



U.S. Healthcare

August 24, 2017

Squaring up to the Elephant in the Room

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Questions

- How to ask a question during today's webinar?
- Use the “Chat” or “Question” feature on the GoToWebinar panel.
- You can also email DeAnna Bird at dbird@clarkschaefer.com.
- Questions will be addressed at the end of the webinar.

CPE

- CPE is available for this event.
- You will receive an email by the end of the day that will contain today's presentation & CPE form.
- You will receive 3 CPE codes during today's presentation.
- Record those 3 CPE codes to complete the CPE form.

Introductions

- **Rich Thompson, CPA, CIA, CISA**
- Specializes in Audit, Risk Assessment, and Accounting
- Healthcare Stops – Permanent & Consulting
 - State Government (1)
 - Medicaid Fraud
 - Worker’s Compensation
 - Health & Human Services
 - Crime Victim’s Services
 - Managed Care Entities (1)
 - Third Party Administrators (3)



Today's Agenda

- ✓ *What's the Big Deal?*
- ✓ *Who's Impacted?*
- ✓ *Are There Solutions?*
- ✓ *Specialized Considerations*
- ✓ *Conclusion*



What's the Big Deal?

What's the Big Deal?

- It's broken in many ways
- It's expensive
- It's complicated
- It's important



It's Broken!



Anecdote #1 - The Sick Child

Broken System #1

Option #1

- Ambulance to Hospital
- Triage
- Breathing Treatment
- Steroid Treatment
- Six hours observation
- Cost - \$6800 – 100% paid by insurance

Option #2

- Use breathing machine to administer treatment
- Re-administer if needed
- Cost - \$50

**Rejected by
Insurance!!!**

It's Broken – Part 2



Anecdote #2 Pre-Surgery Medications

Broken System #2

The Situation

- In Hospital – multiple kidney stones
- Surgery in 9 hours
- Need to know if a med is slow release or not
- Patient is riding high on dilaudid

Possible Solutions

- Have patients spouse bring in meds
- Call the patient's PCP

Bring the patient a phone and have him call his PCP!!

It's Expensive!

- In 2016, Ohio spent \$21.74 Billion on Medicaid.
- This is 37.4% of the total state budget
- In addition to Medicaid, 17.1% of Ohio's population is on Medicare



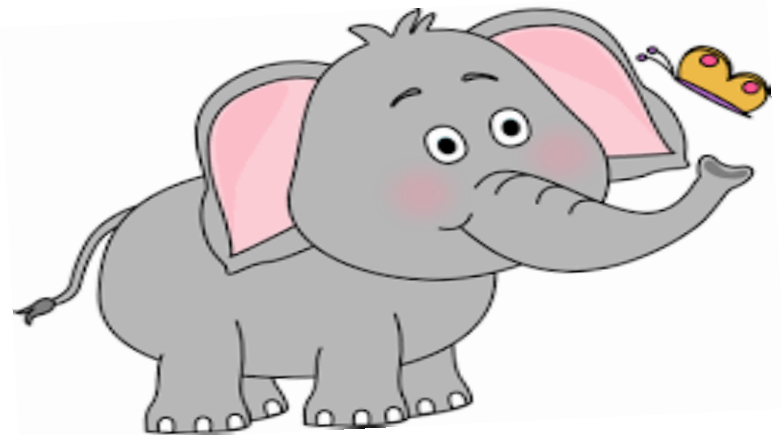
It's Expensive!

- Due to the Affordable Care Act, Ohio has only 402,000 uninsured people.
- Premiums have increased 99% since 2013.
- MCE's are getting out of ACA programs.

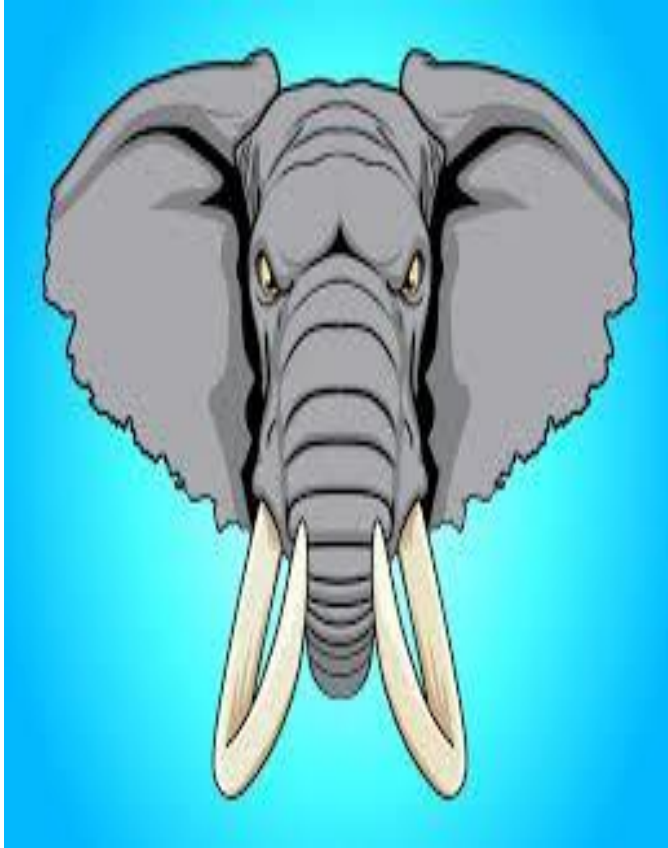


It's complicated – The Working Joe

- FPL is \$33,948 for a family of four. If I make \$32,000 do I really want a \$37,000 job that offers no benefits?
- Can a marketplace plan be a better deal than my employer's plan?



It's complicated – The Politician



- Do you repeal ACA without a viable replacement?
- Do you take away expanded Medicaid coverage?
- What level of uninsured is acceptable?

It's Important!

- A 2016 survey found that 26% of people polled report that health care costs have caused a serious financial problem. 7% of these resulted in bankruptcy.*1
- Between 40 – 65% of personal bankruptcy filings are due to medical expenses.
- One American dies every 30 minutes due to a lack of health insurance.*2

#1 – Poll conducted by NPR, The Robert Woodhouse Foundation

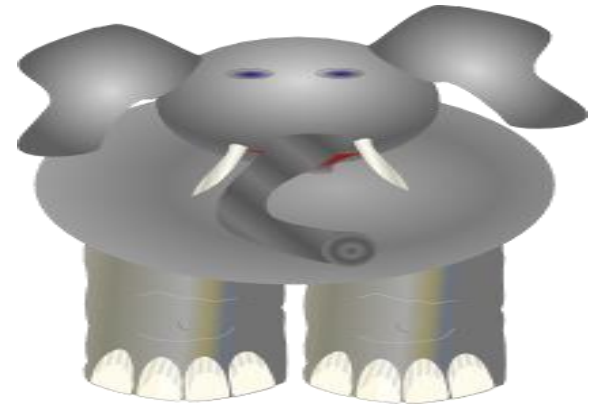
#2 – American Journal of Public Health 9/17/2009



Who's Impacted?

US Citizens

- Current Population 326.7 million (8/14/17)
- In 2015 the government spent 3.207 trillion on healthcare according the CMS & NHE
- Roughly \$10,000 per person
- Projected to rise to 20% of GDP by 2025 according to PGPF.org



Medicaid & CHIP Members

According to Medicaid.gov:

- 74.5 million enrollees as of May 2017
- 16.7 million more than before the Marketplace roll out

Ohio Medicaid & CHIP Members

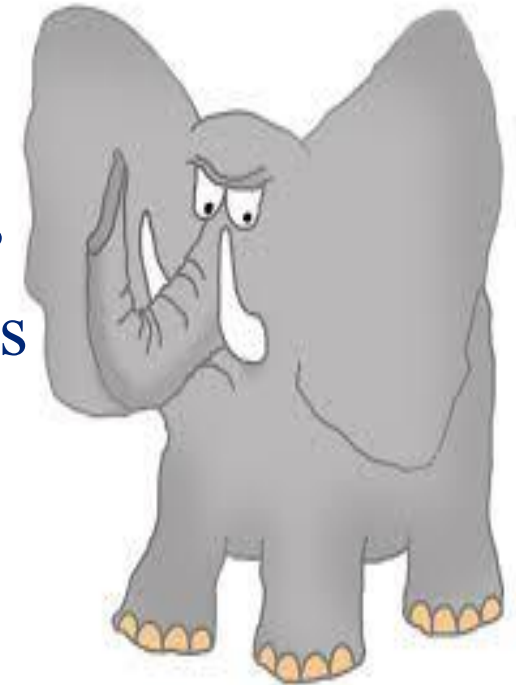
- State Population is 11.6 million
- 2.8 million on Medicaid/CHIP
- 29.6% increase since Marketplace offerings

Providers & Provider Networks

- Deductible amounts for ACA and traditional Health Plans are increasing.
- Can your cash flow handle that?

Providers & Provider Networks

- As Flexible Spending Accounts become more prevalent are you equipped for:
- The additional A/R challenges
- The additional fraud risks
- Claims Adjudication challenges
- Additional back office processes



Managed Care Entities - Medicaid



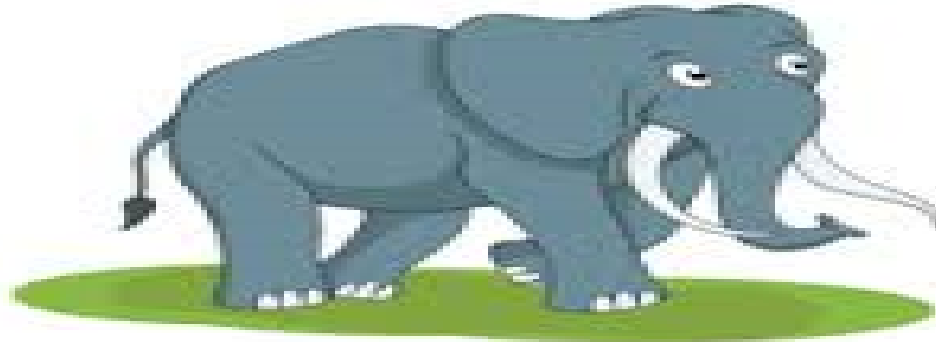
- Are you set up to invoice Medicaid customers?
- What is your plan for educating new members?
- Can your system track deductible balances?

Managed Care Entities - ACA

- Are we set up to handle the constantly changing premiums, subsidies, and adjustments?
- What would a repeal mean to our business?
- What do we have that other MCE's don't?



Small Business Owners



- The cost of healthcare plans was cited in a Forbes study as a critical issue by more than half of the respondents.
- Only 29% of businesses with less than 50 employees offer medical coverage.

Small Business Owners

- Will I lose employees if I don't offer coverage?
- How do I encourage healthy choices for my team?
- What can I do to keep the costs reasonable?



Are There Solutions?

Solution Proposal #1

Mandatory testing for congenital disorders in IVF's and pregnancies.

The pro: Medical care for these children is very expensive. These costs could be avoided.

The con: The costs are avoided by terminating the pregnancy.

Solution Proposal #2

Limit malpractice lawsuit awards to a \$300,000 maximum.

- **The Pro:** Dramatic reduction in malpractice insurance expenses will flow through to lower medical expenses.
- **The Con:** The trial attorneys probably aren't going to take this very well.

Solution Proposal #3

There are not enough doctors in the US partly because med school prices are so high. We should remedy this by making medical school free for qualifying students.

- **The Pro:** Without the burden of debt, more students will choose to become doctors.
- **Should blue collar workers really have to pay taxes to fund the education for someone who will end up making hundreds of thousands of dollars a year?**

Proposal #4

We should cut out healthcare insurers. The providers should become the insurers.

The Pro: This administrative layer adds approximately 30% to the cost of medical care.

The Con: How exactly would the Providers take over the insurance component of healthcare?



Specialized Considerations

IT Departments



- Integration on steroids
- Mapping on steroids
- Project Management on steroids
- Confidentiality on steroids
- More of the same!

Medical Identity Theft

- Personal Medical Information is one of the most valuable types of data for hackers to steal.
- 100 million healthcare records compromised.
- More distributed networks
- More new mobile applications
- More and better Ransomware attacks

Why are Health Records So Tasty?

- Identity Theft
- Birth Certificates
- Obtain Medical Insurance
- Fraudulent Tax Returns
- Drug Procurement

Audit & Compliance Issues

- Contract & Vendor Compliance
- Changes in member & provider risk
- Program compliance
- Monthly & Quarterly Reporting Compliance



Hospitals & Provider Networks

- HIPAA
- Patient Access
- Billing & Collection
- Drug Diversion
- 3rd Party Oversight
- Denial Management
- Coding
- Physician Contracting
- Physician Compensation

Healthcare Insurers

- HIPAA
- Invoicing
- 3rd Party Oversight
- Claims Adjudication
- Grievances & Appeals
- Program Integrity

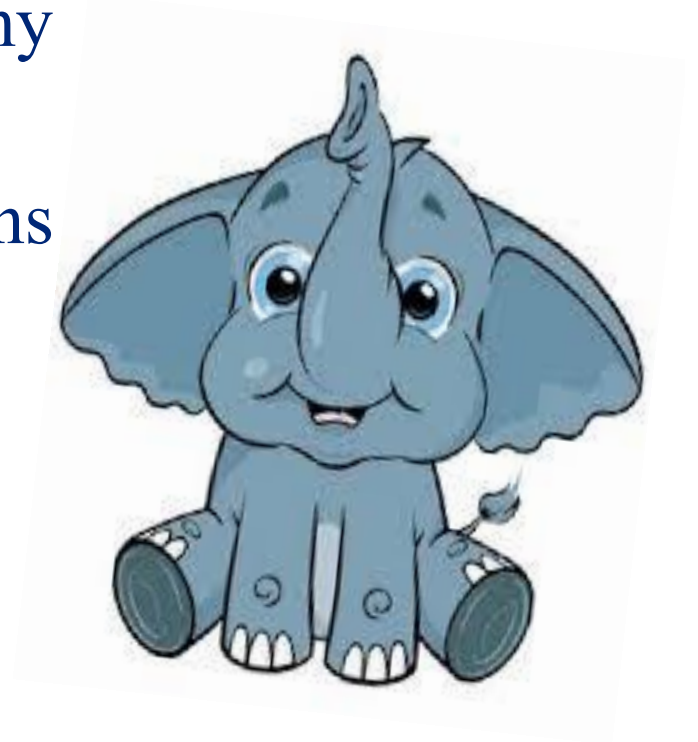
Additional Accounting Needs #1



- Increased pressure on A/R
- Additional Forecasting needs
- Acquisitions and Divestitures
- More nimble invoicing

Additional Accounting Needs #2

- Budgeting for healthcare spend
- Incenting staff for healthy lifestyles
- Self-insure considerations
- Additional payroll complexities





Conclusions

Conclusions – For Regular Folks

- Come up with a health care strategy (FSA's and deductibles)
- Take your preventive visits seriously
- Don't accept sound bytes as a healthcare strategy but keep an open mind when it comes to solutions



Conclusions – Medicaid & ACA

- Understand the Program you're in
- Be prompt with reporting status changes



- Learn a little about the Insurers and their services
- Don't be afraid to question changes to your eligibility
- Understand the grievance and appeal processes⁴³

Providers & Provider Networks

- Make sure your system is secure
- Have DR and IR processes in place and tested
- Make sure you're A/R strategy is up to date
- Don't forget lease standards

Managed Care Entities

- Make sure your system is secure (cybersecurity insurance is not a cure-all)
- Refine and enhance your PM processes
- Have a clearly established growth strategy
- Develop solid procurement and contracting processes
- Develop a versatile invoicing process



Questions?

If you wish to discuss any aspect of this presentation in more detail, please feel free to contact us:

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