

How Healthcare Reform Will Impact Your Practice: Now and Future

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There can be no doubt that the world of healthcare is changing. Everything from the way providers deliver healthcare services to the oversight of the delivery of care to the way that providers are reimbursed for their services are all affected. The Patient Protection and Affordable Care Act of 2010 (PPACA) may have already impacted the way you practice medicine or the daily operations of your office. If you haven't changed anything yet, changes will be likely for you in the near future. This article will discuss just a few of the areas that PPACA has changed, or will change, and its impact on you.

You will have to do more with less. Medicare and Medicaid reimbursement reductions are likely. As I write this article, President Obama has proposed \$320 billion in reductions to Medicare and Medicaid as part of a \$3 trillion deficit reduction plan he submitted to the Joint Select Committee on Deficit Reduction. Authorized by the Budget Control Act, the committee is charged with crafting by November 23, 2011 a plan to reduce the national deficit by at least \$1.2 trillion. The president's plan calls for cutting Medicare by \$248 billion and Medicaid by \$73 billion over 10 years.

What this means for your practice. You will have to get "leaner and meaner" now. Do not wait. Even though you will likely experience double-digit percentage cuts in your reimbursement from the federal government, the number of Americans insured by the federal government will increase. This is due to the increasing aging baby-boomer population eligible the Medicare program and the increase in eligibility for persons up to 133% of the federal poverty level who will be eligible for Medicaid by 2014 under the PPACA.

Yes, there *can* be more government oversight. The PPACA provides an additional \$350 million over the next 10 years (with an annual inflation adjustment) to ramp up anti-fraud efforts, including increasing scrutiny of claims before they've been paid, investments in sophisticated data analytics, and more law enforcement agents and contracted entities to fight fraud in the health care system. These increased anti-fraud efforts are already underway. In the first eight months of 2011 alone, anti-fraud enforcement efforts have increased 85% over 2010.¹

What this means for your practice. You will have to be increasingly careful about the claims you submit for payment to a federal government program. Since June of this year, the Center for Medicare and Medicaid Services (CMS) is using "predictive modeling" software to analyze claims. Predictive modeling software is same technology used by credit card companies to stop credit card fraud. This technology helps CMS identify potentially fraudulent Medicare claims in real time and uncover fraudulent providers and suppliers, flagging both for investigation, referrals to law enforcement and payment stoppage before claims are paid.

¹ Case-by-case information from FY 2011 vs. FY 2010, recently analyzed by the Transactional Records Access Clearinghouse

Accountable Care Organizations (ACOs). Under the PPACA, CMS is required to establish a Medicare Shared Savings Program through the use of ACOs by January 1, 2012.² Under the Proposed Rule, an ACO is “formal legal entity that integrates certain clinical and administrative functions of the participating providers in order to achieve improved quality outcomes and cost savings for the Medicare program.”

What this means for your practice. Formation of an ACO is voluntary. Even if you treat Medicare patients, you are not required to form, or participate in, an ACO. Because of the costs of establishing an ACO, likely only large networks and hospitals will be able to form ACOs and benefit from their structure. Participation in an ACO will require you to track and report 65 quality measures in five categories (patient, care coordination, patient safety, preventative health and “at risk” population measures, such as diabetes, heart failure, etc).

The proposed regulations for ACOs are complex and add substantial regulatory oversight and new practice requirements. If you are considering formation or participation in an ACO, you, as a provider, should have a significant voice in that process, since much of the burden of making the ACO effective will be on you.

Needless to say, the delivery of safe and effective healthcare is complex and the regulation and oversight of that delivery will grow increasingly more so in the future. To ensure that you are in compliance with all of the new and ever-increasing rules and regulations, you should be sure to consult an experienced healthcare attorney.

² Section 3022 of the Patient Protection and Affordable Care Act of 2010