What Health Care Reform Means for Physicians

Since the signing of the historic health care reform bill, the U.S. has begun one of the most dramatic transformations in health care administration in a generation. As part of athenahealth’s mission to be the most trusted business service for physician practices, we see it as our responsibility to stay on top of these changes, help interpret their significance for practices, and make sure that physicians thrive in the new health care environment.

What It Is: The Highlights

With its 2,000 pages and $938 billion in new spending over the first ten years (2010–2019), the new law is a daunting piece of legislation to digest and understand. Here are what we see as the key highlights of the bill and how we believe they will affect physician practices in the years ahead:

▶ Expanded Coverage
- 32 million additional Americans will be covered through a large Medicaid expansion and new subsidized Insurance Exchanges starting in 2014; approximately 94% of non-elderly Americans will be covered by 2019.
- Coverage will be enforced through a combination of individual and employer mandates, penalties, and tax credits.

▶ Expanded Insurance Options
- Expands Medicaid minimum coverage to everyone earning under 133% of the federal poverty level (FPL; $29,327 for family of 4); a projected 16 million new enrollees will enter Medicaid through this expansion, starting in 2014.
- Sets up at least 50 new state-based insurance exchanges in which businesses and people without employer coverage could purchase insurance to meet federal standards (those up to 400% of FPL will be subsidized); exchanges must be operational by 2013 for the 2014 benefit year, and the Congressional Budget Office projects 25 million will enroll through exchanges.

▶ New Payment and Care Models and Provisions
- Calls for $5 million in 2010 for set-up and $10 million per year from 2011 to 2019 to set up a Center for Medicare and Medicaid Innovation intended to pilot and potentially expand new payment and care models, including Patient Centered Medical Home (PCMH).
- Establishes a new shared-savings program (Accountable Care Organizations) under which providers can share in savings achieved against a spending benchmark.
- Medicaid plans will have to pay at least Medicare rates in 2013 and 2014.
- Extends the 1.0 Medicare floor for the geographic index for physician work through 2010; Makes adjustments in 2010 to the physician payment formula to reduce the impact of variation between employee wages and rents.
- Extends PQRI and imposes penalties of 1.5% for 2015, 2% for 2016 for non-reporters; provides an additional bonus of .5 percent for providers who meet certain additional requirements; Establishes a Physician Compare website based on quality measures; Heavy emphasis on quality throughout legislation.
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- Establishes a physician feedback program to provide physicians with information on resource use.
- Provides a “value-based modifier” to adjust payment for a physician or group of physicians based upon quality of care.

What Does It Mean for Physicians? New Complexity, and New Opportunities

- **Medicaid Complexity Getting Worse** — Millions of new patients will be dropped into a program that already has significant administrative problems. The evidence for this continues to mount (or something like that):
  - In our recent Physician Sentiment Index℠ (PSI) conducted with Sermo, 83% of doctors said that getting paid by Medicaid has become increasingly burdensome and complex.
  - As millions of new patients are eligible for Medicaid, fewer and fewer practices are accepting Medicaid patients, including flagship institutions like the Mayo Clinic — creating an alarming and expanding gap.
  - Our PayerView data shows that state Medicaid programs consistently perform well below the national payer average in almost every category — DAR, denial rates, First Pass Resolution Rates.
  - As a 2008 study by The Center for Studying Health System using athenahealth data demonstrated, any increase in Medicaid rates that is not accompanied by faster payment and reduced administrative burden on practices will be unsuccessful in closing the expanding access-to-care gap. Without fixing the underlying issues, the goal of expanded care will not succeed for doctors or for patients.

- **Health Care Exchanges: New Players and New Layers** — The new state health insurance exchanges will add new players and new layers of complexity to an already overburdened system.
  - Getting these exchanges off the ground will be a huge undertaking and will add new third parties and administrative hurdles for physicians, 77% of whom, according to our Sermo PSI survey, already feel that time spent dealing with payers and third parties inhibits their time with patients.
  - New players and payers means new rules, new protocol, and new paperwork — in short, more headaches and work for doctors just to get paid.

- **New Performance-Based Incentives to Pursue** — With Meaningful Use incentives ramping up, new P4P incentives becoming available, and more experimentation and support for Medical Home and state-level innovation, doctors with the right clinical platform and services can realize new incentives and revenue for demonstrating quality outcomes.
How athenahealth Will Help Doctors Thrive Amidst the Change

Whether or not you support health care reform, it is certain that in the years ahead reform will add new layers of administrative complexity to a system already crippled by complexity. Fortunately, athenahealth is in the business of taking on and managing this kind of complexity on behalf of our clients. As new rules, new payers, new protocols, and new paperwork and administrative hurdles get thrown at you, we are there to help you stay on top of and extract benefits where possible — so you can stay focused on patient care.

- **Real-time database to stay on top of new rules and new performance incentives**
  - As new payers, rules, and incentives proliferate, our real-time rules database is continuously updated with new rules and helps you stay on top of and enrolled in HITECH Act, new P4P programs, and other incentive opportunities in the reform bill.
  - Our 93% First Pass Resolution Rate, 37% decrease in client DAR*, and 9.2% increase in collections* speak to our success in managing increasing complexity in the system.

- **Back-office experts to take on the added complexity and seize new opportunities**
  - Our army of back-office experts takes on the bulk of your paperwork and runs the gauntlet of state Medicaid and other difficult payers to track claims, manage denials — so you get paid more, faster, with less work.
  - We will do the heavy lifting of monitoring, enrollment, submission of data for the new P4P programs that emerge so you can benefit from these new provisions.

- **Low-cost web-based software to stay up to date and ready for whatever’s next**
  - In a time of rapid change, our flexible web-based software is always adapting, with constant updates at no additional cost — ensuring you are always ready for whatever change comes next.

As the provisions of this historic legislation take effect and begin to impact the day to day practice of medicine, we at athenahealth will stay on top of the changes and interpret their impact for physicians. We will continue to advocate for doctors and adapt our services to respond to the new challenges and new opportunities that arise, ensuring our clients can thrive amidst the changes.

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* Based on a weighted average for athenahealth clients with valid pre-athenahealth benchmark data that had their 15-month anniversary with athenahealth during 2009.