health care reform: moving forward
today’s talk

- broad goals of reform
- new realities of reform
- politics of reform
- moving forward
On March 23, 2010, the Patient Protection and Affordable Care Act was signed into law.
broad goals of reform

- **increasing coverage**
  will expand coverage to almost 500,000 of the 760,000 uninsured South Carolinians

- **payment reform**
  will change the way hospitals and other providers receive payment
broad goals of reform

- *delivery system reform*
  includes delivery system reforms that hold great promise for improving care

- *insurance reform*
  includes provisions to protect consumers and increase access to health insurance
what reform means to south carolina

- 714,000 seniors on Medicare will no longer pay a co-pay for preventive services (2010)
- 30,173 Medicare beneficiaries already received a one-time, tax-free $250 rebate (2010)
- 18,100 young adults have access to insurance coverage through their parents’ health plans (2010)
- 57,900 small businesses are eligible for a tax credit (2010)
- 477,000 citizens will receive premium tax credits (2014)
- Almost 500,000 of the 760,000 uninsured will be covered (2014)
what reform means to south carolina

<table>
<thead>
<tr>
<th>Poor and Low-Income Uninsured, 2008-2009</th>
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<tbody>
<tr>
<td>Poor Uninsured (under 100% FPL)</td>
<td>286,400</td>
</tr>
<tr>
<td>Uninsured (100-138% FPL)</td>
<td>99,200</td>
</tr>
<tr>
<td>Uninsured (139-250% FPL)</td>
<td>170,400</td>
</tr>
<tr>
<td>Uninsured (251-399% FPL)</td>
<td>106,200</td>
</tr>
<tr>
<td>Uninsured (400% + FPL)</td>
<td>69,600</td>
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</tbody>
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Source: Statehealthfacts.org
Total non-elderly uninsured
The South Carolina Health Planning Committee was established by Executive Order 2011-09 to assist with the formulation of policy recommendations regarding whether it is feasible for South Carolina to establish a health insurance exchange and, if so, propose a plan for its successful implementation and sustainability. If the Planning Committee recommends South Carolina not establish a state-based insurance exchange, it is to recommend alternate strategies and polices to improve South Carolina's health insurance marketplace. The Committee has established four subcommittees to assist in its effort and to provide opportunities for interested parties to participate in the process. This Committee's report is due October 28, 2011.
health reform: congress

- bipartisan support:
  - Insurance reforms
  - Quality initiatives
  - Payment reforms

- party lines:
  - Individual mandate
  - Medicaid expansion

- what it means for hospitals?
  - Possibility that less people will be covered coupled with decreased payments
  - Detrimental to hospitals!
“There’s a lot of tricks up our sleeves in terms of how we can dent this, kick it, slow it down to make sure it never happens. And trust me, I’m going to make sure this health care bill never ever, ever is implemented.”

John Boehner
Washington Post
November 5, 2010
health reform: legal status

- The U.S. Supreme Court to review a case brought by Florida and 25 other states challenging the ACA (includes SC)
- Will review the individual mandate and its severability, as well as the Medicaid expansion
- The Court likely will hear arguments early Spring with a possible decision before 2012 Election.
- A conservative-leaning panel of federal appellate judges recently upheld the health care law as constitutional
health reform: administration

- continues to promulgate regulations
- continues to disburse funds
- explores alternatives to individual mandate
  - Limited open season--once a year
  - Higher premiums for delayed enrollment
  - Mandatory lockout--perhaps 3 to 5 years
  - Allow pre-existing condition exclusion for delayed enrollment
driving forces of change

- Force #1 Health Care Reform
- Force #2 Deficit Reduction
- Force #3 2012 Elections
health care reform

Hospitals must:

• achieve solid hospital-physician (clinical) alignment

• measure, report and deliver superior outcomes

• reduce costs

• form strategic alliances
Just in time to comply with an August 2nd deadline, Congressional leaders struck a deal to raise the debt ceiling and President Obama announced he would sign it.

The deal will have a financial impact on hospitals, though the specific impact has yet to be determined.
The Joint Select Committee on Deficit Reduction

The Committee’s charge is to propose $1.5 Trillion in deficit reductions over 10 years.

The Committee’s plan is due to Congress November 23rd.

Congress must accept or reject the Committee’s plan by December 23rd.

(Note: Jim Clyburn of SC is on the Committee.)
What happens if Congress rejects the Committee’s proposed reductions?

- If Congress rejects the Committee’s plan, spending will automatically be cut by $1.2 Trillion over 10 years.
- Defense spending will be hit hardest, followed by Medicare.
- Medicare providers and insurers will be cut 2% across the board.
- Medicaid will not be cut.
- No new revenues will be generated by this default option. (No new taxes.)
politics of reform: 2012 elections

- repeal healthcare reform bill
- economy
  - Federal and State Budget deficits
  - Unemployment
  - Middle East unrest
  - Increasing gas prices
- impact of the tea party movement and occupy wallstreet
- redistricting
How should SC hospitals prepare?

- We should get comfortable with uncertainty. Declining federal and state budgets, the possible repeal of the Affordable Care Act, and debates over entitlement reform will perpetuate this uncertainty for next few years.

- We should stay fully informed and be prepared to communicate with our members of Congress.

- We must reengineer the way care is delivered to increase quality and reduce cost.
Dealing with uncertainty

- Focus on our primary duty: delivering the best possible care to each patient, every time.

- We can’t control what happens in DC, but we can control what happens in our hospitals. That’s why SC hospitals have focused on reengineering the way we deliver care.

- We’ve made great strides in heart attack care, infection rates and surgical safety. And we’re going to do much more.
Our Reengineering Platform: The Triple Aim

Population Health

Experience of Care

Per Capita Cost

Healthy SC
Keys to a Healthy South Carolina

1. Health care must become highly reliable.

2. Patients must be more engaged.

3. We must deliver compassionate and patient-centered care at the end of life.

4. We must improve health status and reduce health disparities.

5. We must improve efficiency and reduce waste.

6. We must improve coordination of care.

7. Payment models must be reformed and aligned.
South Carolina will be recognized as a healthy state by achieving the most improvements in health and healthcare in the US by 2020
final thoughts

- Health reform will expand coverage to a lot of people
- Many details still to come through the regulatory process
- Challenges exist for full implementation of the law
- We must increase collaboration across the entire healthcare spectrum
- No matter what, we must continue to provide for the health care needs in our communities!