Healthcare – So What’s Happened in the Last Year?

Presented by:

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Dr. Bauer has published more than 150 articles, books, Web pages, and videos on health care delivery. He speaks frequently to national audiences about key trends in health care, medical science, technology, reimbursement, information systems, public policy, and creative problem-solving. Dr. Bauer is quoted often in the national press and writes regularly for professional journals that cover the business of health care.

Dr. Bauer will present “Healthcare -- So What’s Happened in the Last Year?” at 8:30 am during Tuesday’s general session.
“Health Care – So What’s Happened in the Last Year? (And What’s Likely to Happen in the Next?)”

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Futurist’s Dilemma: Same Old Storms or Global Climate Change?

• Meteorology as a good metaphor for health futurists
  
  Scientific support for global climate change has intensified

  Health care climate has changed dramatically

  Democratic control of Congress and the White House

  Economic crisis reducing demand for health care

• Approaches for looking at the future

  Predictions (statement of what will happen, when) were almost all wrong in 2008

  Health care was not a deciding political issue

  Winner’s health plan is not being implemented

  Forecasting (estimating probabilities of possibilities) is clearly the appropriate tool

  Unprecedented relationships are leading to unpredictable outcomes

  Evolution of health care is like a major storm

  Forecasting is the appropriate tool for health care because several outcomes are possible, simultaneously.

  Health care will continue to change more between 2006 and 2015 than it did between 1965 and 2005.
The Changing Climate of Health Care: Key Trends and Implications

• Medical science: New knowledge
  
  Personalized, predictive (molecular, genetic) medicine is advancing rapidly
  
  Safety and best practices have gained momentum as reform essentials
  
  Team management of chronic diseases is gaining support
  
  Medical home model (primary care)

• Technology: New tools
  
  Integrated networks are ubiquitous and expected
  
  Telemedicine applications have entered mainstream practice
  
  Productivity enhancement through informatics has become a foundation of reform

• U.S. population: New demands
  
  Immigration is reduced, but ethnic births contributed to highest rate ever
  
  Infectious disease has risen due to globalization
  
  Drought is becoming recognized as a significant epidemiological factor

• Delivery system: New relationships
  
  Virtual/strategic partnerships are rising
  
  Competition among providers and practitioners has increased noticeably
  
  Drug stores, work sites, home monitoring

• Payment for care: New market dynamics
  
  Federal government is trying to reduce its expenditures on health care
  
  State involvement in reform programs is increasing
  
  Consumer participation in payment continued to increase

• Factors intentionally not considered in forecast
  
  Government control (universal health care, single payer) is “off the stove”
  
  Chronic diseases, not baby boomers, are recognized as largest problem in cost
Reimbursement system, not liability crisis, is identified as a key condition for reform

• Wild cards

National and international economic deterioration exceeded all expectations

International competition in health care is slowed by political instability

Good news: no major cataclysmic event(s)

• Growing recognition that health care has reached tolerable limits

Efficiency gained credibility as a policy goal (in addition to cost containment)

Effectiveness got more attention (but not necessarily improved policies)

“Doing it right all the time, as inexpensively as possible” gained some traction

• Stimulus package incorporated health information technology (ARRA Title XIII: HITECH)

Rush to do something prevailed over reasoned deliberation

Fatigued staff using rough notes and hazy recollections

Major compromises made to meet symbolic deadline

Significant concessions made to Senator Specter (shifting $40b)

Law passed on party lines without time for reading or amendments

Hodge-podge of legislative mandates and delegated powers

Imposition of very tight deadlines

Many inconsistencies and ambiguities

Need for many technical corrections

Possibility for conditions of funding to change unexpectedly

HIMSS qualifiers (“Ideally,” “If things work out as hoped...”)

Brand-new Secretary of HHS (Gov. Sebelius, KS) with other pressing concerns

Mixed signals from new National Coordinator (Dr. David Blumenthal)

HITECH funding is reimbursement for meaningful use of certified systems
“Meaningful” to be defined and certification subject to change

Systems must be installed and operational to qualify for funds

HITECH does not provide seed money to get started

Grants and appropriations are the alternatives

Carrots are “iffy” and not very big

$11m maximum per hospital, spread over 4 years

Complicated formulas for determining HIT reimbursement

Net value of funding reduced by costs of compliance

Many strings to be attached

Sticks are likely to be big

1% update penalties for not using HIT start in 2015

$36b authorization

$2b for Secretary to implement law (and development government HIT?)

$17b Medicare and Medicaid reductions tied to HIT savings
What will happen next year?

- Update on prospects for reforms in health care

  State child health insurance programs (SCHIP) passed and being implemented
  Large Medicaid subsidies included in ARRA
  Subsidies for private plans are being reduced
  Comparative effectiveness research funded in ARRA, to be defined
  Universal access via government plan may be the major battle
  Medicare and Medicaid “savings” (reductions) are very likely

- Dynamics of 2009 battle for reform

  Intense competition from other national needs (education, energy and environment, defense)
  Senate focused on cost containment and quality
  House focused on expanded access and coverage
  Complications created by divisions within Democratic Party
  General agreement on budget neutrality (“pay go”)
  Considerable implementation authority to states
  Lack of real consensus or unifying leadership on health reform
  Pre-positioning for 2010 and 2012 elections

- Forecast for “reform” (change in public spending, adjusted for inflation)

  Increased spending    10%
  No change            30%
  Reduced spending    60%

- Health care will continue to develop unevenly over next few years

  Reform will evolve contentiously and unpredictably
  Any reform “solutions” will cause new problems
  More providers will face problems that threaten long-run survival
Consumerism will focus more attention on affordability

Reimbursement’s deficiencies will get increasing attention

Payer-provider collaboration is a necessary catalyst for meaningful progress

Eliminating waste is an essential path to survival and growth

Digital transformation of health care creates the light at the end of the tunnel
  
  All stakeholders have reached the limits of the paper trail

  Progress in costs and quality requires electronic records

  HIT is not a matter of life and death; it’s more important than that.

Be prepared for some surprises!