

# The Economies of Healthcare...



March 23<sup>rd</sup>, 2023

2:30pm to 3:30pm CDT



# Your Keynote Speaker **Cally Christensen**

Cally and her “flock n’ family” live at 10,000 ft. on a working ranch, in the heart of the mountains of Central Colorado.

She has spent two decades creating strategy and partnerships within the healthcare revenue cycle as well as volunteering with Rocky Mountain AAHAM & HFMA. For the past several years she actively attended the Board of Directors of CO & AZ HFMA and helped many chapters across Region 10, 9 and 8 through committee work & with virtual and on-site education.

As a national speaker, facilitator & keynote Cally’s dynamic and engaging presentation style drive immediate results & lasting solutions .



*Cally is a Regional Vice President at Knowtion Health where she helps clients, friends, and colleagues level the “playing field” of the Payers’*

**#ClaimsGame**



# Today's “K-onversation”

Review & Rediscover many main concepts & chapters in the economies of healthcare and world at large since the 1960's until today

Explore Current “Hot Topics” & Payer Trending

- Delays & Denials
- Downgrades & Takebacks
- Boarding & Bagging... Oh MY!

Reset, Reconnect & Recharge



# Healthcare Over the Decades ...



**60's** (The Act)

**70's** (HMOs)

**80's** (DRG, EMTALA and COBRA)

**90's** (WWW, HIPAA, EMR's)

**00's** (Part D, HSA, EHR's)

**10's** (Patient Protection & Affordable Care Act)

**20's** (Staffing, New Care Process & Protocols)



# 1960's

July 30, 1965, when President Lyndon B. Johnson signed Medicare and Medicaid into law. "The Act"

Defining Events:

Women's Liberation/ Civil Rights & The Cold War

**Boomers (1944- 1964)**



# 1970's

Health Maintenance Organization Act of 1973 (HMO), a directive to create more affordable health delivery services to control costs.

Reproductive Rights

Gen X = 1965 to 1980

## 1972

Medicare eligibility was extended to individuals under age 65 with long-term disabilities and to individuals with end-stage renal disease (ESRD).

Medicaid eligibility for elderly, blind and disabled residents of a state was linked to eligibility for the newly enacted Federal Supplemental Security Income (SSI) program



# Health Maintenance Organizations (HMO's)

**1973**

The HMO Act provided start-up grants and loans for the development of health maintenance organizations (HMOs).

HMOs meeting federal standards relating to comprehensive benefits and quality were established

\*Right to require an employer to offer coverage to employees.

The Medicare statute was also amended to provide for HMOs to contract to provide Medicare benefits to beneficiaries who choose to enroll.





# 1980's

Emergency Medical Treatment  
Labor Act in 1986

Consolidated Omnibus Budget  
Reconciliation Act in 1986 is  
commonly referred to as  
COBRA.

Gen Y/ Millennials 1981- 1997



## 1983

An inpatient acute care hospital **prospective payment system** for the Medicare program, based on patients' diagnoses, *was adopted to replace cost-based payments.*

The Medicare hospice benefit was established as an option for beneficiaries to receive all-inclusive care to relieve pain and manage symptoms in a home setting rather than an institutional setting



# 1990's

Introduction of the world-wide web in 1991

Health Security Act of 1993

Health Insurance Portability and Accountability Act of 1996

Medicare.gov was launched  
1998

Gen Y/ Millennials 1981- 1997

Gen Z/ Google Generation  
1997 to 2010



# 1990's continued...

**1990**

Smoking is banned on all U.S. domestic flights lasting less than six hours.



**1991**

Medicaid Disproportionate Share Hospital (DSH) spending controls were established, and provider-specific taxes and donations to states were capped.

**1995**

The FDA approves the first U.S. vaccine to prevent [chicken pox](#).

**1996**

Health Insurance Portability and Accountability Act of 1996.

Welfare Reform: The Aid to Families with Dependent Children (AFDC) entitlement program was replaced by the Temporary Assistance for Needy Families (TANF) block grant

**1997**

The Children's Health Insurance Program (CHIP) was created





# 2000's

Y2K?!

Medicare Part D

EMR's

Smart Phones hit in 2007

Capitation & Quality Based  
Payment Model

- ESRD

EMR's Introduced 2009

Gen Z/ Google Generation  
1997 to 2010



# 2000s Continued...

**2003**

Medicare Part D prescription drug benefit were created. Additional Medicare legislation in the same year created Health Savings Accounts.

**2006**

Value Based Care Introduced

**2008**

Medicare Improvements for Patients and Providers (MIPPA) established the End-Stage Renal Disease Quality Incentive Program (ESRD-QIP with implementation starting in 2012.) **This program was the first of its kind from CMS, wherein payment was linked to quality measures.**

**2008**

Limited Capitation models enter the market.

2009 EMR Kick Off





# 2010's

Instagram and iPad

Social Media Immersion

2013: Health Insurance  
Marketplace opened

2015: MACRA & MIPS

**Generation Alpha- 2025**



# Affordable Care Act (ACA)

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance abuse disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventative and wellness services and chronic disease management
- Pediatric services, including oral and vision care





# 2010s Continued...



**2015**

Congress passed the Medicare Access and CHIP Reauthorization Act (MACRA) to further accelerate the adoption of VBC. This legislation created the Merit Based Incentive Payments System (MIPS) to streamline multiple quality-related programs, as well as incentivized physicians to participate in Alternative Payment Models (APMs).



# Marketplace, MIPS & MACRA

## 2013

- The Health Insurance Marketplace opened on October 1, 2013.
- For the first time ever, all Americans were able to shop for affordable quality health coverage and couldn't be denied or charged more because they had a pre-existing condition.
- An estimated 37.2 million Medicare beneficiaries received at least one free preventive service including an estimated 26.5 million people with Original Medicare.

4.3 million seniors and people with disabilities saved \$3.9 billion on prescription drugs/an average of \$911 per beneficiary

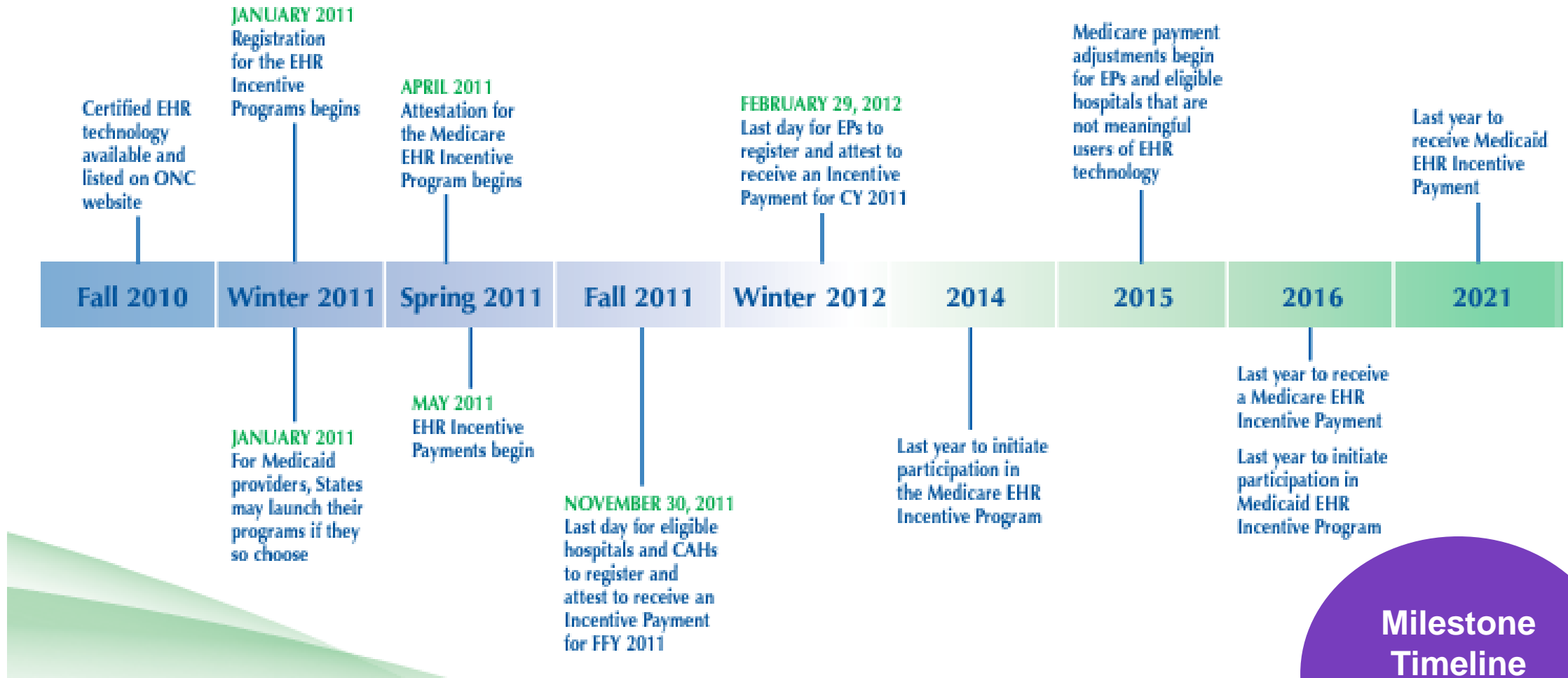
[Medicare & Medicaid Milestones, 1937 to 2015, July 2015 \(cms.gov\)](#)

## 2015

- The Medicare Access and CHIP Reauthorization Act (MACRA) changes the way Medicare pays physicians.
- It replaced the Sustainable Growth Rate (SGR) methodology with a method that's more predictable and speeds up participation in alternative payment models.
- These models encourage quality and efficiency



# CMS Medicare and Medicaid EHR Incentive Programs



**Milestone Timeline**  
*Did we achieve meaningful use?*

# 2020's

Top 25 news photos of 2020 –  
*The Atlantic*

## Critical Staffing Challenges

## New Care Processes & Protocols

# Payers' #ClaimsGame



The rate of claims payers are denying increased from 10.2 percent in 2021 to 11 percent in 2022, which equates to 110,000 unpaid claims for an average-size health system [Crowe](#) said in a Nov. 9 news release.

In July and August of 2022, that jumped to 1.8 percent, the highest percentage on record, equating to more than \$1.6 billion in takebacks per month for providers...

[Hospitals losing billions to rising costs, denials and takebacks \(beckershospitalreview.com\)](https://beckershospitalreview.com)



# Recover MORE Earned Revenue

## #ClaimsGame

### Prior authorizations

- Prior-authorization denials on inpatient accounts were a significant driver behind the dollar value of denials rising to 2.5 percent of gross revenue in August ‘22

['Enough is enough': AMA pushes prior authorization fix \(beckershospitalreview.com\)](https://www.beckershospitalreview.com)

### Denials, Delays & Downgrades

- The rate of claims payers are denying increased from 10.2 percent in 2021 to 11 percent in 2022

### Variances/ Takebacks

- Payer takebacks averaged 1.8% equating to more than \$1.6 billion in takebacks (July/ August ‘22)

### Increased Audits

### Government & Commercial Payers

[Hospitals losing billions to rising costs, denials and takebacks \(beckershospitalreview.com\)](https://www.beckershospitalreview.com)





# Specialty Drugs and Infusions

- Have special shipment and storage requirements, such as refrigeration/ freezer
- Have a high monthly cost
- Are not stocked at majority of retail pharmacies
- Treat rare or complex or chronic medical conditions, such as hepatitis C, multiple sclerosis, and cancer
- Require ongoing clinical assessment and additional patient education, compliance, or support

[The Future of White Bagging and Brown Bagging in Oncology Pharmacy \(accc-cancer.org\)](https://www.accc-cancer.org/)

[WhiteBaggingBrownBagging\\_FactSheet \(aimedalliance.org\)](https://www.aimedalliance.org/)



# Payer Policies and Mandates



## White Bagging

Medication is shipped by a specialty pharmacy directly to the facility where it will be administered to that particular patient, such as a physician's office, clinic, or hospital.<sup>5</sup>

*The specialty pharmacy then bills the payers directly*

[Microsoft Word - White Bagging and Brown Bagging Report 2018\\_proofed.docx \(nabp.pharmacy\)](#)



## Brown Bagging

Patient is shipped or picks up Rx-brings the medication to the physician's office, hospital, or clinic for administration.

The specialty pharmacy then bills the payer directly for the medication



## Clear Bagging

Refers to when a (cancer) program or practice maintains its own specialty pharmacy that provides prescribed medication directly to the clinic.

Providers are more open to clear bagging. It doesn't lead to delays, as practices can use drugs from their own inventory, and, most important, practices have full custody of the product and can guarantee good product integrity



# Any Cause for Concern?



## White Bagging

- High level of coordination.
- Patient safety
- Potential treatment delays
- Drug waste (shipping delays and misrouted packages)

## Brown Bagging

- Custody and quality standpoint
- Convenience

[The Future of White Bagging and Brown Bagging in Oncology Pharmacy \(acc-cancer.org\)](https://www.accc-cancer.org/)



# Boarding & Bottlenecks

**“We’ve seen continual growth in length of stay”**

[Emergency rooms are at ‘breaking point,’ physicians say | Healthcare Dive](#)

Boarding...patients are held in the ED longer than they should be because of a lack of available inpatient beds. The problem has led to gridlocked EDs filled with patients waiting, sometimes in life-threatening situations...

**“Our boarding numbers have unfortunately skyrocketed in the wake of covid as a consequence of increasing surgical volumes and decreasing inpatient nurse staffing.”**

[How tight nursing home capacity is bottlenecking hospital operations | Healthcare Dive](#)

Hospital operators reported longer lengths of stay, along with difficulties discharging patients, compared to prior years. That trend was evident across both nonprofit and for-profit operators and contributed to waning operational income for many systems.

[emergency-department-boarding-crisis-sign-on-letter-11.07.22.pdf \(acep.org\)](#)



A young girl with dark hair in a bun, wearing a blue Superman cape and a red tutu, is saluting with her right hand. She is holding a small white rose in her left hand. She is standing on a red carpet, which is bordered by gold stanchions and red velvet ropes. The background shows the legs and feet of other people, suggesting a public event or premiere.

**With the  
New Day comes  
*New Strength  
& New Thoughts***

# “You Must Do the Thing You Think You Cannot Do”

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## Eleanor Roosevelt



Let's Konnect!