The Impact of Healthcare Reform – Risk and Opportunity
Jim Kunos FCAS MAAA, The Medical Protective Group
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Effect of the Patient Protection & Affordable Care Act (PPACA)
- Coverage expansion
- Medicaid expansion
- Insurance exchanges
- Increased regulation
- Different ACO models
- No tort relief
  “Certainty of death, small chance of success — what are we waiting for?”
  — Gimli, Lord of the Rings

Rocky Start for the Affordable Care Act...

Affordability Remains a Concern
- Mixed results thus far
- Dependent on a primary care MD base that doesn’t exist
- Disruption of traditional MD networks
- Transfers out of plan
- Shifts in AR: high deductible plans
- Expenses outpacing revenues
- Hospitals own 25% UC market, 9000, 1/3 owned by MDs
- 46% EHR dissatisfaction – Apple 150 million user interface problem

43 Changes to ObamaCare:
- 23 by the Obama Administration
- 16 by Congress
- 2 by US Supreme Court
- More to Come?

Source: Galen Institute May 22, 2014; McKinsey Center for US Health System Reform, March 2014
Affordable Care vs. Restricted Access

“One of the goals of PPACA was to keep healthcare insurance prices low. However, to do that, insurers are leaving some of the nation’s top hospitals out of their covered networks. This is putting some families in a bind. Zoe Newton’s family is one of them.”

“Insurers Restricting Choice of Doctors and Hospitals to Keep Costs Down”
— The Washington Post (November 21, 2013)

Top Concerns in the New World Order

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<th>Physicians</th>
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<td>• Uncertainty</td>
<td>• Financial challenges</td>
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<td>• Reimbursement</td>
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<td>• Loss of control</td>
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<td>• Satisfaction</td>
<td>• Patient safety and satisfaction</td>
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<tr>
<td>• MOC</td>
<td>• Personnel shortages</td>
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Source: American College of Healthcare Executives, 2013

Integrated Systems: Is the Glass Half Full or Half Empty

**The Good**
- Streamline care transitions
- Decreased cost
- Prevent readmissions
- Evidence-based guidelines
- Narrow practice variation
- IT resources and $
- Measure outcomes
- Measure satisfaction
- Disease management

**The Bad**
- Hub and spoke problem
- Lack of due diligence
- Credentialing
- Disenfranchised MDs
- Different EHR systems
- Takes time: 6–8 yrs.
- Coverage issues
- Contract liability
- Few winners as of yet
ACOs Spreading Slowly...Private MDs shrinking

511 ACOs identified...ACO lives tend to be concentrated in areas with a history of managed care.

• Physicians in private practice outnumber employed physicians, but shifting as less than half of the respondents with an ownership stake say they plan to remain in private practice. Other half are actively or passively seeking to sell, retire or close practice — Jackson Healthcare Survey

• 66% of physicians think physicians and hospitals will integrate more in next 3 years

Source: Demographic Distribution of ACO Covered Lives, Leavitt Partners, December 2013
AHA Trend Watch Chartbook2013; Deloitte 2013 Survey of U.S. Physicians

Physicians: Employment Rate Trends

Employment Shifts Across All the States From Independent Practice to Larger Healthcare Organizations... from Low Employment Rates in 2011 to Moderate and High Employment Rates in 2014

November 2011 March 2014


Supply vs. Demand

FTE Physician Demand: Impact of PPACA


Source: Association of American Medical Colleges (AAMC). AAMC Center for Workforce Studies, June 2010
Analysis, Centers for Disease Control and Prevention, National Ambulatory Care Survey, 2000–2008
Observation: We Have a Growing Math Problem

- Defensive medicine estimated to be 8–12% of costs.
- PCP to patient ratio = 1:10,000.
- New residents are doing 20% less procedures.
- High-deductible plans = huge shifts in AR.
- Are you going to send grandpa to collections?
- Access = 30–50 million new patients.
- Boomers = 75 million in the next 10 years.
- 350,000 with severe mental illness: 35,000 beds.
- Prediction: Moving older, more complex patients faster through the system, ordering fewer tests and consults, and not readmitting them will drive frequency.

Primary Care: Physician Assistants & Nurse Practitioners

Physicians Assistants and Nurse Practitioners Projected to Provide 40% of Primary Care by 2025, Up from 30% in 2010.

HSH: Integration Beyond Physician Practices

- Post acute care integration with acute hospitals coming soon?
- 40% of Medicare acute care patients discharged to a post-acute care setting in 2011
- With U.S. population aging demand for post-acute care will increase.
- Post-acute providers generally have stronger Medicare Margins than acute hospitals
Changing Role: Employed Physician Risk

- Contract liability
- Referral network
- Due diligence
- Standards of care
- Follow-up liability
- Best practice guidelines
- Resident training
- Supervision — APPs
- Medication risk
- Social media
- Scope of practice
- Entrepreneurs
- Sunshine Act
- STARK law provisions
- EPL, D&O, E&O
- HIPAA breach

Emerging Risks — Where Is the Puck Going?

- Aging population and physicians
- EHR work-arounds and texting
- Acquisition fall out — hub and spoke problem
- Ecommerce — “Amazon of Healthcare”
- Product liability: stents, hips, mesh, robotics, morcellators
- New bugs – drug resistance, 48 hour, vector
- Drug Shortages
- Concussions – CT or no CT scan
- LEP barriers
- Choosing Wisely – no safe harbor
- Best practice guidelines vs. patient satisfaction

Emerging Risks — Where Is the Puck Going?

- The use of Genetic testing – 23andMe
- Telemedicine explosion taking place
- Nanotechnology – what are the risks?
- Concierge medicine – new patient expectations
- Home monitoring – who’s responsible for the data
- Scribes – scope of practice?
- Google glasses – privacy concerns
- Smart pills – transmitting data
- Big Data – drinking form a fire hose
- Metadata – the next asbestosis
- Psychiatric boarding – the math
EHR Liability: Is Metadata the Next Asbestosis?

- Time synchronization
- Audit trails/metadata
- Medical guidelines and best practices are not updated
- Alert fatigue/overload
- Too many "normal" indicators
- Abnormal areas are incorrectly documented
- Usable information is harder to find
- Document events before they actually occur
- Data entered for the wrong patient

New Technologies: DaVinci Meets McSleepy

Carrier Impact ... tackling the future of HC

- Traditional MD business is changing.
- Diversification of products and services.
- U/W — credentialing, new technologies, new risks.
- Claims — metadata, class action, manufacturing.
- Risk — shifts to ERM going forward.
- Must have flexibility but be selective.
- There is a cost to sitting still.