

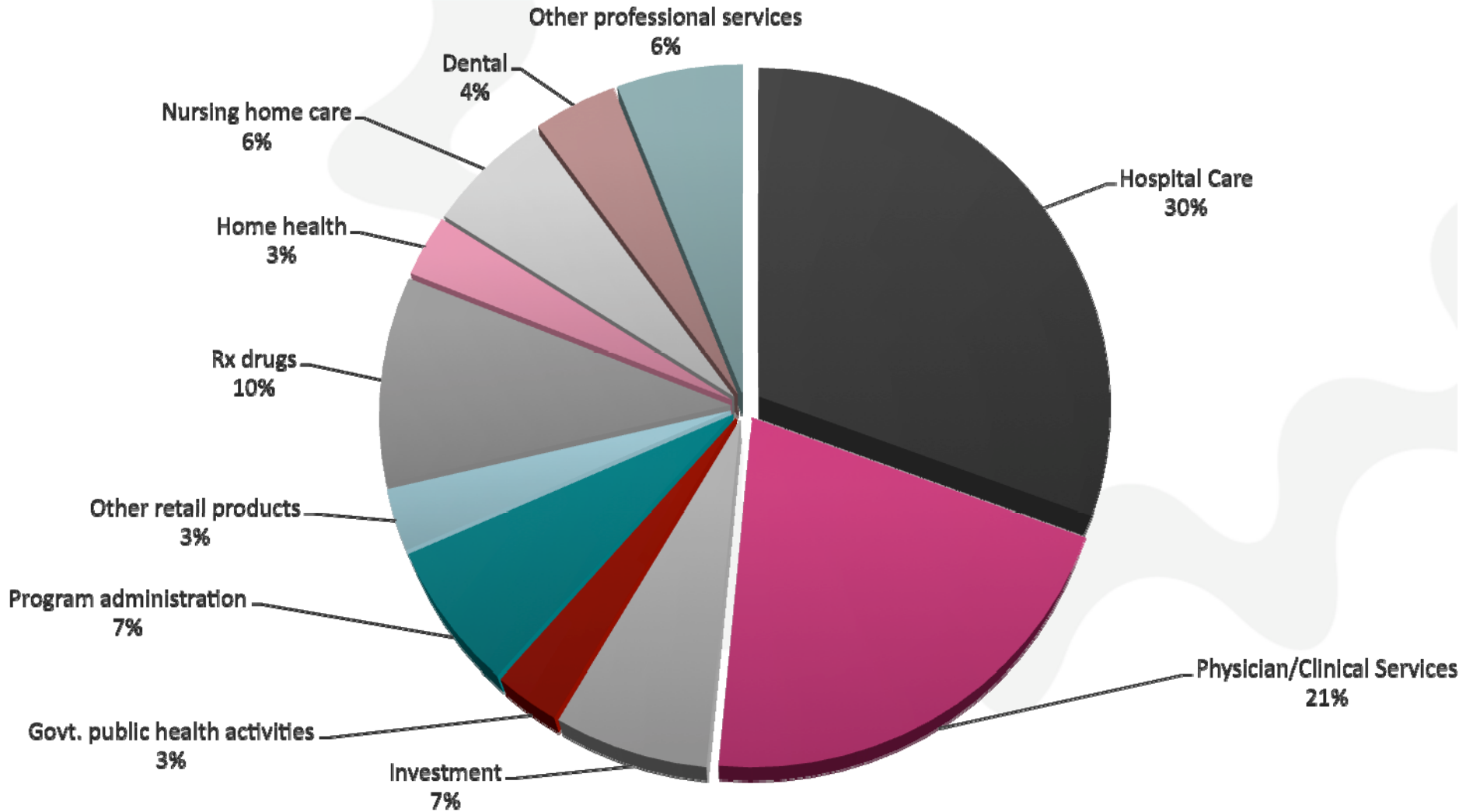
## **Healthcare Reform Is Not Payment Reform**

**Date: September 23, 2010**

**Presented by: Griselle Chernys**

[www.payerfusion.com](http://www.payerfusion.com)

# Where the \$2.3 trillion went



# Healthcare Reform Only Answers Coverage Issues

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## Problems reform doesn't address

The system is extensively eroded with

- Fraud
- Abuse and
- Excessive waste

## What is fraud?

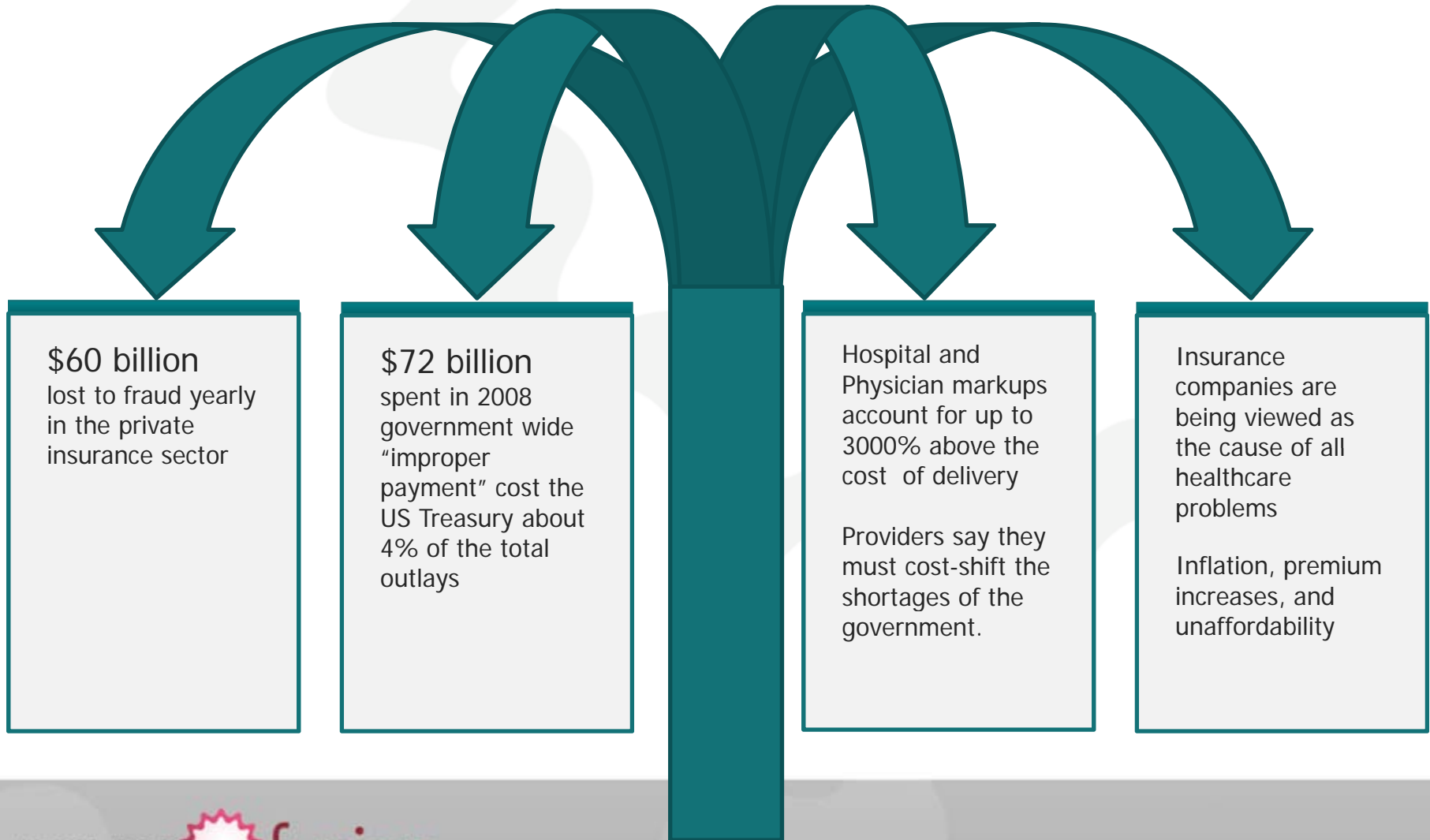
A white-collar crime that involves the filing of dishonest health care claims in order to turn a profit.

## What is abuse?

Reckless disregard or conduct that goes against and is inconsistent with acceptable business and/or medical practices resulting in greater reimbursement.

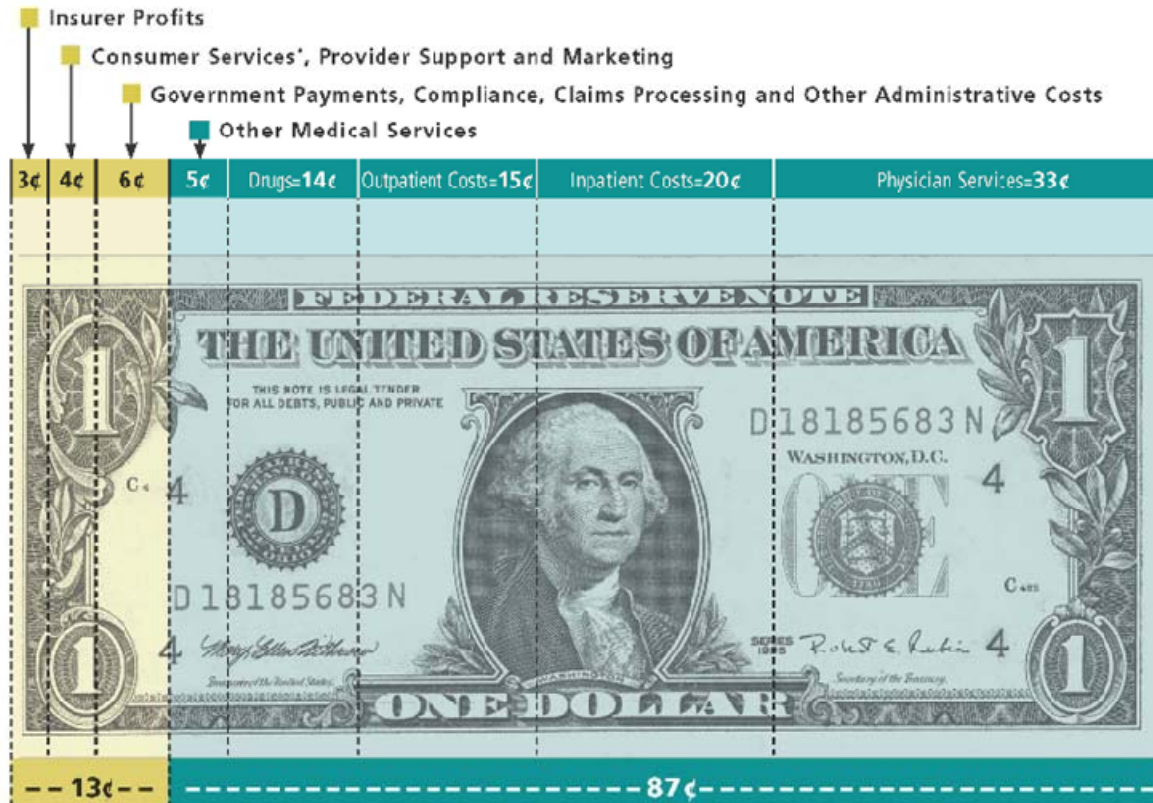
# Finding Money for Healthcare Reform

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# Healthcare Reform Does Not Answer nor Address Costs

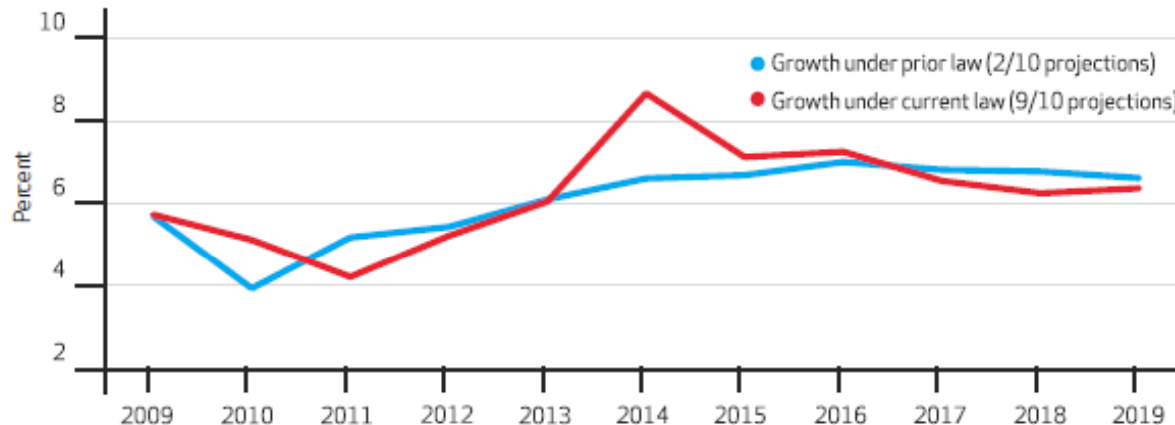
## Where Does Your Health Insurance Dollar Go



\* Includes prevention, disease management, care coordination, investments in health information technology and health support.  
Based on a PricewaterhouseCoopers' analysis, *Factors Fueling Rising Healthcare Costs 2008*. © 2008 America's Health Insurance Plans

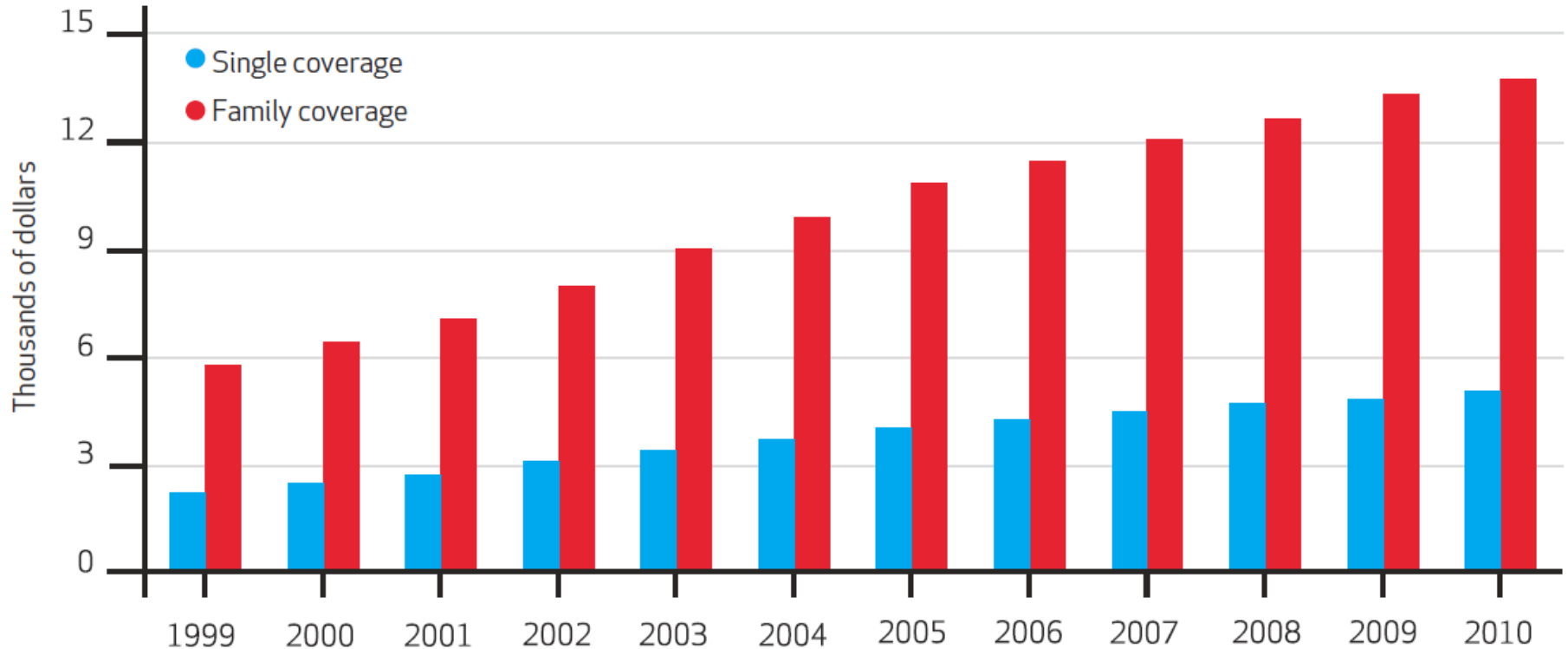
# Projections of Premiums Under Reform

A study by PriceWaterhouseCooper (Dec, 2009) indicates health premiums will increase 110% under the healthcare reform(2011 to 2014). More out of pocket costs will be shifted to consumer as employers try to address effects of the more open benefit schemes required.



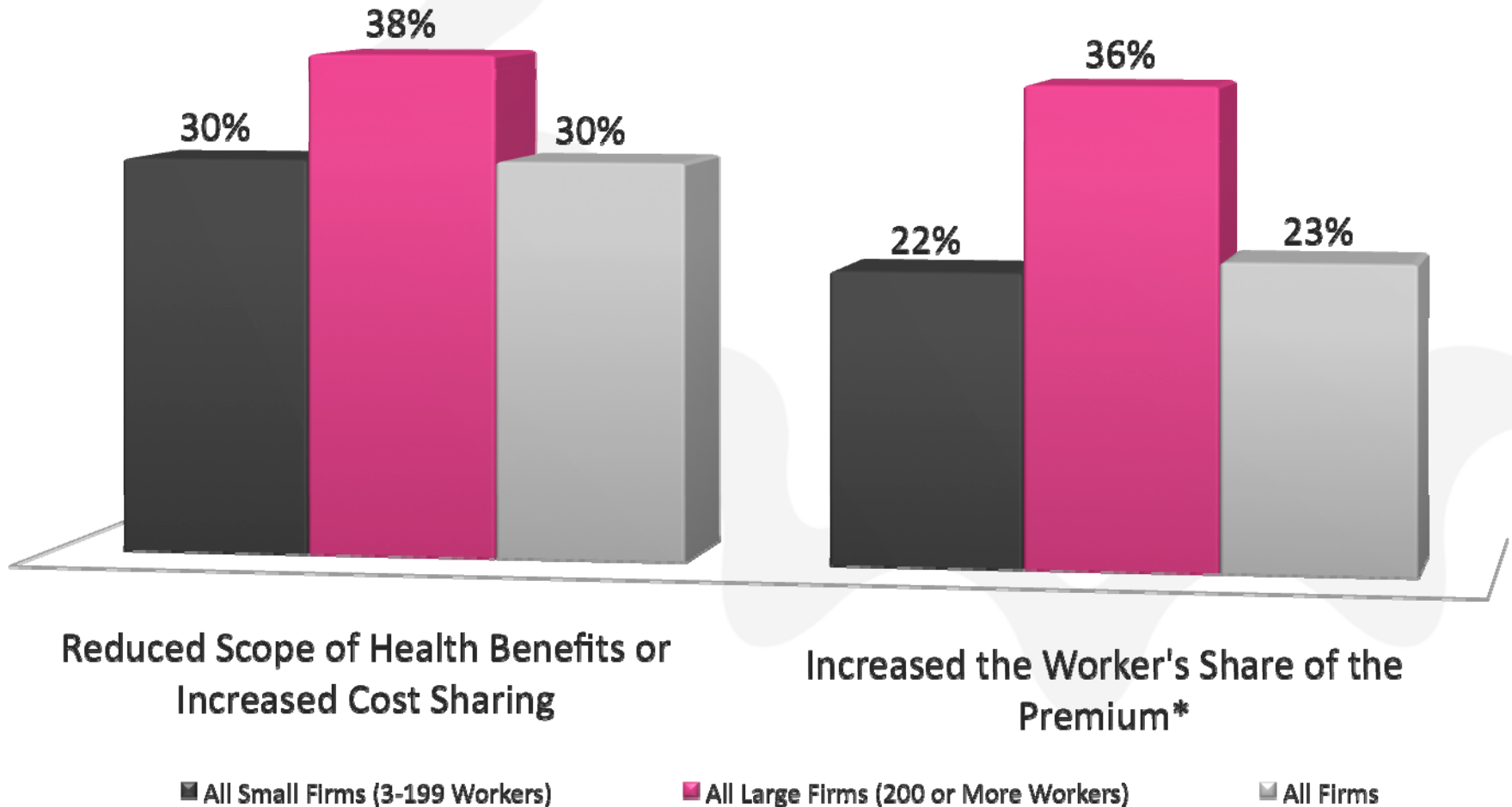
**SOURCE** Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group.

# Annual Premiums for Single and Family Coverage

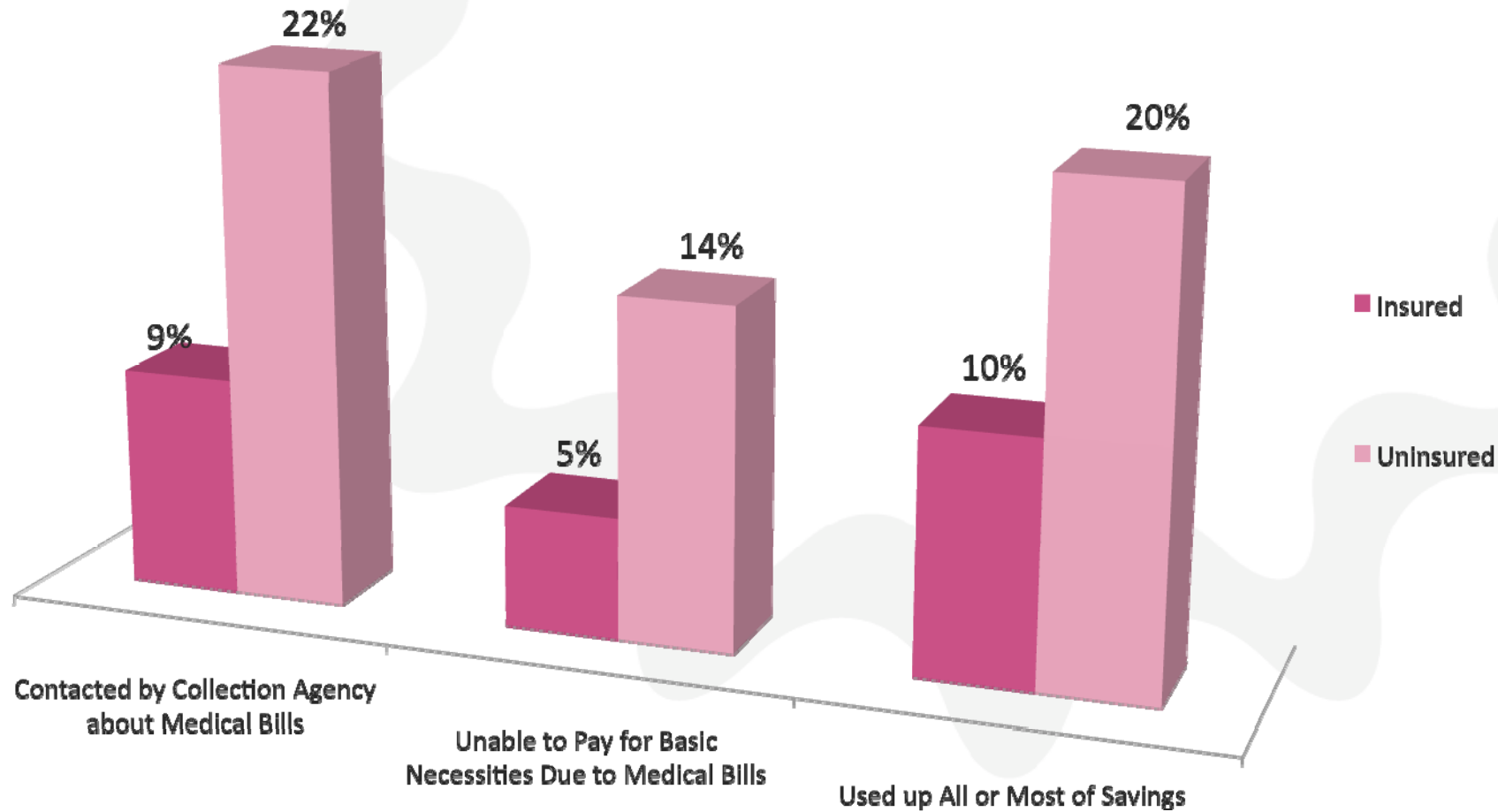


**SOURCE** Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2010. **NOTE** All of the estimates except 1999 (both single and family) and 2009 (single) are significantly different from the estimate for the previous year shown ( $p < 0.05$ ).

# Firms Report the Following as a Result of the Economic Downturn



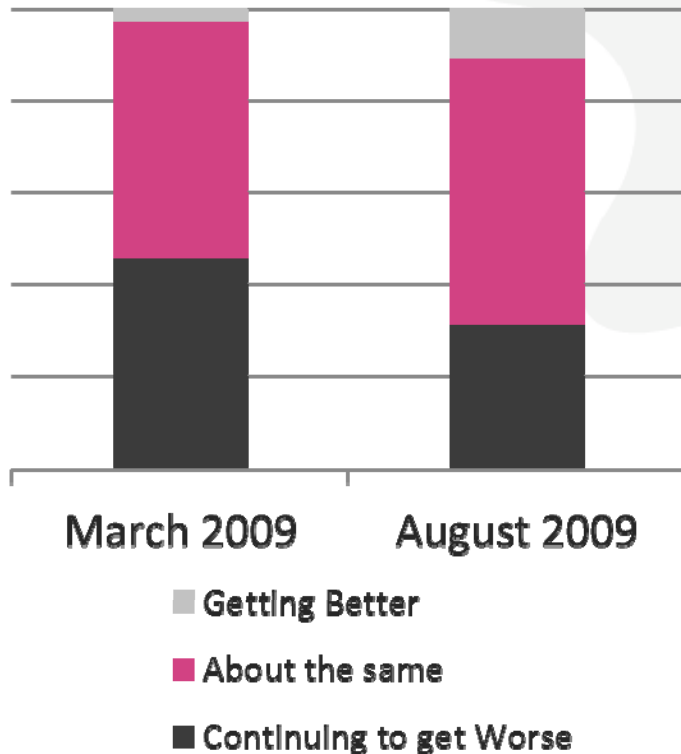
# Financial Consequences of Medical Bills by Insurance Status



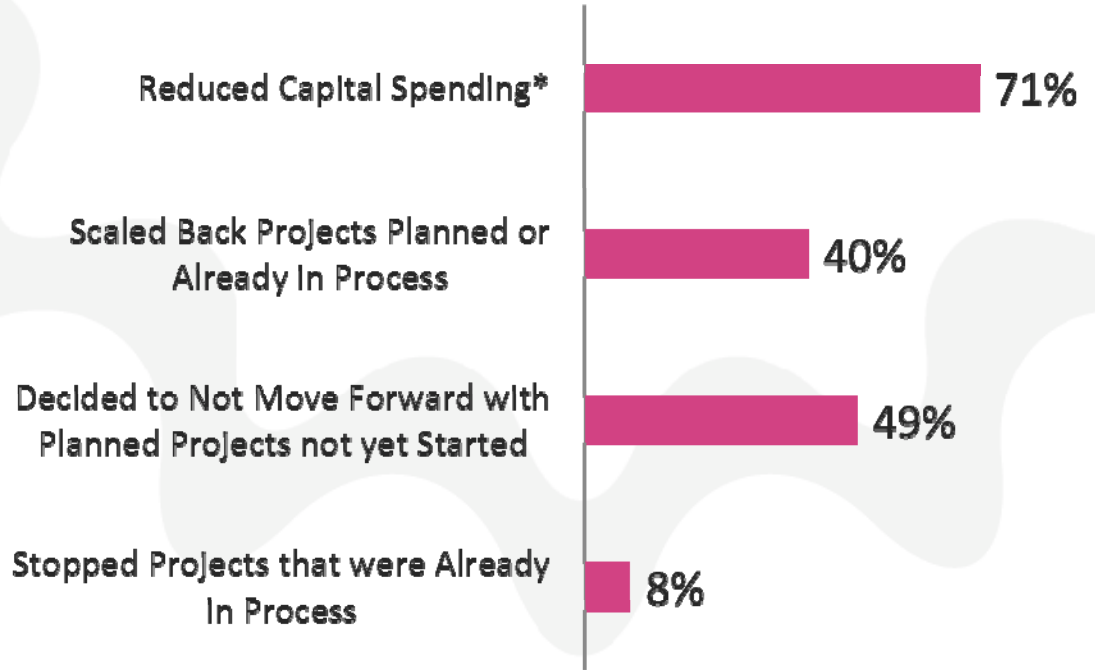
NOTE: All differences between insured and uninsured are statistically significant ( $p < 0.05$ ). SOURCE: Kaiser Family Foundation Health Tracking Poll: August 2009.

# Hospitals Have Challenges Too

**Percent of Hospitals Reporting Change in Ability to Access Capital Since December 2008 (as of August 2009)**



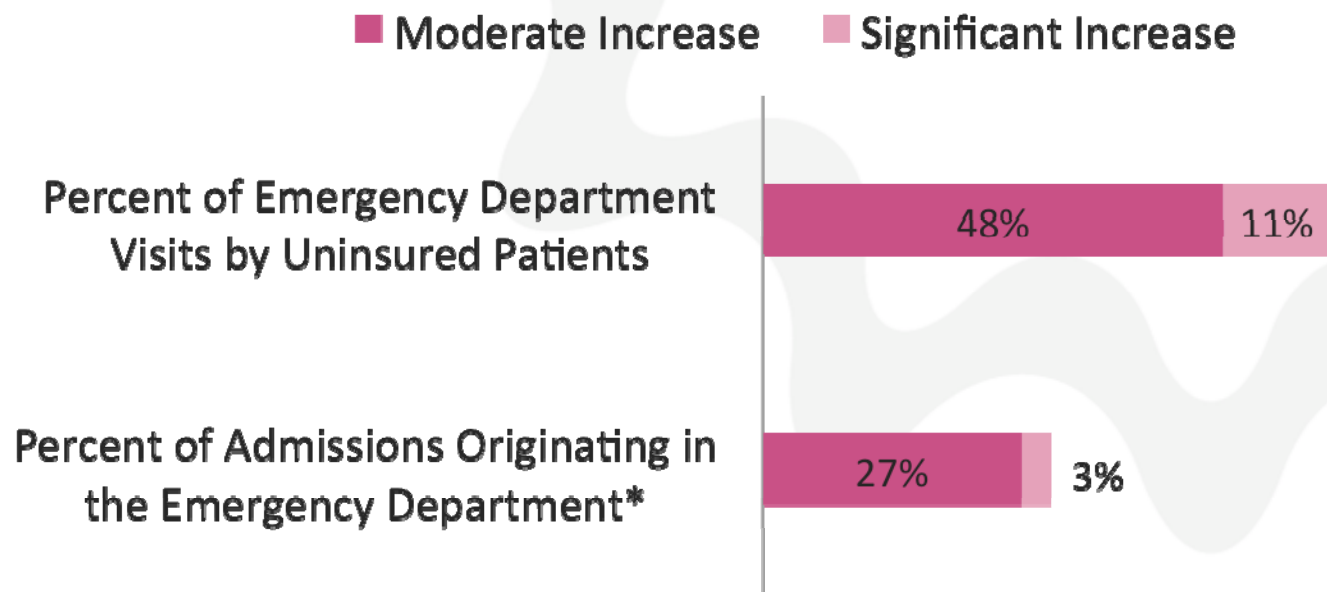
**Percent of Hospitals Reducing Expenditures on Capital Projects because of the Capital Crisis Beginning Early in 2008 (as of August 2009)**



Source: American Hospital Association. *Rapid Response Survey. The Economic Crisis: Ongoing Monitoring of Impact on Hospitals* (Surveys conducted in March 2009 and August 2009)

# Proportion of emergency department patients without insurance is increasing

Use of Emergency Department by Uninsured Patients and Admissions Originating in the Emergency Department, 2009 June Year to Date versus Same Period Last Year.

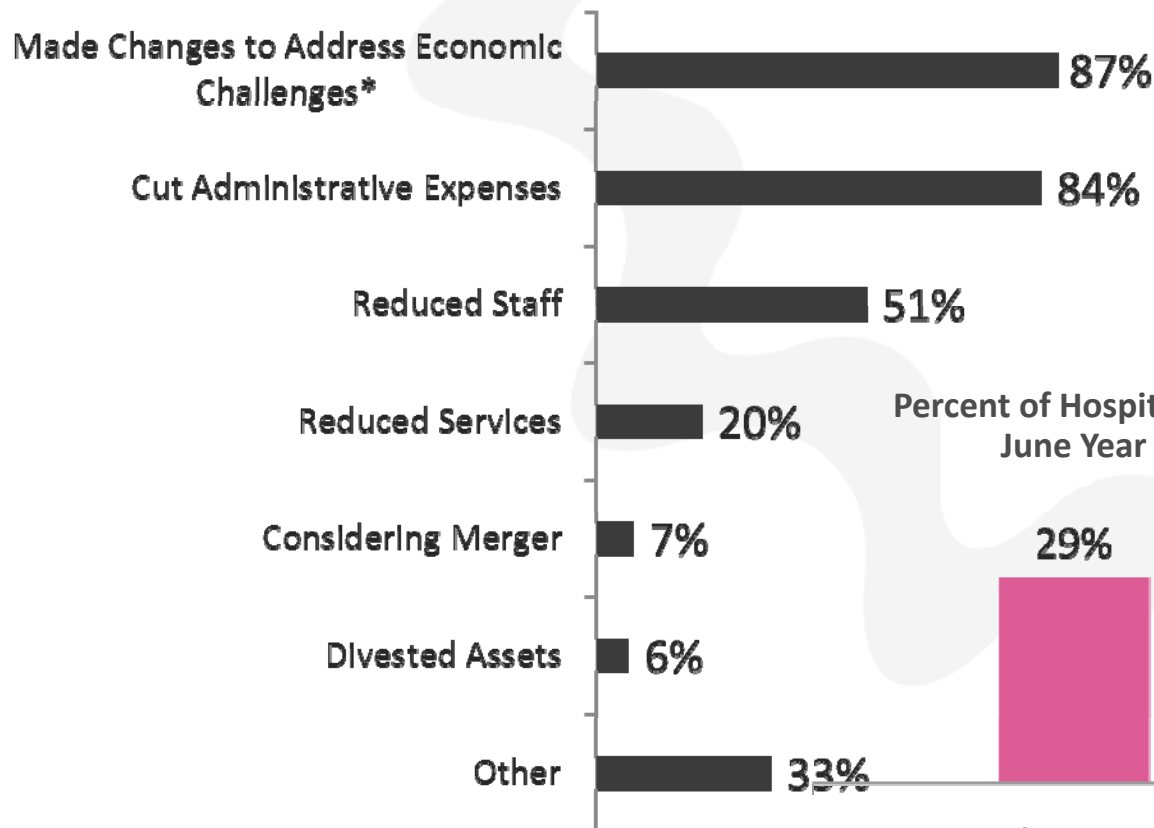


\*Can indicate that patients are putting off care until conditions become urgent or emergent and/or fewer patients are seeking elective (scheduled) services.

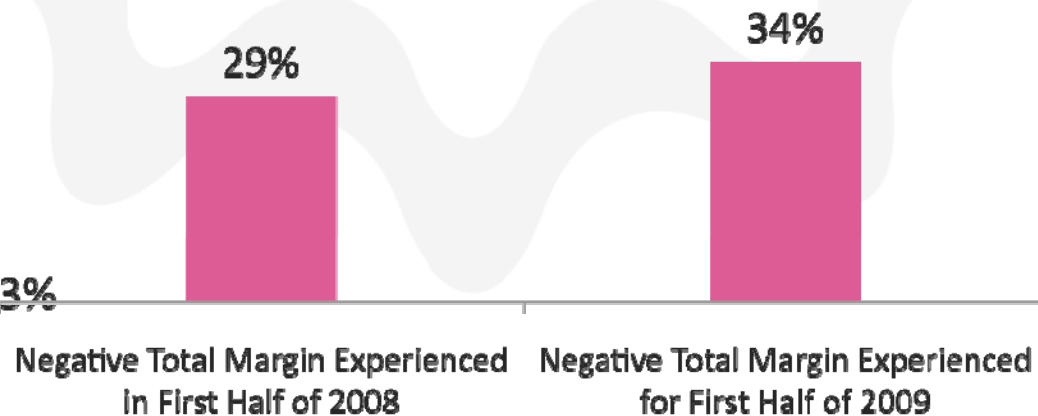
Source: AHA. (August 2009). Rapid Response Survey, The Economic Crisis: Ongoing Monitoring of Impact on Hospitals.

# Hospitals Report Negative Margin

Percent of Hospitals Making Changes in Response to Economic Concerns since June 2008 (as of August 2009)



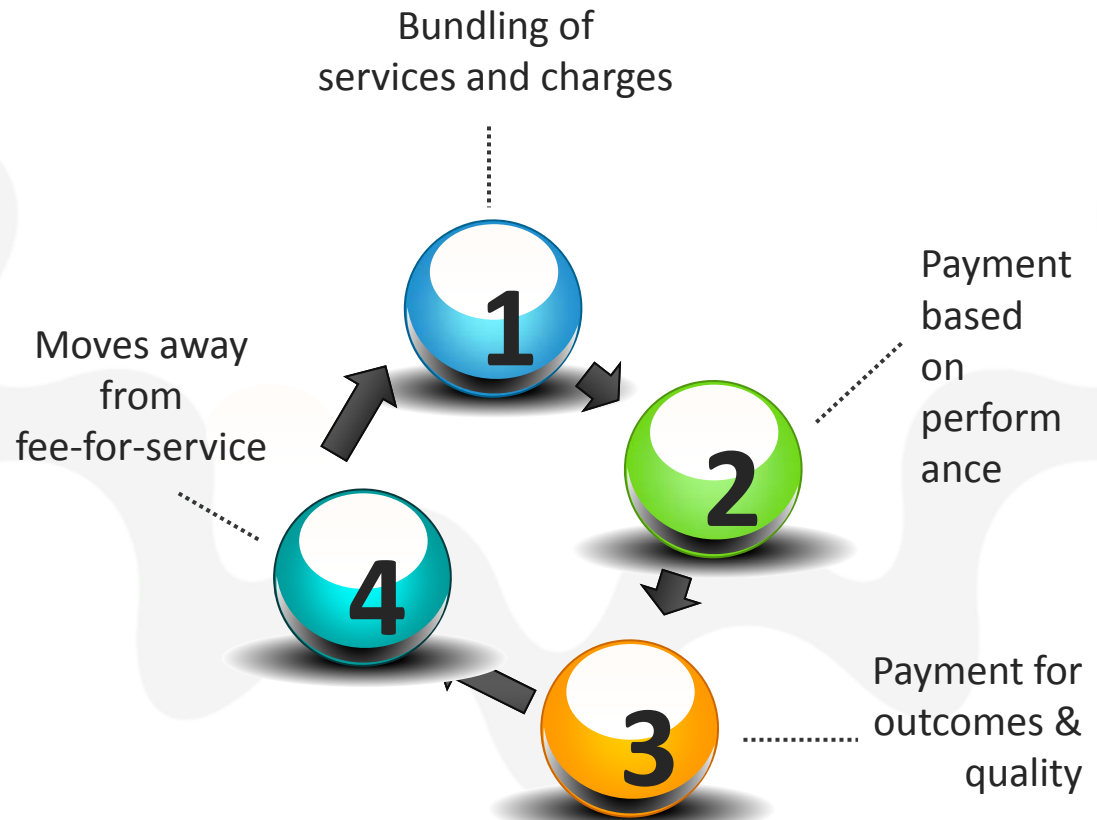
Percent of Hospitals Reporting a Negative Total Margin, 2009 June Year to Date versus Same Period Last Year



# What does reform propose?

New Methods of reimbursement that take into account...

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Providers that share the risk and assume accountability across the continuum of patient care will win...



## Challenges to these methods ...

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**How are providers rated for quality?**

**How are hospitals to be measured?**

**What technology and mechanisms will be used to administer such reimbursement models?**

**How will government sponsor plans pay?**

# Discount Dilemma - It's a Financial Issue not a Reform Issue

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Why do we keep seeing discounts disappear?

PPO, Negotiations, you name it, its out there.

Is a discount really a discount? Who's checking for integrity?

Interests of vendors are contrary to those of the insurance.

The providers open the gates and the providers close the gates of the discount, they will play the game ... for a while.

In 2008, 5.8% or \$36.4 billion went to provide uncompensated care, these figures are based on cost,\* not charges.

Regardless of reform consumers will pay more. This will result in more bad debt to the providers and cost shift to others

\*Nationally Uncompensated Care Based on Cost – AHA 2009 data.

# What about the International and the Travel Industry?

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Providers will stick to the rules because they need the \$\$\$

Continue to see the discounts lowered

**Discounts**

**Providers**

**Vendors**

Providers are comparing vendor's lists, adhering to timely payment and coverage issues

**Debt**

Bad debt will increase thus creating a cost shift to unqualified payers.

# What about the International and the Travel Industry?

## **New legislation is being enacted and adopted into law by most states**

-Example: 2008 Rental Network Contract Arrangements now will not permit you to stack networks and “shop around”

**Pending regulation** – The Balance Billing Model Act will allow balance billing to patients and immediately reverse potential discounts at the point of service rather than at the back end (watch out for this one, it has teeth!), it redefines emergency services for the purpose of the financial assessment.

# New Models of Healthcare Delivery

That address reductions by planning & coordinating care in other settings

