physician orders care. Payer denies as ‘not medically necessary.’ Catch phrase for multiple denials - broad and difficult to challenge. No payment from the payer.*
- Closed Networks – payer/provider specific services
- Out of Network= significant financial impact
- EX) *Penalty: Two distinct deductibles due, plus full billed charges. (No contract between payer and provider = no reduction in charges.)*
- *Denied services – patient does not know how to appeal to the payer or the ‘words to use.’*

# Patient Impact

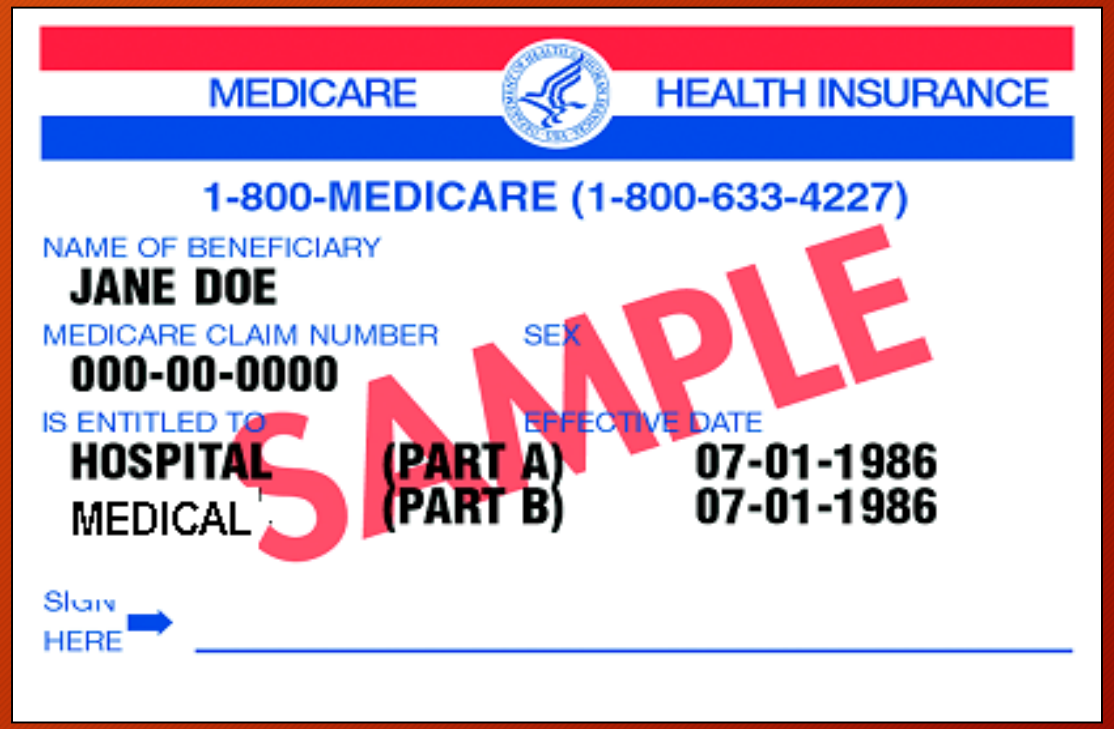


- Medicare's change for Total Knee Replacement, 1-1-18
- Patient starts as an outpatient.
- Physician must document all extenuating circumstances to try to make the patient an inpatient: 2 Midnight Rule.
- Patient needs after care – Skilled Nursing Facility. Must have 3 medically necessary days in a hospital for any Medicare coverage.
- If patients cannot return home, Aged for Aged, Blind and Disabled/AABD is an option for Long Term Care.
- Medicaid (state tax funded with federally matching funds)-patient must 'spend down resources' to be eligible for help with the fee to cover 'living in the LTC center."
- Medicare Savings Program –to help low income seniors with premiums and patient portions.

# Patient – New Medicare Cards- no longer SS#



Between 4-18 and 4-19,
New Medicare Beneficiary Identifier.
MBI # will be a combination of numbers and uppercase letters.
EX) 1EG4-TE5-MK72
Ensure address is current.
SSA.gov/my account
Transition period thru Dec 2019.
**Think coordination within the MAC**



# Patient: Medicare electronic data



- Medicare is launching a new initiative called: MyHealthEData aimed at increasing patient access to their own health records.
- Plus revising the healthcare provider's electronic record reporting costs.
- Medicare announced: *"Blue Button 2.0. This will allow patients to access and share their healthcare information, previous prescriptions, treatments, and procedures with a new physician, leading to fewer duplicate tests and procedures. The tool will also help patients in the traditional Medicare program to input their claims data into the secure applications , providers, services and research programs of their choosing."* CMS Administrator Seema Verma, 3-18

- Questions: How will this actually happen? Which patients will have access to the healthcare provider's secure portal to get/ load information? How will Medicare 'send' the information or how will the pt get access to all this information? Sounds great! Now let's talk APPLICATION… (Which 70 yr old would know how to do this?)

# Consequences- Peak with Baby Boomers



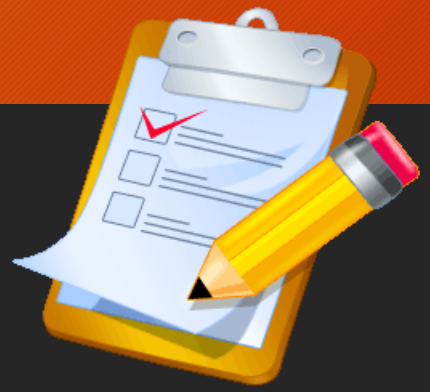
- In 12 years/2030 – 1 in 5 Americans will be of retirement age/65.
- By 2035, those over 65 and older will outnumber those under 18 by about 2 mil.
- Consequences:
  - Solvency of Social security *__2017 Annual report: expenses will exceed income $ by 2021. Reserves depleted 2034. ¾ payment of SS$ of the benefits every year thereafter.*__ **Monthly checks.**
  - **Increased healthcare costs**
  - Worker pension plans at risk for funding
  - *Today's workers are paying the SS $ and Medicare $ for today's recipients.*

# Patients - Cost



- Affordable Care Act – mandated 10 essential benefits, no allowance to limit coverage due to pre-existing conditions, no rating a patient based on health history, no lifetime limits, coverage of children thru age 26, insurance required for employers with **over 50 employees**.
- Allowed for Subsidies for lower income adults who could not afford premiums in the healthcare exchanges/individual and gap coverage.
- Continued problematic conversations regarding funding of the Cost Sharing Subsidies/CSR. Tax funds paid to insurance companies to be made 'whole' as premiums are reduced for the subscriber. Unclear of path forward.
- Premiums continue to be a primary area of concern! ***92% businesses under 20 employees. How are they getting insurance?
- 2019 Budget – 'Trumps budget calls for ACA repeal , cuts to Medicare and Medicaid"

# Hospitals and Physicians





- Healthcare deals announced/Merger Mania: 115 done in 2017
- Providers must be able to adapt to the changing payer environment – federal, state and local.
- Federal rules implemented. Then after $ expended, discontinued and/or changed.
- EX) Bundle payment for knees
- EX) New payment model for physicians. "MedPAC votes to kill MIPS, recommends alternative/VVP voluntary value program. 1-12-18"

- Transition from 'volume ' to value. "Outcome based payments." "Accountable care."
- What does this mean to the pt?
- (EX) What if the payer does not pay for a service as the outcome was not within the payer-specific guidelines?
- (EX) Physician believes a course of treatment will help the pt. The payer denies as not medically necessary or experimental. Now what happens to the patient?

- *CA Launches Investigation following stunning admission by Aetna Medical Director: never looked at the records, just the RN recommendations when making final ruling on appeals. 2-11-18*

# “Virtual Care moves to the frontline of provider-patient relationships.” Healthcare Dive 5-18



- Kaiser Permanente and United Healthcare are using telehealth for primary care visits and quick patient consultations.
- Using for primary care appts and quick consultations. Ease-no time off work.
- Hold potential to improve quality, cut costs and improve accessibility to specialty services.
- David Harlow/principal at healthcare law and author of HealthBlawg – warned against over reliance. “It is not a panacea. It is not the Jetsons either.”
- Recent Accenture report = 70% of consumers are interested in virtual healthcare. Only 20% have actually received it.
- Kaiser: grown to more than ½ of their 100M encounters. **Big: paid a per member per month for their 11.7M members. 95% are covered thru a capitated program. Makes engaging physicians easier - no payment for volume**.

# Trustee report on Social Security and Medicare ‘financial health.’ 6-18



- Social Security – Becomes insolvent in 2034. Same as last year.
- By 2035, 77% of benefits payable then.
- 62 M retirees, disabled workers, spouses and surviving children.
- Ave payment is $1294

- Medicare –Becomes insolvent in 2026- 3 yrs earlier than previously forecast. Inpt/Part A care won’t be able to cover projected bills.
- 60 M-most over 65 yrs

- Part B and Part D are solvent for 10 years and beyond.

No current plan to address either shortfall

# Payers – Traditional vs. Medicare Advantage/Part C challenges

*By 2035, all baby boomers will be 65. 2 workers to pay for 1 Medicare pt and 1 SSA $*



**Traditional Medicare – Began in 1965**

- **65 year olds or disabled**
- **Part A = out of pocket -$1340 each 60 days. No monthly premium.**
- **Part B = $134 monthly premium (adjusted for income)**
- **Part B = $183 1x yearly deductible; coinsurance due with each outpt service**
- **Part D= prescription. "Tiered drugs'. Average $50 monthly premium**
- **19% of Americans will work past 65. Working Aged = Commercial primary.**

- Medicare Advantage/Part C:

1-17 ***Privately run health plans have enrolled more than 17 M elderly and disabled people – about 1/3 of those eligible for Medicare –at a cost to tax payers of more than $150B a year. ****

- Each insurance company who sells Part C insurance creates their own 'rules' – must offer same benefits as Traditional –but can establish own out of pocket costs, maximum amt of pocket yearly, and additional benefits.
- Part C insurance plans are paid yearly bonuses regarding low complaints. Insurance plans are paid a per member, per month, to manage the patient's care.

# Change of payer/provider relationships



- CVS pharmacy buys Aetna/pending
- Impact:

  Out of network/OON to buy pharmacy at anywhere but CVS

- Walmart buys Humana/discussion

  Same impact of where pharmacy can be purchased

  Also discussions to buy online pharmacy start up: PillPack

Both state they will begin **to offer an outpt alternative to high current costs**. Ex) Establish clinics in their storefronts. Tied to pharmacy consults, primary care, lower costs.

- Rise of "Convergence" in healthcare. Means?
- Cigna Corp agrees to buy Express Scripts, the nation's largest pharmacy benefit manager. (OON)
- Convergence: Where a company merges its capabilities with another organization in an adjacent industry. Only works if the industry's solutions are not comprehensive, compelling or able to satisfy customer needs.
- Expand group purchasing efforts.

- Deloitte : Convergency is innovation for healthcare, but converge to what? 4-10-18; Newsroom 2-20-18

# Employer direct to Provider= Walmart ACO



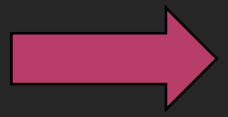
- Atlanta –based Emory Healthcare and Walmart are teaming up to create an ACO for Walmart employees based in the metro Atlanta area PLUS a bundled payment program for spine surgeries and joint replacement surgeries.
- "More and more large self insured employers like Walmart are looking for new and creative solutions as a potential way to decrease costs and improving care."
- Employees at 55 Walmart, Sam's Club and Walmart Distribution Centers locations will have the option of to select Emory Accountable Care Plan.
- Under the bundled payment program, which Walmart calls: "Centers of Excellence/COE" – Walmart employees who have a Walmart-sponsored health plan do NOT pay anything out of pocket for spine and joint replacement surgeries at those locations.
- Walmart is also footing the bill for any travel-related costs to Emory locations. 4-19. There are 10 other joint replacement COE including UH Medical Center in Cleveland.

# Payers



- ‘CVS agrees to buy Aetna in $69 B deal that could shake up healthcare industry.”
- “We want to get closer to the community as all healthcare is local. “ CVS would provide a broad range of health services to Aetna’s 22 M member at its nationwide network of pharmacies and walk-in clinics.
- More competitive with United Health Group/for-profit largest insurer.
- Retail giants Walgreens Boots Alliance or Walmart as potential ‘dark horse acquirers ‘ of Humana. (analyst at Leerink Partners)
- OUT OF NETWORK with other pharmacies.
- Bring primary care ‘clinics’ into CVS.

- Payer audits – each payer defines ‘coverage’ rules. Each provider has to try to stay aware of payer ‘interpretations.’
- EX) *VA hires a 3rd party audit company-CGI. Went back 3 yrs-like Medicare.*
- *EX) Medicare pays external audit companies to Audit all providers/service. Paid a % of what is denied/upheld/RAC.*
- *EX) Medicaid audits and pays an outside company to audit providers for compliance.*
- *EX) All payers do post-payment audits.*
- *EX) Payers do not guarantee payment when doing ‘authorizations.”*

# Payers 



- United Healthcare
- Implementing bundle payments for 'high quality' providers for joints and spine procedures.
- Continues to buy companies that work directly with hospitals. Advisory Group, Optum
- Refuses to do concurrent reviews for inpt vs obs if not contracted.

- United Healthcare-owns Optum
- Effective 3-18, **ER Facility E&M** Coding Revision for commercial and Medicare Advantage plans.
- Polices focus on ED level 4/99284 and level 5/99285 – whether the provider is contracted or not.
- Using Optum ED Claim (EDC) Analyzer tool which uses presenting problems, dx services provided, and associated pt's co-morbidities.

# More Payer Anguish



- United – doing pre-audits/pre payment and then having another company doing post audits for the same accounts.
- Challenge them – Medicare Managed Care Manual, Cpt 4, Section 10:16.
- NJ Medicaid- NJ legislature passed bill 6-21 to limit any non-emergent ER visit $ to $140.
  AHA: "Hospitals should not be penalized for doing the right thing by providing quality care to patients who show up at our doors because insurance companies have failed to provide a network of providers available to these pts."
- United- NYC Health and Hospital (largest public health system) sued UnitedHealth for $11M. Medicare Advantage and Medicaid mgt. Inpatient denials. Non coverage. (5-18)
- BCBS of Texas- for ER out of network claims after 6-4, the members will be on the hook for the entire out of network ED bill if they use it for what the insurer deems not serious or life threatening. (on hold)

# More challenges with Payers - United



HealthExecSnapshot


Tuesday, May 15, 2018

**UnitedHealthcare's Value-Based Care Program for Knee, Hip and Spine Procedures**

UnitedHealthcare reports their value-based care program for knee, hip and spine procedures helped reduce hospital readmissions by 22 percent and led to 17 percent fewer complications for joint replacement surgeries, as compared to nonparticipating facilities. For spine surgeries, hospital readmissions were reduced by 10 percent, and there were 3.4 percent fewer complications, as compared to nonparticipating facilities. They share that since the program's introduction, participating employers have realized an average savings of $18,000 per operation when compared with median costs in the same metropolitan area and eligible employees saved more than $3,000 in out-of-pocket costs.

# Payer + Provider: 'Long road from Contention to Cooperation."



- 'Anthem/BC (Indianapolis-based) determines ER visits are not covered for 300 diagnosis. *Non-emergent*
- Impacts Kentucky, GA, Ohio, Indiana and Missouri. 40M+ BC members.
- Exceptions: under 14, on IV/new, no other care weekends, physician referrals to the ER, a lack of urgent care available.
- American College of ER Physicians:

*"The changes do not address the underlying problem..pts have to decide if their symptoms are medical emergencies or not BEFORE they seek treatment. "*

Anthem believes 10% reviewed/4% denied

- If the diagnosis does not warrant 'emergent' under the payer-specific guidelines, there is on payment to the hospital and providers.
- EX) ***Pt in Frankfort, KY -after experiencing increasing pain on her right side of her stomach, thought appendix had ruptured. ER tested, diagnosed with ovarian cysts.***
- ***Patient owed full $12,000***
- Denials are based on FINAL diagnosis; not presenting diagnosis.
- BCBS TX physicians: "This will create deaths. This will make the pt think twice before going to the ER."

# Payer + Provider = New payment relationships



- AHA, AHIP and 4 other associations (AMA, BC/BS and MGMA) join to improve prior **authorization** processes.1-18
- Six healthcare groups agreed to take steps to make prior authorization processes more effective and efficient.
- Decrease the # of providers required to comply with prior authorization based on their 'performance, adherence to evidence-based medical practices or participation in a value-based agreement with the health insurance provider."

- Disney partners with 2 Florida health systems to offer HMO. 2-18
- Directly contracted with Orlando Health/6 acute hospitals and Florida hospital, Orlando/20 campuses to roll out two insurance plans for Disney employees.
- Goal: lower healthcare costs, higher outcomes
- Using Cigna/Allegiance to administer the program.
- NOTE: Remember employer-owned insurance is still looking for ways to reduce their costs..

# Payers /Physicians– "Really really hate Prior Authorizations/PA" - AMA survey 3-18



- New survey of American Medical Association –examined the attitudes of 1,000 physicians regarding prior authorization.
- Insurance companies: As an effort to deliver the best possible therapy to the patient and to avoid unnecessary care.
- Physicians: Simply a tactic to make expensive care more onerous, driving down the costs to the insurance companies.
- Q: **How would you describe the burden: 84% very high.**
- 86% report that the burden has increased over the past 5 yrs.
- 79% reported having to repeat prior auths even for pts previously approved.
- Ins requests prior auths 29.1 x per week.
- 78% reported that PA can at lead to treatment abandonment.
- **Dedicate an average of 14.6 hrs per week for Prescription and medical services per practice = 2 business days**
- **IDEA SUGGESTED: If ins really cares about appropriate tx, tie to the electronic medical record; make it fast and give results before the pt leaves our office.**

# National



- Sources of health insurance coverage:

| | |
|---|---|
| Employer | 43.7% |
| Pd in full by self | 20.2% |
| No insurance | 14.8% |
| Medicaid | 8.8% |
| Medicare | 7.5% |
| Something else | 4.5% |
| VA | 4.3% |
| A union | 2.9% |

(Gallup 1-25-18)

*Employers usually pay 50% of the monthly employee premiums.

- Gallup: % of uninsured US Adults as of 4th Q 2017:

| | |
|---|---|
| Ages 18-25 | 16.7% |
| Ages 26-34 | 20.1% |
| Ages 35-64 | 12.8% |
| Ages 65 + | 2.1% |

*Exchange/state is an option for any adult who works for a company with less than 50 employees, self employed, early/gap retirement, entrepreneurs, small businesses, start up companies, etc.

Think 'individual' when thinking less than 50 employee companies.

# National



- 'Fed Up With Drug Companies, Hospitals Decide to Start Their Own." 1-18
- Intermountain Healthcare, Trinity Health, Ascension, SSL Health/SSM and the US Dept of Veterans Affairs. ++
- "There is a dangerous gap between the demand and supply of affordable prescription drugs. "
- Formation of a new not-for-profit generic drug company will work with 1000+ hospitals.
- About a year to get rolling/expect 1st Q of 2019. 'Healthcare systems are in the best position to fix the problems."

- "Amazon, JP Morgan, Berkshire form new company to tackle healthcare costs." 1-18
- Forming indpt company to address healthcare needs of their US employees/500,000 'free from profit-making incentives and constraints."
- Focus will be technology solutions first.
- Amazon's disruptions in retail – what will it do in healthcare? Think supplies.
- New CEO: Dr Atul Gawande. 3 focus areas: *Data tracking/treatments; continuing pre-existing coverage; end of life care.* 6-18
- ***2-18 35% would use Amazon ins plan***

# National



- Apple will open medical clinics for its employees this spring. 2-18.
- Created websit acwellness.com to announce to employees.  CA -2 clinic
- Called:  **AC Wellness** – network of clinics "as multiple, stunning state-of-art medical centers." Announced openings for all levels of care givers.
- Will leverage its medical clinics as a way to test its health services and advance its "Apple Watch" studies.
- Tells investors:  'Wants to be more than just apps and devices."

- Albertson's planning to rollout Medical Nutrition Counseling in their stores.
- Exploring adding a Medical Nutrition Counselor to their stores for dietary counseling
- Direct to healthy eating options
- Assist with counseling –diabetes, etc.
- Exploring billing to insurance companies; pt collection costs due to high deductibles.

# The Healthcare Nation at a Glance



- CMS/Medicare will cancel major bundle payment initiatives – Cardiac
- LA hospital to close, laying off 638 employees
- At **least 26 non-profit hospitals** at risk of bankruptcy.
- Tenet/for profit to close 232-bed Phoenix hospital
- TN hospital closes after falling 94% short of the GOFundMe to raise funds to stay open.
- CHI's operating loss swells to $585M in FY 2017
- CA hospital files for bankruptcy after missing payroll
- Shareholders/for profit push for changes at Tenet and CHS.
- 20 bed critical access hospital in NC to close Dec 31, 2017
- CHS extends divestiture plan as losses mount.
- **Healthcare bankruptcies more than TRIPLE in 2017**
- Missouri hospitals to close in Dec 2017
- 89 RURAL hospitals close in 2018
- Florida hospital to suspend all services as it seeks capital
- Chinese billionaire again ups stakes in CHS- this time for $71m.

# The Healthcare Nation at a Glance



- Apple opening its iPhone-based health records feature to developers and researchers to they can create apps that use health record data to help users better manage medications, nutrition plans and dx. Google is developing its own prescription for US healthcare costs: Smarter Artifical Intelligence.
- HealthPopuli: **US Worker's say Healthcare is the most critical issue facing the nation. 1-18**
- Geisinger, Dignity Health among first hospitals to pilot Apple's medical records system. 1-18
  - Apple announced its intent to integrate patient health records into its Health app to make it easier for consumers to review their medical data. While providers offer 'portals' for access, Apple aims to embed patient data from multiple providers into the iPhone main system. Download 11.3Beta version.
  - Others in pilot: Rush University Medical Center, LA Cedars-Sinai, Philly Penn Medicine.

# The Rural Healthcare Story



- "Rural areas face challenges with transportation, a shortage of healthcare professionals, & impractical funding.
- About 46M live in rural areas. More likely to have heart disease, cancer, unintentional injuries, chronic lower-respiratory disease and stroke than urban areas.
- Rates of obesity, tobacco use and suicide are also usually higher.
- *THINK TELEHEALTH – CMS is exploring as well as commercial payers.. Who is paying for it?*
- **Nationwide rural areas are home to 19% of the population but cover 97% of U.S. land area.**
- Transportation limitation is exacerbated as the population ages.
- Critical access hospitals/less than 25 beds –need flexibility to meet need.
- Telemedicine is another promising solution to help with shortages –but does relay on speed and quality of broadband in the area."

(US News, 1-18)

# The Idaho Story -ACA Compliant vs Freedom Blue/Non-Compliant Plan- Exchanges



- 60 yr old Sears employee is laid off. Store closes.
- Has diabetes. Pre-exisiting chronic condition
- Sears has more than 50 employees so has to offer ACA plans with all protections and 10 essential benefits.
- GAP insurance necessary as she cannot go without insurance due to diabetes.
- Still at risk for no coverage if hired by company with less than 50 employees/not required or Part time or waiting period before coverage begins.
- Without insurance, patient may end up in the costly "ER" for crisis healthcare needs.
- Concern: Exchange timelines for enrollment?*** Has 60 days/special enroll

- <u>Options:</u>
  - COBRA (just laid off so unlikely extra funds to pay full premium)
  - Explore the Exchange to cover period without insurance or no job.***
  - Look at subsidies to help with premiums during no employment or employer who less than 50 employees or part-time job.
  - Look at 'cheaper premium' for Freedom Blue but with limited coverage including pre-existing exclusion for 1 yr if no insurance for 63 days.
  - However, Freedom Blue's premiums may be 50% higher than standard as she could be classified as "Unhealthy."
  - Goes back to traditional ACA for Bronze or Silver plan with all ACA benefits
  - It is unlikely 'unhealthy' classified pts will go with Freedom Blue; thus the shift for the high cost/sicker pts under traditional ACA plans.

# An Idaho Story – One of Shortages and Growth "Physician Access Index" Merritt Hawkins, 2017



- Cumulative scores/metrix from 1-50 in all 31 categories: **Idaho is ranked 38th out of the 50 states.**
- Hot spots: higher #, negative finding
  - Primary care providers per 100,000 - 70
  Ranked 46th
  - Physicians per 100,000 – 173
  Ranked 49th
  - Medical residents per 100,000 – 4
  Ranked 48th *but 7th In retaining residents*
  - % of population without insurance – 13.6%
  Ranked 38th
  - % of population on Medicare – 15.2%
  Ranked 37th
  - % of population on Medicaid – 17%
  Ranked 37th

- Metrix data continued:
  - Nurse practioners per 100,000 – 53
  Ranked 43rd
  - Physician Assistants per 100,000 – 46
  Ranked 16th
  - % of physicians 60 or older – 24.6
  Ranked 7th (ID has fewer physicians over 60 than 43 other states)
  - % of physicians planning to retire 1-3 yrs-21%
  Ranked 50th *****

Mental health: 38th in shortage per capita
22nd in % of mental health needs met
51st in Mental Health Inpatient beds****

Idaho is a booming economy! Yep…and where will the providers come from to address the growth?

# Thanks for Joining Us in this Educational Journey…



Day Egusquiza, President
AR Systems, Inc
Patient Financial Navigator Foundation, Inc.
PO Box 2521
Twin Falls, Idaho daylee1@mindspring.com


Patient Financial
Navigator Foundation Inc.
A Community Outreach Program
Transforming the hassle factor in healthcare-
one patient, one family, one employer,
one community at a time

AR Systems, Inc.

Education
Compliance
Commitment