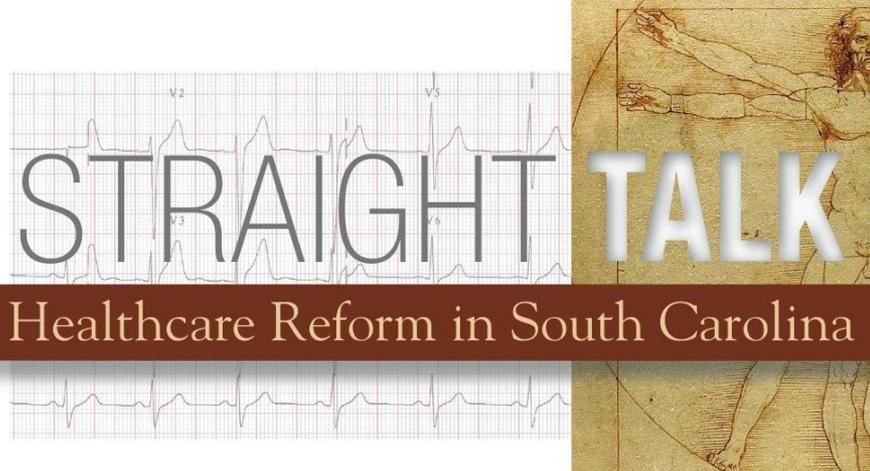


July 17, 2013

The background of the top right section features a white ECG (heart rate) line on a grid, with labels 'V2', 'V3', 'V4', and 'V5' visible. To the right of the ECG is a vertical strip of a brown, aged anatomical drawing, possibly a medical illustration of a human torso or limb.

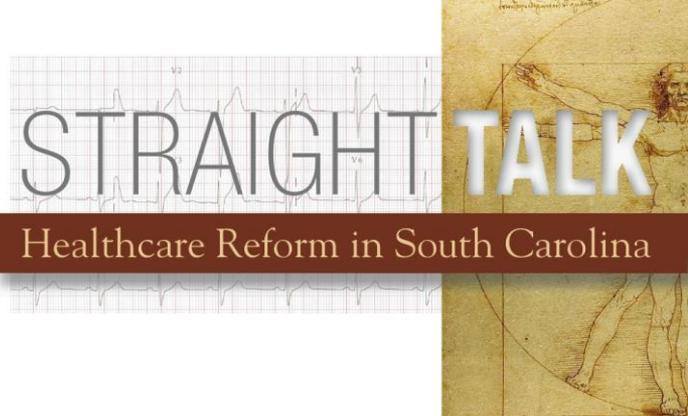
STRAIGHT TALK

Healthcare Reform in South Carolina

The Climate of Health Care Reform

*A. Hugh Greene, FACHE
President and CEO
Baptist Health – Jacksonville, FL*

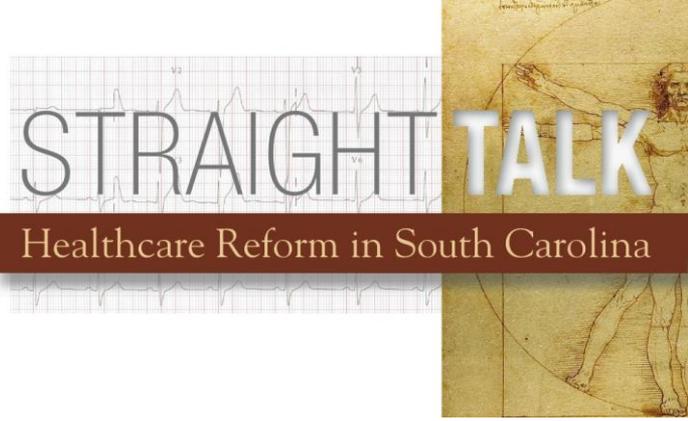
Road Map



STRAIGHT TALK

Healthcare Reform in South Carolina

- 1. Why Reform Now?**
- 2. Key Components of the Affordable Care Act (ACA)**
- 3. Update: Where Are We Now?**
- 4. Assumptions About Health Care in the Era of Reform**

The top right corner of the slide features a composite graphic. On the left, a white ECG (heart rate) line is overlaid on a grid. On the right, a portion of Leonardo da Vinci's 'Vitruvian Man' drawing is visible, showing the figure's arm and hand. The text 'STRAIGHT TALK' is superimposed across the ECG and the drawing in a large, white, serif font.

STRAIGHT TALK

Healthcare Reform in South Carolina

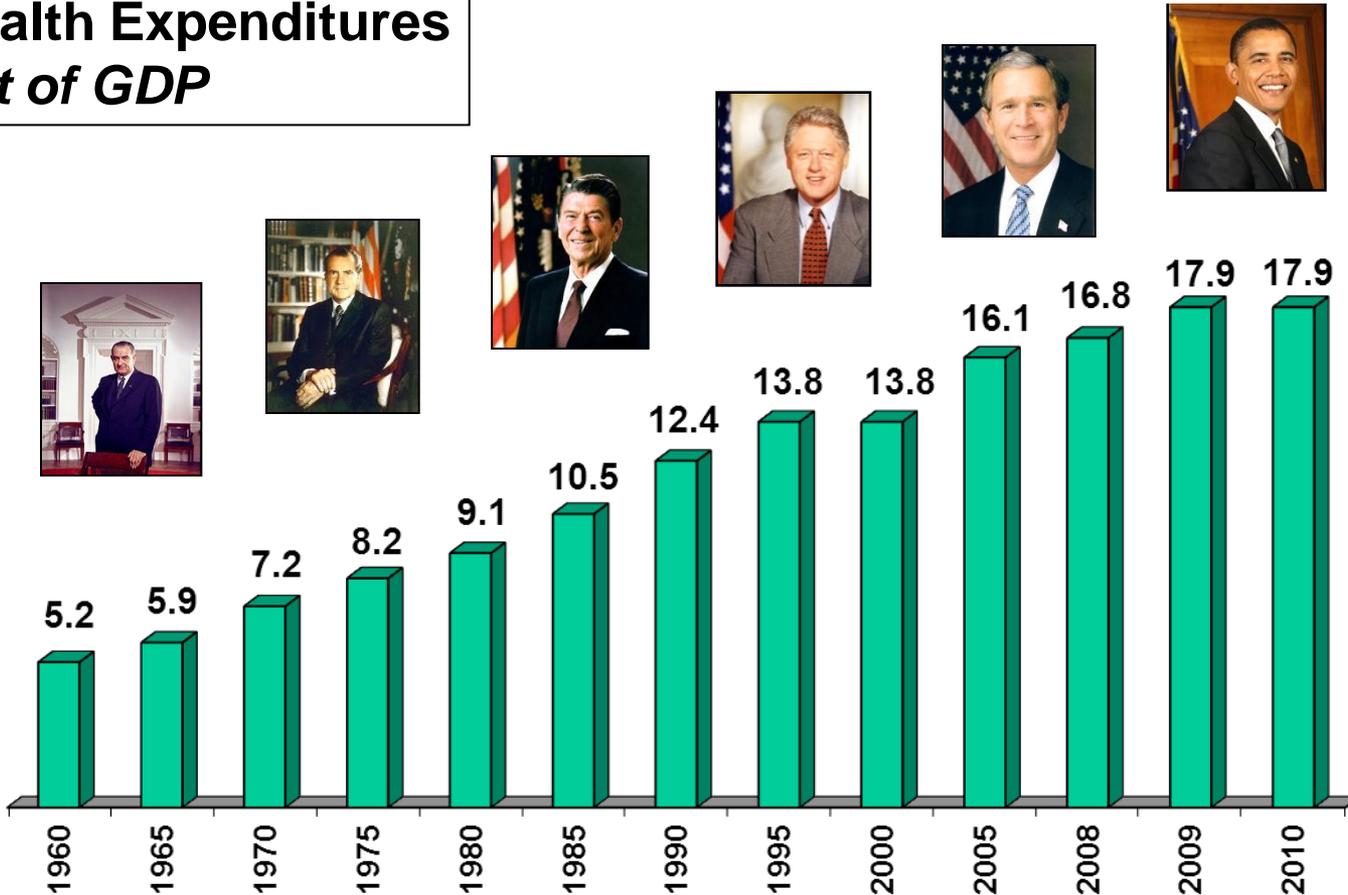
Why Reform Now?

Ever-Increasing Costs

STRAIGHT TALK

Healthcare Reform in South Carolina

**U.S. Health Expenditures
Percent of GDP**



Why Now?



STRAIGHT TALK

Healthcare Reform in South Carolina

- Ever-increasing costs
- Access for 48.6 million uninsured*
- Acute care focus
- Ineffective coordination of services
- Inconsistent insurance rules and regulations
- Variations in practice and clinical quality

**2011 estimate, US Census Bureau, September 2012*

A Health Care Comparison

STRAIGHT TALK

Healthcare Reform in South Carolina

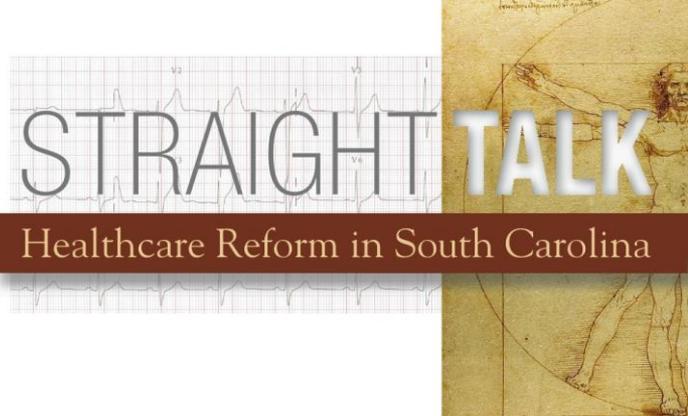


	NZ	UK	AU	DE	NL	CA	US
Expenditures per Capita	\$2,454	\$2,992	\$3,357	\$3,588	\$3,837	\$3,895	\$7,290
Life Expectancy at Birth	80.82	80.29	81.98	80.32	81.01	81.57	78.62
Mortality Amenable to Health Care*	96%	103%	71%	90%	80%	77%	110%

SOURCES: The Commonwealth Fund and the Central Intelligence Agency

*measures deaths from certain causes before age 75 that are potentially preventable with timely and effective health care

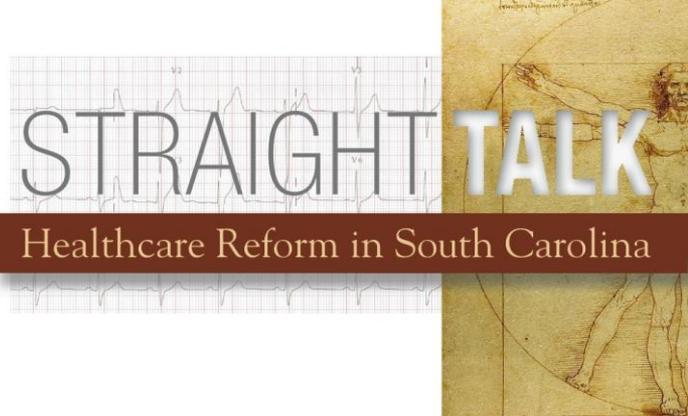
Why Now?



STRAIGHT TALK

Healthcare Reform in South Carolina

Health costs trends are unsustainable, while quality is uneven. And access is inadequate and getting worse.

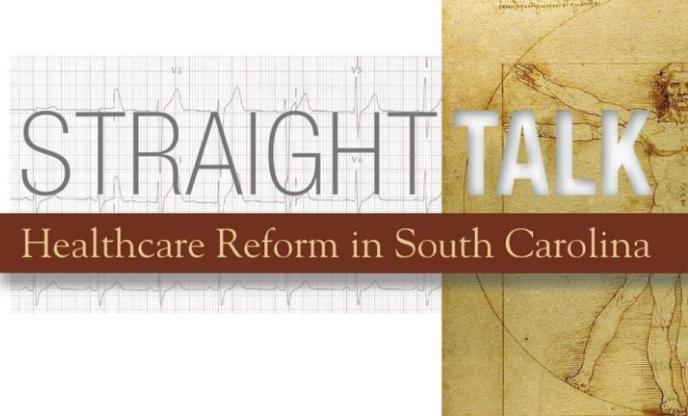
The background of the top right corner features a white ECG (heart rate) line on a grid, overlaid on a brownish-gold background that includes a portion of Leonardo da Vinci's Vitruvian Man drawing. The text 'STRAIGHT TALK' is written in a large, white, serif font across the ECG line.

STRAIGHT TALK

Healthcare Reform in South Carolina

What Are the Key Components of the ACA?

Reform

The graphic features a white ECG line on a grid background on the left, and a portion of Leonardo da Vinci's Vitruvian Man drawing on the right. The text 'STRAIGHT TALK' is overlaid in white, with 'STRAIGHT' on the ECG and 'TALK' on the drawing.

STRAIGHT TALK

Healthcare Reform in South Carolina

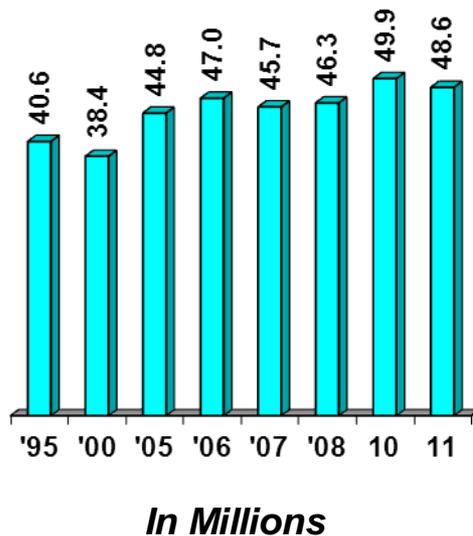
Coverage

Financing

Delivery

Coverage Reform

Number
Uninsured



**Affordable,
universal
coverage
for all.**

Coverage: Uninsured

STRAIGHT TALK

Healthcare Reform in South Carolina

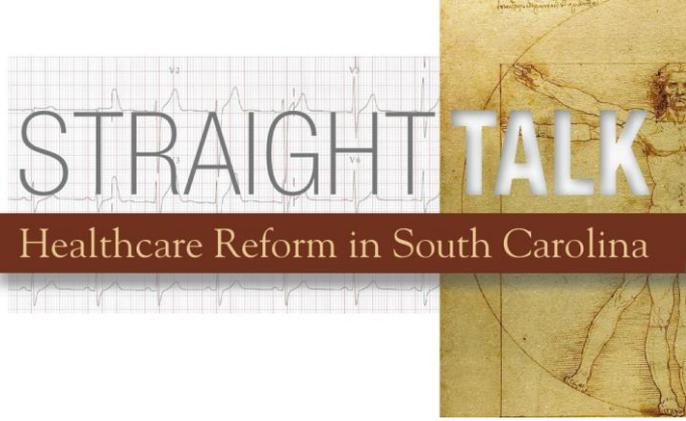
**Government
Coverage via
Medicare and
Medicaid**

THE GAP

- Working Poor (no employer insurance)
- Poor but Ineligible for Medicaid
 - Refuse to Buy
 - Small Business
- Large Employers that Do Not Offer
- Individuals with preexisting conditions

**Employer-
Provided
Insurance**

Coverage: Expansion



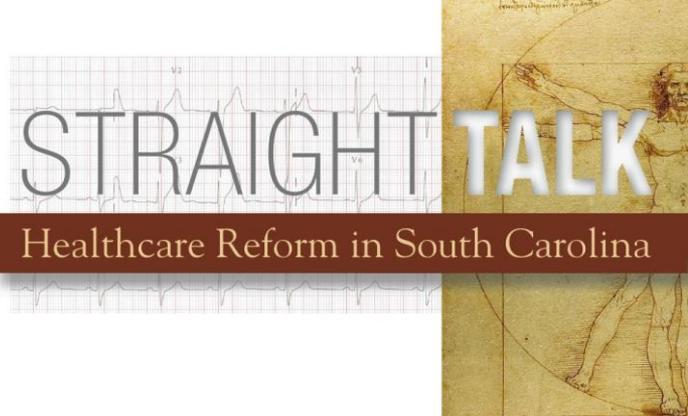
STRAIGHT TALK

Healthcare Reform in South Carolina

1. Individual Mandate

- “Personal Responsibility Requirement”
- Penalties/tax for non-compliance
- Implemented in 2014

Individual Mandate



STRAIGHT TALK

Healthcare Reform in South Carolina

“The mandate is the spinach you need to eat to get the chocolate you want.”

~ Jonathan Gruber, MIT Health Economist

“Health reform without an individual mandate is like driving a train without tracks; you can still move, but you can’t get to your coverage destination and it will be a rougher and far more costly trip.”

~ Chris Jennings, Health Policy Advisor

Coverage: Expansion



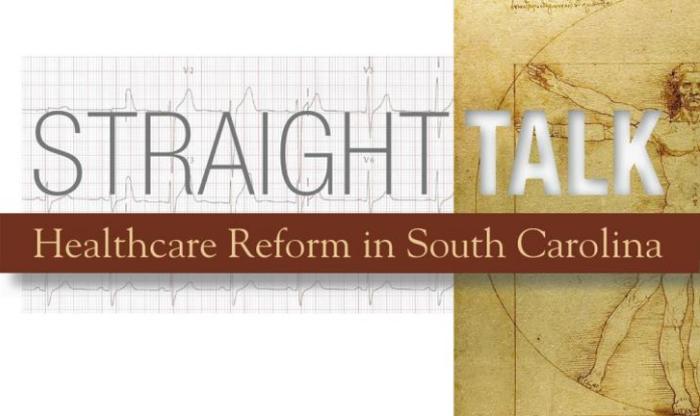
STRAIGHT TALK

Healthcare Reform in South Carolina

1. Individual Mandate
2. Employer Requirements – 50+ employees
 - penalties if no employer coverage and any employee receives a premium tax credit
 - also penalties if employer does not offer “affordable” coverage
 - provide voucher for low income (<400% FPL) employees where their share of premium is >8% but <9.8% of household income
 - tax credits for small business <25

DELAYED UNTIL 2015

Coverage: Expansion

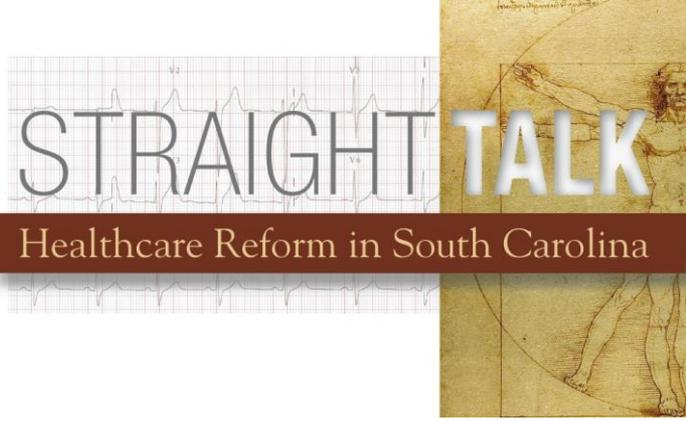


STRAIGHT TALK

Healthcare Reform in South Carolina

1. Individual Mandate
2. Employer Requirements
3. Expansion of Medicaid and Subsidies
 - expand to 133% of Federal Poverty Level (FPL)
 - subsidies for 133-400% of FPL

Coverage: Expansion



STRAIGHT TALK

Healthcare Reform in South Carolina

- 1. Individual Mandate**
- 2. Employer Requirements**
- 3. Expansion of Medicaid and Subsidies**
- 4. Insurance Reform**
 - Health Insurance Exchanges
 - SHOP (Small Business Health Options Program)
 - guaranteed issuance and renewal
 - cover dependents up to 26 years old
 - eliminate annual and lifetime limits
 - limit waiting period to 90 days or less
 - rebates

Coverage: Uninsured

STRAIGHT TALK

Healthcare Reform in South Carolina

**Government
Coverage via
Medicare and
Medicaid**

THE GAP

- Working Poor (no employer insurance)
- Poor but Ineligible for Medicaid
 - Refuse to Buy
 - Small Business
- Large Employers that Do Not Offer
- Individuals with preexisting conditions

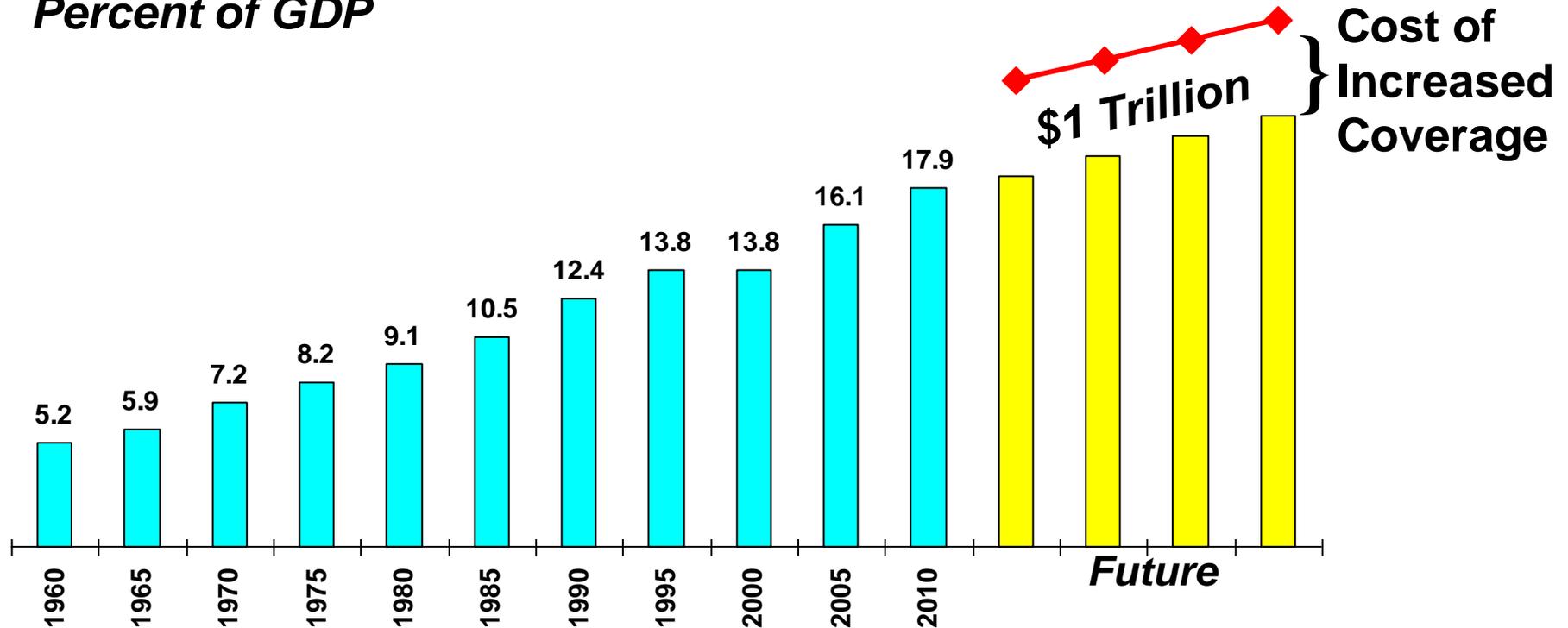
**Employer-
Provided
Insurance**

Financing: Costs

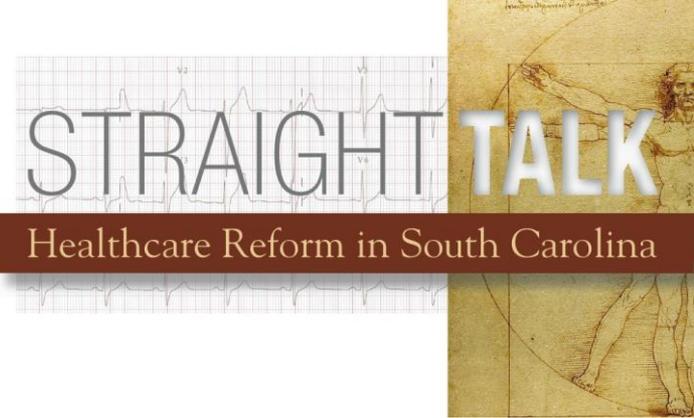
STRAIGHT TALK

Healthcare Reform in South Carolina

U.S. Health Expenditures
Percent of GDP



Financing: \$940B Expansion



STRAIGHT TALK
Healthcare Reform in South Carolina

- Medicare reimbursement cuts to hospitals
 - \$400 to \$500 Billion over 10 years

Impact of ACA on Medicare Benefits

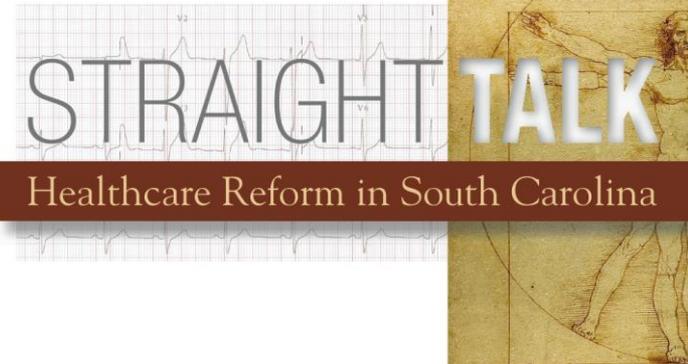
STRAIGHT TALK

Healthcare Reform in South Carolina

Section 3601: “Nothing in the provisions of, or amendments made by, this Act [ACA] shall result in a reduction of guaranteed benefits under title XVIII of the Social Security Act (the title that established Medicare).

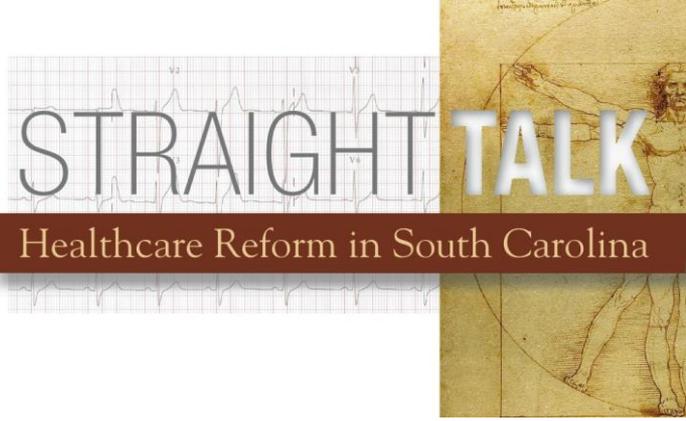
- Medicare Advantage plans are funded by CMS and run by private health plans
- Plans provide “extra” (not guaranteed) benefits such as eyeglasses that may be reduced because CMS is reducing payments to bring costs in line with traditional Medicare
- Medicare is covering preventive services without copays

Financing: \$940B Expansion



- Medicare reimbursement cuts to hospitals
 - \$400 to \$500 Billion over 10 years
- Increase Medicare tax
 - from 1.45% to 2.35% for high incomes (\$200K individual / \$250K couple)
- Impose a 3.8% tax on unearned income
- Tax “Cadillac” health plans (2018)
- Charge new fees on insurance, device manufacturers, pharmaceuticals
 - likely passed to consumers

Financing: Long-Term Costs



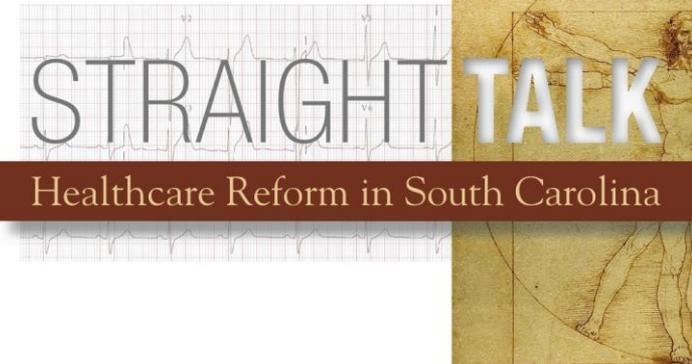
STRAIGHT TALK

Healthcare Reform in South Carolina

Proposed Long-Term Savings

- heavy reliance on electronic health records
- investment in prevention and health promotion
- increase primary care
- changes to payment system

Delivery: Provider Payments



“Today’s payment systems reward providers for the quantity of care delivered...A reformed health care delivery system will re-orient payment incentives toward services and activities that improve patient care.”

**Senate Finance Committee
April 29, 2009**

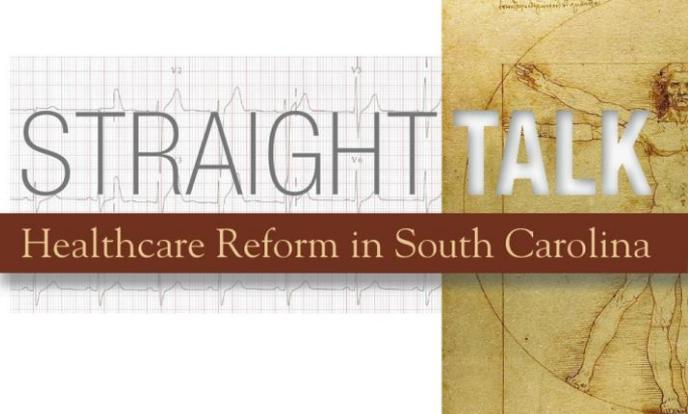
Delivery: Provider Payments

The logo for 'STRAIGHT TALK' features the words in a large, white, sans-serif font. 'STRAIGHT' is on the left and 'TALK' is on the right, both set against a background of a white ECG (heart rate) line on a grid. Below the text is a dark red horizontal bar with the subtitle 'Healthcare Reform in South Carolina' in a smaller, white, serif font. To the right of the text is a vertical strip of a golden-brown background with a faint, classical-style anatomical drawing of a human figure, similar to Leonardo da Vinci's Vitruvian Man.

STRAIGHT TALK
Healthcare Reform in South Carolina

- **Pay-for-Performance**
- **Bundled Payment**
- **Accountable Care Organizations (ACOs)**

REFORM



STRAIGHT TALK

Healthcare Reform in South Carolina

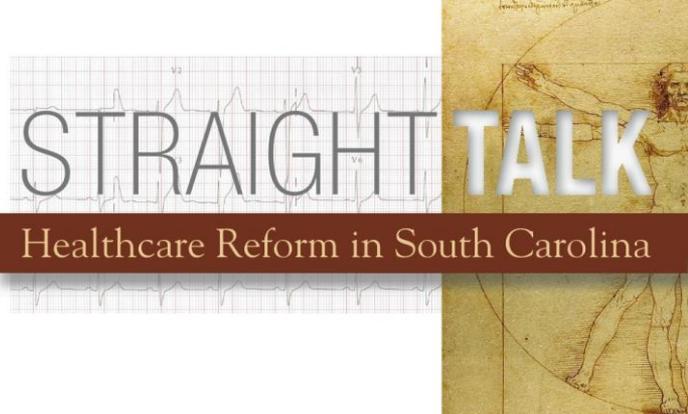
Coverage

Financing

Delivery

? Missing ?

REFORM



STRAIGHT TALK

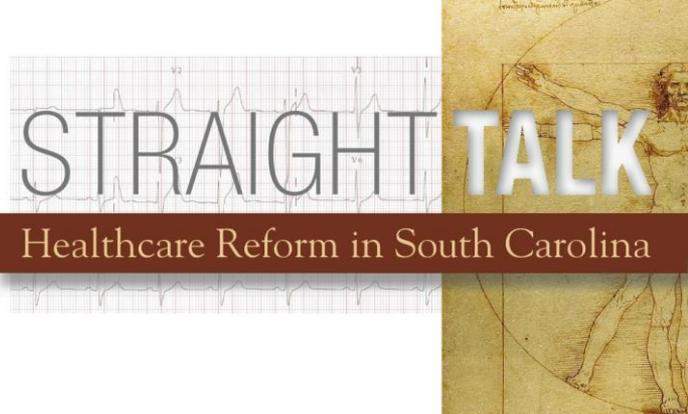
Healthcare Reform in South Carolina

Coverage

Financing

Delivery

Malpractice Reform

The top right corner of the slide features a composite background. On the left, there is a white ECG (heart rate) line on a grid. On the right, there is a portion of the Vitruvian Man drawing, showing the figure's arm and torso. The text 'STRAIGHT TALK' is overlaid on this background in a large, white, serif font.

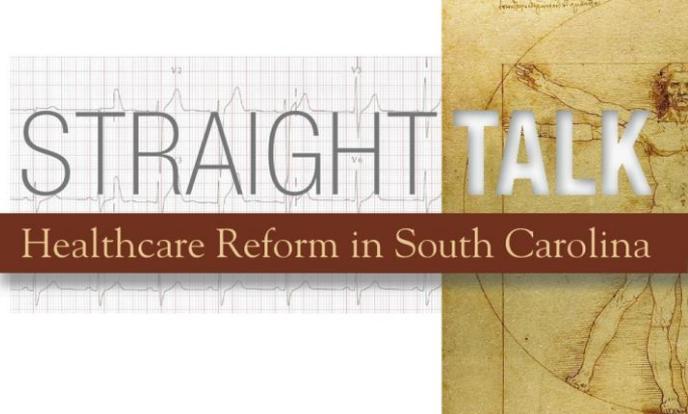
STRAIGHT TALK

Healthcare Reform in South Carolina

UPDATE:

Where Are We Now?

Where Are We Now?



STRAIGHT TALK

Healthcare Reform in South Carolina

- The ACA is the law of the land

Where Are We Now?

STRAIGHT TALK

Healthcare Reform in South Carolina

- The ACA is the law of the land

"The administration's public information campaign on the benefits of the Affordable Care Act deserves a failing grade."

~ Senator Max Baucus, D-MT



Where Are We Now?



STRAIGHT TALK

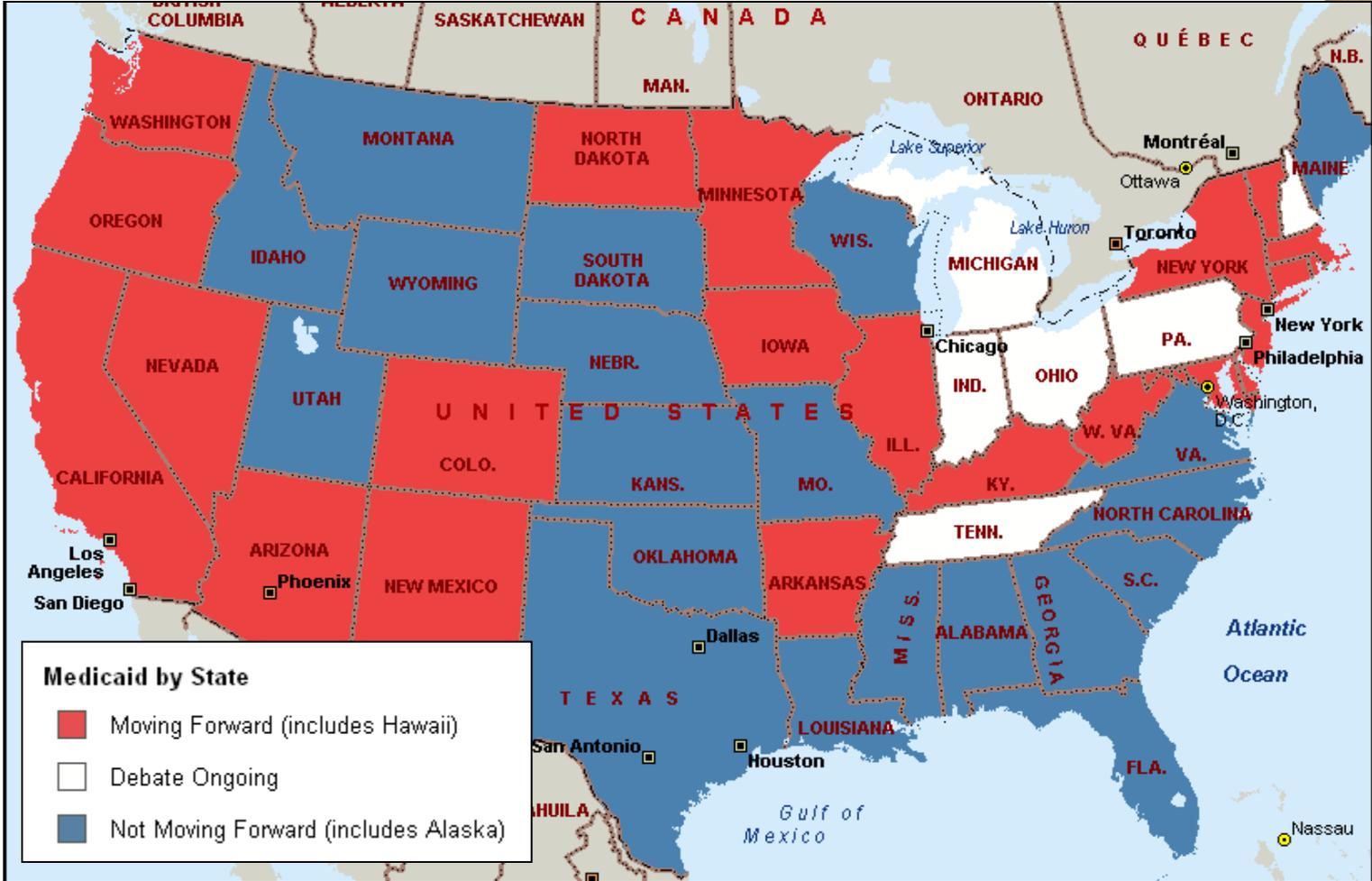
Healthcare Reform in South Carolina

- **The ACA is the law of the land**
- **SCOTUS ruled and created parameters**
 - Individual mandate is constitutional
 - Requirement for states to expand Medicaid is optional

Medicaid Expansion

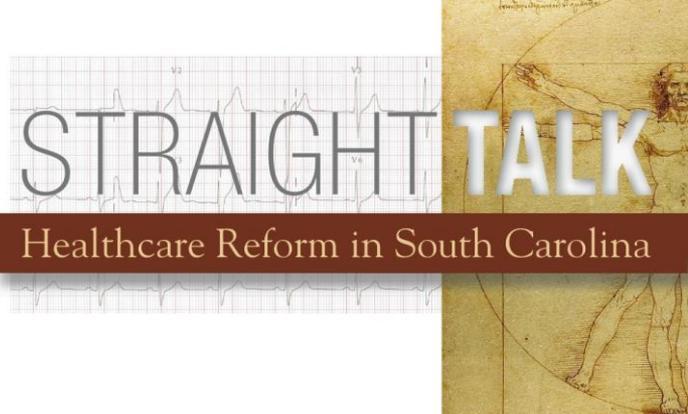
STRAIGHT TALK

Healthcare Reform in South Carolina



SOURCE: Kaiser Family Foundation (kff.org)

Where Are We Now?

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STRAIGHT TALK

Healthcare Reform in South Carolina

- **The ACA is the law of the land**
- **SCOTUS ruled and created parameters**
- **ACA needs changes, but these are unlikely**

ACA Changes Needed

STRAIGHT TALK

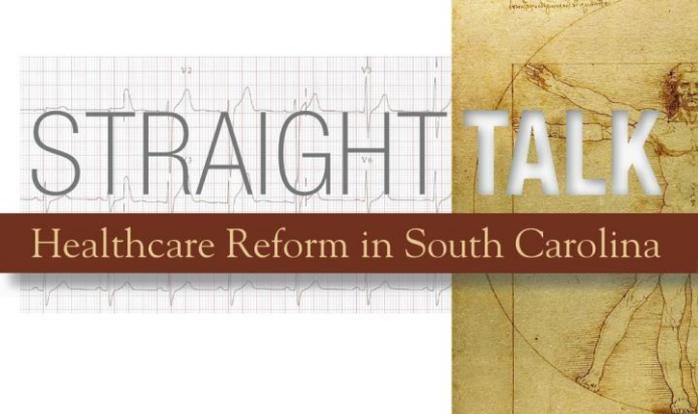
Healthcare Reform in South Carolina

“I don’t think it can be fixed. Everything is interconnected. The only solution is to repeal it, root and branch.”

~ Senator Mitch McConnell, R-KY



ACA Changes Needed



STRAIGHT TALK
Healthcare Reform in South Carolina

“I don’t think it can be fixed. Everything is interconnected. The only solution is to repeal it, root and branch.”

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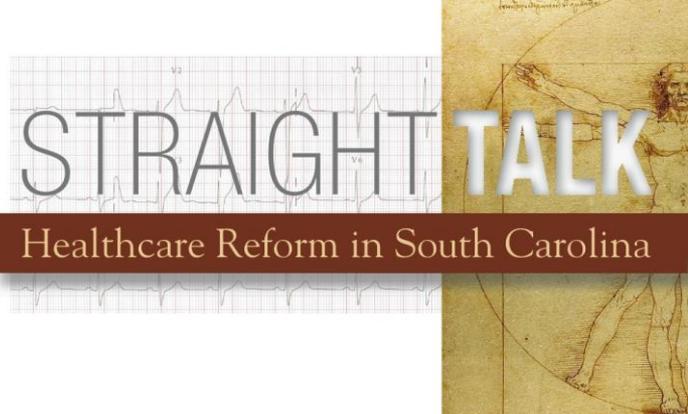
“I’m not sure we’re going to get to the point where it’s time to open the bill and make some changes. Once you start, it’s Pandora’s box.”

~ Senator Max Baucus, D-MT

ACA Changes Needed

- **Full-time worker = 30 hours / week**
- **Large employer = 50 full-time employees or FTEs**
- **New taxes and fees on insurers and other health care companies**
- **Reducing age-rating bands for insurers**

Where Are We Now?

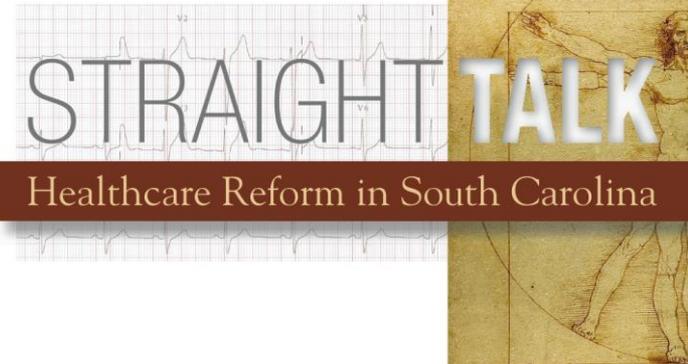


STRAIGHT TALK

Healthcare Reform in South Carolina

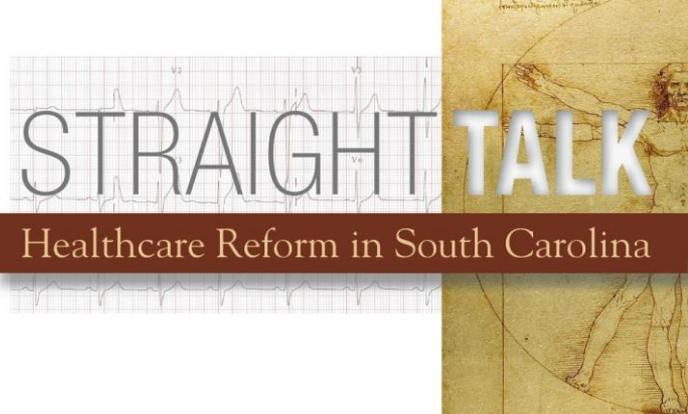
- The ACA is the law of the land
- SCOTUS ruled and created parameters
- ACA needs changes, but these are unlikely
- **Delay of employer requirements**
 - Implications

Delay of Employer Requirements



- **Smallest impact on coverage expansion**
- **Delays burdensome reporting requirements as well as penalties**
- **Questions of fairness since individual mandate was not delayed**
- **Administration can focus on other components of coverage expansion**

Where Are We Now?



STRAIGHT TALK

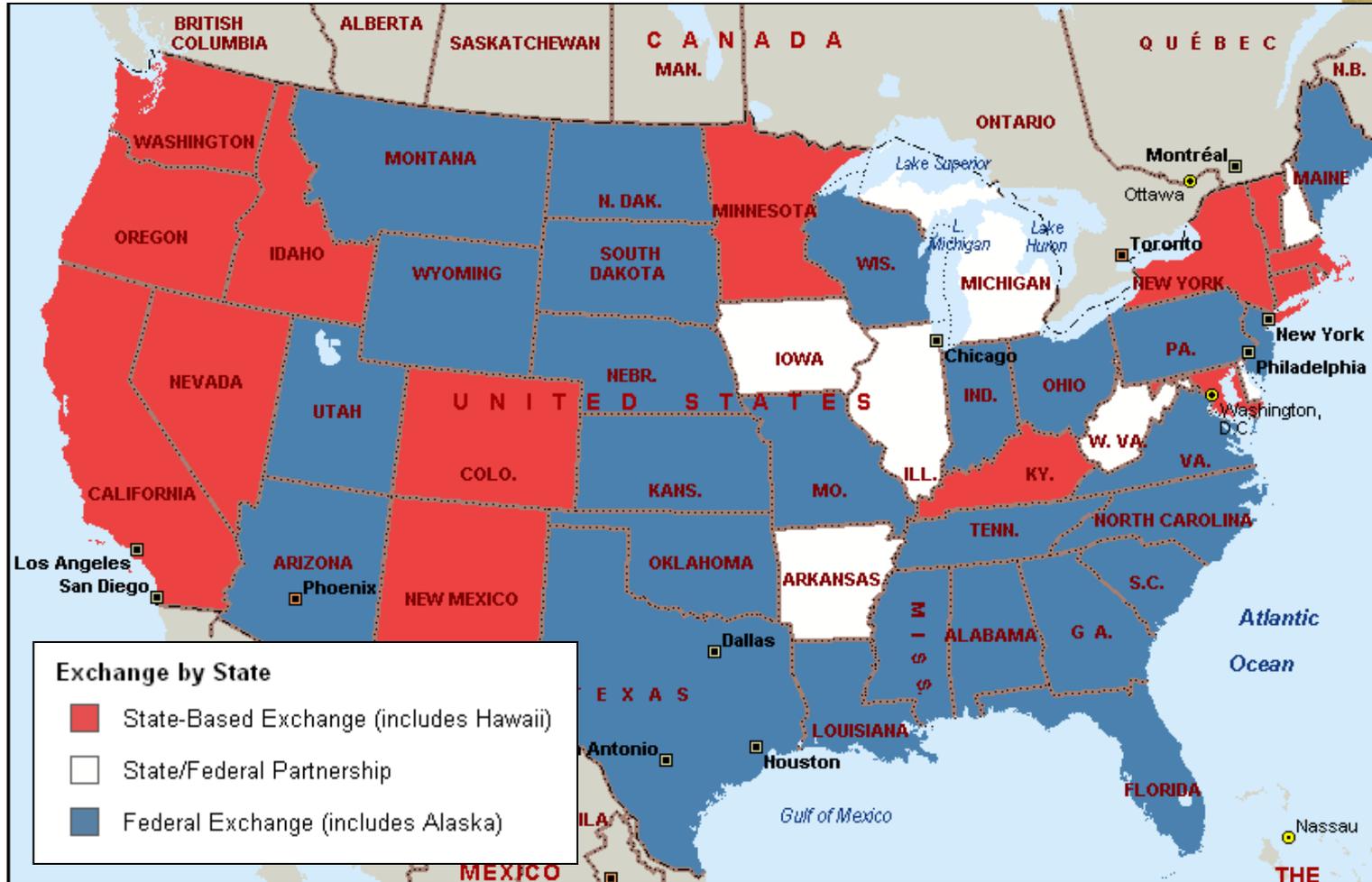
Healthcare Reform in South Carolina

- The ACA is the law of the land
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- Delay of employer requirements
- Many states deferring exchanges to Feds

Exchanges

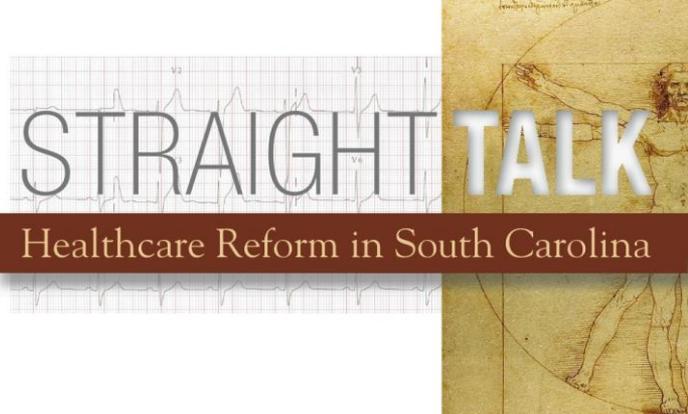
STRAIGHT TALK

Healthcare Reform in South Carolina



SOURCE: Kaiser Family Foundation (kff.org)

Where Are We Now?



STRAIGHT TALK

Healthcare Reform in South Carolina

- The ACA is the law of the land
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- Delay of employer requirements
- Many states deferring exchanges to Feds
- Providers preparing for payment changes

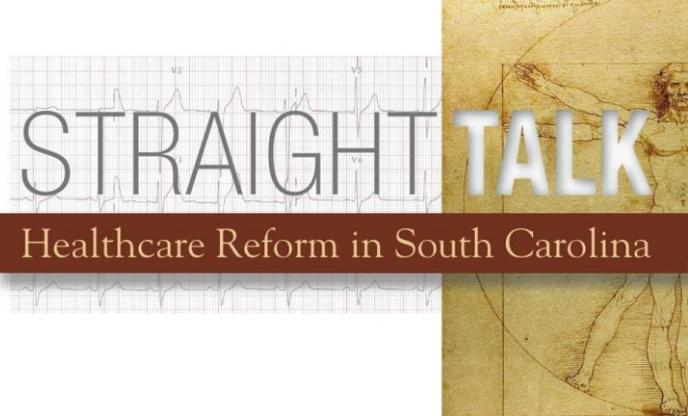
Where Are We Now?

STRAIGHT TALK

Healthcare Reform in South Carolina

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2014

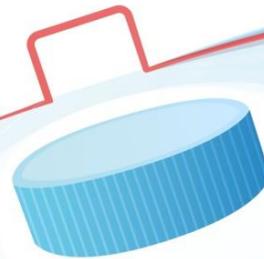
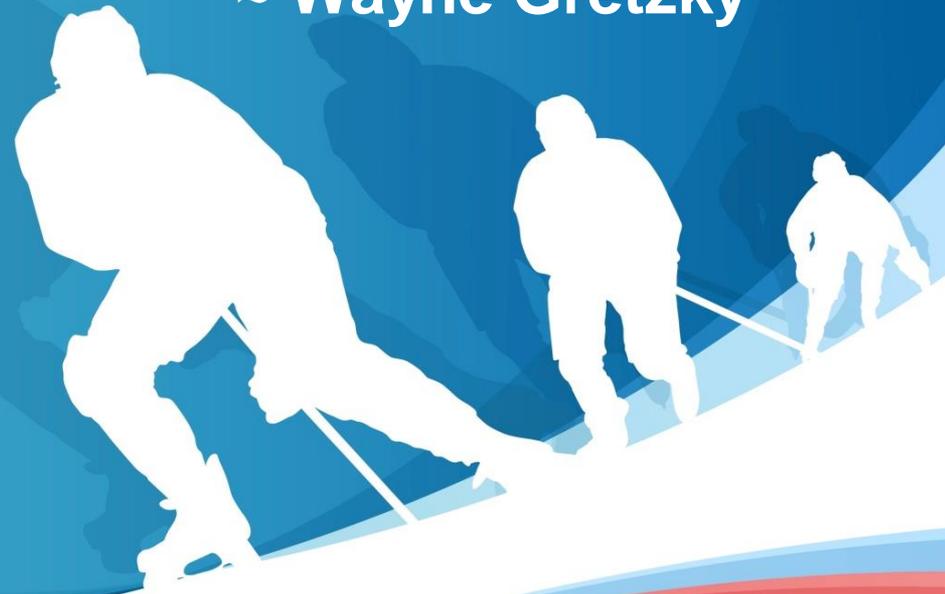
The top right corner of the slide features a composite background. On the left, there is a white ECG (heart rate) line on a grid. On the right, there is a portion of Leonardo da Vinci's Vitruvian Man drawing, showing the figure's legs and lower torso within a circle and square.

STRAIGHT TALK

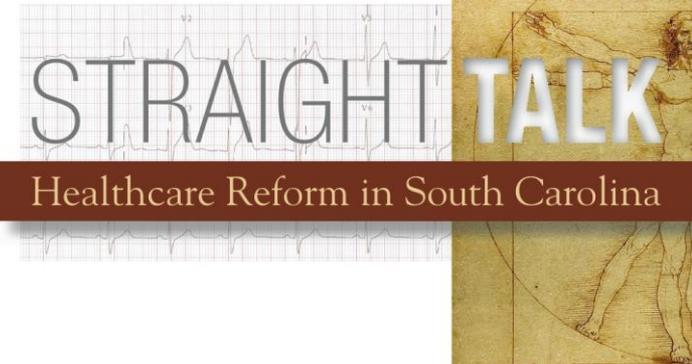
Healthcare Reform in South Carolina

Assumptions About Health Care in an Era of Reform

**“Don’t skate to where the puck is,
but skate to where the puck will be.”**
~ Wayne Gretzky

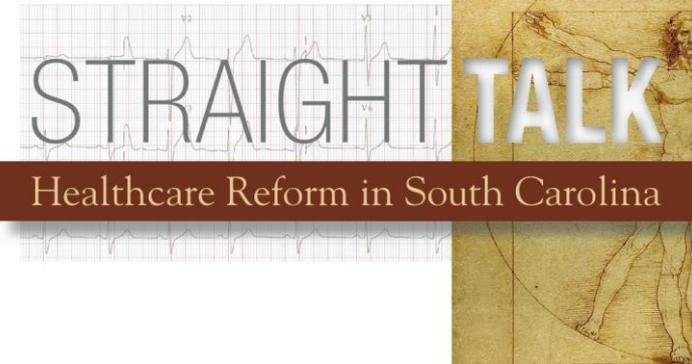


Assumptions for Health Care



- 1. Change is inevitable. The status quo is not sustainable.**
- 2. Consumerism in health care will continue to rise with greater transparency of price and outcomes.**
- 3. Greater accountability for performance related to quality, safety, patient satisfaction and costs.**

Assumptions for Health Care

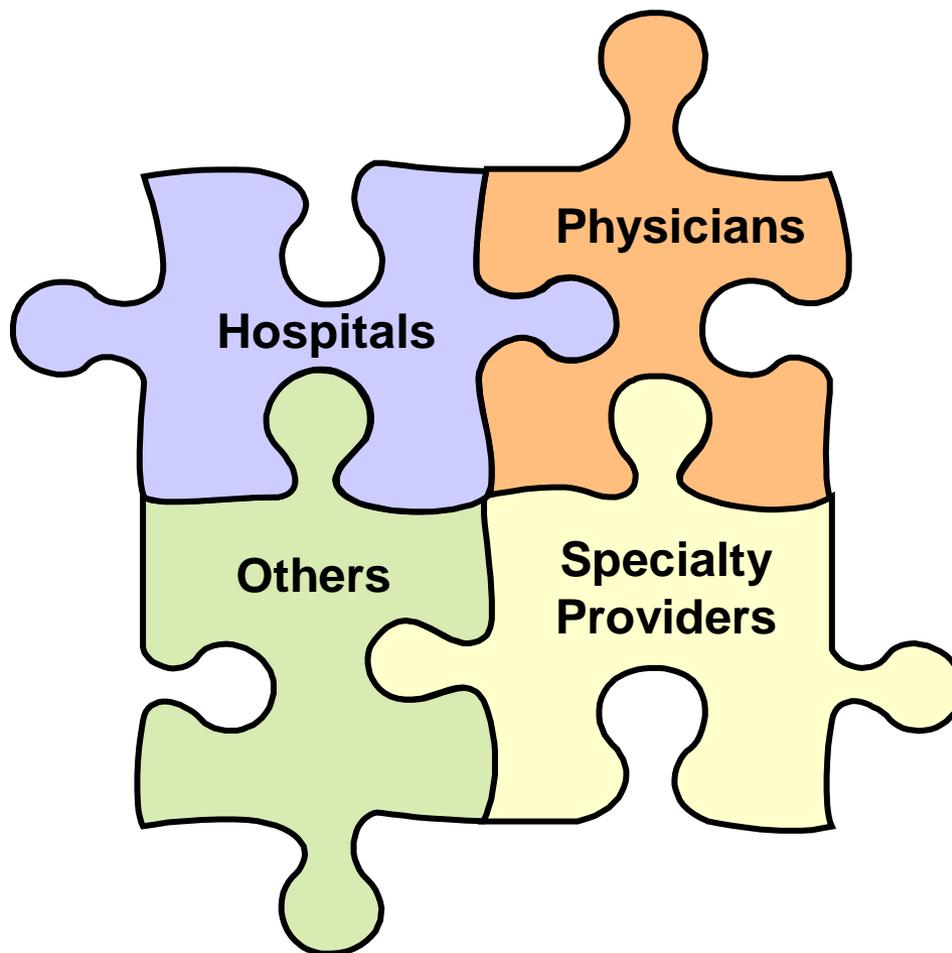


- 4. Fee-for-service will give way to new models**
 - Shifting from volume to value**

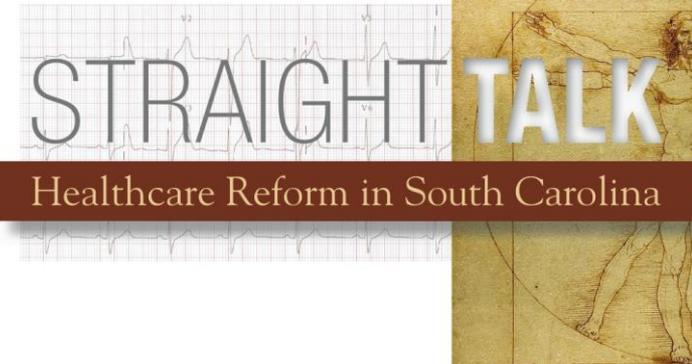
5. Greater Provider Integration

STRAIGHT TALK

Healthcare Reform in South Carolina



Assumptions for Health Care



4. Fee-for-service will give way to new models
5. Greater integration of health care providers
6. Shortages of physicians and other clinical staff

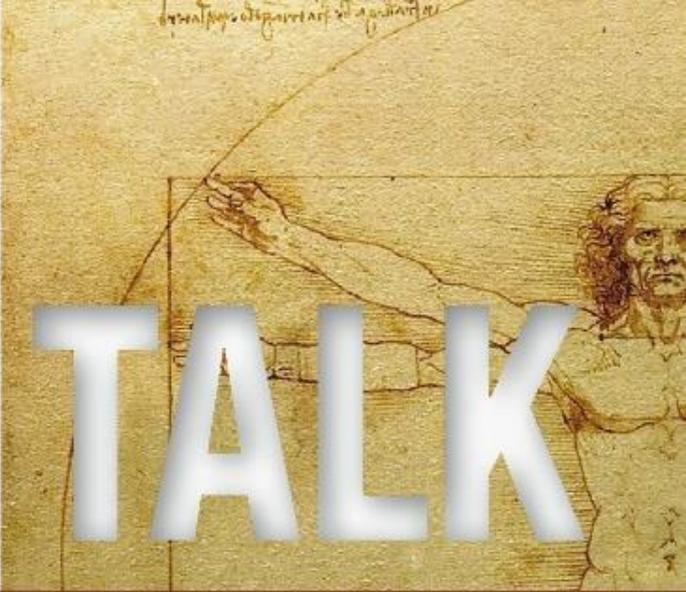
Assumptions for Health Care



- 7. Health care will remain a vibrant part of the American economy, and the US health care system will remain strong**



STRAIGHT



TALK

Healthcare Reform in South Carolina

