



Getting Your Company in Shape for the 2016 Healthcare Games

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Description:

Now that healthcare reform is the law of the land, it is probable that many of these reforms will accelerate many of the crises rather than solve them resulting in new legislation to “fix” the underlying problems in the system. Healthcare organizations must (1) anticipate the true consequences from the recent reform legislation, (2) prepare for the disequilibrium that will be created in the market and (3) begin positioning for the inevitable legislative “fixes” that will be implemented by mid-decade.

The government demonstrated that it does not have the appetite to deal with many of the fundamental factors that have contributed to the rapid escalation of cost, such as appropriateness and effectiveness of care, personal responsibility, the inability to easily align incentives between physicians and hospitals, the health insurance industry’s antitrust exemption and excessive

pricing by pharmaceutical and device manufacturers. One of the few certainties of the new reform legislation is that most hospitals and physicians will be paid less per patient episode and expected to provide more care with better outcomes.

Goals/Objectives:

Objective 1:

Learn to anticipate the expected impact and mid-course corrections in healthcare reform.

Objective 2:

Learn to identify specific strategies and tactics to optimize performance.

Objective 3:

Provide a tool to assess your organization's readiness for the changes in healthcare delivery.

Historically, hospitals have compensated for their deteriorating Medicare margin and underpayments from Medicaid with investment income and cost shifting to managed-care payers. However, the economic downturn has limited the contribution from investments, and the negotiating power of the health plans will remain strong:

Physicians have compensated for the underfunded Medicare reimbursement by seeing more patients, closing their practices to all Medicaid and new Medicare patients, and investing in profitable office-based ancillary services that were formerly provided by the hospital. These compensatory tactics are having limited impact on

stabilizing physician incomes as fee schedules are cut for physician services.

Traditional means of subsidizing the underfunding (investments and cost shifting) will not be sufficient for a health system to achieve optimal performance. The impact of theoretical models such as consumer-directed health care, medical homes and deployment of information technology, may actually

add cost over the next five to 10 years (per the CBO.) Thus hospitals must begin both resizing their “cost chassis” and redesigning care to approach breakeven at Medicare rates.

Health care providers must begin today to prepare for the disequilibrium that will be created by the new healthcare reform legislation, and the ultimate restructuring of the payment system. This presentation provides a detailed "work out" plan for preparing for the healthcare system in 2016.