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The Changing Nature of Health Care Reimbursement: Are you ready?

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The Changing Nature of Health Care Reimbursement: Are you ready?

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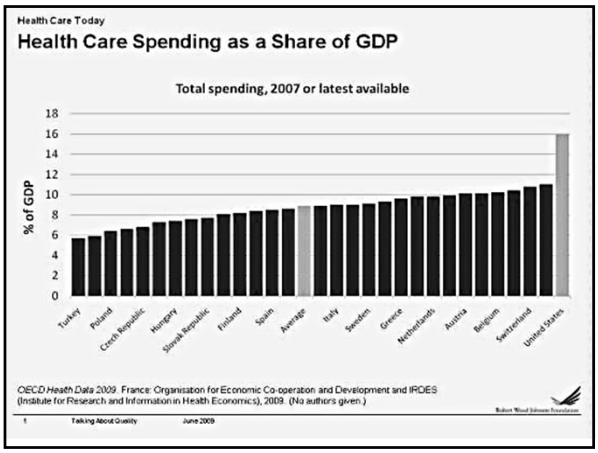
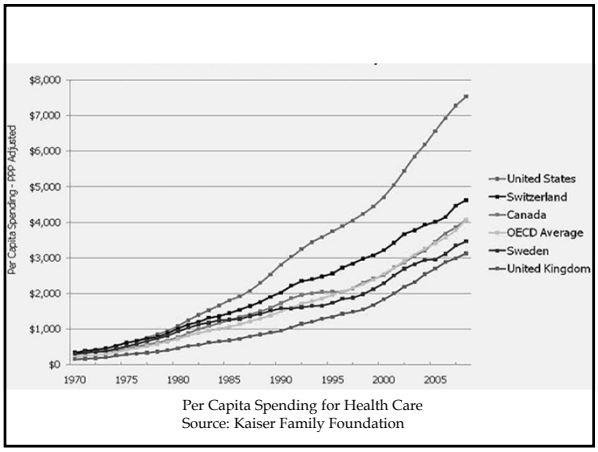




Per Capita Spending for Health Care
Source: Kaiser Family Foundation

Satisfaction Survey by Country from Gallop.com

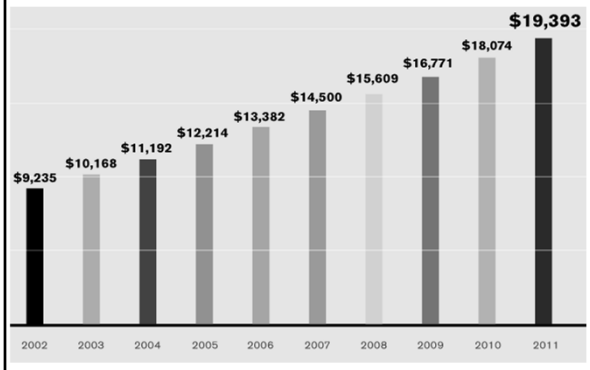
Access to Affordable Health Care

	U.S.	Great Britain	Canada
Very sat + sat	25%	43%	57%
Very unsat	44%	25%	17%

Quality of Health Care Judgments

	U.S.	Great Britain	Canada
Very sat + sat	48%	44%	52%
Very unsat	26%	23%	22%

Health Care Costs for American Families
Source: Milliman Medical Index



International Health Care Rankings

Country	Health Care Rank	Per capita spending rank
France	1	4
Italy	2	11
Spain	7	24
Austria	9	6
Japan	10	13
Norway	11	16
United Kingdom	18	26
Switzerland	20	2
Germany	25	3
Canada	30	10
United States	37	1

Access Disparities to Health Care

- Race / ethnicity
  - Ethnic minorities receive less consistent and lower quality health care
  - Receive less preventative care and fewer expensive and technical procedures
  - Hispanic Americans have less access to health insurance than white Americans

Access Disparities to Health Care

- Primary Care
  - -30% Hispanic
  - -20% African-Americans
  - <-16% White

Source: AHRQ

- Diagnosis and Treatment
  - Heart disease
  - Cancer
  - HIV
  - Asthma
  - Nursing Home Care: Asian American, Hispanic, and African American residents of nursing homes are all far less likely than white residents to have sensory and communication aids, such as glasses and hearing aids.

Overall Factors Affecting Access to Health Care

- Race / ethnicity
- Socioeconomic status
- Disparate language spoken by patient/family and physician
- Access to health insurance or Medicaid relative to enrolled providers
- Gender
  - Women have higher incidence of illness but better access to insurance
  - Men lag behind women for access to insurance

Figure 2: Children are Uninsured at Lower Rates than Adults

	2009	2011	Percentage Point Change
Children	8.6%	7.5%	-1.1
Adults	20.6%	21.0%	0.4

- Mortality rates are significantly higher for Hispanic and African American children for acute lymphoblastic leukemia, congenital heart disease, and asthma
- These children are much sicker upon ER admission

Timeline of Events

- 1970's Reimbursement freeze as manner to control health care costs
  - Freeze ended late 1970's
- 1980's Cost of health care began to rise faster than inflation
  - Still based on "normal and customary" fee structure
- 1990's RBRVS and more restrictive reimbursement guidelines
  - Initial valuation based on Harvard study
  - Technology explosion

Timeline of Events

- 2000's Technology advances continue
  - Pharmaceutical direct marketing
  - Malpractice increases for high risk specialties
  - Medicare Part D
  - End of life care advancements
  - Congressional "tinkering" of dollar multiplier for Medicare RVUs
  - RACs and MICs
- 2012's Desperation to control cost of healthcare
  - ~ .8 million households declared medical bankruptcy with health care insurance coverage
  - Revelation of uninsured, underinsured, cost shifting

Uninsured

- U.S. population ~ 316 million
- Current uninsured ~ 51 million
- Current underinsured ~ 60 million
- Accountable Care Act Health Care Reform: reduce uninsured to ~ 18 million
- Impact on Health Care Costs:
  - Emergency Room primary care
  - Delay Health Care Services until severity increases

Primary Issue

- Cost inflation
  - Risen 78% since 2000 vs. 20% for salaries
  - Average 9% per year with range of 7%-13%
  - Defensive medicine (malpractice)
  - Unnecessary procedure/treatment (fee for service)
  - Ineffective treatment
  - Inefficient service delivery models
  - Pharmaceuticals
  - End of life care

Current Recommendation

- MEDPAC: Move away from Fee for Service
  - Encourages increased utilization
  - More services => more payment
  - Questions of true medical necessity
- IOM and CMS: Move away from Fee for Service

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Current CMS Actions to Reduce Payments

- Medicare screens for procedures reported together => new, combined procedure CPT codes (92540, 92550, 92570)
- Re-survey and re-validation of procedure value (92587)
- Bundled payments under Medicaid reform (more on this later)

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Medicare / CMS Actions

- Value Based Purchasing
  - Based on Medicare vision of "the right care for every person every time"
  - Aligns payment to efficiency and quality of care delivery
  - Rewards providers for measured performance (read: outcomes)

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Value Based Purchasing

- Promote evidence based medicine
- Require clinical and financial accountability across all settings
- Focus on episodes of care
- Better coordination of care
- Payment based on outcomes, not number of sessions (performance based payment)
- Focus on effectiveness of treatment

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Medical Home Model

- Primary care physician becomes medical manager
- All referrals will go through PCP
  - Different from "gate-keeper" concept of HMOs
  - PCP paid to coordinate and manage all care of that patient
  - With rare exception, no physician / health care provider will have "direct access" under medical home model

Changing Landscape

- October 1, 2014
- To International Classification of Diseases, 10th Revision, Clinical Modification
  ICD-10-CM
- ICD-9-CM approximately 18,000 codes
- ICD-10-CM approximately 160,000 available codes provides more flexibility for adding new codes.
- Anticipate adding functional level of severity

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SGR (Sustainable Growth Rate)

- Established from 1997 Balanced Budget Act
- Designed to maintain budget neutrality for Medicare funds
  - Enrolled subscribers
  - Prior year utilization
  - Gross Domestic Product
- Overspending one year calls for reimbursement reduction the next year
- Congress has negated reimbursement cuts each year since 2001

SGR Current Status

- 26.5% reimbursement reduction negated by Congress through December 31
- February 7, 2013 – bill reintroduced to repeal SGR
  - Medicare Physician Payment Innovation Act
  - Allyson Schwartz, D-Pa., and Joseph Heck, D.O., R-Nev
- 3 – stage replacement…

SGR repeal/replacement

- *PHASE 1: Repeal SGR and provide a period of predictable, statutorily-defined payment rates.*
- *PHASE 2: Reform Medicare's FFS payment system to better reflect the quality of care provided.*
- *PHASE 3: Further reform Medicare's FFS payment system to also account for the efficiency of care provided.*

Phase 1: Repeal SGR

- While the duration and size of the payment rates to be set in statute are not yet determined, this phase will provide physicians time to transition to, and play a prominent role in, reforming the Medicare FFS physician payment system.

Phase 2: Reform FFS

- After the period of stability, physician fee schedule payment updates will be based on performance on meaningful, physician-endorsed measures of care quality and participation in clinical improvement activities (e.g., reporting clinical data to a registry or employing shared- decision making tools).
- Medical specialty societies will develop meaningful quality measures and clinical improvement activities using a standard process.

Phase 3: Further Reform of FFS for Quality of Care

- After several years of risk-adjusted quality-based payments, physicians who perform well on quality measurement will be afforded the opportunity to earn additional payments based on the efficiency of care.
- Physicians will be provided with timely access to their efficiency performance score as well as with an appeals process to ensure accuracy.
- This proposal will reduce the reporting burden on physician practices and align Medicare payment initiatives with private payer initiatives .

What Does This Mean for Audiology?

- **Will adhere to the principles of quality measures (PQRS)**
- **Respective professional societies will be responsible for developing quality measures (Audiology Quality Consortium)**
- **A primary issue will be developing quality measures for diagnostic procedures**
  - **Incorporation of evidence-based practice**
  - **Influence on diagnostic protocols**
    - **(e.g., Protocol to perform only those tests necessary based on history and previous findings)**

What Does This Mean for Audiology?

- **Enhancement of primary care reimbursement means further reductions in surgical specialty codes, including audiology**
- Congress will solicit recommendations from physician societies and other relevant stakeholders on how to further reform and improve the Medicare physician payment system.

*OTHER ISSUES FOR CONSIDERATION (at federal level)**

- Medical liability reform.
- IPAB repeal (Independent Payment Advisory Board: tasked with proposing payments methods to force Medicare spending to meet targeted reductions
- Private contracting/balance billing in Medicare without penalty to providers or patients to ensure patient choice and access.
- Gainsharing for improvements in quality and efficiency across defined patient populations.

* (Physician-only considerations at this moment)

Summary

- **Combined / consolidated codes**
- **Shift reimbursement from surgical specialty codes to primary care codes**
- **PQRS incentives**
- **Medical Home Model**
- **Much more to come!**

"We practice according to how we are paid"

Peter Hollmann, MD
Chair, AMA CPT Editorial Panel
October 2011

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