Healthcare Climate Under a New Administration

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Agenda

• Context/background
• Health care reform
• Public’s view on health care reform
• Telemedicine snapshot
• The view from the Fed
• Challenges
• Opportunities
US Health Care: A Grim Picture
Delivery System and Payment Transformation

Current State:
- Provider-centered
- Volume Driven
- Fragmented

Future State:
- Patient-centered
- Value Driven
- Coordinated

As healthcare shifts from volume to value, the benefit of providing care via telemedicine improves.

Source: University Hospitals
Patient Needs Not Met

Demographics and Health of the US Population Driving Need for Care

- **20%** U.S. adults living with two or more chronic health conditions
- **77%** U.S. adults ages 65+ with at least two chronic conditions
- **85%** Expected U.S. population growth among individuals 65+ between 2000 and 2030
- **30%** Average increase in cost per case for individuals with two chronic conditions

Health Care Service Industry Has Significant Gaps

- **20%** Percent of patients living in areas with insufficient primary care doctors
- **19.5** Average wait time in days for appointment to family practice nationwide
- **55%** Percent of patients receiving recommended preventive care

Source: Advisory Board
A Grim Picture

Almost 20% of Medicare patient readmitted within 30 days

• $25 billion cost

About 7,000 deaths/500,000 preventable injuries from medication errors

3 of every 10 tests are reordered because the results cannot be found
Health Care Spending

In a Given Year, Health Spending Is Very Highly Concentrated Among the Highest Spenders

Top 1% of spenders account for more than one-fifth of all spending.

Top 5% of spenders account for almost half of all spending.

Top 10% of spenders account for 65% of all spending.

Bottom 50% of spenders account for only 3% of all spending.

Percent of Civilian Non-Institutionalized Population Ordered by Health Care Spending, 2013

NIHCM Foundation analysis of data from the 2013 Medical Expenditure Panel Survey.
Health Care Spending

Inpatient Care Drives High Spending, but Highest Spenders Spend More on All Types of Care

NIHCM Foundation analysis of data from the 2013 Medical Expenditure Panel Survey. Other miscellaneous spending includes dental care, glasses and contact lens, and other (non-diabetic) equipment and supplies.
Many Chronic Conditions Consistently Predict High Spending over Several Years

Average Change in Predicted Probability of Being in Top 10% of Spending in Later Years if Had Condition in Baseline Year

Health Care Reform: An Overview
Obamacare – A Snapshot

- Average midlevel plan cost about 22 percent more in 2017 than it did in 2016
  - Approximates CBO estimates in 2009
- 1 in 6 got a marketplace plan for $100 or less in 2015
- About 87% who got a marketplace plan got financial assistance
- Better overall health of ACA depending where in the country
- Choice disappearing

Sources: NY Times; Kaiser Family Foundation
# Obamacare – The Uninsured

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<tbody>
<tr>
<td><strong>Uninsured now</strong></td>
<td>15% 24 million</td>
<td>17% 30 million</td>
<td>18% 32 million</td>
<td>20% 37 million</td>
<td>19% 36 million</td>
<td>16% 29 million</td>
<td>12% 23 million</td>
</tr>
<tr>
<td><strong>Insured now, had a gap</strong></td>
<td>9% 15 million</td>
<td>9% 16 million</td>
<td>9% 16 million</td>
<td>8% 15 million</td>
<td>10% 19 million</td>
<td>13% 23 million</td>
<td>10% 18 million</td>
</tr>
<tr>
<td><strong>Continuously insured</strong></td>
<td>76% 123 million</td>
<td>74% 127 million</td>
<td>72% 125 million</td>
<td>72% 132 million</td>
<td>70% 129 million</td>
<td>72% 131 million</td>
<td>78% 147 million</td>
</tr>
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</table>
Little impact on employer-sponsored insurance

- Average annual premiums $6,435 (single coverage); $18,142 (family coverage)
- Family premium in 2016 3% percent higher
- Workers contributed 18% of premium (single); 30% (family)
- 62% of workers covered by employers’ plans

Source: Journal of Health Affairs
**ACA v. ACHA**

**ACA**
- Require individuals to have health insurance
- Provide cost sharing subsidies
- Create state-based health insurance exchanges
- Provide refundable premium tax credits, based on income and cost of coverage
- Require ten essential health benefits
- Require plans to provide no-cost preventive benefits and limit annual cost-sharing
- Expand Medicaid

**AHCA**
- Repeal ACA mandates
- Eliminate subsidies (2020)
- Modify tax credits
- Retain private market insurance rules
- Establish State Patient and State Stability Fund
- Encourage use of HSAs
- Add state option to require work as a condition of eligibility for nondisabled, nonelderly, nonpregnant Medicaid adults
Repairing Obamacare

Insure the insurers

Raise income thresholds for subsidy phase-out

Require Medicare Advantage plan to also offer plan in the marketplace

Raise level of subsidies

Exchanges bargain with plans – not just act as a passive clearinghouses

Reduce prescription drug costs
  • Importation of less expensive drugs
  • Medicare negotiate lower prices with pharma

Build in more flexibility

• Importation of less expensive drugs
• Medicare negotiate lower prices with pharma
Health Care Reform: The Public’s View
## Public Views Majority of ACA Provisions Favorably

Percent who say they have a FAVORABLE opinion of each of the following provisions of the law:

<table>
<thead>
<tr>
<th>Provision</th>
<th>Democrats</th>
<th>Independents</th>
<th>Republicans</th>
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<tbody>
<tr>
<td>Allows young adults to stay on their parents’ insurance plans until age 26</td>
<td>82%</td>
<td>85%</td>
<td>90%</td>
</tr>
<tr>
<td>Creates health insurance exchanges where small businesses and people can shop for insurance</td>
<td>72%</td>
<td>80%</td>
<td>90%</td>
</tr>
<tr>
<td>Provides financial help to low- and moderate-income Americans help them purchase coverage</td>
<td>67%</td>
<td>81%</td>
<td>91%</td>
</tr>
<tr>
<td>Gives states the option of expanding their existing Medicaid program</td>
<td>67%</td>
<td>79%</td>
<td>90%</td>
</tr>
<tr>
<td>Prohibits insurance companies from denying coverage because of a person’s medical history</td>
<td>63%</td>
<td>65%</td>
<td>75%</td>
</tr>
<tr>
<td>Requires nearly all employers to pay a fine if they don’t offer health insurance</td>
<td>45%</td>
<td>60%</td>
<td>83%</td>
</tr>
<tr>
<td>Requires nearly all Americans to have health insurance or else pay a fine</td>
<td>21%</td>
<td>30%</td>
<td>57%</td>
</tr>
</tbody>
</table>

NOTE: Question wording abbreviated. See topline for full question wording. Items asked of half samples.
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted December 13-19, 2016)
Public Divided on ACA Repeal and Replacement

Percent who say they would like to see lawmakers do each of the following with the 2010 health care law:

- Should not vote to repeal 51%
- Wait to vote to repeal the law until the details of replacement plan have been announced 24%
- Vote to repeal the law immediately and work out the details of a replacement plan later 19%
- Don’t know/Refused 6%
- 45% NET who say lawmakers should vote to repeal

SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted March 6-12, 2017)
The Safety Net

Majority Supports Guaranteeing Some Coverage for Seniors and Lower-Income Individuals

Here are two approaches to the future of health care in the U.S. Which of these approaches do you prefer?

- Limiting federal health spending, decreasing the federal government’s role, and giving state governments and individuals more control over health insurance, even if this means some seniors and lower-income Americans would get less financial help than they do today.
- Guaranteeing a certain level of health coverage and financial help for seniors and lower-income Americans, even if this means more federal health spending and a larger role for the federal government.

<table>
<thead>
<tr>
<th>Party ID</th>
<th>Total</th>
<th>Republicans</th>
<th>Independents</th>
<th>Democrats</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>31%</td>
<td>55%</td>
<td>32%</td>
<td>12%</td>
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<tr>
<td></td>
<td>64%</td>
<td>37%</td>
<td>64%</td>
<td>86%</td>
</tr>
</tbody>
</table>

NOTE: Question wording abbreviated. See topline for full question wording. Don’t know/Refused responses not shown.

SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted February 13-19, 2017)
Telemedicine Snapshot
# Telehealth and Health Care Landscape

The U.S. health care landscape is transitioning from fee-for-service to pay-for-performance (e.g., outcomes, quality)

- **Aging population**: 65 and over almost 20% of population by 2030
- **Growing consumer demand for in-home care modalities**
- **Physician shortage**: up to 95,000 over next decade (AAMC)
- **Availability, accessibility, and ubiquity of telehealth technologies**
Telehealth Statistics

- 45% of hospital market have installed telemedicine technology
- HIMSS Analytics expects between 51 to 53% (between 2,900 to 3,000 U.S. hospitals) to have installed telemedicine technology by 2020
- Record 1.2 million direct-to-consumer telehealth visits (ATA)
Telehealth Statistics
(Physician Trends 2016 Report)

35% of employers with onsite clinics offer telehealth
  • 12% more plan to offer within 2 years

About 65% will video visit with doctor

Almost 60% of doctors willing to do video visits

90% of healthcare executives report their organizations developing/implementing telehealth programs

Almost 75% of all physician, urgent care, emergency visits either unnecessary or can be handled via phone/video
## Patient Trends

<table>
<thead>
<tr>
<th><strong>Anthem</strong></th>
<th><strong>Cisco</strong></th>
<th><strong>Telehealth &amp; eHealth Journal Study</strong></th>
</tr>
</thead>
</table>
| • 74% of US consumers indicated that they would use telehealth services (and the number is expected to grow) | • 76% of patients choosing access to care over human interaction with their care provider  
• 70% are comfortable communicating with doctors via text, email, video instead of seeing them in person | • 75% of respondents said they would not use telehealth unless it was covered by their insurance |
The Current Climate
Telehealth Growing on the Fed

Strong signals that fed gov’t is getting on board the telehealth train

Not always reflected in law or policy

Skeptics remain

HHS has sent mixed signals over the years
Trump Administration

Deregulation  Innovation  Disruption
Agencies

- HHS
  - CMS
  - FDA
  - HRSA
  - DEA
- VA
- FCC
- FTC
- Dep’t of Agriculture
Early Signs in Trump Administration

HHS Sec’y is a telehealth champion

New CMS Administrator indicated in confirmation hearings that she wants to promote the use of telehealth

Acting Chair of FTC is longstanding champion of telehealth, innovative technology

- Report responds to Congressional request (as part of an appropriations bill signed into law)
- Provides update on HHS current telehealth efforts
- “Telehealth holds promise as a means of increasing access to care and improving health outcomes”
Importance of telehealth

- Highlights some analysts’ report of potential to reduce costs
- Access to certain medical specialties, such as oncologists limited in rural areas
- 59 million Americans reside in HPSAs
- “[T]elehealth appears to hold particular promise for chronic disease management”
- Expand ability of MA organizations to provide telehealth by eliminating otherwise applicable Part B requirements that certain services be provided only in-person
The number of telehealth grants administered by HRSA and SAMHSA
The establishment of the Federal Telemedicine Working Group (comprised of 26 agencies and departments such as USDA and the FCC) to facilitate telehealth education and information sharing
ONC developing an inventory of federal telehealth activities
AHRQ providing an evidence map of the available research regarding telehealth
The continued great telehealth work being done within the VA and reasons why that model may not be scalable
Meeting

• Medicare Advantage
• Mental health/substance abuse
  – Ryan Haight
• CMMI
• Public/private partnerships
  – VA
  – DOD
• Waivers
Many telehealth related bills introduced in the last Congress

Some reintroduced in the new Congress along with new bills

In February, group of senators submitted letter to HHS encouraging the use of telehealth and remote monitoring for rural Americans
Challenges
Awareness & Education
Consumer Awareness

Almost 40% have not heard of telemedicine

42% who have not used telemedicine and prefer an in-person physician visit instead

28% don’t know when it is appropriate to use telemedicine

14% don’t trust a telemedicine provider to diagnose and/or treat

14% are not sure if telemedicine services are covered by health insurance

Source: HealthMine
## Consumer Awareness

### When Consumers Would Use Telemedicine

<table>
<thead>
<tr>
<th>Medical service</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Follow-up care for acute illness</td>
<td>44</td>
</tr>
<tr>
<td>Symptom tracking/diagnosis</td>
<td>44</td>
</tr>
<tr>
<td>Medication management/prescription renewal</td>
<td>44</td>
</tr>
<tr>
<td>Follow-up care for a chronic condition</td>
<td>34</td>
</tr>
<tr>
<td>Remote monitoring of vital signs</td>
<td>31</td>
</tr>
<tr>
<td>Behavioral/mental health</td>
<td>24</td>
</tr>
<tr>
<td>Nothing</td>
<td>11</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: HealthMine
Other Challenges

Lack of longstanding data, evidence
- Cost
- Quality
- Clinical efficacy

Transition from episodic care to primary care, chronic care management

Lack of interoperability between telehealth and medical record systems (data sharing difficult)
Other Challenges

- Variability in state laws
- Cybersecurity
- Ryan Haight Act
- Credentialing and privileging
- Broadband access
- Reimbursement
Medicare Part B Reimbursement
Medicare Overview

- Last meaningful expansion in 2001
- Mostly for rural beneficiaries
- Limited number of services covered
- Live interactive audio/video (no coverage for asynchronous, store-and-forward communication in most cases)
- Only $17.6 million paid out for telehealth services (2015)

- Over $600 billion paid out for all Medicare programs/services
Medicare Fee-for-Service Telehealth Benefit Difficult to Expand

- Bias towards keeping telehealth benefit only available for rural beneficiaries in areas with shortage of health care professionals
- Need for telehealth in urban contexts not fully understood
- Fear of increased costs to Medicare program with expansion of telehealth benefit
- Privacy and security concerns
- Many studies have been inconclusive regarding efficiency, cost savings, preventable hospitalizations from the use of telehealth services
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<tr>
<th></th>
<th>VHA</th>
<th>Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>$60 billion</td>
<td>$646 billion</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>7 million</td>
<td>56 million</td>
</tr>
<tr>
<td>Dollars spent on telehealth services</td>
<td>$1.1 billion</td>
<td>$0.02 billion</td>
</tr>
<tr>
<td>Telehealth-related claims</td>
<td>2,000,000</td>
<td>270,000</td>
</tr>
<tr>
<td>Covers telehealth services in-home</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Requires clinicians to be licensed in state</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: Alliance for Connected Care
www.connectwithcare.org
Opportunities
Future Opportunities

• Develop more data, evidence of cost, quality advantages
• Educate policymakers, consumers, payers (thought leadership)
• Accreditation
• Telemental health/substance abuse treatment
• Coherent advocacy
QUESTIONS

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