

Stop Waiting for Reform: What Health Care Providers Should Do Now

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President Obama has now unveiled more detail on his health reform legislative proposal and strategy. The President will be pushing for legislation that will emphasize affordability and insurance company accountability, as well as significant coverage expansion. Although we expect that the legislation will closely track the health reform bill passed by the Senate, the President added several Republican suggestions raised at the recent Blair House summit in an effort to demonstrate bipartisanship. To date, the President's specific proposals have said very little about health delivery system reform (other than the need for more money for community health centers), although it's reasonable to expect that elements of the already-passed bills addressing the health delivery system will be included.

An enormous amount of thought and effort is embedded in the health reform bills passed by the House (H.R. 3962) and Senate (H.R. 3590). Many politically benign aspects of the bills will find their way into law – if not through a comprehensive bill, then through less comprehensive, piecemeal legislation to be introduced in the ensuing months, or through demonstration projects. Some provisions from the bills have already been attached to other legislation. We can also expect that, to the extent HHS has administrative leeway, proposals may be implemented through that channel, as well.

While the future details of health care reform remain up in the air, health care providers must function and move forward here on the ground. Regardless whether congressional action occurs in the near future, and regardless what form it takes, health care providers can take some cues from elements of the health reform proposals put forth over the past year. A number of themes already are being instituted by forward thinking providers. Health reform legislation, if enacted, will likely include some or all of these themes. Even if health reform legislation remains elusive in the near future, these themes can guide providers in the meantime.

Guiding themes include the following:

Enhancing Quality Initiatives

A decade since the Institute of Medicine report on medical errors, “To Err is Human,” the popular perception is that not much has changed. The Senate and House health reform proposals place “quality” front and center. Some measures included in the bills are: refusing to pay for Medicare or Medicaid hospital services involving hospital-acquired infections; accelerating the development and adoption of quality metrics; and providing higher Medicare and Medicaid payment for higher-quality services (“value-based purchasing”). These inexorable trends are already in motion. Witness the legislative provisions already enacted for Medicare non-payment for “never events” and for increased reimbursement for physicians meeting and reporting quality measures.

Enhancing Institution-Physician-Insurer Integration

Many in the health care sector recall a number of initiatives from the 1990s and earlier intended to provide financial incentives for efficient, coordinated, high-quality care: physician-hospital organizations and independent practice associations; integrated delivery systems (hospitals acquiring physician practices); and provider-sponsored HMOs and health plans. These initiatives have evolved and are present today in clinically-integrated organizations of physicians and hospitals and renewed interest in physician employment by health systems. Both the House and Senate bills contain provisions for incentive Medicare payment to “accountable care organizations,” which are provider organizations “accountable” for the total costs of care rendered to Medicare beneficiaries and eligible for cost control and quality incentives. They also propose a center for study of payment and service delivery structures that would reduce costs and improve quality. Tighter and more widespread integration will occur. Even if passed as written, however, the health reform bills do not contain antitrust protection for such arrangements so those constraints will still apply.

Enhancing Effective Use and Dissemination of IT/EHR

The HITECH Act, passed a year ago, accelerated the central role of information technology and electronic health records in improving the quality and efficiency of health care. That process continues with the issuance of meaningful use standards at the end of last year. The health reform bills do not focus on IT or EHR, but the bills' cost and quality proposals would not be effective without improved IT/EHR. Despite recent questioning of EHR effectiveness, hospitals, physicians, and other health care providers will continue down the digital path and still have financial incentives to do so.

Enhancing Efficiency and Cost Effectiveness

Physicians, hospitals, other providers, and state Medicaid programs have struggled on a one-off basis to develop systems, such as "medical homes," to provide care, including preventive care and chronic disease management, in the most appropriate and cost-effective setting rather than the emergency room. The health reform bills include a number of payment programs and demonstration projects, such as health improvement zones, to encourage these models. Whether or not some of the bills' provisions in this area are separately enacted, we can expect that HHS, state Medicaid programs, and providers will continue to implement these models. If there is no legislative "fix" reducing the number of uninsured, the incentives for these programs will only increase.

Fraud and Abuse Detection and Prevention

Health care fraud and abuse are viewed as a major source of high health care costs. The health reform bills include a number of provisions to tighten provider oversight and improve compliance. The importance of reducing waste and fraud and abuse is a major area of agreement between the Republican and Democratic parties. President Obama's February 22 proposals include more of these provisions, many from Republican proposals. Regardless of the health reform outcome, we can expect increased fraud detection and prevention efforts on both the legislative and administrative fronts.

Health Care Professionals; Rural and Underserved Areas

As providers and residents in many areas of the country well know, access to care in rural areas and some medically underserved urban areas can be difficult. The health reform bills include a number of initiatives to increase training of primary care physicians and physician assistants/nurse practitioners, increase teachers in nursing schools, provide incentives for practitioners to locate in underserved areas, and rethink what an underserved area is. Providers in underserved areas or adjoining areas will continue to do what they can locally – for example, by employing physicians to retain them in the community – and will increasingly seek linkages with larger facilities. On the physician training side, about twenty new medical schools are underway or have been proposed and their academic medical center infrastructure will need to be developed.

Long-Term and Community-based Care

The health reform bills include provisions and demonstration projects to improve long-term institutional care, to tie acute providers' reimbursement to an entire episode of acute and long-term care, and to encourage services that allow aged or infirm individuals to live in the community. These issues will only become more significant as the baby boomers age.

Transparency

Both the House and Senate reform bills include provisions similar to the still-pending Physician Payments Sunshine Act, which would require public disclosure of drug and device companies' payments to physicians. One difference in the reform bills' provisions is that payments to hospitals or academic medical centers would also have to be reported. Other provisions would require greater ownership disclosure for long-term care facilities. The transparency trend will only increase.

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In summary, providers that accelerate their efforts in the directions described above will improve their ability to provide needed care, regardless of the ultimate outcome of health reform legislation. If health reform legislation in the form envisioned by President Obama is enacted, they will be ahead of the game.

- **Edward S. Kornreich**