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VALUE-BASED REIMBURSEMENT MODELS

When looking at health care to date in this country, it is easy to be doubtful. Between now and 2024, health care expenses are expected to grow 1.1 percent faster than overall GDP. During this period, Medicare and Medicaid spending is projected to explode as Affordable Care Act (ACA) expansion continues and the population ages. At the same time, Medicare and Medicaid continue to squeeze physician and hospital group profitability nationwide.

In the past, some physician groups maintained profitability by offering multiple services to their patients. However, ACA regulations continue to restrict these practices. Additionally, Health Savings Accounts (HSAs), which grew from nothing to nearly $20 billion in just a little over a decade, have created millions of patients that negotiate treatment plans and their costs. There is little on the horizon to lend belief that these trends will slow any time soon.

Historically, most physicians billed patients on a Fee-for-Service (FFS) basis. Each test and doctor appointment is billed separately on its own line item. More recently, these trends have caused a change in how physicians are charging patients. Instead of FFS, some hospitals and physician groups are attempting to move to a Value-Based Reimbursement (VBR).

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The next level of service

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In the face of a changing health care industry, physicians would be well advised to avoid becoming cynical about the future. However, the transition is not expected to be easy. Instead of the well-worn path of medical billing, physician groups looking to implement a VBR model must become experts at measuring outcomes, quality, and patient satisfaction. Those that prepare for VBR models, however, will find themselves at the cutting edge of not just patient value, but practice value as well.

Indeed, as recently as this summer, the US Department of Health and Human Services announced the launch of a VBR model within nearly 200 oncology physician groups and 17 health insurance companies in order to reduce the Medicare costs associated with expensive, but critical, cancer care. The model will emphasize not the services provided but instead provide performance compensation that is based on cost savings and measurements of quality patient care.

Increasingly, as reimbursement rates continue to squeeze profits and more of the health care-buying public exhibits a shopper's mentality due to HSA incentives, those practices that put in place the processes, measurements, and incentive compensation plans that focus on the value delivered will distinguish themselves from their competition while providing enhanced profitability for all involved.

By Becky Berger
Staff Accountant

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CLINTON VS. TRUMP ON HEALTH CARE

After a long primary season, it appears that the American people will have a choice between Hillary Clinton, the likely Democratic nominee, and Donald Trump, the likely Republican nominee. Despite the relative uniqueness of each candidate, there's an old proverb that says the only thing we learn from new elections is that we learned nothing from the last one. In the summer of 2016, we once again face an election where the winner may dictate the future of health care in this country. It is important to understand each candidate's stance on health care.

In 2016, at the age of 69, Hillary Clinton became the first woman in U.S. history to become the presidential nominee of a major political party. Clinton has said that her greatest political regret was failing to pass healthcare reform in the early 1990s, clearly stating that she will fight to defend the Affordable Care Act (ACA) as president. In addition, she recently proposed expanding Medicare by letting Americans buy into it prior to the age of 65, indicating Americans "people age 55 or age 50 and up" should be able to voluntarily join the program which is widely considered the country's most popular entitlement.

Clinton also expressed serious concerns about the increase in the number of mergers within in the health care industry, saying that she is "worried that the balance of power is moving too far away from consumers."

In contrast to Clinton, Donald Trump has stated clearly his opposition to the ACA, offering the voting public a Franklin Roosevelt-like New Deal on health care. Like FDR, his statements to date have been high on promises, recently saying that he "would end Obamacare and replace it with something terrific, for far less money for the country and for the people."

Also in contrast to Clinton, Trump looks to free market forces to provide cost savings, supporting the federalization of insurance regulation that would allow insurance providers to offer products and services across state lines rather than being regulated, and separated on the state level. Likewise, Trump supports the expansion of Health Savings Accounts (HSAs) so that the health care-buying public's buying power incentivizes natural price controls and competition among providers and supports allowing full tax deductions for health insurance costs on personal tax returns.

Both candidates state that high drug costs are becoming an unsustainable problem. Clinton supports attacking the problem by providing public incentives to reduce the high costs of research and development of new drugs, allowing the savings to be passed on to the public. Trump, on the other hand, supports competition by allowing international imports of certain drugs to lower overall costs at home.

Much like previous elections, this one once again presents the voting public with two relatively clear choices: an expansion of public involvement in health care via defense of the ACA, Medicare growth, and public involvement in pharmaceuticals vs. an expansion of competition via repeal of the ACA, federalization of insurance regulation, and international imports of prescription drugs. Only time will tell what lessons there are to learn from this election.

By Becky Berger
Staff Accountant

PROVIDING VALUE TO THE HEALTH CARE INDUSTRY

Today's growing and advanced health care industry is a fast-paced environment where regulatory issues, competition, and rapidly changing consumer expectations converge. Managing risks and realizing opportunities becomes a more important focus as health care organizations decide how they will adapt and evolve their business models for long-term survival.

Ensuring today's actions will lead to achieving long-term goals can be a major challenge for anyone. Many health care organizations are unable to address the issues at hand and consider the "big picture" because they are overwhelmed with urgent matters and patient care. UHY LLP's National Health Care Practice brings an understanding of the industry together with innovative solutions that have a positive impact on bottom line. We understand the challenges facing health care providers and facilities.

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