

## Health Care in 2016 and Beyond: What New Developments Will We See as a Result of the ACA

By **Daniel Vincent CHFP CIA MHA**  
*Lean Six Sigma Black Belt*  
*Director, Health Care Consulting*  
*Moss Adams LLP*



As we near the end of the first quarter of 2016 and plan for the anticipated changes on the horizon, take a moment to consider where the health care industry stood a mere five years ago. In 2011, The Patient Protection and Affordable Care Act of 2010 (ACA) was new as was the concept of the accountable care organization (ACO). Under the ACA, ACOs were to focus on managing a discrete Medicare population. However in 2011, the ACO was becoming a metaphor for population health management and expansion of care by providing new models of care, including shared

risks and rewards based on patient outcomes. This is new territory for providers, payers as well as patients.

Since then, the ACA has dramatically shaped the healthcare industry in a number of ways ranging from impacting reimbursement to creating increased access points, driving new technology innovation, and opening up retail health care. Some of the impacts we will continue to see is the continued move to the outpatient setting, further value-based payments, and new mobile technologies.

Some of the early adopters who are embracing these ACA and reimbursement model changes are beginning to see the benefits. Providers who have held onto a wait-and-see mentality are quickly realizing that they need to catch-up. Here is a quick snapshot of the wave of changes we expect to continue to move the industry – regardless of where the political factions may lead us this November.

### **Telehealth Continues to Make Inroads**

More insurers are covering

telemedicine which provides 24 hour access to a physician at a fraction of the cost at \$25 to \$30 per call. Additionally, the cost of telehealth technology is rapidly lowering, and it is allowing niche players lower barriers of entry into this care model.

Medicare and private insurers are opening up telehealth beyond the rural health. Medicare's bundled payment program now waives the rural health only limitation and 2016 network requirements will encourage commercial payers to further develop telehealth services.

With these trends in place, telemedicine is expected to grow around 40 percent, from its current market size of \$645 million to more than \$3.5 billion in five years, according to a report by IBISWorld.

### **More Services are Being Paid by Value-Based Reimbursement**

The drive towards more value-based reimbursement models continues. With CMS tightening its rein on reimbursement by shifting its model from volume to value, as announced in the Jan 26, 2015 press release

by the Department of Health and Human Services Secretary Sylvia M. Burwell:

- Tying 30 percent of traditional, or fee-for-service, Medicare payments to quality or value through alternative payment models, such as Accountable Care Organizations (ACOs) or bundled payment arrangements by the end of 2016
- Tying 50 percent of payments to these models by the end of 2018
- Tying 85 percent of all traditional Medicare payments to quality or value by 2016
- Tying 90 percent all Medicare payments by 2018 through programs such as the Hospital Value Based Purchasing and the Hospital Readmissions Reduction Programs. As the press release states, this is the first time in the history of the Medicare program that HHS has set explicit goals for alternative payment models and value-based payments

Medicare's Comprehensive Care for Joint Replacement is an example of this trend. Within local markets, commercial payers focus on narrow networks comes at the cost and quality question in a similar bundled payment manner. Either way, providers need to be lean with high productivity at a low cost as the goal, and be prepared for a major shift in its payment and risk sharing models.

### **Increasing Access in Behavioral Health.**

Behavioral health is finally being de-stigmatized and getting the recognition it deserves with other medical treatments. What was

once care that did not receive that attention of acute care nor the fairness of reimbursement and insurance coverage, behavioral health is now being seen by many as an integral part of the drive to improve quality of health and productivity. In several markets, we are seeing health systems courting behavioral health centers as a way of gaining expertise into this market space. The upside may be a positive result in population health. Behavioral health is becoming part of the care continuum, and new opportunities are arising for alignment and acquisitions.

Additionally, greater use of telemental health/telepsychiatry by the Department of Veterans Affairs and some states' mental health departments are showcasing new treatment models within the outpatient setting.

### **Increasing Access in Post-Acute Services.**

As more organizations move to bundled payment reimbursement, the need to have post-acute services, particularly home care, within their organization is becoming increasingly important. Again the drive to lower the cost of outpatient services and greater technological tools are assisting in this trend.

### **Technology Innovations for Consumers.**

Consumers now have greater choice to receive treatment outside of the traditional hospital or physician office setting and experience convenience and comparable quality of care. Consumers are demanding providers to offer access to care during non-traditional hours,

as well as address time constraints of patients, as well as a lower cost point. Consumers include employer-driven plans as well as individual patients.

Walk-in clinics within a retail environment (pharmacy, supermarket, or other shopping location) are growing quickly, with the number of clinics to growing at about 16 percent in 2015.

House calls and home care in general are making strong strides in technology adoption. On the house call side, apps like Curbside Care, Heal, and Mend allow consumers to have a doctor within two hours or less. Homecare startups, Home Hero and Honor, are introducing convenience with screened homecare providers, as a way of streamlining the select of caregivers.

### **Mid-Level Providers are Expanding Their Roles.**

We are seeing an increased role of physician extenders (nurse practitioners, physician assistants, pharmacists) doing more within clinical settings; particularly at forward thinking medical groups. To enhance the delivery of care with physician extenders, there is tendency of these groups to be more receptive of new, mobile technologies, e-visits, and other methods to further enhance the effectiveness of care under this model.

After five years of the ACA, the healthcare services industry is starting to see the impact of the law through changes in reimbursement, new technologies, and care models. Whether you agree or disagree with the law,

it has begun an evolution in the health care industry and is driving significant change and innovation. I am hopeful that these changes will have a positive impact on the quality and cost of care in 2016 and beyond.

*Dan Vincent, CHFP, CIA, MH, Lean Six Sigma Black Belt, Director, Moss Adams's Health Care Consulting Group's Strategy and Integration Practice focuses on strategic planning activities, implementation of strategic plans,*

*as well a Lean Six Sigma operations improvement. Dan can be reached at [daniel.vincent@mossadams.com](mailto:daniel.vincent@mossadams.com) or 949-517-9447.*

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