

***Business Strategy & Healthcare - Are you ready ?***

***Health Care Reform:  
Impact on Employers, Providers  
& the Workforce***



***Allied Health Regional Skills Partnership***

***Annual Summit***

***November 5, 2013***

# ***Healthcare Reform and the Future Workforce***

***Overview & Background***

***The Next Two Years ( 2014 & 2015)***

***Employer Implications***

***Workforce Implications***

***HealthCare Providers Implications***

***Business Actions & Strategy***

***Appendices***

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# **Healthcare Reform and the Future Workforce**

**Where We Started -**

**The Reform Legislation:**

**Patient Protection and Affordable Care Act (PPACA)**

**(H.R. 3590)**

**Signed: March 23, 2010**

**Health Care and Education Affordability Reconciliation Act**  
**(HCEARA) (H.R. 4872)**

**Signed: March 30, 2010**

*Note: Preparation of these materials was based on the language included in the Health Reform Legislation ("The Law") and any published implementing regulations through July 31, 2012. Any opinions and interpretations contained within this presentation are the presenters, solely for discussion and review of the Law.*

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# **Healthcare Reform and the Future Workforce**

## **Associated Critical Legislation:**

**Health Information Technology for Economic and Clinical Health (HITECH)**

**Signed: February 2009**

**Health Insurance Portability and Accountability Act (HIPAA)**

**Signed: August 1996**

**American Recovery and Reinvestment Act of 2009 (ARRA)**

**Signed: February 2009**

**American Taxpayer Relief Act of 2012**

**Signed: January 2013**

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# ***Healthcare Reform and the Future Workforce***

## ***Overview & Background***

- *Principle Tenants of Reform*
  - *Affordable health insurance for all*
  - *Access to health care services*
  - *Cost and quality improvements*
  - *Intervention in the insurance market*

# ***Healthcare Reform and the Future Workforce***

## ***Overview & Background (cont'd)***

- *Long term Implications:*

- ***Federal Budget deficit will have added pressure***

- *The CBO forecast was understated, thus the effect on the deficit will be much greater with much of the effect hitting by 2015.*

- ***Control of new government program expenditures requires expanded monitoring and auditing***

- *More government intervention with inadequate resources to conduct the required work.*
- *The I R S has a significant role in the success of ACA and was given new resources ( 12,000 plus people)*

# ***Healthcare Reform and the Future Workforce***

## ***Overview & background (cont'd)***

- *Long term Implications:*

- ***Projections of cost of programs is under-stated and projection of revenue recoveries is over-stated***
  - ***Demonstrated by initial re-statement of \$ 118 B in cost two months in to activity; Continuing recalibration shows increasing down-ward effect on Federal & State Budgets***
- ***Inferior supply of providers and services to support expansion of people with insurance coverage***
  - ***This is a quantity not quality issue. We have a provider shortage across the country, which is escalating***

## ***Healthcare Reform and the Future Workforce***

### ***The new language of Reform, a few noteworthy items:***

- ***PPACA*** - ***H I X***
- ***HCEARA*** - ***H I E***
- ***CMS*** - ***VBP***
- ***IPAB*** - ***ACO***
- ***MLR*** - ***HITECH***
- ***RAC*** - ***MU***
- ***SHOP*** - ***NPI***
- ***PHI*** - ***HACs***
- ***VAT (“Value Added tax”)***
- ***“Doughnut Hole “***
- ***Accountable Care Organizations (ACO’s)***
- ***Medical Home (“PCMH”)***
- ***Health Insurance Exchanges ( Now: Marketplaces)***
- ***Value Based Purchasing***
- ***Recovery Audit Contractor***
- ***Small Business Health Options Plan (“SHOP”)***
- ***Essential Health Benefits***



## ***Healthcare Reform and the Future Workforce***

***The new language of Reform, a few noteworthy items:***

- ***QHP's (Bronze/Silver/Gold/Platinum)***
- ***EHBs***
- ***Collaborative care***
- ***FEHBP***
- ***OPM***
- ***OMB***
- ***GAO***
- ***IRS***
- ***Bundled payments***
- ***MSSP***
- ***EHR***
- ***EMR***
- ***Patient Portals***
- ***HIPAA***
- ***Defined Contribution Plans***
- ***Navigators ( H I Marketplace)***
- ***HDHP***
- ***Population Health Management***

# ***Healthcare Reform and the Future Workforce***

## ***Employer Implications:***

- ***Insurance Coverage and Offerings***
- ***New Reporting Requirements***
- ***Financial Considerations***
- ***Changes Business Planning and Strategy***

*Note: Providers are employers so we must know and understand these changes as well.*

# Healthcare Reform and the Future Workforce

## Employer Implications

- Coverage of Employees:
  - Must provide coverage or pay penalty taxes, begins in 2014 ( **Note: SCOTUS Decision June 28, 2012 and Administration decision June 2013**)
  - Must fund at least 50% of Premium costs.
  - Policies must meet the Essential Health Benefits criteria
  - Will be able to access the state run insurance exchanges to purchase coverage ( **Note: Regulations have been promulgated . Government has funded more than \$1.5 B in early stage development support**)
  - Waiting periods for commencement of coverage will change

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# **Outline of Essential Health Benefits**

*Essential health benefits must include:*

➤ *Items and services within at least the following 10 categories:*

- *ambulatory patient services;*
- *emergency services;*
- *hospitalization;*
- *maternity and newborn care;*
- *mental health and substance use disorder services, including behavioral health treatment;*
- *prescription drugs;*
- *rehabilitative and habilitative services and devices;*
- *laboratory services;*
- *preventive and wellness services and chronic disease management;*
- *and, pediatric services, including oral and vision care.*

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# **Healthcare Reform and the Future Workforce**

## **Employer Implications**

- *Coverage of Employees*
  - *Small business Tax credit*
    - ***Primary benefit is to employers with Ten or fewer employees. Businesses who have between 25 – 49 employees receive nothing.***
  - *Must report aggregate “cost” of health coverage on employee W – 2 (began in CY 2011)*
  - *Must report information on “Household Incomes”*

# Healthcare Providers Discussion

## Employer Implications:

- *Size Matters (from 2014 forward):*
  - *Businesses with > 50 employees must provide an insurance program ; \$ 3,000 **tax penalty was to** begin in 2014 ; Administration has delayed to 2015 @ June 2013*
  - *Businesses with < 50 employees provide coverage or pay tax penalty:*
    - *0 to 30 employees - no fees*
    - *31 to 50 employees - \$2,000 per FTE not covered*
    - ***Regulations and rules guiding companies have been promulgated***

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# Healthcare Providers Discussion

## Employer Implications:

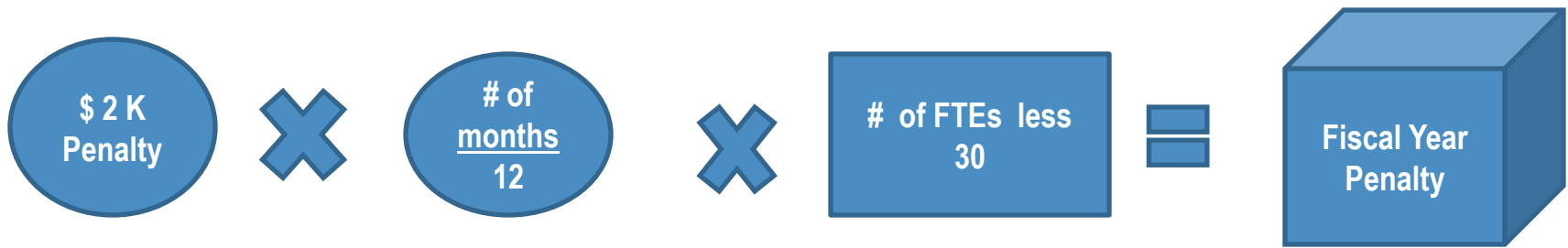
- *Size Matters (from 2014 forward):*
  - *Small business subsidies begin in 2010, then increase in 2014*
  - *Exception: Contractors < 5 employees  
< \$ 250,000 in annual payroll*

# Healthcare Reform Discussion

## Employer Implications:

– Let's look at the Math:

### Offer Coverage or Pay Penalty



- *Criteria : Offer coverage to 95 % of Employees and meet the minimum essential benefits requirements ; if not met above penalty applies*

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# Healthcare Reform Discussion

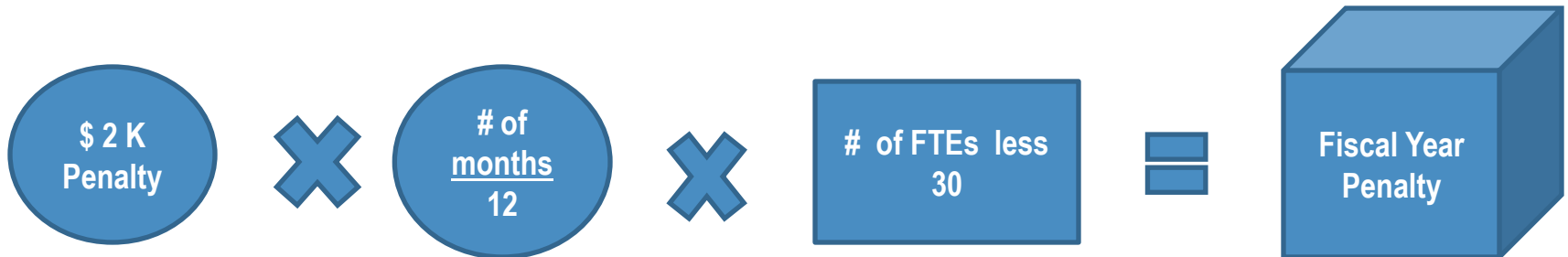
## Employer Implications:

– Let's look at the Math:

### "Affordability" penalty



### "Affordability" Maximum penalty



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# **Healthcare Reform Discussion**

## **Employer Implications**

- *Government Interventions:*
  - *Elimination of the Medicare Part D Retiree Drug Subsidy (2013)*
    - *Accounting rules mandate recording liability in current period*
    - *Elimination of subsidy affect on companies taxable income*
    - *If company does not divulge any changes to retiree base, per diem penalty of \$ 1,000 occurs*

# **Healthcare Reform Discussion**

## **Insurance Industry Implications**

### **➤ Fundamental Changes:**

- Pre-existing conditions can not be denied*
- Annual Coverage Limits removed*
- Lifetime coverage limits removed*
- Young adult coverage extended (age 26)*

***Each action will lead to increases in premium and costs passed on to subscriber base***

# **Healthcare Reform Discussion**

## **Insurance Industry Implications**

- *Fundamental Changes: Early retirees coverage expanded*
  - *Medical Loss Ratio thresholds (85 % / 80%)*

***Rebates must be completed annually (\$ 1.1B in 2012)***

***Critical question - Who receives \$ 's ??***

- *“Cadillac Plans “ (2018) excise taxed*

***Each action will lead to increases in premium and costs passed on to subscriber base***

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# ***Healthcare Reform Discussion***

## ***Employer Strategies and Considerations:***

- *Take a hard look at your five year planning horizon*
  
- *Should you drop your health insurance program ??*
  - ***A valid question***
  - ***Requires analysis and long-term valuation***
  - ***Employee implications and morale, rapid change could lead to turnover and performance declines***
  - ***Decision could be critical to the middle tier employers (e.g. 30 to 100 employees)***

# ***Healthcare Reform Discussion***

## ***Workforce Implications:***

- *Insurance Programs:*

- *Access*

- *Expands coverage and age limits for dependent children*
- *HIX and Medicaid (charts on next page)*

- *Coverage*

- *Pre-existing conditions can not be denied (2014)*
- *Health insurance exchanges begin, with enrollment open on October 1, 2013*
- *High-risk Pools (Now) - Fed funding inadequate*

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## ***Healthcare Reform Discussion***

*Current Status on Access for People:*

➤ *State by State Medicaid Expansion:*

- *24 States are executing Program Expansion*
- *24 States are not executing Program Expansion*
- *3 States are still undecided*

➤ *Refer to the Chart and Map on the Following Pages*

# Healthcare Reform Discussion

## Current Status on Access for People:

Current Status of Two Key Components of the Affordable Care Act of 2010

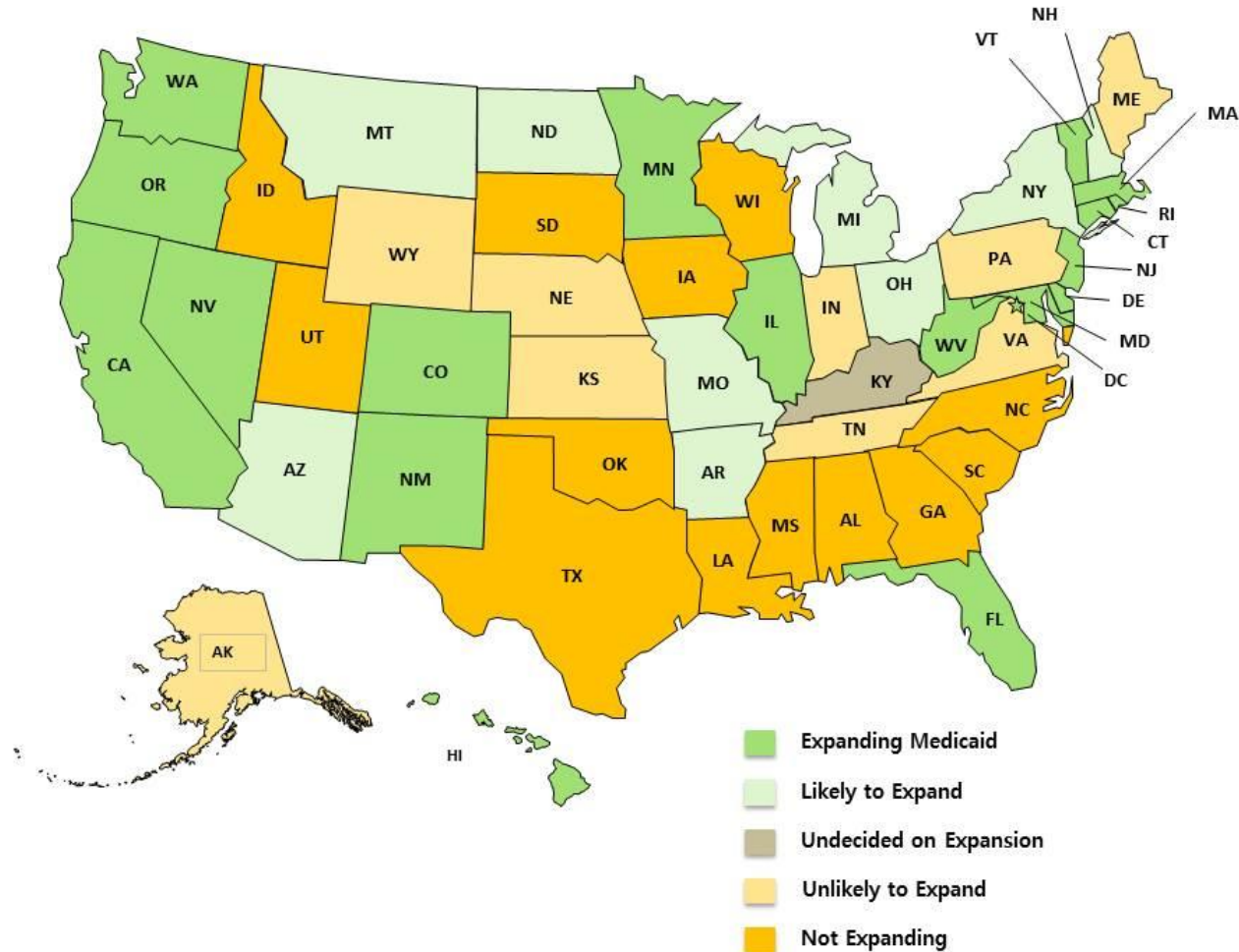
Health Insurance Exchanges (Marketplaces)		
Participation Rate by State		
State-based Exchanges	State-partnership Exchanges	Federally-facilitated Exchanges
CA, CO, CT, DC, HI, ID, KY, MA, MD, MN, NM, NV, NY, OR, RI, VT, WA	AR, DE, IA, IL, NH, MI, WV	AK, AL, AZ, FL, GA, IN, LA, KS, ME, MO, MS, MT, NC, ND, NE, NJ, OH, OK, PA, SC, SD, TN, TX, UT, VA, WI, WY

Medicaid Expansion		
Participation Rate by State		
Expected to Expand Medicaid	Will Not Expand at this Time	Maybe
AR, AZ, CA, CO, CT DC, DE, HI, IA, IL, KY MA, MO, MN, ND, NJ, NM, NY, NV, OR, RI, VT, WA, WV	AL, AK, FL, GA, ID IN, KS, LA, ME, MI, MO, MS, MT, NC, NE, OK, SC, SD, TN, TX, UT, VA, WI, WY	NH, OH, PA

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# ACA Medicaid Program Expansion by State



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# ***Healthcare Reform Discussion***

## ***Workforce Implications (cont'd)***

- *Insurance Programs:*

- *Cost*

- *Must purchase insurance or pay a **tax penalty***

- *New limits on HSA set asides, begins 2013*

- *Shift in employment base*

- ***Evolving shifts in number of employees will continue***

# ***Healthcare Reform Discussion***

## ***Workforce Implications***

### ***➤ Training Needs:***

- Education on the implications of the Law***
- Effect on recruitment and retention programs of employers***
- Required to make decisions about obtaining coverage by 2014 or face IRS review and tax collection***

# **Healthcare Reform Discussion**

## **Workforce Implications**

### **➤ Training Needs:**

- **HCEARA provides educational funding support to healthcare & non-health care students (Loan forgiveness & Scholarships)**
  
- **Expansion of primary care workforce**
  - **Need for NPPs will be very High ( NPs , PAs, Others)**
  - **Shortage of PCPs will be more acute**
  - **Access to providers will take longer**
  
- **Emphasis toward Community Health Centers**
  - **Grants and Capital funding**

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# ***Healthcare Reform Discussion***

## ***Workforce Implications***

### ***➤ Training Needs:***

#### ***➤ Patient Access Staff:***

- Understand enrollment procedures and practices of the “Marketplace”***
- Implement effective tools to aid staff and customers***
- Identify critical customer contact locations within Health System (physical settings ; phone ; websites, etc.)***
- Communicate and educate customers on coverage options***

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# ***Healthcare Reform Discussion***

## ***Workforce Implications***

### ***➤ Training Needs:***

#### ***➤ Patient Access Staff:***

- Apply innovate strategies to reach populations accessing insurance through the “Marketplace”***
- Collaborate with key external stakeholders***
- Execute innovation and creativity with service vendors***
- Continually monitor and assess the new healthcare environment and landscape***

# ***Healthcare Reform Discussion***

## ***Workforce Implications***

### ***➤ Portability***

- *Pre-existing conditions limitations removed*
- *Implications on COBRA coverage still to be determined*

### ***➤ Government Interventions***

- *Mandates purchasing of insurance or pay tax penalty*
- *Expands Medicare income tax to high income earners and investment income sources*

# ***Healthcare Providers Discussion***

## ***Healthcare Organizations:***

- *Coverage reforms:*
  - *Re-training of work-force may(will) be necessary*
    - ***North Carolina Community College system focused on new programs and advanced training curriculum to support need(demand). Think about your staff.***
    - ***Allied Health Regional Skills Partnership (benefits)***
  - *Will effect referral patterns and physician community business relationships*
    - ***Evolving changes toward ACO's and Medical Homes may influence your practice and "new business"***



# ***Healthcare Providers Discussion***

## ***Healthcare Organizations:***

### ***➤ Delivery of Services:***

- *Shift from Emergency Care to Primary Care*
  - ***Will the “newly” insured come to your practice vs. continuing at E/R’s ; unproven theory at present***
- *Preventive Medicine vs. Episodic*
  - ***Primary care providers must shift thinking and educate patients***
- *Disease Management*
  - ***Can/ will Patients comply***

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# **Healthcare Providers Discussion**

## **HealthCare Organizations:**

- **Regulatory Influences & Interventions:**
  - **Transition to ICD – 10 ; now October 2014**
  - **Provider transparency :**
    - **Standards set by CMS ; Required Surveys**
    - **H-CAHPS** ( *Hospital – Consumer Assessment of Healthcare providers & Systems*)
    - **CG – CAHPS** ( *Clinical Groups - CAHPS*)
      - **Reference Tool:** [www.hospitalcompare.hhs.gov](http://www.hospitalcompare.hhs.gov)

## ***Healthcare Providers Discussion***

### ***Healthcare Organizations:***

#### ***➤ Workforce expansion***

- *Need for primary care service providers will expand*
  - ***Not just Doctors. PAs and NPs will be critical components in the growth in demand for services and access***
- *Demand on Emergent/Urgent services may(will) shift to doctor offices or CHC's*
  - ***Are we in a revolutionary period moving from “bricks & mortar “ to Community based ambulatory ???***

# ***Healthcare Providers Discussion***

## ***Healthcare Organizations:***

### ***➤ Workforce expansion***

- ***Information technology will continue to place demands on the work-force for new skills and knowledge***
  - ***Electronic medical records (EMR)***
  - ***Electronic health records (EHR)***
  - ***Patient Portals***
  - ***Cloud Computing***
  - ***Financial / Quality / BI Applications***

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## ***Execution of HIX - Navigators Role***

### ***What to Expect :***

- ***Defining the Roles of Navigators and IPAs***
- ***Training, certification and licensing requirements***
- ***Compensating and assessment of navigator performance***
- ***Coordination with other programs and Providers***
- ***Federal Funding of the Navigators and support structure***
- ***Timing of Activities:***
- ***Regulations done in June 2013***
- ***Selection of tax-exempt organizations to be Navigators***
- ***Training must be done - min. of 30 Hours requirement***
- ***Interaction with population must start by mid-Sept***

## ***Healthcare Providers Discussion***

### ***New Considerations for Provider Organizations:***

- ***Be ready to accept risk ; culture shifts and actions***
- ***Concept of “value” over volume must become engrained***
- ***Understanding of clinical service utilization is critical and management leadership to minimize and maximize***
- ***Understanding the financial permutations within your environment and an ability to analyze and forecast***
- ***Need for investment in technology and applications which allow for monitoring and evaluation of services; claims processing ; patient communications***
- ***Physician and provider involvement and engagement in critical path processes is a must***

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# ***Healthcare Reform Discussion***

## ***Business Actions & Strategy***

- ***State of North Carolina activities:***
  - ***Health Information Exchange (H I E)***
  - ***Medicaid Expansion :***
    - ***Has not been supported;***  
***800,000+ people affected***
      - ***Significant stress on existing infrastructure***
  - ***Cost Containment in Medicaid program is a must***
  - ***Changes in State Health Plan***
  - ***Community Care of North Carolina***

# ***Healthcare Reform Discussion***

## ***Business Actions & Strategy***

### ***➤ State of North Carolina activities:***

- Health Insurance Marketplace (H I X)***

***Refer to Chart on Second Following page***



# ***Healthcare Reform Discussion***

## ***Business Actions & Strategy***

- ***State of North Carolina activities:***
  - ***Medicaid Expansion :***

***Refer to Chart on Following page***

# Healthcare Reform Discussion

## Current Status on Access for People:

Current Status of Two Key Components of the Affordable Care Act of 2010

Health Insurance Exchanges (Marketplaces)		
Participation Rate by State		
State-based Exchanges	State-partnership Exchanges	Federally-facilitated Exchanges
CA, CO, CT, DC, HI, ID, KY, MA, MD, MN, NM, NV, NY, OR, RI, VT, WA	AR, DE, IA, IL, NH, MI, WV	AK, AL, AZ, FL, GA, IN, LA, KS, ME, MO, MS, MT, NC, ND, NE, NJ, OH, OK, PA, SC, SD, TN, TX, UT, VA, WI, WY

Medicaid Expansion		
Participation Rate by State		
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AR, AZ, CA, CO, CT DC, DE, HI, IA, IL, KY MA, MO, MN, ND, NJ, NM, NY, NV, OR, RI, VT, WA, WV	AL, AK, FL, GA, ID IN, KS, LA, ME, MI, MO, MS, MT, NC, NE, OK, SC, SD, TN, TX, UT, VA, WI, WY	NH, OH, PA

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# Healthcare Reform Discussion

## Business Actions & Strategy

### ➤ State of North Carolina activities:

Current Status of the Healthcare Insurance Exchange (Marketplace) in North Carolina (August 9, 2013)						
Insurance carrier >>	BCBS - NC		Coventry		FirstCarolina	
# of Approved Plans	<b>26</b>		<b>25</b>		<b>16</b>	
Bronze	<b>6</b>		<b>10</b>		<b>4</b>	
Silver	<b>11</b>		<b>5</b>		<b>6</b>	
Gold	<b>4</b>		<b>5</b>		<b>4</b>	
Platinum	<b>5</b>		<b>5</b>		<b>2</b>	
Geographic Locations	Full State		Major Metropolitan Areas		Six Counties	
					Lee	
					Moore	
					Richmond	
					Hoke	
					Montgomery	
					Scotland	

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# **Healthcare Reform Discussion**

## **Business Actions & Strategy**

- *New regulations and interpretations of the language of the Law(s)*
  - **Multiple issues, political brinkmanship and lack of clarity are occurring**
  
- *Corporations and businesses develop and execute strategic positioning*
  - **Corporations re-align operations to counter-act impacts on “bottom-line” performance**
  - **Critical evaluations of maintaining HI policies and coverage must be done (“Run the Numbers”)**

# **Healthcare Reform Discussion**

## **Business Actions & Strategy**

- *Corporations and businesses develop and execute strategic positioning (cont'd)*
  - ***Reactionary forces for next five years as “ the dust Settles”***
  - ***McDonald’s scenario on coverage may play out many times in next three years, which will effect patients role in paying for services***
  - ***Local vs. National vs. Global issues***

# ***Healthcare Reform Discussion***

## **Useful Websites to Reference:**

- <https://www.healthcare.gov/how-do-i-choose-marketplace-insurance>
- <https://www.healthcare.gov/what-are-the-different-types-of-health-insurance>
- <https://www.healthcare.gov/how-can-i-get-an-estimate-of-costs-and-savings-on-marketplace-health-insurance>
- <https://www.healthcare.gov/marketplace>
- <https://www.healthcare.gov>
- <https://www.irs.gov>
- <http://www.commonwealthfund.org/Health-Reform.aspx>



## ***Healthcare Providers Discussion***

***Thank you.***

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## ***Healthcare Reform Discussion***

# ***Glossary***

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## ***Healthcare Reform Discussion***

<https://www.healthcare.gov/glossary/index.html>

**Refer to Separate File which Contains the Glossary of Terms**

# *Healthcare Reform Discussion*

# *Appendix*

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# *Healthcare Reform Discussion*

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