Changes in Health Policy, Education, and the Delivery of Care

Peter A. Bell, DO, MBA, HPF, FACOEP-Dist, FACEP
Objectives

1. Identify (recent) Change in Health Policy
2. Discuss Needs and Changes for Health Care Education
3. Recognize New Models and/or Expectations for Health Care Delivery
Objective: Changes in HP...Interesting reads...

- Norman Gevitz:
- Paul Starr: Pulitzer Prize-winning professor of sociology and public affairs at Princeton University
Change driven by values...

Circa 1970 core American Values

- Equal Opportunity
- Achievement and Success
- Material Comfort
- Activity and Work
- Practicality and Efficiency
- Progress
- Science
- Democracy and Enterprise
- Freedom

US Gov Mission Statement: Preamble

• We the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.
Most Recent Health Care changes:

- **Philosophical:**
  - Fix when broken \(\rightarrow\) Prevent & Maintain
  - Individual \(\rightarrow\) Population

- **New Business Model**
  - Pay for Service \(\rightarrow\) Reward for Outcomes
  - Independent \(\rightarrow\) Employed
  - Pluralistic care \(\rightarrow\) Coordinated care
  - Custom \(\rightarrow\) Policy/protocol
  - Paper \(\rightarrow\) Electronic
New Equation:

Quality + Service / $ = Value
Background: Promote the Gen Welf

- 1935: **SS** Act; retirees, unemployment, welfare, dependant children
- 1937: collect taxes, payments to retirees
- 1939: benefits to retirees spouse/children
- 1956: disability benefits
- 1965: Medi Care/Caid, GME funding
- 1984: All gov branches in SS
- 1993: Failed Clinton Plan
- 1997: SCHIP
- 2010: ACA
2010 Affordable Care Act

- Partial Protection & Affordable Care Act
- Health Care & Education Reconciliation Act
- Together
  - More “Accountability”
  - Expands/Improves MediCaid and SCHIP
  - Primary care @ MediCare rates for 2 yrs
Mandate

- **2010 49.9M w/o Health Insurance** or **16.3%**
  (306M pop)
  - Predict 17M will be Medicaid expansion eligible
  - ? 33M select exchange or no ins...Or pay penalty (starting 2014)?
    - 1%..2%..2.5% **taxable income**
  - Approx **161M** w private Insurance
  - Approx **95M** covered by Gov Ins
ACA

**Coverage**

- **Ends Pre-Existing Condition Exclusions for Children:** Health plans can no longer limit or deny benefits to children under 19 due to a pre-existing condition.

- **Keeps Young Adults Covered:** If you are under 26, you may be eligible to be covered under parent’s plan.

- **Ends Arbitrary Withdrawals of Insurance Coverage:** Insurers can’t cancel just because you made an honest mistake.

- **Guarantees Your Right to Appeal**
ACA

- **Costs**
  - **Ends Lifetime Limits on Coverage:** Lifetime limits on most benefits are banned for all new plans.
  - **Reviews Premium Increases:** Insurance companies must now publicly justify any unreasonable rate hikes.
  - **Helps You Get the Most from Your Premium Dollars:** Your premium dollars must be spent primarily on HC— not administrative costs.
ACA

- Care
  - **Covers Preventive Care at No Cost to You:** You may be eligible for recommended preventative services with no copayment.
  - **Protects Your Choice of Doctors:** Choose the primary care doc you want from your plan’s network.
  - **Removes Insurance Company Barriers to Emergency Services:** You can seek emergency care at a hospital outside of your network.
How Pay? Major Fed Care Programs

**Workers/Employee Tax**
- Social Security Trust
- Medicare Trust
  - 2010 48M people/309M

**General Taxes**
- Medicaid
  - cost shared w/ states tax revenue
- SCHIP
  - cost shared w/ states tax revenue
- VA
  - Line item in Fed budget
Follow the money....FedInsContribAct

<table>
<thead>
<tr>
<th>Soc Security</th>
<th>Medicare</th>
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<tbody>
<tr>
<td>▫ 6.2% employee</td>
<td>▫ 1.45% employee</td>
</tr>
<tr>
<td>▫ 6.2% employer</td>
<td>▫ 1.45% employer</td>
</tr>
<tr>
<td>▫ Employee rate temp reduced to 4.2% in ‘11, ‘12</td>
<td>▫ No ceiling</td>
</tr>
<tr>
<td>▫ 2014 ceiling $117K</td>
<td>▫ NOTE: 2011 est insolvency in 2024</td>
</tr>
<tr>
<td>▫ NOTE: 1937-2009</td>
<td>▫ NOTE: add tax starting 2013 of 0.9%</td>
</tr>
<tr>
<td>• Collected $13.8T</td>
<td>• Single $200K</td>
</tr>
<tr>
<td>• Paid $11.3T</td>
<td>• Married $250K</td>
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## Follow the Money...IRS

### 2012 tax

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<tr>
<td>10%</td>
<td>$0 - $17,400</td>
<td>$0 - $8,700</td>
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<td>15%</td>
<td>$17,400 - $70,700</td>
<td>$8,700 - $35,350</td>
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<tr>
<td>25%</td>
<td>$70,700 - $142,700</td>
<td>$35,350 - $85,650</td>
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<tr>
<td>28%</td>
<td>$142,700 - $217,450</td>
<td>$85,650 - $178,650</td>
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<td>33%</td>
<td>$217,450 - $388,350</td>
<td>$178,650 - $388,350</td>
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<tr>
<td>35%</td>
<td>$388,350+</td>
<td>$388,350+</td>
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### 2013 tax

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<thead>
<tr>
<th>Bracket</th>
<th>Married</th>
<th>Single</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>$0 - $17,850</td>
<td>$0 - $8,925</td>
</tr>
<tr>
<td>15%</td>
<td>$17,850 - $72,500</td>
<td>$8,925 - $36,250</td>
</tr>
<tr>
<td>25%</td>
<td>$72,500 - $146,400</td>
<td>$36,250 - $87,850</td>
</tr>
<tr>
<td>28%</td>
<td>$146,400 - $223,050</td>
<td>$87,850 - $183,250</td>
</tr>
<tr>
<td>33%</td>
<td>$223,050 - $398,350</td>
<td>$183,250 - $398,350</td>
</tr>
<tr>
<td>35%</td>
<td>$398,350 - $450,000</td>
<td>$398,350 - $400,000</td>
</tr>
<tr>
<td>39.6%</td>
<td>$450,000+</td>
<td>$400,000+</td>
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</tbody>
</table>
$ Impact of ACA?

- Increase Medicare 0.9% for Hi Earners
- Increase 2.3% sales tax on med devices
- Increase Employer corp tax
  - d/t change Part D
- Decrease tax free benefit of Flex Spd Acct
  - limit amt $2500/yr
- Decrease Med Exp deductions
  - old 7.5% new 10% tot inc
- Decrease Dispro Share Paymt Hosp
  - d/t less uncomp care
2013 New Tax Revenue $264B

- **$160 Billion Hike in Payroll Taxes.** increases the payroll tax Social Security from 4.2 percent back to 6.2

- **$39.5 Billion in Income-Tax Rate Hikes.** $400,000 ($450,000 for married couples) marginal income-tax rates rise from 35 percent to 39.6 percent

- **$15 Billion from Limiting Deductions.** “personal exemption phase out”... affects individual filers at $250,000, and $300,000 for joint filers.

- **$5.5 Billion in Capital Gain and Dividend Taxes.** tax rate for capital gains and dividends will rise from 15 percent to 20 percent

- **$2 Billion in Estate Taxes.** increases the top rate for gift and estate taxes from 35 to 40 percent.
US Budget 2013

Revenues $2.9T
- Pers Inc Tax $1.4T
- SS $0.96T
- Corp $0.35T
- Excise $0.09T
- Fed Reserv $0.08T
- Duties/Estates etc $0.02

Expenses $3.8T
- HHS (MediC/C) $0.96T
- SS $0.88T
- Defense $0.67
- ------------------subT $2.51T
- Interest $0.25
- Agri $0.15
- VA $0.14
- Treas $0.11
- Labor $0.10
- Transp $0.10
- Ed $0.07
- H-land Sec $0.06
- D of State $0.06
- Intel $0.05
- All others $0.05
Outcome to date?

- **Primary Care**
  - 4.8 M new MedCaid pts thru March 2014 (7M total w/ predic 17M)
  - 8.5 M new thru state exchanges Sept 2014 in 19 states (predic need 33M)
    - Doc short now...shorter by 33K docs 2015
  - 32 M new MedCaid pts by 2019?
    - 91K docs short all specialties (half prime care)

- **Emergency Care**
  - 136 M visits 2011...saw 5.6% in states w/ Mcaid Exp
  - 2% of $2.4 T health care cost ($48B)
    - Less than 1/3 of ER comp is doc ($110 collected)
  - Non-Urgent CDC 2007: 12.1%, 2010: 7.9%
  - Less **marginal cost for non-urg** than Prime doc
Objective: How are we going to address Needs and Changes for Health Care Education?

- Increase Work Force?
- New Loci for Education?
- The Mix?
- New Expectations for Training?
# US Med School Enrollment

## 1st Year MD and DO Enrollment

2014 as compared with 2002

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2014</th>
<th># and % Increase</th>
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<tbody>
<tr>
<td>MD</td>
<td>16,488</td>
<td>20,281</td>
<td>3,405 ( 23% )</td>
</tr>
<tr>
<td>DO</td>
<td>3,079</td>
<td>6,271</td>
<td>3,192 ( 103.7% )</td>
</tr>
<tr>
<td>Combined</td>
<td>19,567</td>
<td>26,552</td>
<td>6,597 ( 35.7% )</td>
</tr>
</tbody>
</table>

Sources:
- AAMC Dean’s Enrollment Survey: 2009 Preliminary Findings
- AACOM 2009 Survey on Osteopathic Medical School Growth Plans Preliminary Data
Unmatched Seniors, Unfilled Positions 2001-2010

Unfilled PGY-1 Positions

U.S. Seniors Unmatched to PGY-1 Positions

Source: Paul Rockey MD - AMA
Congress

- **H.R. 1180 Resident Physician Shortage Reduction Act of 2013**: Crowley (D-NY-14)
  - Increase slots up to 3K/yr ‘15-’19
    - At least half must be in specialty shortage
  - Looks at IME/DME payment scheme
  - S577; Nelson (D-FL)
Congress

- **H.R. 1201:** *Training Tomorrow’s Doctors Today Act*; Aaron Schock (R-IL-18) and Allyson Schwartz (D-PA-13)
  - Add 3K slots/yr x 5 yrs
- **H.R. 487:** *Primary Care Workforce Access Improvement Act*; Cathy McMorris Rodgers (R-WA-5)
  - 5yr pilot project in primary care (4 different community collaboration models)
Locus of Training Shifts

Currently:
- Hospital based – CMS driven funding
- VA supplement – VA funding
- Military programs – DoD funding

Pilot Programs:
- Teaching Health Centers – HRSA $
- FQHCs, CHCs, freestanding clinic entities
- Consortium models of clinic delivery
Congress

- **S. 2728 The Community-Based Medical Education Act of 2014**; Patty Murray (D-WA) recently introduced:
  - Fund THC for 550 residents thru 2019
  - Provide $25M/3 yrs for new programs
  - Establish permanent 1500 prime care slots
  - Direct Sec HHS to establish outcome expectations
The GME Mix

- **WHO: 70/30 vs US 30/70**
- **Academ Med Sept 2013** “Toward GME Accountability: Measuring the Outcomes of GME Institutions”
  - Aver prime care production 25%
  - Rural yields rural
  - *DOs prime care 62% in 2010*
## 2010 DO Med Profes Report (AACOM)

### SELF-IDENTIFIED DO PRACTICE SPECIALTIES, 1984-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>DOs</th>
<th>%</th>
<th>DOs</th>
<th>%</th>
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<td>19,737</td>
<td>39.1</td>
<td>5,687</td>
<td>11.3</td>
<td>2,612</td>
<td>5.2</td>
<td>2,170</td>
<td>4.3</td>
<td>902</td>
<td>1.8</td>
<td>19,010</td>
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<td>18,964</td>
<td>40.9</td>
<td>4,620</td>
<td>10.0</td>
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<td>2007</td>
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<td>4,037</td>
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<td>14,665</td>
<td>34.5</td>
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<td>2006</td>
<td>18,610</td>
<td>46.1</td>
<td>3,468</td>
<td>8.6</td>
<td>1,325</td>
<td>3.3</td>
<td>1,543</td>
<td>3.8</td>
<td>498</td>
<td>1.2</td>
<td>14,020</td>
<td>34.7</td>
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<td>2005</td>
<td>17,800</td>
<td>46.3</td>
<td>3,107</td>
<td>8.1</td>
<td>1,176</td>
<td>3.1</td>
<td>1,465</td>
<td>3.8</td>
<td>464</td>
<td>1.2</td>
<td>13,431</td>
<td>34.9</td>
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<td>2004</td>
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<td>45.5</td>
<td>2,994</td>
<td>8.1</td>
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<td>1,416</td>
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<td>448</td>
<td>1.2</td>
<td>13,050</td>
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<td>1994</td>
<td>10,136</td>
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<td>560</td>
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<td>361</td>
<td>2.8</td>
<td>62</td>
<td>0.5</td>
<td>3,033</td>
<td>23.7</td>
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Pay for Performance - Education

• CMS –
  ▫ Revision studies underway
    • Reduce **IME** by 50% or more by 2012?...didn’t happen....yet
    • Can’t determine that IME is being spent wisely (or how by hospital CEOs) toward medical education.

• HRSA
  ▫ Teaching Health Center process will reward outcomes – **CHC/FQHC** practices
  ▫ **Affordable Care Act** provisions – ACOs etc.
COGME Discussion – GME Outcomes Study
Candice Chen, MD, MPH (Peds)

• Will examine the ‘social accountability’ exhibited by residency training programs

• Outcomes Measures proposed (Graduates who):
  ▫ Practice in high need specialties (primary care, general surgery, psychiatry)
  ▫ Enter specific specialty training (geriatrics, adolescent med, preventive med, child psych)
  ▫ Practice in underserved areas (HPSA, rural, CHC/RHC, NHSC)
  ▫ Migrate out of state
  ▫ Enter academic or research careers (considered favorable)
COGME Discussion – GME Outcomes Study

Candice Chen, MD, MPH (Peds) (Continued)

• Residency Characteristics to be considered:
  ▫ Program size (# of residents, # specialties trained, ratio of PC to specialty residents)
  ▫ Location (Metro Stat Area size, state – resident and physician to population characteristics)
  ▫ Affiliations/training sites (medical schools, AHCs, CHCs, AHECs)
  ▫ Other residency Characteristics (PC tracks, rural tracks, allopathic/osteopathic)

• Concept: Examine which program profile best fits the social needs/mission of the US population – recommend future congressional funding to match those parameters.
Accreditation of US GME

- 2 bodies recognized in US
  - ACGME: 9,300 programs for +/-117K trainees
    - Est 1981 to replace LCGME
    - ABMS, AHA, AMA, AAMC, Council Med Specialty Societies
  - AOA: 1,000 programs for +/-7K trainees
- ACGME proposed rule changes: if ACGME Fellowship, then ACGME residency
- MOU completed Feb 26, 2014
Medical Consortium (OPTI)

- Shared Resources
  - University Diploma
  - Reputations/Brand Names
  - Research (Training, Mentoring, Project Management, Papers and Grants)
  - Faculty Development (CAP, RDFP, Consults “Difficult Resident”)
  - Administration (P&P, Inspections, Purchase power, Communications)
  - Teaching/Training (Sim, OPP, Usd, Leadership, Business, HP)

- Institutional Sponsor
  - OPTI/COM/Consortium??
  - Current institution/network?
  - Other?

- Residency accreditation
  - Common process/boilerplate/shared expertise?
  - Individual effort?
  - Osteopathic?
Institute of Medicine Report: **GME that Meets the Nation’s Health Needs** July 2014

- **$15B Tot in 2012**
  - $9.7B from Mcare
  - $3.9B from Mcaid
  - $1.437B Vet Aff
  - $0.464B HRSA

- Invest Strategically: maintain GME funding level but change IME/DME to value/outcome based payment

- GME Policy Council in office Sec HHS: Strat Plan for type, mix, services, tech

- 2 Part GME Fund: Ongoing residencies and 10% Transformation fund
  - National resident amount
  - $ to sponsor not hospital
What are the new models and/or expectations for delivery of care?

- Med Ed?
- Patient Centered Medical Home
- Accountable Care Organizations
- Bundled Payments
- Alliances
- Independent vs Employed
Expectations?

• “Medical Education 100 Years Post Flexner”
  ▫ Predictions and Outlines for integrated learning models (many LCME schools moving this direction; EPAs, IPE)
  ▫ Comprehensive: Social, economic, political aspects
  ▫ IP & OP: not departments but teams
  ▫ Training Tracks/seamless curriculum: shortened residency
  ▫ Practice Ready Grads: Observe-Supervise-Mentor
Model

- **PCMH**: A team of providers who care for a patient and improve quality enhanced patient access, while managing costs. Overall coordination of care is led by a primary care physician with the patient serving as the focal point of all medical activity.
- **NCQA** certification is becoming the standard
Model

- **ACOs**: Group of primary care providers, specialists and/or hospital and other health professionals who manage the full continuum of care and are accountable for the total costs and quality of care for a defined population.
**Model**

- **Bundled Payment**: Bundled payment systems (also known as "case rates" or "episode-based payment") would make a single payment for all services related to a treatment or condition, possibly spanning multiple providers in multiple settings rather than on a fee-for-service or capitated basis.
Alliances: Generalists & Essentialists

- Primary Care (IM, Peds, FP, GP)
- Ob/Gyn: “I can’t be pregnant”
- EM: “fire, robbery, mishap”
- Gsurg: be a generalist!
- Ortho: be a generalist!
- Geriatrics: “when I get old, start losing my hair”
- Mental: if I only had a brain
- Dental: chew your food
- Optometry: look where you are going
Independent or Employed?

- Mix is 40:60
- Components for Success
  - Coordinated Care
    - Take control of patient health outcomes
  - Cost Sharing: group together
    - Increase efficiencies, lower overhead, increase negotiating power
  - EHR
    - Consider “Cloud” tech to interface various systems

“Coordinating Care-A Perilous Journey through the Health Care System”, Thomas Bodenheimer, NEJM 358; 10, March 6, 2008
“Independent Physician: 6 steps you can take to remain independent-for now”, Lisa Zamosky, Medical Economics, APR 25, 2013
Conclusions

- Change is slow...inevitable...predicated on values...and built on history
- Those who work will fund the system
- Health Care Yesterday will be much different from Health Care Tomorrow
- Coordinated, Value driven, Team Based Care is our Future.
References

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References

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- H.R. 1180 Resident Physician Shortage Reduction Act of 2013: Crowley (D-NY-14)
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- H.R. 487:Primary Care Workforce Access Improvement Act: Cathy McMorris Rodgers (R-WA-5)
- S. 2728 The Community-Based Medical Education Act of 2014: Patty Murray (D-WA)
- Community Health Centers: http://www.communityhealthcenters.org/
- ACA: http://en.wikipedia.org/wiki/Patient_Protection_and_Affordable_Care_Act
- Council on Graduate Medical Education: http://www.hrsa.gov/advisorycommittees/bhpradvisory/cogme/
- Ditto #30
- New England Journal of Medicine, “Coordinating Care–A Perilous Journey through the Health Care System”, Thomas Bodenheimer, 2008;358; 10,
- Medical Economics “Independent Physician: 6 steps you can take to remain independent-for now”, Lisa Zamosky, , April 25, 2013