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Evolution of GI and Hepatology Practice

Slim Chances for Improvement in the Senate

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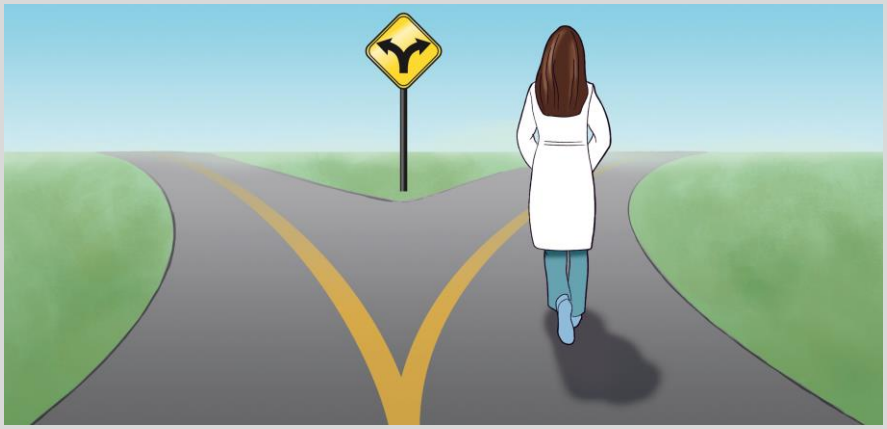
Major Take Home Points



- The Fundamental Question that Divides Us
- Historical Context
- Your Options for a Successful Practice
- Imperatives for the Near Term

July 30, 1965 Fundamentally Changed Health Care

Title XVIII of the Social Security Act

Took Health Care from “Personal Law” to “Public Law” and made Congress and the US Supreme Court the final arbiters of Health Policy

Although the public record contains some explicit denials, we expected Medicare to be a first step towards universal national health insurance…

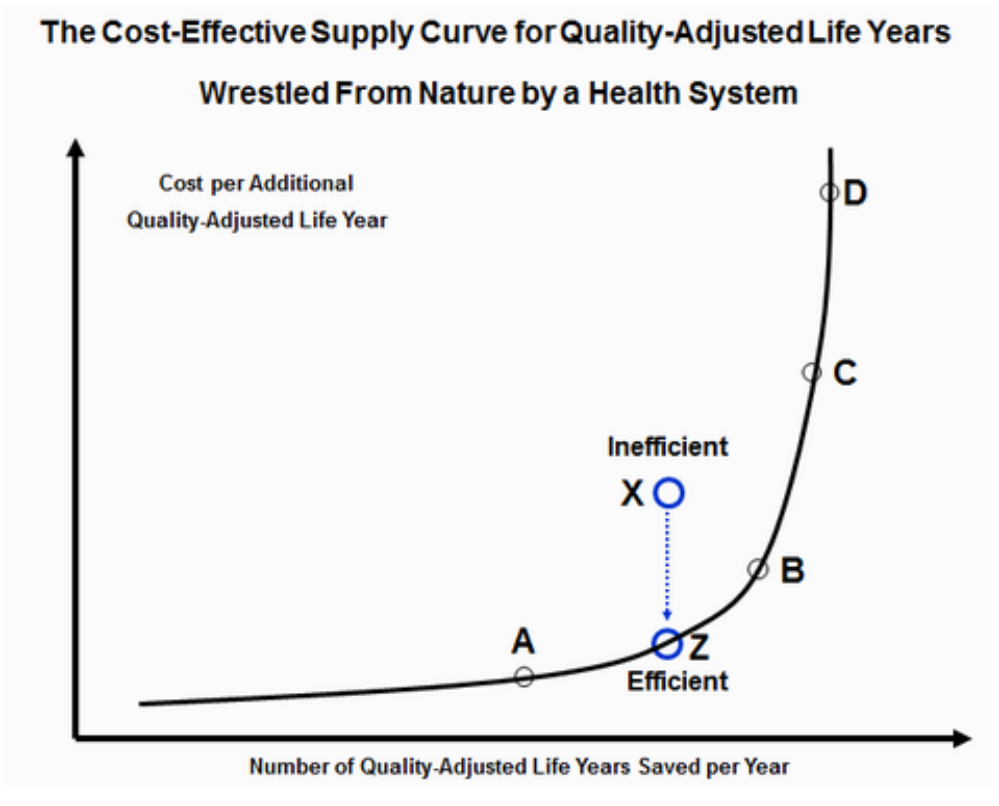
Robert Ball – Social Security Commissioner

Health Care Financing Review 2000

Politicians and Healthcare

- Politicians campaign as if human life was priceless
- As a legislative body, Congress routinely puts finite prices on human lives at the margins of their budget allocations
  - Medicaid
  - High Risk Pools
- We have routinely ignored 2 moral questions

Uwe Reinhardt



1. **Is there a maximum price above which society no longer wishes to purchase QALYs from its health system?**

2. **Should the maximum price be the same for everyone?**

Is Health Care a "Right"? Progressive View

"[H]ealth is not a consumer good, but rather a universal right, and therefore access to health care services cannot be a privilege."

Pope Francis 2016

The Preamble to the United States Constitution and Article One, Section 8 of the U.S. Constitution both describe an originating purpose of our United States: to promote the general welfare. Health care is a legitimate function of our government. Health care is a basic right in a Democratic society. It is no more a privilege based on ability to pay than is the right to vote, which was once accorded only to property owners."

Dennis Kucinich

Is Health Care a “Right”? Conservative View

- ““Morally, you have no right to demand medical care of me. I may recognize your necessity and offer charity; my friends and I may choose to band together and fund your medical care. But your necessity does not change the basic math: Medical care is a service and a good provided by a third party”

  Benjamin Shapiro JD

- Healthcare is not a right. Rights are inherently intangible, healthcare is a commodity. When the government starts declaring commodities to be a 'human right' they assume redistribution powers that are not afforded to them by constitution.”

  Matt Canovi

History as a Prelude

Federalism versus States Rights

- Jefferson and Hamilton (The Federalist Papers)

- Areas Where Washington Overruled States and Created “Rights”

• Income Security	1935	Social Security Act
• Education	1954	Brown v Topeka Board of Ed
• Civil Rights	1965	Great Society
• Environment	1970	Executive Order created EPA
• Health Care	2010	ACA

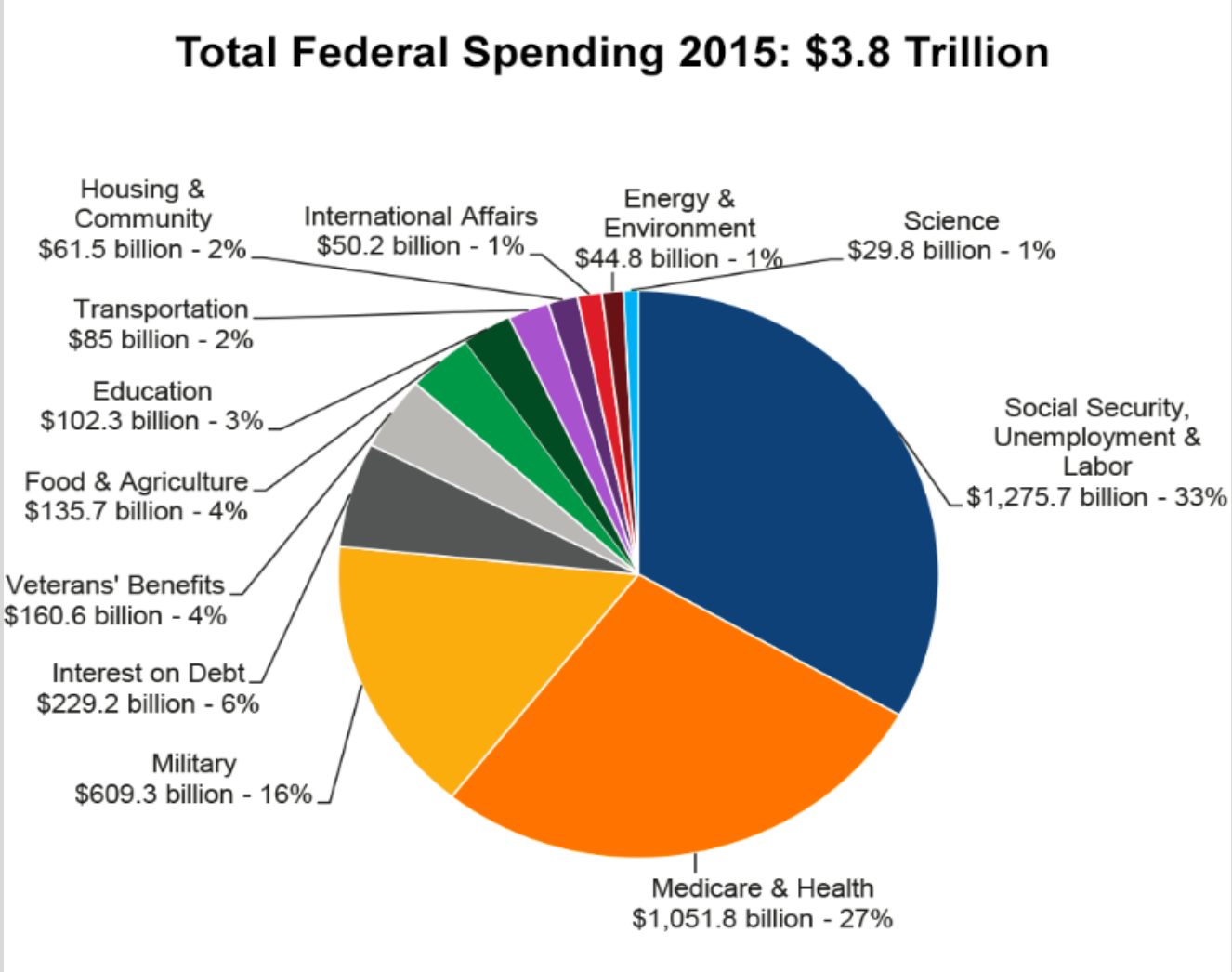
Philosophies Impacting Health Care

Issue	Far Right	Middle Right	Middle Left	Far Left
Health Care	Commodity	Commodity but Need Universal Access	Basic Right Funded thru Government	Equal for All
Federal Government	Out	Safety Net (State-based)	Public-Private	All In
Delivery	Market	Market + State	Market + Gov	Single Payer
Pre-Existing	No	Enough	Full Coverage	Full Coverage
Premium Support	None	Age Linked	Income + Price	Full (Tax Revenue)
EBS	Not Regulated	Light Regulation	ACA 10 EBS	ACA +
Medicaid	Eliminate	Deserving Poor, Means test, Work Linked	Entitlement Socialized	Entitlement Socialized
Medicare, VA	Voucher	Means Tested, Age Increase	Current	Medicare for All
Value Based	Yes	Yes	Yes	Yes

Harsh Realities of Health Care

- $3 Trillion currently
  - $9534/person
  - 17% GDP
- $5 Trillion in 2025
  - 21% GDP

By the end of Donald Trump's first term, 93 cents out of every dollar the US collects in taxes will committed to entitlements or debt repayment



Events Leading up to March 2010 (ACA)

- From 1999 – 2009 US Health Care Spending doubled
- 2009: US economy tanks and millions lost their jobs
  - Health Care costs rose 4%
- Health Care Costs and Available Income
  - Family share of health insurance premium
  - Out of pocket costs (co-pay, deductible, meds)
  - Employer share of premiums (lost wages)
  - Family's Federal and State Taxes devoted to HC

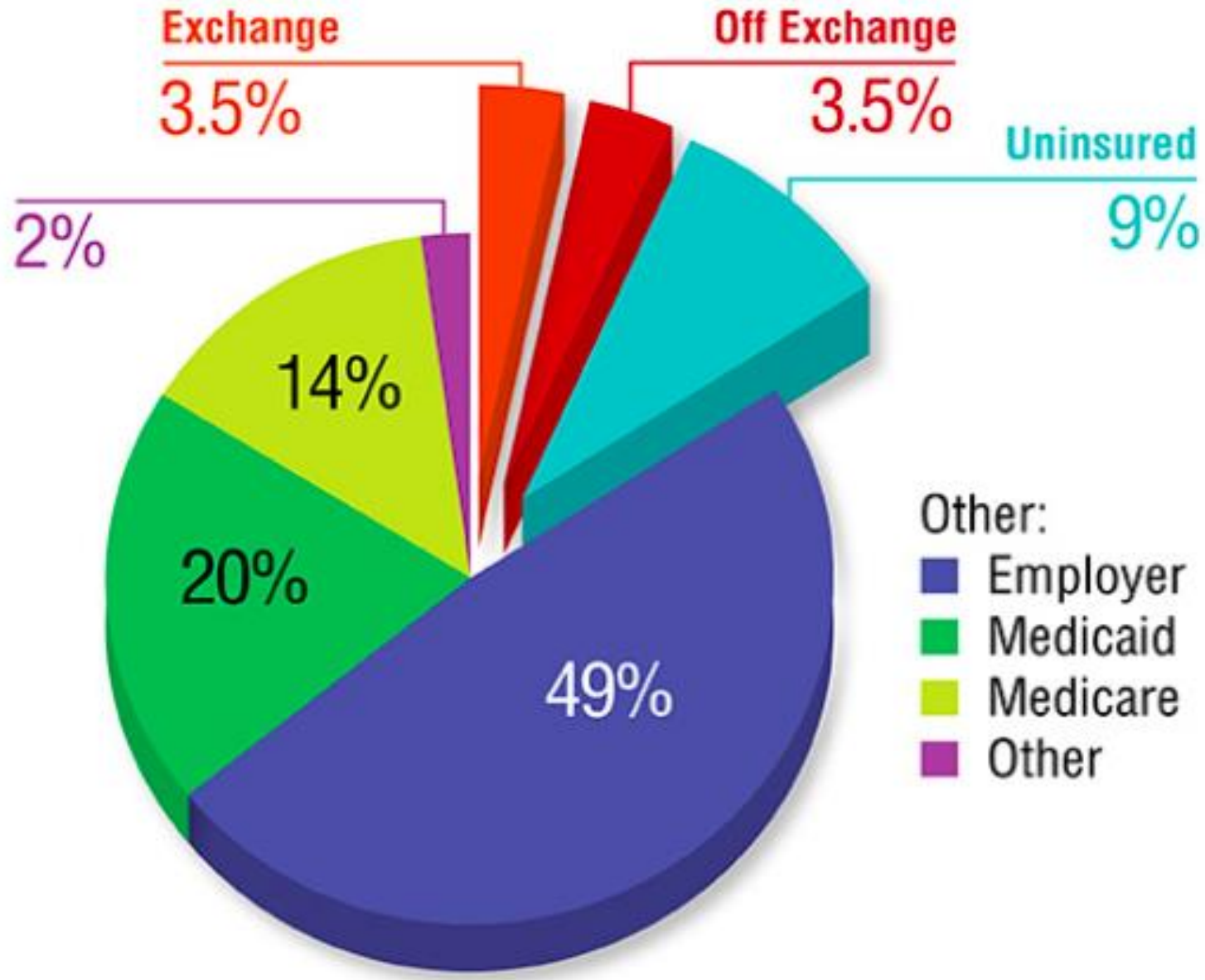
Combined, costs rose from $805 (1999) to $1420 (2009)

ACA 2010

- **"Marketplaces" created through commercial payers**
- **Charity-Care funds eliminated – balanced by expanded coverage**
- **Multiple New Taxes (Wealthy, Pharma, Medical Devices, Cadillac)**
- **Reinsurance (Risk Corridors) to reduce payer exposure**
- **Premium Support Linked to Income and Premium Cost to reduce individual exposure**

Mandates	**Regulation**	**Wealth Redistribution**
Most Americans must buy coverage or pay penalty	Required Benefit set Pre-Existing Conditions Lifetime Caps	Premium Support Thru refundable Tax Credits

Who is Insured and Uninsured?



Sources: Kaiser Family Foundation estimates based on the Census Bureau's March 2014, March 2015, and March 2016 Current Population Survey (CPS: Annual Social and Economic Supplements).

Medicaid

- Traditionally for the “Deserving Poor”
- ACA socialized Medicaid – income based
- Entitlement
  - Safety Net that Expanded with crisis (Katrina) or job loss (2009)
  - Flexibility linked to Federal subsidies (State Budgets must Balance)
- $1000 per person reduction in medical debt in 16 Republican States that expanded
- Reduced hospital uncompensated care = $10 billion

Medicaid

- Before ACA: Federal Government picked up 50%
  - Varied by State per capita income
- After ACA: 3-years at 100% then 90%
- Some Red States have had largest expansion
  - Prior barriers to enrollment but now Medicaid patients are valued for their contribution to State budgets
  - Difficult to withdraw coverage
- How to equilibrate subsidizes going forward?
- Republican Plan – fixed without indexing
  - Per capita
  - Block Grant

Sommers BD et al. NEJM Feb 9, 2017

Was the ACA a Success?

- Yes
  - 30 million people newly insured
  - Delivery enhancement (Telehealth)
  - Consumer Awareness of Cost
  - Pre-existing, 26 year olds, Prevention

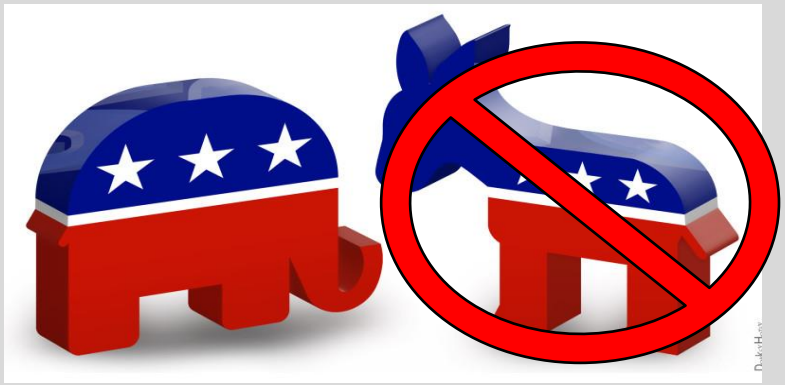
- No
  - Expansion of Federal Government's Role in People's Lives
  - Expensive (Wealth Redistribution)
    - No Premium Relief (some trend mitigation)
    - $275 billion new admin costs (2014-2022)
  - Marketplaces struggle when older people transferred from existing plans (8000 retired Detroit city workers)
  - Traditional Payers and New Coops lose $$ (Managed Medicaid Plans succeeded)
  - Provider Consolidation without Savings

Current Events

November 8, 2016

Moderate Wing

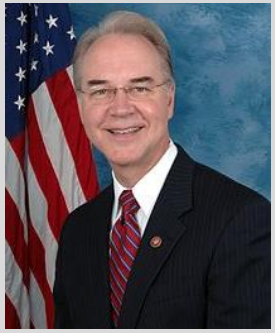
Conservative Wing



GOP has Controlled 3 Branches Only Twice Since 1945

• White House	President Donald Trump
• Senate	52
• House	241-194
• Supreme Court	Up to 4 Nominees
• States	25 Republican Trifectas
• Federal Regulations	2-3000/year (Federal Registry)
• Executive Orders	261 by President Obama

U Michigan SOM '79

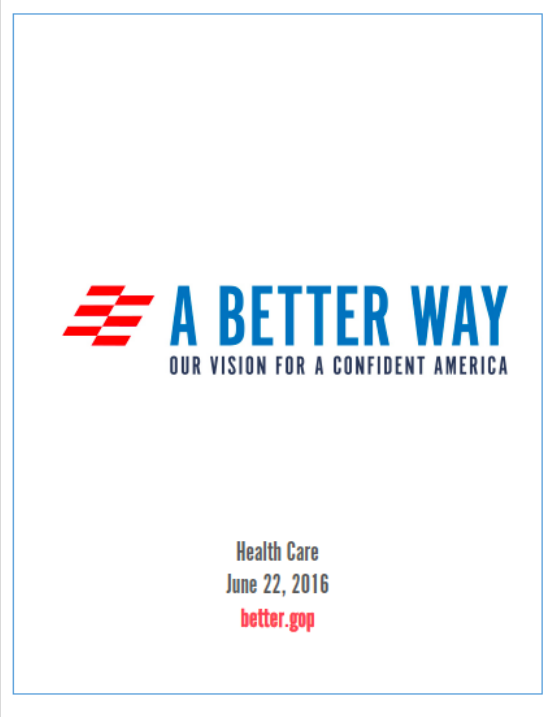


Tom Price (R) GA 6th District

- Orthopedic Surgeon – Private Practice 20 years and Emory
- Born - Lansing MI
- Deficit Hawk
- Adamantly opposed ACA
- Empowering Patients First Act
- Basis of Paul Ryan's Plan

Seema Verma

“The federal role should be minimal and set a few broadly shared goals, while state governments determine how best to implement those goals in their own markets.”



Friday January 20, 2017

First Executive Order – Defund Obamacare
"A political scream, but a policy whisper"

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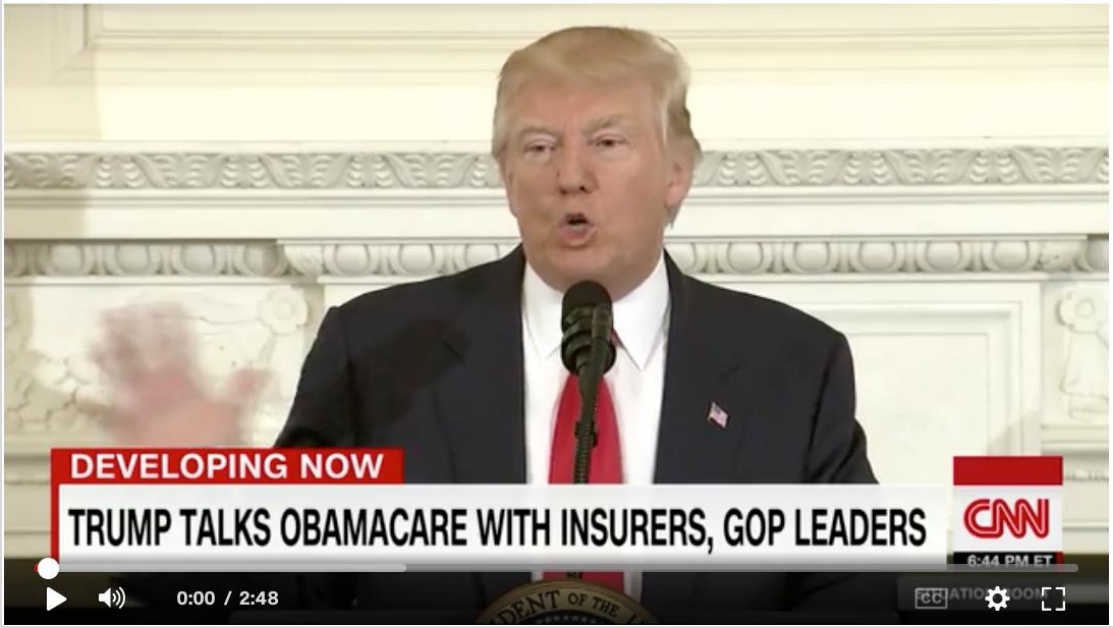
Trump: 'Nobody knew health care could be so complicated'

By **Kevin Liptak**, CNN White House Producer

Updated 4:10 AM ET, Tue February 28, 2017



Top stories

Mardi Gras crash blood-alcohol le legal...

Sean Spicer sea staffers' phones

American Health Care Act
March 6, 2017

COMMITTEE PRINT

Budget Reconciliation Legislative Recommendations Relating to Repeal and Replace of the Patient Protection and Affordable Care Act

TITLE I—ENERGY AND COMMERCE

Subtitle A—Patient Access to Public Health Programs

SEC. 101. THE PREVENTION AND PUBLIC HEALTH FUND.


AMERICAN
HEALTH CARE
ACT
PULLED

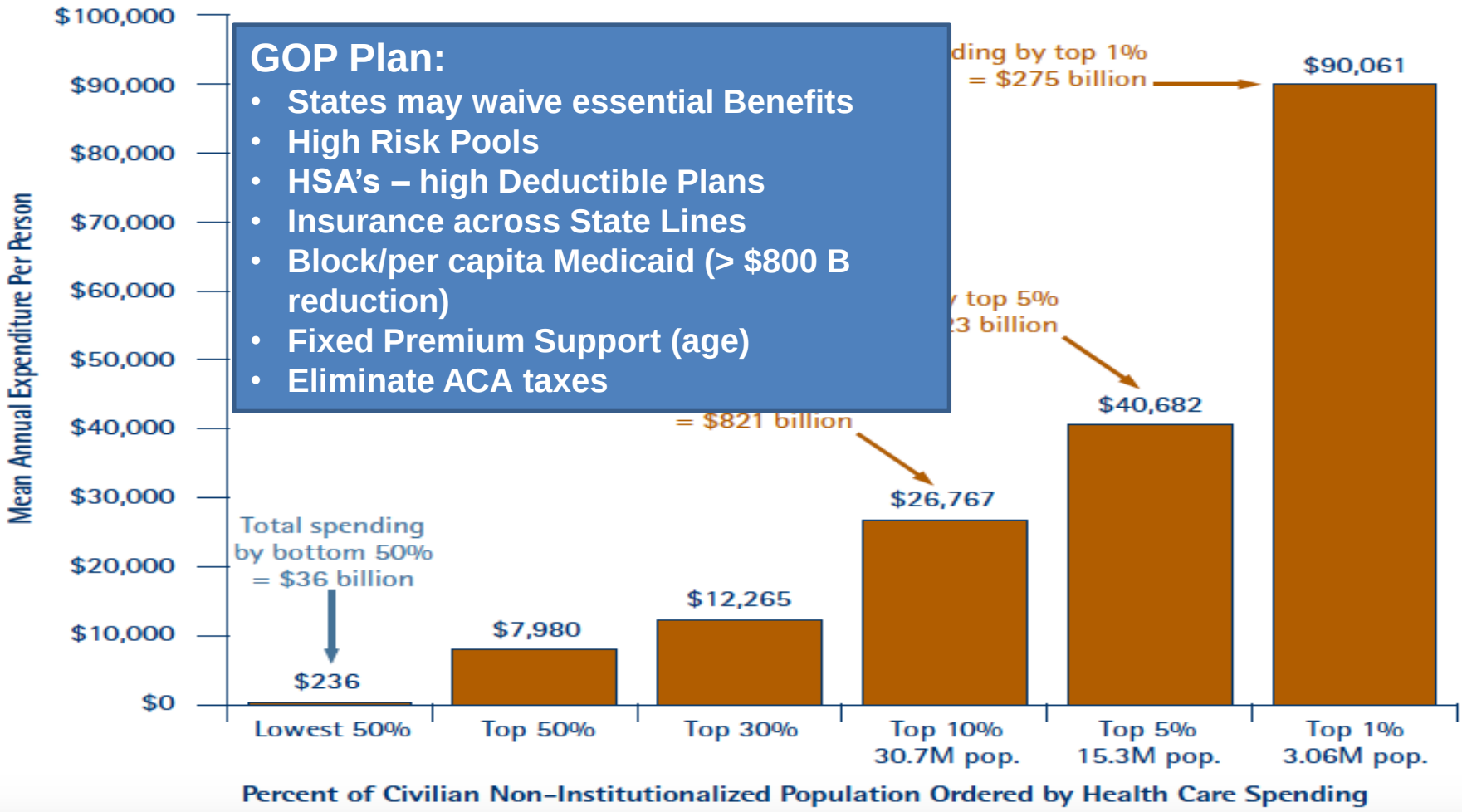
GOP Bill 2.0

Voted May 4, 2017

Under the GOP Bill, States could waive the EBS partially or fully.

Plans can be sold across state lines

FIGURE 2. MEAN PER-CAPITA SPENDING BY SPENDING GROUP, 2009



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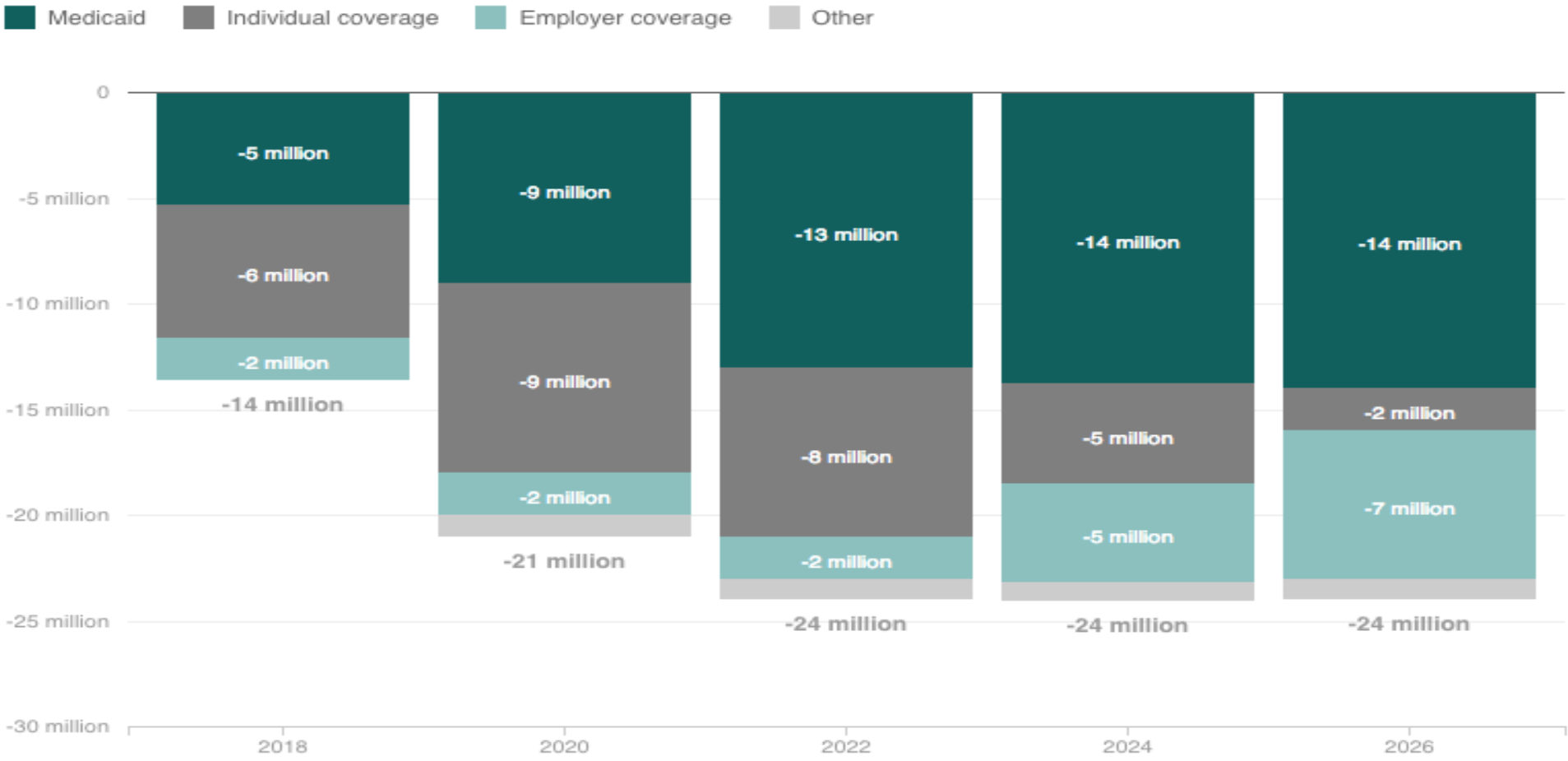
How The Uninsured Will Grow: First People Quitting Individual Coverage, Then Medicaid

Initially, getting rid of the individual mandate and rising premiums would send the uninsured count shooting up by 14 million in 2018. After that, the rollback of the Medicaid expansion would help push the number of uninsured higher, to 24 million more than there would be under current law.



Source: Congressional Budget Office

Credit: Danielle Kurtzleben/NPR

Patient Freedom Act – Jan 2017

Bill Cassidy (R-La) and Susan Collins (R-Me)

- Repeals Title I of ACA (mandates) as default options
- States can Choose
  - Re-instate Title I of ACA
  - Adopt a Market-based System with Roth HSA's with Federal Subsidies
  - Design its own plan without Federal Funding
- Refundable Tax Credits deposited monthly into Roth HSA's
  - 95% pf calculated ACA premium and cost-sharing support
    - Phased out at $90,000
- Auto-enroll with opt out (defined enrollment period)
- Continuous coverage provision with penalty
- Price Controls on Emergency Care and Drugs

13 GOP Senators Shaping a New Health Care Bill

What's Next

- Long debate with no clear consensus outcome
- No major piece of legislation has been passed without strong and knowledgeable Presidential leadership
- No Major Entitlement Program has ever been revoked
- Continued support for Medicaid (expandable) and Research Funding within the Senate
- Performance of ACA will depend on GOP support of law
  - Risk Corridors
  - Premium Support
  - Individual and Employer Mandate
- Philosophical Differences within GOP remain

What now for Your Practice?

Michigan Medicine

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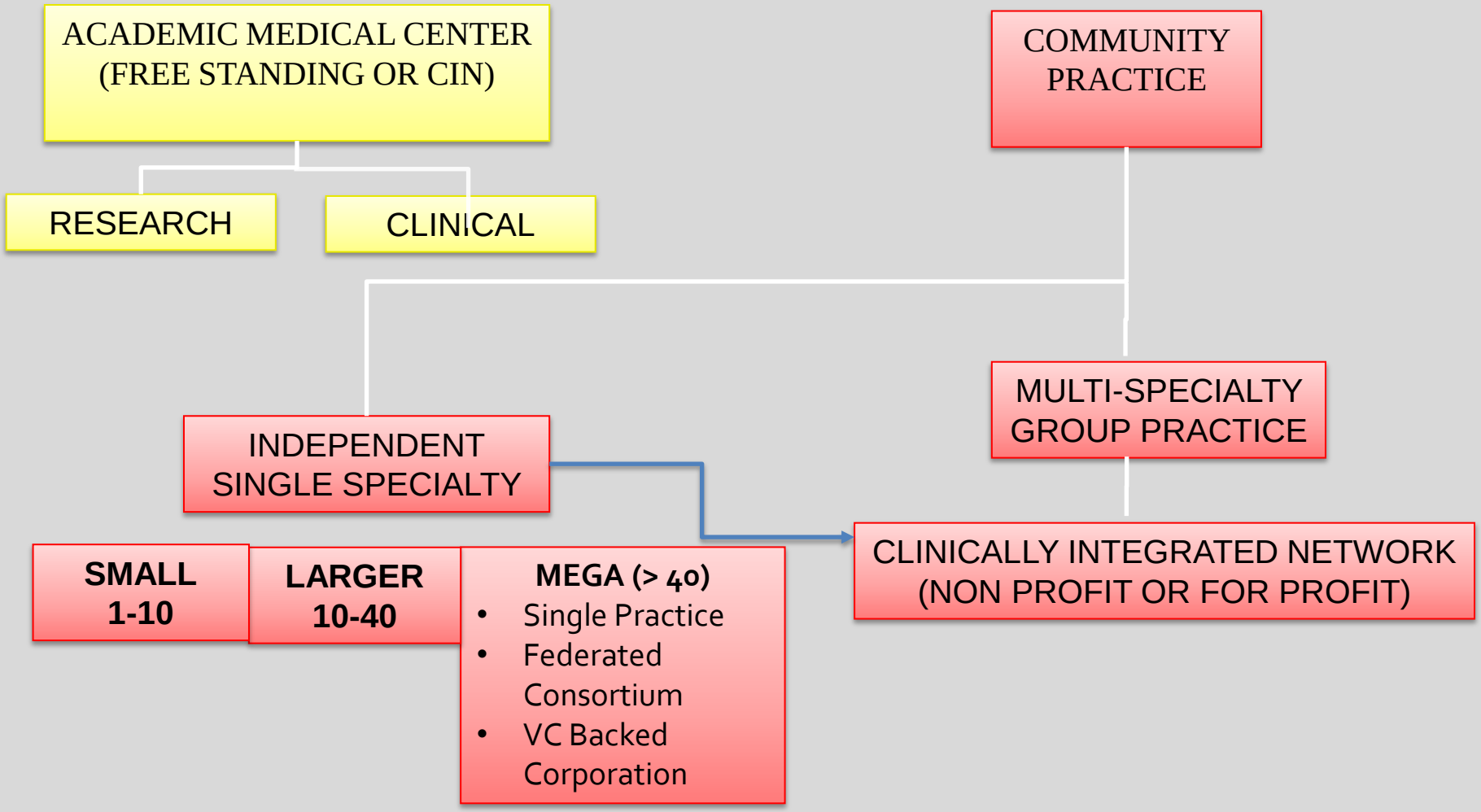
LANDSCAPE OF GI PRACTICES



CAN YOU RESPOND TO…

- Dramatic change in regulations
- Consumer demands
- Retail Health Care and Price/Quality Transparency
- Diminishing Reimbursement for line item services
- Episodic + Multi-disciplinary “Bundles”
- Total Cost of Care (Capitation)
- Being a cost center instead of a profit center

“Amateurs talk about tactics, but professionals study logistics”

Gen. Robert Barrow USMC (Commandant 1980)

The Academic's Dilemma

Tripartite Mission

- Research
- Education
- Clinical Care

Tripartite Margin

- Commercial Payer Subsidy
- Merger & Acquisition
- Philanthropy + NIH Indirects

The Basic Challenge

"Academic Health Systems can no longer be just a little bit better but remain massively inefficient"

5% of Patients Use 50% of US Health Care Resources

$1.5 trillion

Micro-Optimization → Macro-Optimization

Biggest Challenges for Practices

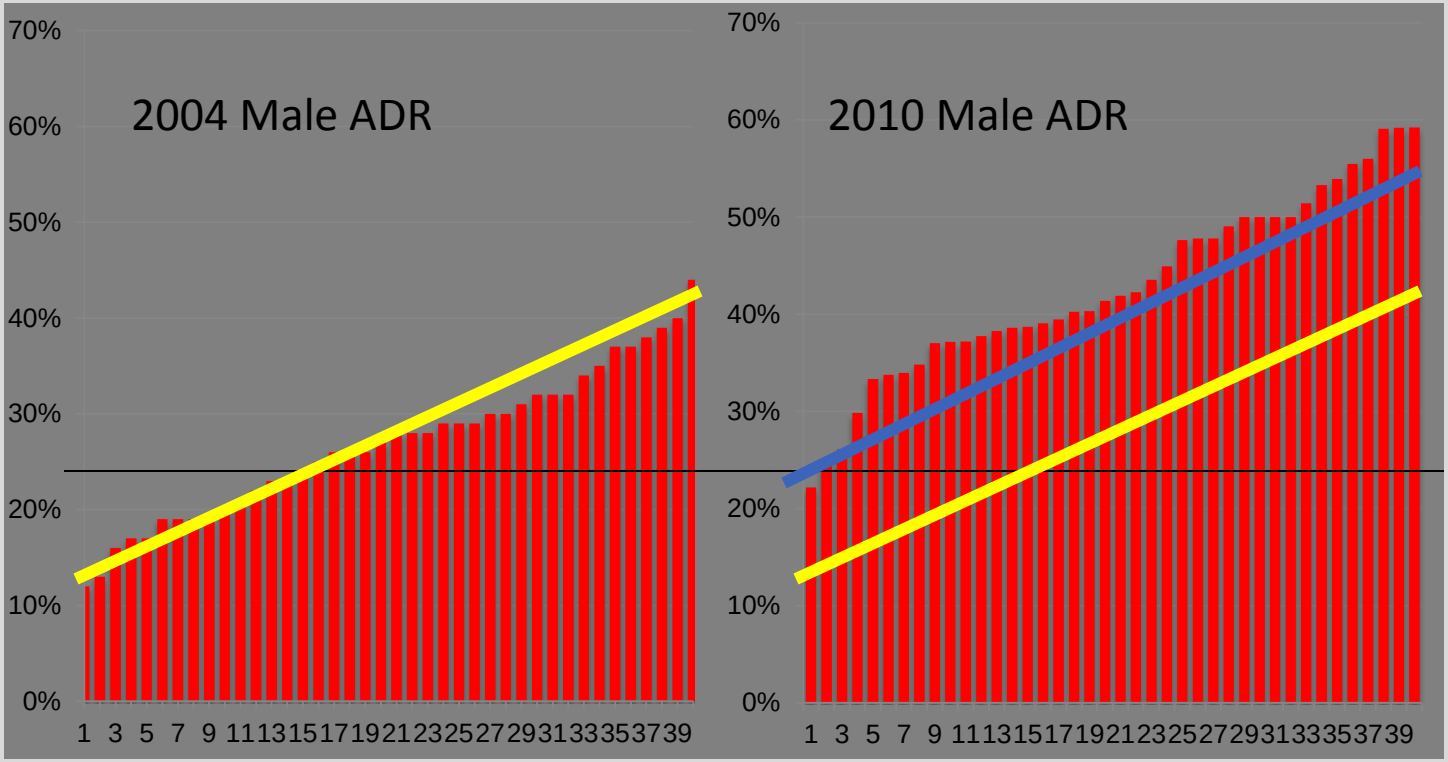
- Chaos
- Reducing reimbursement
- Increasing overhead
- Regulations
- MACRA
- Consolidation of Health Systems
- EMR
- Efficiency Pressure
- New Technologies (Remote monitoring, Pop Health, Telemedicine)

How to Evolve Your Practice

- Get Fundamentals Right
  - Overhead
  - Comp Formula
  - Multi-Disciplinary Care
- Report Metrics
  - Operational
  - Financial
  - Quality
- Be Aware of Emerging Opportunities for APM's
  - Reference Pricing, Bundles, Sonar
- Develop at Least One Population Focus

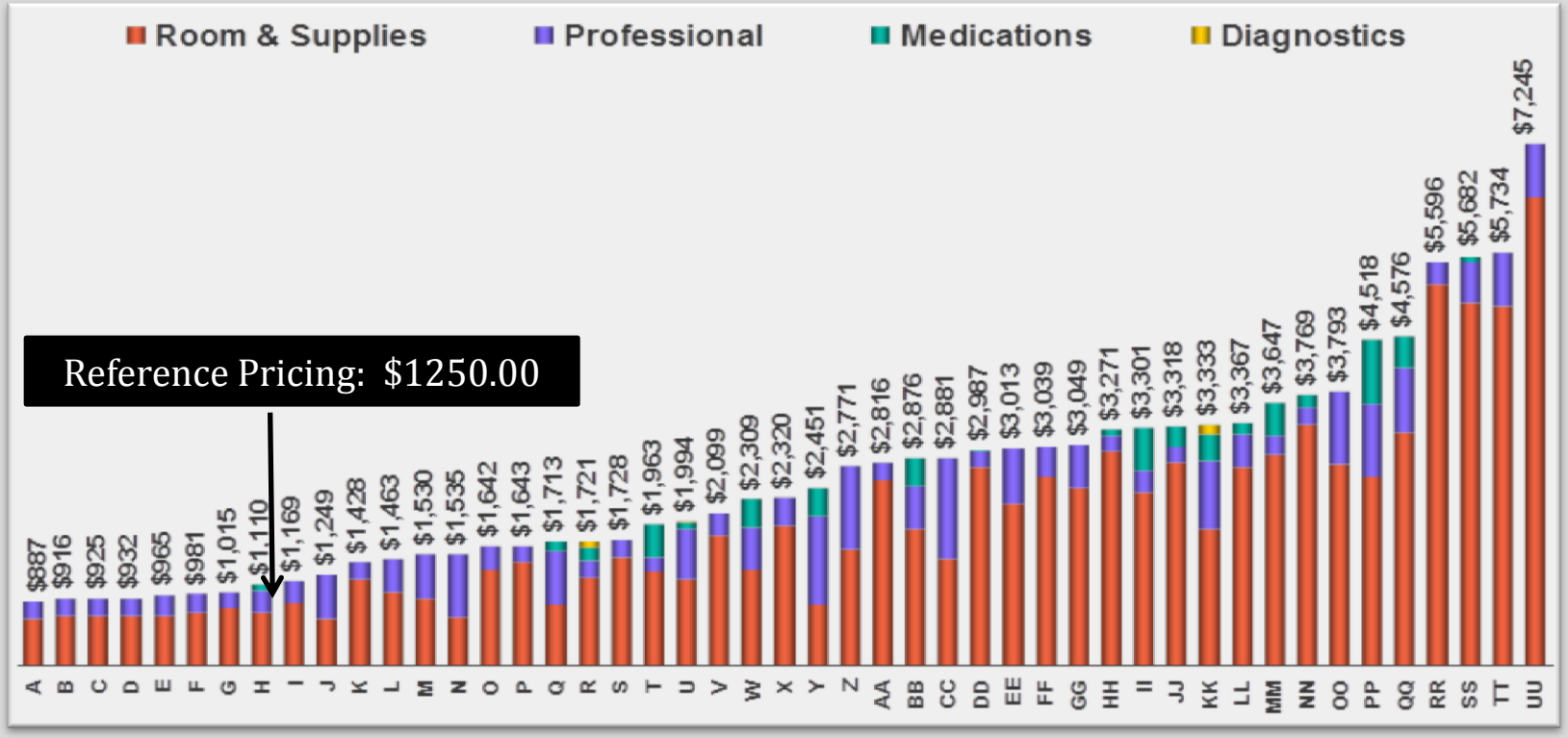
Physician Report Card

	National Standards	MNGI Data 2004	MNGI Data 2005	MNGI Data 2006	MNGI Data 2007 Jan-June	Your Data 2004	Your Data 2005	Your Data 2006	Your Data 2007 Jan-June
# of Colonoscopy Exams / MD (MnGI Centers Only)	NA	27,253	33,995	35,099	17,220	921	1,053	645	292
Completion Rate (%)	90% - all colonoscopies; 95% screening exams	97%	97%	98%	98%	92%	98%	99%	98%
% Times Pathology Sent	NA	40%	43%	35%	40%	38%	50%	45%	43%
Colon Withdrawal Time >= 6 minutes (07-01 to 09-30-2007)	NA	NA	NA	NA	67.8%	NA	NA	NA	52.2%
Males over age 50									
# Exams	NA	9,785	12,604	13,413	6,808	325	448	294	131
Adenoma Rate (%)	25%	28%	32%	26%	29%	29%	33%	32%	40%
Females over age 50									
# Exams	NA	12,139	15,376	15,402	7,251	366	434	260	115
Adenoma rate	15%	18%	21%	17%	18%	12%	24%	19%	16%


2004 Male ADR
70%
60%
50%
40%
30%
20%
10%
0%
1 3 5 7 9 11 13 15 17 19 21 23 25 27 29 31 33 35 37 39
2010 Male ADR
70%
60%
50%
40%
30%
20%
10%
0%
1 3 5 7 9 11 13 15 17 19 21 23 25 27 29 31 33 35 37 39

Reference Pricing Begins - 2009

Colonoscopy Cost Per Procedure – Greater SF Bay Area



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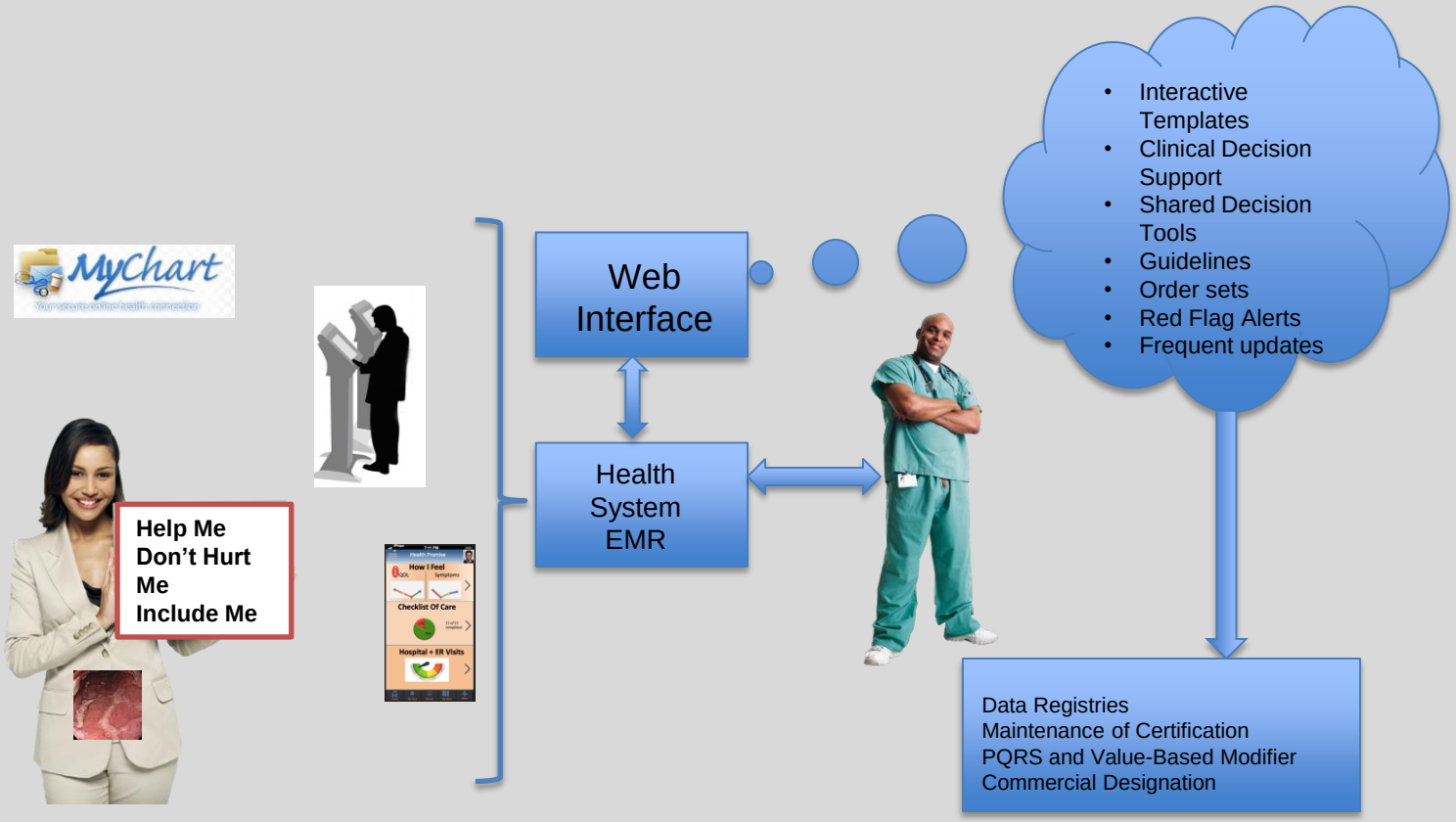
Reference Pricing of Colonoscopy

- **CalPERS: Comprehensive insurance claims capture all costs**
- **Fully covered for ASC's but limited to $1500 if a patient chose HOPD**
- **In the first 2 years after RP, CalPERS saved $70 million (28% of total screening colonoscopy costs)**

Point of Care CDS Tools and PROM's



Colonoscopy/CRC Prevention from a Health System Standpoint

Prevention of CRC for a Population

Colonoscopy

Consult Prep	**Professional Fee** **Facility Fee** **Sedation – Anesthesia** **Pathology** **Performance Measures** **Improved Risk Stratification** **Appropriate Surveillance Recommendation** **7 Day Surgical Warranty for Professional Fees**

- **HEDIS and CMS Star Scores based on % Screened**
- **Colonoscopy and Stool Tests (FIT, Stool DNA)**
- **Interval Cancers**
- **Endoscopy to Surgery Conversion of Polyps**

PROJECT SONAR (PS)

Advanced Alternative Payment Model

Lawrence R. Kosinski, MD, MBA, AGAF, FACG

Managing Partner – Illinois Gastroenterology Group

President – SonarMD, LLC

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Elgin, Illinois 60123

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(847) 370-8878

First GI Alternative Payment Model
Endorsed - Physician Focused Payment Model
Technical Assessment Committee

Even Without Sonar, You Can Do Population Health

Your 9:30 AM Patient with Moderately Active Crohn's

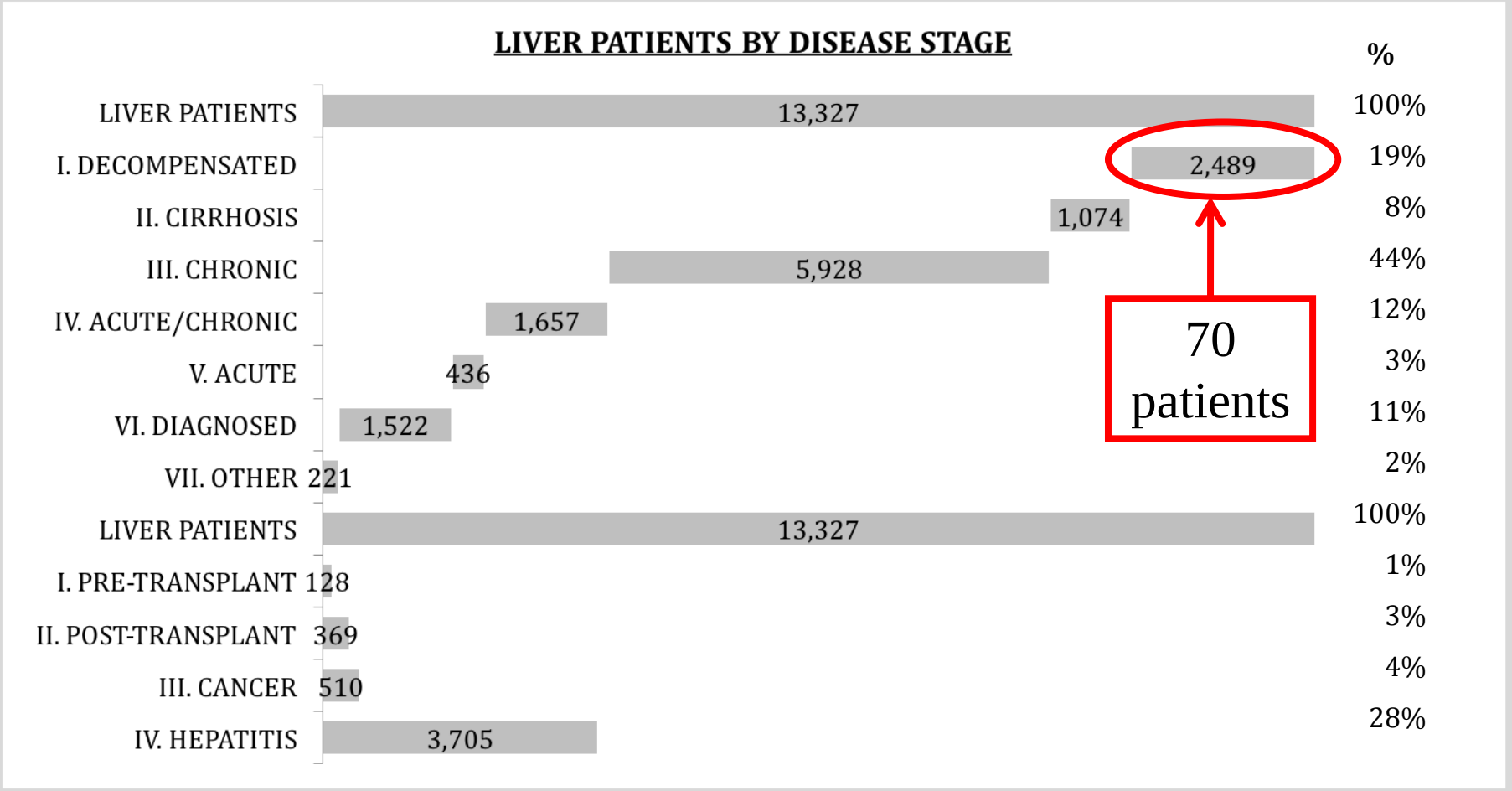
Sonic

Combination Therapy

All IBD Patients Pulled from System Wide EMR

- CDS Tools Queries EMR
  - Preventive Care
  - Lab Monitoring
  - Clinical Status (Active Disease, Hgb)
- Patient Engagement Surveys, SD Tools
- Red Flag Alert for Medical Assistant
- Clinical Algorithms and Standard Order Sets
- Financial Advisors
- Psychosocial Care

Patients with Liver Disorders: "Hot-spotting"



SURVIVAL IMPERATIVES

- Reduce Administrative Burden (EMR must fit care processes)
- Increase Efficiency (Reduce Cost of Care) and Access
  - Build Team-Based Care to Enhance Thru Put
  - Reduced Transactional Costs for Accurate Information Transfer
  - Align Incentives and Comp
- Minimize Inefficiencies
- Retail Health with Price and Quality Transparency
- Manage to “Medicaid” (Psycho-social-environmental supports)
- Operational Imperatives
  - Closely Monitor your operations and compare business units
  - 7 day/week service
  - Must maintain access (emergent, urgent and routine)
  - Work with Hospitals to reduce 30,60, 90 day re-admissions
  - Telemedicine and remote patient monitoring will become mandatory
  - Triage to right place, right person, right time

“In the midst of chaos, there is also opportunity”

Sun Tzu

Thank you