

HEALTHCARE ROUNDTABLE

The Experts Discuss the Current Healthcare Landscape



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As the various sectors within the healthcare industry continue to evolve and adjust as a result of healthcare reform, many questions remain regarding the state of the industry and how our businesses and local population are affected. To help answer some of those questions, the San Fernando Valley Business Journal turned to a diverse group of experts with various perspectives, including some of the most knowledgeable and active participants in the regional equation. Below is a series of questions the Business Journal posed to these healthcare stewards of the Valley and the unique responses they provided – offering a glimpse into where healthcare stands today – from the perspectives of those in the trenches delivering and facilitating health services for the people of the San Fernando Valley.



HEALTHCARE ROUNDTABLE



'Under reform, millions of Americans who haven't had health insurance coverage are getting access to vital preventive services and chronic disease management. Providers will now be rewarded for providing better care, instead of *more* care.'

DENNIS BENTON



'Just like any other business, when revenue reduces there are two options – work smarter and attract new market share. Healthcare is no different. Working smarter means relying on smart technology that can save time and add efficiencies while improving the patient experience.'

JACK BURKE

◆ What are the latest trends taking place in the health insurance marketplace this year?

BURKE: Trends in healthcare seem to come and go, but access, cost and quality remain the three most important issues confronting the industry. How do we assure that everyone has unencumbered, affordable access to quality healthcare? That is really what this all about and where the discussion on trends should be focused. One of the most significant trends today concerns Accountable Care and Population Health Management. That focuses on how healthcare providers in a given community can work together so they look beyond the traditional walls of the hospital to improve health and wellness in an entire community – not just focusing on illness. Doing so will significantly change the health insurance marketplace as it will drive new payment incentives and a new definition what it means to be a healthcare provider.

SIMPSON: Hot off the press are the new acquisitions and merging of carrier giants. Anthem stated July 24th they "acquired Cigna for \$54 billion," forming the nation's largest health insurance carrier. A few days later, Cigna chimed in saying that the combination of the two will bring together the complementary strengths of Anthem's best-in-class capabilities, leading individual presence in the U.S., consumer engagement, health advocacy capabilities, and Cigna's premier specialty products and an extensive U.S. and international presence. It's looking like the transaction will be done in the last half of 2016 with the next hurdle being regulatory approvals. Anthem will benefit from the national systems and singular platform. Similarly, Aetna paying \$37 billion cash and stock for Humana earlier this month combines the nation's number three and four carriers, merging their forces. There was also the Health Net acquisition by Centene Corp. recently, which was valued at \$6.3 billion. We have felt the impact already, realizing that this is going to truly limit competition and it is frankly unnerving. This will affect service, and culture, and brokers will need to do more. It is all about market share, size and national platforms, with strong capabilities. Only time will tell if this benefits customers' pricing.

WILSON: Much of the public focus remains on coverage for low-income populations. The state Medi-Cal program has more than doubled in the last two years, and there is a bill going through the state legislature that will allow illegal immigrants to purchase health-care coverage through the state exchange. The pool of uninsured is continuing to shrink. The other trend I'm seeing is increased competition

◆ How do things stand at present with Covered California in terms of impacting business?

SIMPSON: Again a total set of facts eludes us, but the truth is that most businesses do not qualify for a subsidy anyway (unless they are a small organization with a payroll average under \$50,000). Those that do qualify may not have staff to handle the lengthy process, even with a broker's assistance. It all seems a bit too new to jump onboard—the exchanges are still in their infancy. There are a lot of small businesses in California and given the astounding advertising budget Covered California (CC) has, the message is rolling out with great controversy. I am seeing a lot

of the businesses that don't qualify for subsidy steering away from the SHOP exchange, because it appears there is really no other good reason for an employer to go into it. While SHOP offers the small employer the option to offer employee-only coverage and no dependent coverage (allowing dependents to go into the exchange as an individual), a lot of employers don't pay towards dependent coverage anyway, so carving out those tiers won't represent too much of a fiscal benefit. This could help the employee's family budget, however the large deductibles could present challenges. Having said that, it's easy enough to get quotes and compare SHOP pricing with going direct to carriers, so employers can look at all of their options.

CARRIER: Since the Affordable Care Act took effect, millions more Americans have healthcare coverage, and emphasis is growing on population health, preventive care and quality. As for losses, deductibles have increased and consumers are finding the new narrow networks exclude some hospitals and physicians.

WILSON: Covered California is keeping Valley Community Healthcare very busy with enrollment. Our lobby is flooded with people each time a deadline is announced.

BENTON: The major impact is that we are able to provide world-class care for members who may have not had the opportunity to have access to affordable health-care in the past. All of Kaiser Permanente's plans on the exchange received four stars in the Covered California quality ratings — the highest score awarded. We are extremely proud of our ratings and the care provided by our skilled physicians, nurses, and care teams in helping members stay healthy. We are also extremely proud that all Kaiser Permanente members — including those in Covered California — have the same access to Kaiser Permanente's comprehensive extensive health-care system. This includes access to more than 14,000 physicians and 35 hospitals in California.

◆ What about providers? How has Covered California impacted them thus far?

SIMPSON: The high deductibles create some billing issues and the networks are becoming even more limited. There's also the issue of PPO providers billing which is gravely complex. Providers may get stuck with no payments if they did not check with the carrier before the patient had services. These plans are constantly changing and now Anthem is again offering individual PPO plans, while last year they offered in-network only EPOs which was not received well. There is a true lack of understanding from providers and consumers of the coverage. Consumers may assume they can go to their doctors and find out later their doctor is not in-network. I really think that it is more important than ever for consumers and providers to truly understand the carrier plans.

WILSON: At Valley Community Healthcare, as with many primary care organizations of all types, there remains a shortage of providers. As each wave of enrollment into Covered California hits, many more patients than we anticipated qualify for, and are enrolling into, Covered California and choosing VCH as their provider. To remain accessible to our patients in need, we are testing different healthcare models.

For workforce, especially doctors, we are looking at ways to spread the patient care amongst 'care teams', and to utilize 'care coordinators' that will follow the patient's care. This will allow doctors to maximize one-on-one time with their patients.

CARRIER: The financial outlook for the healthcare industry varies from hospital to hospital, physician to physician. Providence, as a system, began planning well before the Affordable Care Act took effect, and that foresight proved extremely valuable. Operations were streamlined to ensure the focus remained on increasing access to quality and affordable healthcare. At the same time, it was important to invest in new technology, ranging from electronic health records systems to lifesaving diagnostics and treatment equipment, to ensure we remained on the leading edge. As a large, integrated healthcare system, Providence was able to partner with physicians and others to expand its capabilities and efficiencies and enhance the continuum of care.

◆ At this stage in the game, what do hospitals and physicians need to do to offset the fact that reimbursements have been reduced?

BURKE: Just like any other business, when revenue reduces there are two options – work smarter and attract new market share. Healthcare is no different. Working smarter means relying on smart technology that can save time and add efficiencies while improving the patient experience. It means eliminating waste and perhaps looking at a redistribution of responsibilities within an office or hospital, or retraining existing staff to add new competencies. The challenge for a hospital – particularly a not-for-profit, is doing this while staying true to your mission and continuing to provide strong community benefit. As for attracting new market share we see hospitals adding new service lines that may be filling a community void, attracting new physicians who may bring new patients or looking for creative new partnerships to extend their reach beyond the walls of the facility.

WILSON: Hospitals in particular, have been impacted by new regulations regarding patient recidivism, and reimbursements are likely to focus more around patient health outcomes than procedures and visits. This is why close partnerships between hospitals and community health centers like VCH are even more important to the hospital bottom line. Patients must receive care to help them avoid unnecessary hospitalization (i.e. better control of chronic disease, etc.) and they must have a primary care provider to provide follow-up and preventative care after being released from the hospital. VCH is working closely with Valley Presbyterian Hospital in all these areas to benefit both organizations.

SIMPSON: Accountable Care Organizations, such as Anthem's Vivity, are becoming an attractive option for the physicians. Larger IPA groups and hospitals such as UCLA, Cedars-Sinai, and Torrance Memorial are joining forces with the carriers along with their doctors to share in profits. Blue Shield recently announced on their website that CalPERs is seeing substantial savings—although, one has to understand that CalPERs has a large PPO population. Likewise, Anthem is stating they, in partnership with their healthcare partners, saved \$4.7 million dollars in

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HEALTHCARE ROUNDTABLE

'Some employers fail to see the importance of investing in their employees. Sick days and on-the-job injuries hurt the bottom line. Providing comprehensive healthcare insurance provides preventive care that helps limit time off from work.'

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'There has been a multitude of legislative changes over many years that have cost carriers tremendous sums of money to keep up with, impacting their roles on many levels – from servicing clients to employee management, broker communications and provider networks.'

DANONE SIMPSON

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2014, which means profit for providers. What our marketing has shown is an employer can save if they have a large PPO enrollment and ACO networks such as close by. Efficiencies of technology to communicate with patients on-line for fees are also a very helpful step forward. Anthem is offering these on-line services and some doctor groups are offering the on-line visit, bringing economies of scale, while still making the patient feel cared for. Blogging, offering advice in books for sale, and expanding their horizons will help providers brand themselves in this new age. People are using the internet to assess their needs and doctors who use technology may earn extra income being an expert in their field.

◆ In your view, have the "end users" – the patients – benefited from the ACA?

BENTON: If you think about it, many people were suffering with chronic conditions or pain, and now these patients are getting the care they need as well as getting preventative healthcare. We have been committed to providing high-quality, accessible, affordable healthcare for more than 65 years. Under reform, millions of Americans who haven't had health insurance coverage are getting access to vital preventive services and chronic disease management. Providers will now be rewarded for providing better care, instead of *more* care. These are both key changes that we believe will help improve the health and lives of Americans. While we continue to have concerns with some aspects of the law like the impact of the health insurer tax on consumers, we are committed to the smooth and timely implementation of the law. Care-and-coverage-for-all has been, and will always be, central to our mission.

WILSON: Patients have absolutely benefited! Everyone agrees that ending the 'pre-existing condition' clauses from insurance, allowing young people to remain on their parents insurance until age 26, and other excellent changes to healthcare coverage are a *significant boon to virtually everyone*. At VCH, more than half of our 20,000+ patients went from uninsured to insured through the ACA. Although their primary care with us is unchanged, they are now insured for hospitalizations and specialty care we can't provide. But perhaps the most important change for the better is the new availability of both dental for adults and mental healthcare and coverage. These are game changers for low-income individuals who had great difficult accessing these services prior to ACA.

SIMPSON: In many ways the patients have benefited, yes. All Americans can obtain insurance now no matter their medical condition. Many part-timers or unemployed who could not afford insurance can get subsidy. The hardship is once they are on subsidy and then are offered group insurance, the process of getting off subsidy is not easy—it truly is dealing with a 1-800 number or website to navigate your needs. But, in many ways the ACA plan features are benefiting members as well. Children up to 26 may stay on a parent's plan. Employees on small group plans automatically have some dental insurance for their children added in, so these dependents may not need to be on the group's dental plan, which may save the employee and/or employer. Birth control pills are at

no cost today. Preventive services are free. So, in answer to the question, yes, there certainly have been some benefits to come out of the legislation.

◆ Every large multifaceted organization carries with it a multitude of demands and shifting priorities; how do you define what is most important to your organization?

BURKE: Our focus is on the patient. What will benefit the patient, what will enhance quality and what will improve the patient experience. Sometimes that means investing in new technology that will allow us to better diagnose or treat an illness. Other times it may mean changes to our physical plant to better accommodate patients' needs. And still other times it may involve investing in education so our staff is fully equipped to handle the growing demands placed upon them.

BENTON: Our north star will always be conducting business in a manner that serves the needs of our members, providing affordable best-in-class care. According to our CEO Bernard J. Tyson, it's stated simply – affordability is our obligation. At Kaiser Permanente the way that we focus on affordability is to promote a system more focused on clinical outcomes and prevention, early detection and treatment to help Americans lead healthier lives. We also work to provide coordinated care for members, always considering the whole person (providers working together in care teams for example) and helping to prevent chronic conditions, long-term consequences, and hospital readmissions that are costly and negatively impact our member's ability to thrive. Affordability is inherent in the way we do business, so cost savings can be passed along to our members – from our renewable energy practices to electronic records, and more, we make sure that every action benefits our patients.

WILSON: First we look at what is most important to our patients. Then we work through how to provide that care and those programs and services while remaining financially viable. While all services at VCH are low-cost and some care at VCH is free to patients, providing it is not free for us, although our economies of scale and community health center business model do allow us to provide care extremely cost effectively. Our mission is to provide medical care and health services to people in need, regardless of their ability to pay. But if we do not watch our bottom line, we won't be around to provide that care. But we're done a pretty good job . . . we're still here after 45 years!

◆ How will the healthcare delivery system change as a result of PPACA?

CARRIER: We will see more emphasis on population health and preventive health and more attention to quality, as these will determine reimbursement. We also will see more collaboration among physicians, hospital systems, medical groups and other care providers to ensure the best possible outcomes – again the basis for reimbursement. In recent years, Providence has sought a variety of partners – teaming with physicians groups to advance the continuum of care. We have contracted with sister hospitals and

even competitors in a growing telehealth program that allows members to share expertise. We continue to encourage physicians and nurses throughout our five-state system to practice expert-to-expert collaboration and have partnered with nonprofits in the community to advance our strategic goal of Creating Healthier Communities, Together.

◆ What are some mistakes employers are making as they prepare to comply with PPACA?

CARRIER: Some employers fail to see the importance of investing in their employees. Sick days and on-the-job injuries hurt the bottom line. Providing comprehensive healthcare insurance provides preventive care that helps limit time off from work. Encouraging fitness and health education can help guard against some injuries. The short-sighted employer is too focused on holding down costs and not focused enough on maintaining the health of the people who keep the business running.

◆ How has the role of insurers changed since the implementation of the ACA?

BURKE: The ACA has created a retail marketplace where consumers shop for insurance as never before – often fully on their own without relying on a broker or agent for assistance. That means that insurers needed to become more consumer focused and much more consumer friendly in everything from how they present their product offerings right down to the language and terminology they use. They have needed to make sure that their products compare favorably side-by-side with their strongest competitor as it relates to both costs and benefits. Even those insurers who decided not to participate in Covered California are feeling the effect and need to re-examine how they remain competitive in this new environment. And, of course, the most dramatic effect has been all of the recent merger and acquisition activity, which is the direct outgrowth of the ACA pushing more and more people into managed care.

SIMPSON: It is a bad dream many carrier executives are angry about and wish they could wake up from, yet realize change is here and they are analyzing next steps constantly. If they could just do what the TV show "Dallas" did and make the entire season or ACA just go away, I suspect some really would! Having said that, I don't believe this all began with ACA. There has been a multitude of legislative changes over many years that have cost carriers tremendous sums of money to keep up with, impacting their roles on many levels – from servicing clients to employee management, broker communications and provider networks. Currently, the health carriers are managing these business changes in turbulent times, while focusing on creating wellness awareness, newer technologies, and offering provider on-line services. Creating internal platforms cost billions of dollars and they have to change these platforms and plan designs often to comply with regulations, and now to merge platforms together. The middle market employers may lose the account manager customer service format they are used to and see things go to the 1-800 method beginning in 2016 unless the clients early renew. This month already, carrier reps are moving



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HEALTHCARE ROUNDTABLE



'Hospitals in particular, have been impacted by new regulations regarding patient recidivism, and reimbursements are likely to focus more around patient health outcomes than procedures and visits.'

PAULA WILSON



'Technology has always played an important role in healthcare, but historically healthcare technology has focused on clinical diagnosis and treatment. Now technology is available that helps to make the entire system work better and more efficient. When that happens everyone benefits.'

JACK BURKE

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departments from large group to small group, as this segment is going up to 99 employees. The cost of reorganization, technology changes and the time it takes to make these changes affect culture and employee management and is burdensome. Given all of this, the underwriting trend has been the most challenging I have seen in my seventeen years in this business – managing loss ratios while balancing pricing is tough, especially under the communications of Affordable Care! Claims and RX costs are increasing. Communicating to the patient about healthy lifestyles and disease management will continue to be a focus.

WILSON: VCH works with many health insurance companies. We are seeing more support from all of them in terms of outreach to the populations we both serve. They want enrollment in their plans and we want to be the medical home for low-income families. This is something we can do together to benefit our potential patients.

◆ **With the rise of telemedicine and electronic health records – how does technology affect the way your business innovates to meet the needs of patients?**

BURKE: Technology has always played an important role in healthcare, but historically healthcare technology has focused on clinical diagnosis and treatment. Now technology is available that helps to make the entire system work better and more efficient. When that happens everyone benefits. Telemedicine is making healthcare resources and expertise available to people in remote areas while also enhancing the patient experience through convenience and access. Electronic health records are a significant game-changer on many levels. It eliminates waste, time and redundancy while providing physicians and hospitals immediate access to the information they need to properly treat the patient. Hospitals should continue to embrace this kind of smart technology while always making sure that it is safe, secure and patient-focused.

WILSON: Contrary to popular belief, electronic records, which VCH implemented in 2011, has not led to great efficiency. However our Chief Medical Officer, Dr. Roger Peeks, feels it has been of enormous value in improving quality of care through electronic connection of all records and the ease of tracking of health measures and trends. As we deal with provider shortages, especially in the areas of specialty care, telemedicine is being closely looked at. L.A. County is piloting a community health center program which links providers and their patients at health centers to specialty care physicians via tele-connection and live conferencing. This has the potential to increase access to much needed specialty care.

BENTON: In 2015 Kaiser Permanente as a whole was named "Most Wired" healthcare organization in the nation by the American Hospital Association's Health Forum and the College of Healthcare Information Management Executives for technology integration throughout the organization. The Panorama City and Woodland Hills Medical Centers offer telephone appointment visits, and all Medical Centers empower members to take charge of their care and the care of family members by accessing the patient portal 24-7

via My Health Manager on kp.org. At KP, whether patients are getting care at the hospital, clinic, or home health, all of the providers caring for them have access to electronic medical records via HealthConnect – this saves time, money, and possibly lives. If members show up in the emergency room, we have data readily available that can help providers make quick decisions. We also offer KP OnCall – so anytime, anywhere, members can reach a KP provider.

◆ **What role does renewable energy and/or environmentally sustainable business practices play in your day-to-day operations? How do any cost savings from these measures impact members and employees?**

BENTON: Environmentally sustainable practices play a huge role in Kaiser Permanente as a whole. In response to concerns raised about climate change, our organization will purchase enough renewable energy to provide half of the electricity we use in California, and reduce greenhouse gas emissions nationwide by 30 percent. Already a top user of onsite solar power, we are adding rooftop and ground-mounted solar arrays to as many as 170 hospitals and other campuses in California. Recently, Our Woodland Hills and Panorama City Medical Centers were recognized at the 2015 Los Angeles Architectural Awards where each facility was honored with a LADWP "Community Impact" award its use of drought tolerant landscaping. Specifically we are eliminating turf, choosing native and drought-resistant plants, and using drip irrigation rather than overhead spray irrigation. All cost savings from these practices benefit of our members, with the added bonus of being good stewards of the environment.

WILSON: We are very excited that our new North Hills Wellness Center, which opened earlier this year, is a LEED Silver designated facility. This has provided some challenges to us as we learn about the necessary 'green' products and services that are aligned with this designation. This learning will also be expanded to our main facility in North Hollywood. It is simply too soon to know the cost savings and real impact. We'll know more in the next year or so. In the meantime, we are proud to be lowering our carbon footprint.

◆ **Are there any specific issues that healthcare providers who partner with retailers need to be aware of?**

WILSON: VCH has special partnerships with Walgreens and Modern Health Pharmacy for some of its more complicated patient medication needs. But in terms of the 'doc-in-a box' retail concept, our CMO's concern about such partnerships is the quality of care provided. He feels strongly that all patient care should begin with a baseline developed from a complete physical and medical history. Too much can be overlooked or mismanaged by just treating the illness instead of the person.

◆ **Should large physician groups create their own managed care entities?**

WILSON: I know this is being closely looked at. It may well be the wave of the future, and it has already begun.

For example all the community health centers in L.A. County formed an IPA with healthcare Los Angeles – the leading and one of the largest IPAs caring for the underserved communities in California (300,000 lives in 2014) The biggest health center system in the county actually did form its own managed care entity.

◆ **We're seeing more consolidations and more alignments among providers. Does this mean consumers will have fewer choices moving forward?**

CARRIER: Yes. Narrowed networks have resulted in fewer choices of providers in the network. That said, consolidation will create networks that will be better coordinated, reduce duplication and provide a patient's full care team with his or her complete health history. This will ensure a continuum of care and a focus on appropriate care— providing the right care, at the right time, to the right patient and at the right price.

◆ **Might concierge medicine be an alternative for physicians who wish to avoid today's market pressures and reduced reimbursement?**

WILSON: Doesn't everyone want to avoid pressure and reduced reimbursement? It looks like a nice idea for those patients who can afford it. But most of us can't. Where would this leave the other 95% of us if the majority of our doctors went "concierge?"

◆ **Can non-physician providers help reduce costs and fill the gap with the insufficient number of primary care physicians?**

BURKE: While non-physician providers can't and shouldn't replace doctors, the fact remains that America has a significant shortage of primary care physicians – and it is only going to get worse as less and less medical school graduates are choosing to go in that direction. We need to find alternatives. One is nurse practitioners who are registered nurses who have completed graduate-level education (either a master's or a doctoral degree) and who are able to deliver a wide range of primary, acute and specialty care services. This includes prescribing or renewing prescriptions for most drugs; ordering blood tests; performing routine medical examinations; monitoring chronic conditions; counseling patients about prevention; and treating colds, sore throats and the flu. So too, recent laws in California have expanded the role of pharmacists and the emergence of hospitalists has freed-up primary care physicians so they can see more patients in their office.

WILSON: One-on-one physician care is the most expensive to provide. VCH is testing and exploring a variety of cost effective health-care models that place less emphasis on one-on-one time with an actual physician. We are looking at group care, called 'Care Teams;' we use nurse practitioners who are supervised by a physician, and we lean heavily on our Registered Dietitian and RN's to provide vital health education and ancillary services. Regardless of these new models, the physician cannot be replaced by



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HEALTHCARE ROUNDTABLE

'Employers can ensure their employees understand their healthcare plans and take advantage of any education or preventive services provided. Employers also can encourage their employees to stay current on health screenings, vaccinations and any other testing recommended by their care teams.'

KARL CARRIER



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other types of providers. The goal is distill the physician-patient interactions to their essence and allow others to provide support, thus freeing up as much physician time as possible.

◆ **What can be done to ensure quality, transparency in pricing and a reduction in the cost of healthcare to help consumers?**

CARRIER: More and more, the government is making public data from hospitals that indicate performance, pricing and other factors. Providence supports this transparency and encourages consumers to do their own research through the many reputable online tools and to ask important questions of their providers. The best way to avoid what can be the high cost of healthcare is to schedule regular check-ups and follow your physician's advice on preventive care, including age-appropriate tests and screenings, vaccinations and healthy diet and fitness programs. Finally, it's crucial that consumers take time to review their health insurance benefits so they understand their coverage, and can plan accordingly.

◆ **What role do business owners play in improving the health and productivity of their employees?**

SIMPSON: Employee management encompasses so many things. As a business owner I find it challenging and rewarding. We now offer yoga classes on Fridays that, frankly, I enjoy along with many of our employees. For years now our firm has put on client health fairs, wellness healthy doc talks, walk-a-thons, offered health tests on-site, biometrics, and the list goes on and on. Even more dependence on brokers is in our future from carriers and business owners. Today carriers may offer health credits to larger employers, preventive programs, discounts on gym memberships, weightwatchers and on-line health tests, or even call members to remind them it is time for their annual checkup. Cigna has committed to health advocacy by studying challenges some industries or employers have with their employees' habits or job factors. Kaiser offers an on-site vehicle with biometric screenings. Employers are rewarding employees by paying more in premiums if employees get their wellness checkups or have offering voluntary worksite products that pay for obtaining wellness services. There are many success stories with highly motivated human resource departments and the right partnerships. Employee engagement improves with wellness and safety awareness, bringing ROI and employee/employer appreciation.

WILSON: As the CEO of a healthcare organization, I feel it's important that we lead this by example. Our

facility, even our parking lot, is smoke free. Our vending machine offers healthy snacks, and employees are urged to take vacations and not to come into work sick. In 2015 we implemented an official Employee Wellness Plan with a monthly calendar of specific organized activities designed to promote exercise, healthy eating and healthy living. Activities range from group walks to nutrition classes to stress-busting sessions. It has been very well received and probably half our 200 employees have participated in some part of this program. If our employees are well and happy, the care we give our patients will be that much better.

BENTON: The greatest asset for any company is its people. Healthy employees are happier, more successful, and deliver great results. It's important that our mission of preventative health impacts our employees as well as members. We have a very strong Healthy Workforce culture – encouraging all employees to take part in walking, fitness classes, and volunteering in the community. Locally grown, fresh fruits and vegetables can be purchased every week at Farmers Markets at both the Woodland Hills and Panorama City Medical Centers. As a senior leader at Kaiser Permanente, I encourage all managers and teams to "walk the talk" in support of workplace health and wellness. We are health advocates in that we start with improving our own health and those of our employ-



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HEALTHCARE ROUNDTABLE



'As a recipient of federal funding, which requires that our goals and health measure results be posted on federal websites, we work hard to ensure that our goals are viable and our health measures are indicative of our high quality of care.'

PAULA WILSON

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ees. There is power in role modeling - employees trust leaders when they witness alignment between what management says about health, and how we demonstrate it in the workplace.

BURKE: Business owners play a huge role. When we talk about "accountable care," hospitals, physicians and insurance companies aren't the only entities that should be held accountable. Some of the accountability lies with the public - both individuals and employers. The idea that people can live any kind of lifestyle they choose and the "system" will take care of them is simply not a sustainable model. People need to smoke less, exercise more and eat right. Employers can do their part by encouraging this kind of behavior in their workforce. Put together incentive programs, have physicians or nurses come to the workplace to speak on health topics, organize walking teams, bring in health coaches, etc. These are all "value added" benefits that the employer can bring at little or no cost, often by working in concert with their local hospital. Not only will their employees benefit, but the employer will benefit from the costs savings that come from a healthier workforce, less absenteeism, lower insurance premiums, etc.

◆ **What other tactics are employers using to reduce their healthcare expenses?**

CARRIER: Employers can ensure their employees understand their healthcare plans and take advantage of any education or preventive services provided. Employers also can encourage their employees to stay current on health screenings, vaccinations and any other testing recommended by their care teams. And employers can provide education for employees on stress management, ergonomics, nutrition, smoking cessation and more to help prevent illness or chronic health issues. Employers can offer incentives to employees to push them to manage their health.

WILSON: VCH has long offered smoking cessation classes and an outside Employee Assistance Program to our employees. We have some interesting challenges in our own employee healthcare costs. We have a workforce with many young women, and a significant (and rising) number of long-term employees who are 55 or older. Inherent in these populations are healthcare costs that cannot be avoided. In addition, we are always concerned for employee safety and have on-going trainings on avoiding workplace injuries.

SIMPSON: Education is one of the most important elements of this entire process. Understanding what goes on behind the scenes—why their premiums

increase due to large claims; understanding loss ratios, trend and underwriting factors, loyalty and partnerships, etc. I have a new client that, prior to coming on board, was handling COBRA in-house and allowing the employees to pay late. Well, no good deed goes unpunished as a few of those employees were quite ill—their renewal came in at over 30%. We now handle their COBRA, of course, in our Montage TPA department, and we can assist these employees who are not working by getting them into Covered California with subsidies rather than paying the full COBRA premiums. Steps like this will reduce loss ratios and lower employers' rates. Keeping on the education theme, we try to educate the members as well. We create newsletters for our clients, full of great articles promoting health and a safe work environment. Employers should promote wellness visits—which are no cost—so employees can reduce unexpected high claims. Opening the minds of employees to understand their healthcare is the link to lower premiums is important. Consumer driven healthcare through Health Savings Accounts are also great places for education opportunities. Employers should also aim to understand the fraud in providers' billings and importance of claims management while brokers assist. Self-insured employers have a whole subset of important features to manage—plan designs, IBNR,

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HEALTHCARE ROUNDTABLE

'The greatest asset for any company is its people. Healthy employees are happier, more successful, and deliver great results. It's important that our mission of preventative health impacts our employees as well as members.'

DENNIS BENTON



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provider timely filing, claims management, networks, TPA services, run-in and run-out, lag periods, stop loss lasering, etc.—the list goes on and on.

◆ **How will transparency and the disclosure of costs and quality ratings affect the healthcare industry?**

WILSON: As a recipient of federal funding, which requires that our goals and health measure results be posted on federal websites, we work hard to ensure that our goals are viable and our health measures are indicative of our high quality of care. This can no longer be hidden, either from our funders nor our patients. I think this transparency has the potential to push significant changes in the payment structures of providers.

SIMPSON: Can you imagine going to buy a car and not even asking the cost of it while the same exact car may cost less five miles down the road? This is the best explanation of fee-for-service healthcare I can give. Fee-for-service providers and IPA groups in different zip codes are paid differently depending on their contracts. Knowing what your doctor or hospital charges, as opposed to another, could save your family a lot of money! Yet, the expectations surrounding medical costs in this country are not to ask any ques-

tions until the bill comes. With PPOs, disclosure of costs will allow more consumer driven healthcare to steer behavior. Also, I believe rating providers will give carriers and members leverage. Education is of the utmost importance. Quality ratings will incentivize providers not to be wasteful and care a little more because they may earn more. It's the bonus in the paycheck and the only way to get providers to perform and patients to shop.

◆ **How are the quality and review websites (Healthgrades, Yelp, etc.) influencing consumers today?**

BENTON: Social media review sites influence consumer behavior tremendously, and we have started actively monitoring and responding to reviews on these sites. We encourage consumers to make informed decisions and educate themselves on their providers, and they can see that many of our providers rank highly on sites including Healthgrades. We also want consumers and members reading these review sites to know that leadership, physicians, and care providers do see these reviews and take action – whether in the form of changing an incorrect address, care recovery, or thanking a consumer for leaving us a stellar review. Our North

Hollywood medical office building received all positive five-star reviews within the past year, and we took screen shots of the reviews and shared them with physicians and staff. Many of our physicians were extremely pleased by the feedback, and that we took to the time to share the reviews with staff.

BURKE: Quality and review websites are good on the surface, but they also are a double-edged sword. On the upside, it is essential that consumers have the information they need to make informed decisions for themselves and their families. In fact, the entire health insurance exchange marketplace brought about by the Affordable Care Act demands that consumers have access to reliable information so they can make intelligent choices. So in that regard, these websites are good. The trouble is the healthcare industry has yet to arrive at one universally accepted way to report on and measure quality, and as a result the internet is inundated with many conflicting surveys and rankings programs that use complicated or unreliable data. This makes it difficult to know what to believe and whom to trust. Consumers should look at all available data and not rely on one survey in making their assessments.

WILSON: People are looking at websites and making decisions based on what they find there, for good or

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HEALTHCARE ROUNDTABLE



'Employee management encompasses so many things. As a business owner I find it challenging and rewarding. We now offer yoga classes on Fridays that, frankly, I enjoy along with many of our employees.'

DANONE SIMPSON

ill. However, we still continue to get the bulk of our patients through word-of-mouth.

◆ **What types of issues do businesses in the healthcare sector experience that are similar to or different from those of other businesses when it comes to managing growth or expanding into new markets?**

WILSON: Government regulations and requirements are more restrictive in healthcare than for most other businesses. In opening our new North Hills Wellness Center, it took 6 months from the time we were ready to open our doors until the day we had cleared all the required regulatory hurdles to allow us to provide patient care. That's a lot of waiting around that most other businesses don't experience. All markets and industries now must attract a variety of different languages and cultures to reach the maximum audience. Nothing is more personal than one's body and one's health. Cultural sensitivity is particularly critical in the healthcare arena.

◆ **What expertise has your organization sought out (outside of your company) that has helped you make notable strides in**

growth/expansion? Do you continue to have outside professionals that you consider to be key members of your "team" that provide you with useful guidance/counsel?

WILSON: Over the past few years, VCH has relied on a variety of outside experts to assist us in expanding and in becoming more efficient and effective. Our consultants provided operational and systems management expertise, leadership assessment and guidance, fiscal organizational support and guidance, technical support and growth, and other smaller projects. Many of these consultants remain 'on our roster' and we're not shy about calling them in to help through a crisis, or offer new guidance as we grow.

◆ **Why does healthcare pricing vary so widely? How can consumers ensure the best value?**

CARRIER: A number of factors influence healthcare costs. No. 1, consumers should take the time to compare health insurance plans during open enrollment sessions to see which plans best meet their needs, taking into consideration their age, their family's needs and health histories. They also should be proactive and ask about costs. The use of top technology saves lives, but it can be costly. Some hospitals are research

centers and have access to the latest clinical trials, medications and equipment. That, too, can come at a cost. Do your research and ask questions – find out how your providers perform and what evidence-based treatments are offered.

◆ **Looking to the future, what do you think the healthcare landscape will look like, say, five years from now?**

BENTON: Now and in the future members want a variety of ways to access care that meets their needs, and we are working to meet the future needs of our members now. This includes building multifunctional clinics with automated services, and increased efforts related to telemedicine. Our objective is delivering the "Triple Aim"—healthier populations, affordable care and better patient experiences—to our members and creating an environment where members can actively participate. Looking to the future we want to arm our physicians with meaningful, real-time and actionable quality improvement data. This data drives them to do a better job. We are also spreading out facilities to provide better access to the communities our members live in. We plan to build 20-25 new medical office buildings across Southern California within the next 5 years. These buildings will feature state-of-the-art technology, areas

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HEALTHCARE ROUNDTABLE

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for interactivity, and are designed with input from patients, administrators, physicians and nurses.

BURKE: More than 10,000 baby boomers turn 65 every day, and these new seniors are living longer than ever. Clearly one big challenge the industry will face is how we care for this growing senior population, providing them with the care and dignity they have earned over a lifetime. We need to make sure that we have the resources in the hospital, in the community and in the home to address this pressing need. In addition, five years from now I see more and more care being delivered outside of the traditional hospital setting. This could mean freestanding centers, retail outlets (such as pharmacies) or perhaps even self-guided through in-home telemedicine. I see the role of the healthcare provider shifting from taking care of people when they are ill to increased emphasis on helping to keep people healthy. That will likely mean less traditional acute-care hospitals and less hospital beds. I see more creative partnerships emerging to help achieve all of this. But with all of that change, I believe we will continue to see cost, access and quality being the drivers.

WILSON: I think there will be changes in reimbursement structures will lead to an outcome based system rather than a visit/procedure based system – leading to closer relationships and linkages between hospitals and primary care providers. There will also likely be fewer one-on-one physician/patient visits and more reliance

on population management and ancillary healthcare providers and more telemedicine. We also expect some seismic shifts in patient care and employee management due to baby boomers aging beyond age 65.

SIMPSON: I lay awake at night asking myself the question, “How is our risk profile going to change?” Our industry is consolidating quickly with carriers and broker-age firms acquiring and merging. The insurance industry has been volatile for awhile. The employer mandate will maintain the (50+) employer plans. Many industries — hospitality, construction, parking industry and other services — will struggle to survive, paying premiums that are still trending at 6-8% nationally and 6-11% in California. ACA is changing the landscape of many businesses and we may see that impact bring forth consolidation in other industries as well, especially in California, which will cause employers to sell or leave and may impact healthcare here. Employers will continue to learn more about employee management including wellness, incentives, and employee engagement. The new Supreme Court ruling will eventually impact the way insurance carriers operate throughout the United States and may be one reason why Anthem needed Cigna’s national platform. Every state has regulations that differ from one another. Cigna has uncomplicated this by complying with the toughest state legislations to sell in a national format, offering seamless plan designs. We may see selling across the states change. Companies currently purchase their healthcare within the state where their

corporation resides. In my opinion, providers will utilize technology more to provide services, although data security must improve. Electronic health records (EHRs) will allow quicker access, data transfer and collaboration. Decision support tools and clinical measures will improve. Carriers will demand more efficient provider billings. Transparency and rating systems, even ACOs, will improve healthcare. They will continue to develop disease management programs to help members manage their care and promote preventive care. I also think pharmaceutical costs may continue to rise, given the trend we are seeing now. Pharmaceutical companies have to be better managed—a daunting task for the government and carriers. Along those lines, a mindset of preventing and curing disease rather than medicating it is gaining momentum with people and carriers, so it will be interesting to watch that unfold over the next few years. Carrier exchanges, broker exchanges and government exchanges will provide easy access to compare pricing and plans, so I believe on-line purchasing will increase. Medicare enrollments will continue to rise, due to boomers, in the next few years. International healthcare may emerge with ex-pats, in-pats and travelers, allowing better global access. I can also see a world where medical tourism continues to attract executive travelers to places like Thailand for their state-of-the-art hospital facilities catering to the elite, partnering with airlines and neighboring islands for respite and recuperation from surgeries. At the end of the day, opportunities lie in the midst of all the change!



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