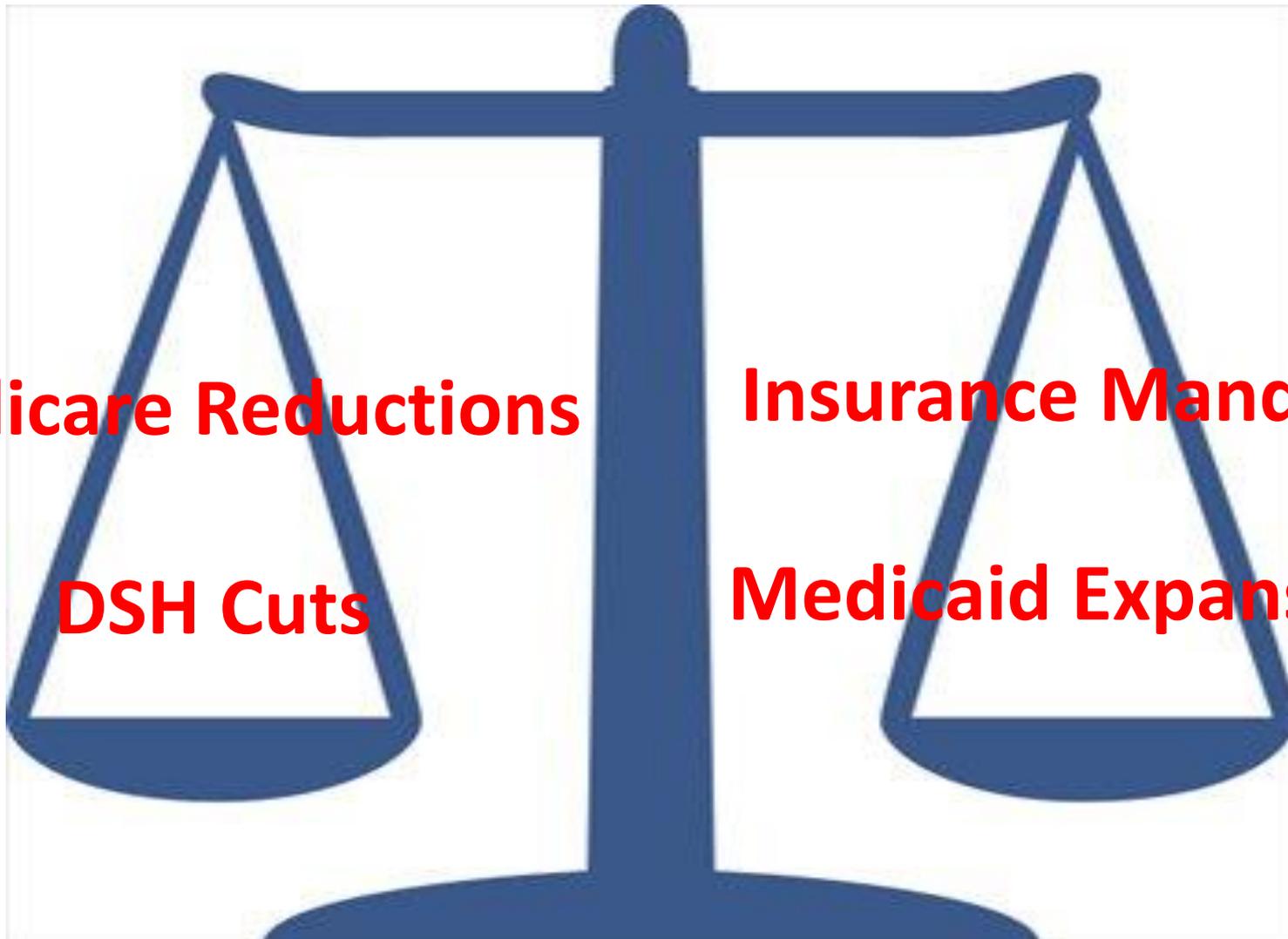


ACA Impact on Healthcare Providers in Kansas

Kansas Economic Policy Conference
October 23, 2014



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Medicare Reductions

DSH Cuts

Insurance Mandate

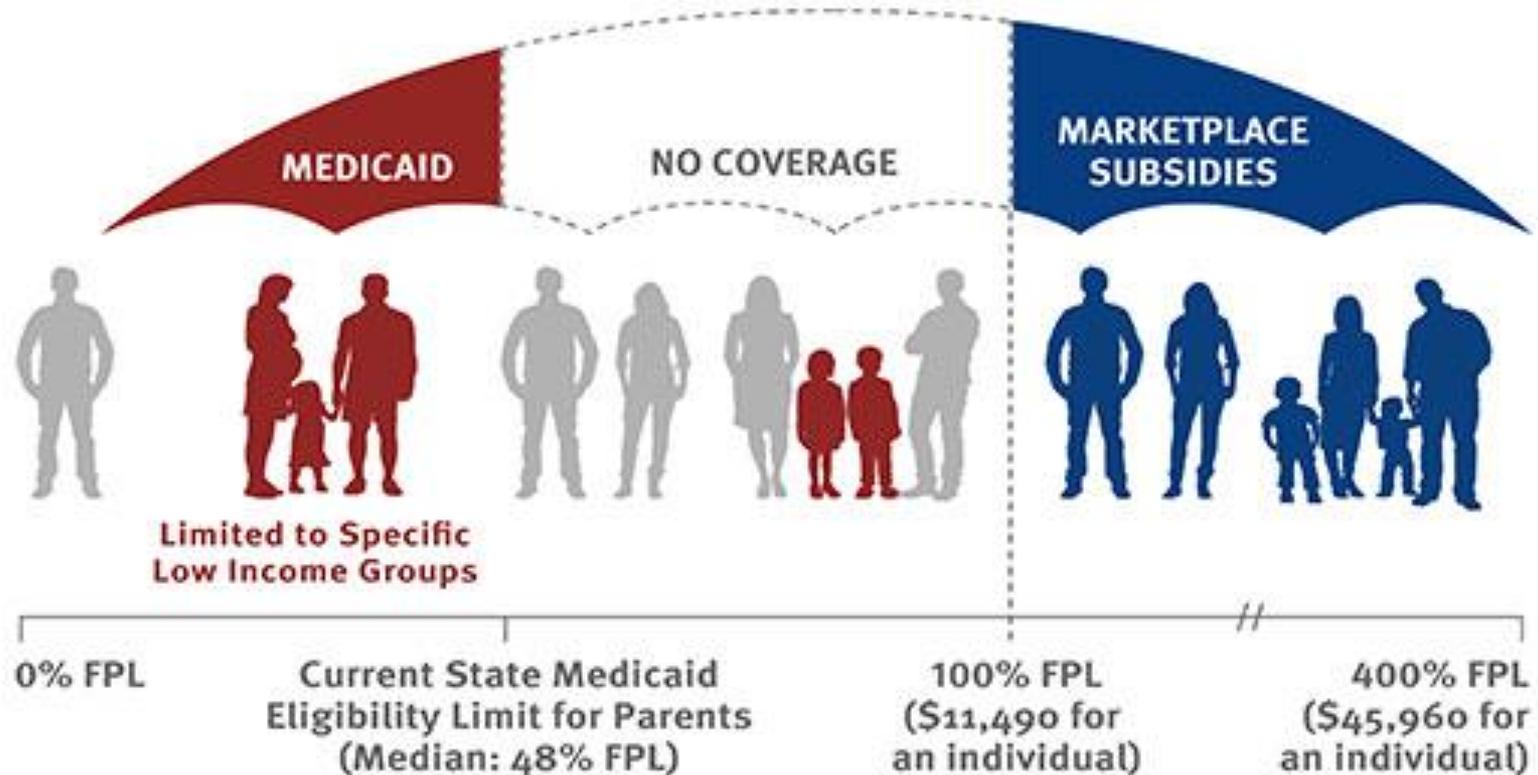
Medicaid Expansion



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In states that do not expand Medicaid, there will be large gaps in coverage, leaving millions of low-income adults with no affordable options.



NOTE: Applies to states that do not expand Medicaid. The current median state Medicaid eligibility limit for parents is 48% FPL in the 21 states that are not moving forward with the Medicaid expansion at this time.



Annual Impact of KanCare Expansion

Beginning in 2015

	Hospital Impact Kansas		Non Health Care Impact Kansas	
	Without Expansion	With Expansion	Without Expansion	With Expansion
ACA Medicare Cuts*	\$ (128,348,200)	\$ (128,348,200)	\$ (63,215,581)	\$ (63,215,581)
ACA Medicaid DSH Cuts*	(9,358,965)	(9,358,965)	(4,609,589)	(4,609,589)
Total ACA Reductions	\$ (137,707,165)	\$ (137,707,165)	\$ (67,825,170)	\$ (67,825,170)
 KanCare Expansion	 \$ -	 \$ 128,718,575	 \$ -	 \$ 63,398,003
Net Gain/Loss	\$ (137,707,165)	\$ (8,988,590)	\$ (67,825,170)	\$ (4,427,167)
 Uncompensated Care	 \$1,170,311,558	 \$780,207,705		

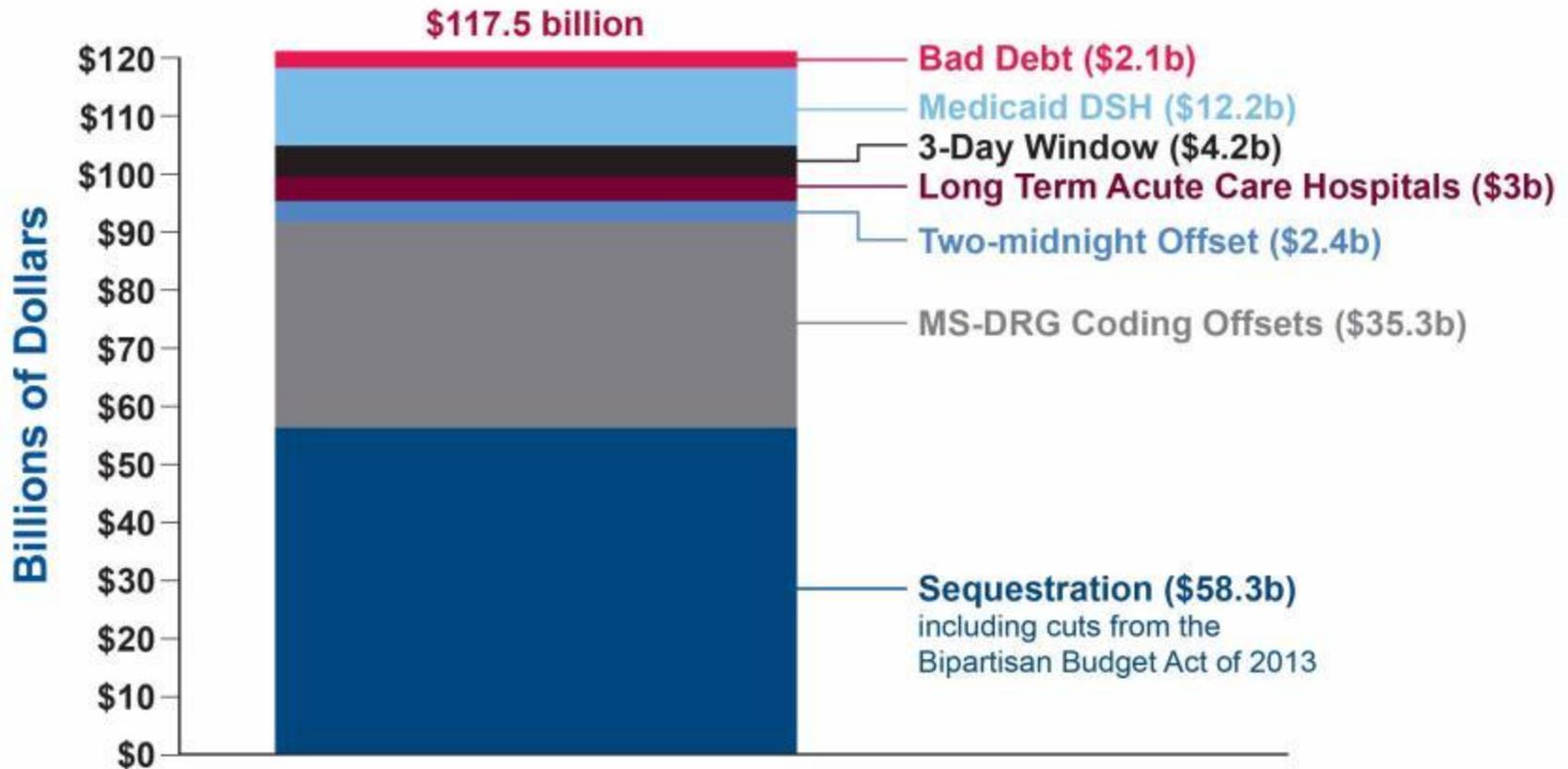
* 10-Year Average

Losses to Date Due to Inaction on Expansion

Reductions/Lost Dollars	Hospital Impact Kansas	Non Health Care Impact Kansas
	2013 ACA Cuts	\$ (13,593,000)
2014 ACA Cuts	(29,795,600)	(14,675,283)
2014 Lost Expansion Dollars	(62,686,620)	(30,875,159)
TOTAL	\$ (106,075,220)	\$ (52,245,428)

Since ACA

Impact of Hospital Cuts Since FY 2010¹



¹Bad debt included in Middle Class Tax Relief and Job Creation Act of 2012 (MCTRJCA); Medicaid DSH cuts included in MCTRJCA, American Taxpayer Relief Act of 2012 (ATRA) and Bipartisan Budget Act of 2013; 3-day window cut included in Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010; MS-DRG coding cuts included in ATRA as well as CMS regulations (estimate of excess cuts based on hospital analysis); offset for two-midnight policy included in FY 2014 Final IPPS Rule; sequestration amount estimated from CBO Medicare Baseline and AHA projections of Medicare spending. Includes extension in Bipartisan Budget Act of 2013 and S. 25. Long Term Acute Care Hospital payment cut from Bipartisan Budget Act of 2013. Excludes ACA-related reductions.



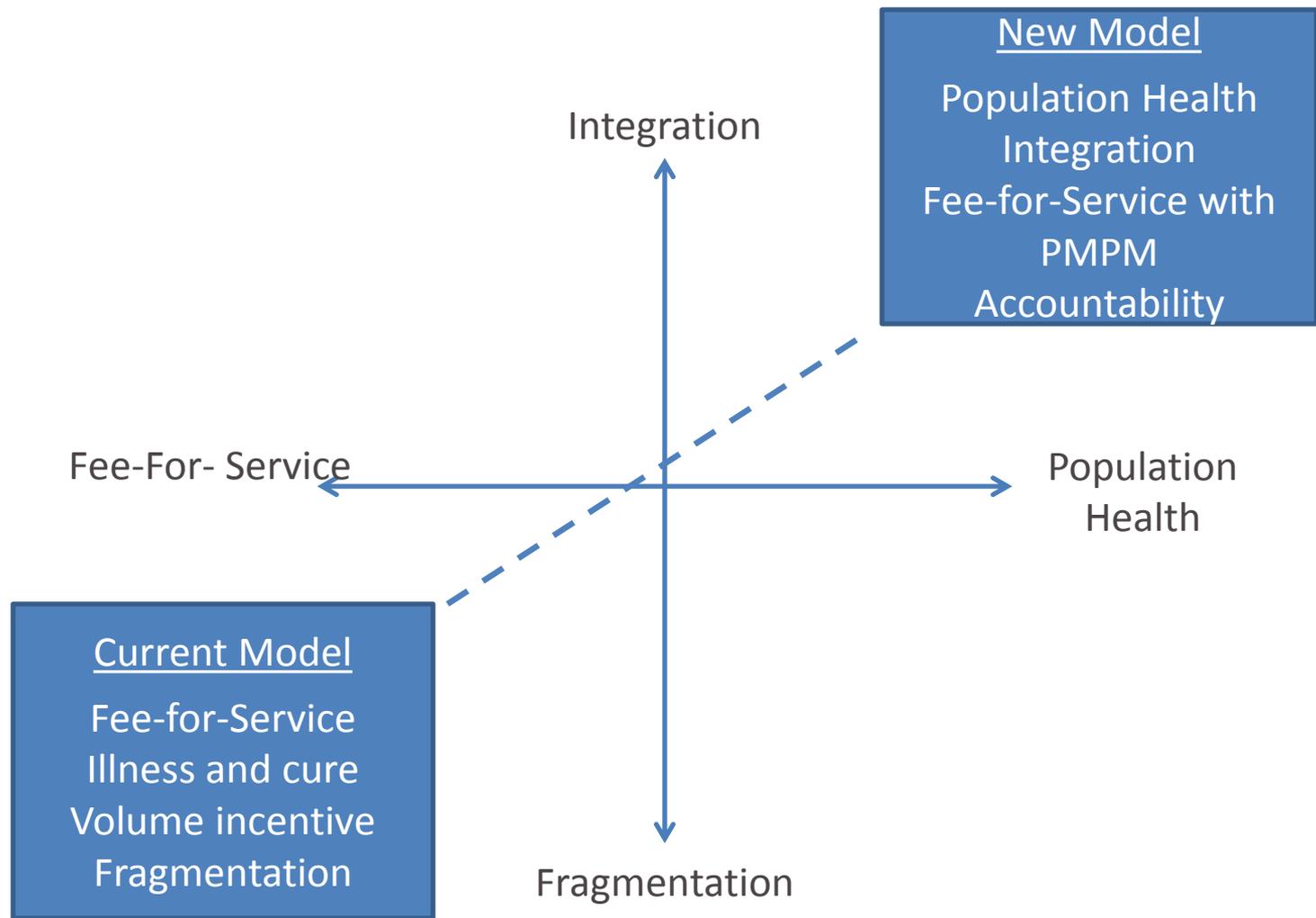
Shifts

- Volume to Value
- From Face to Face toward Population Health
- More Risk to Providers
- Toward Greater Transparency
- Toward More Patient/Family Engagement

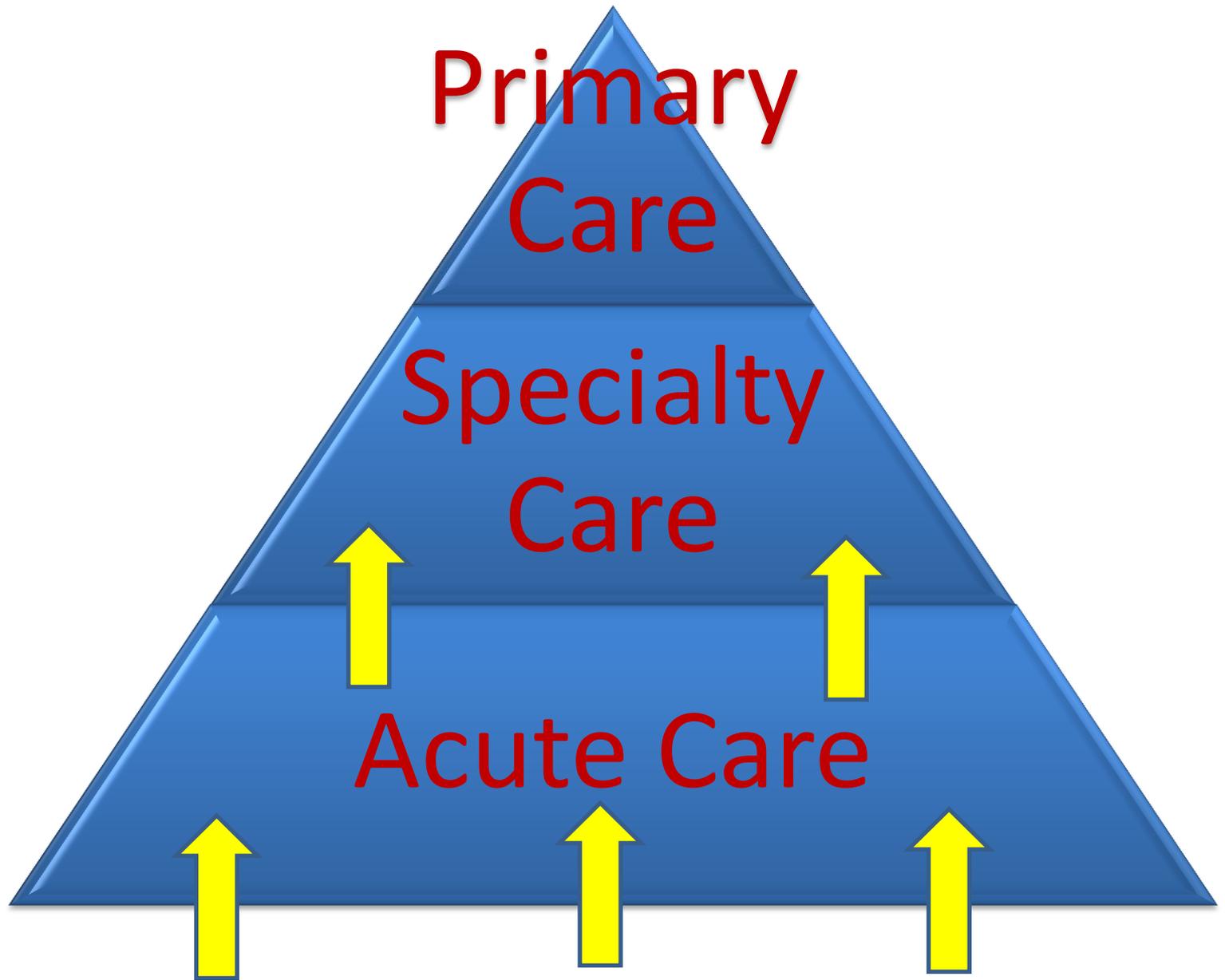
(All at a time when Federal budget concerns are growing)

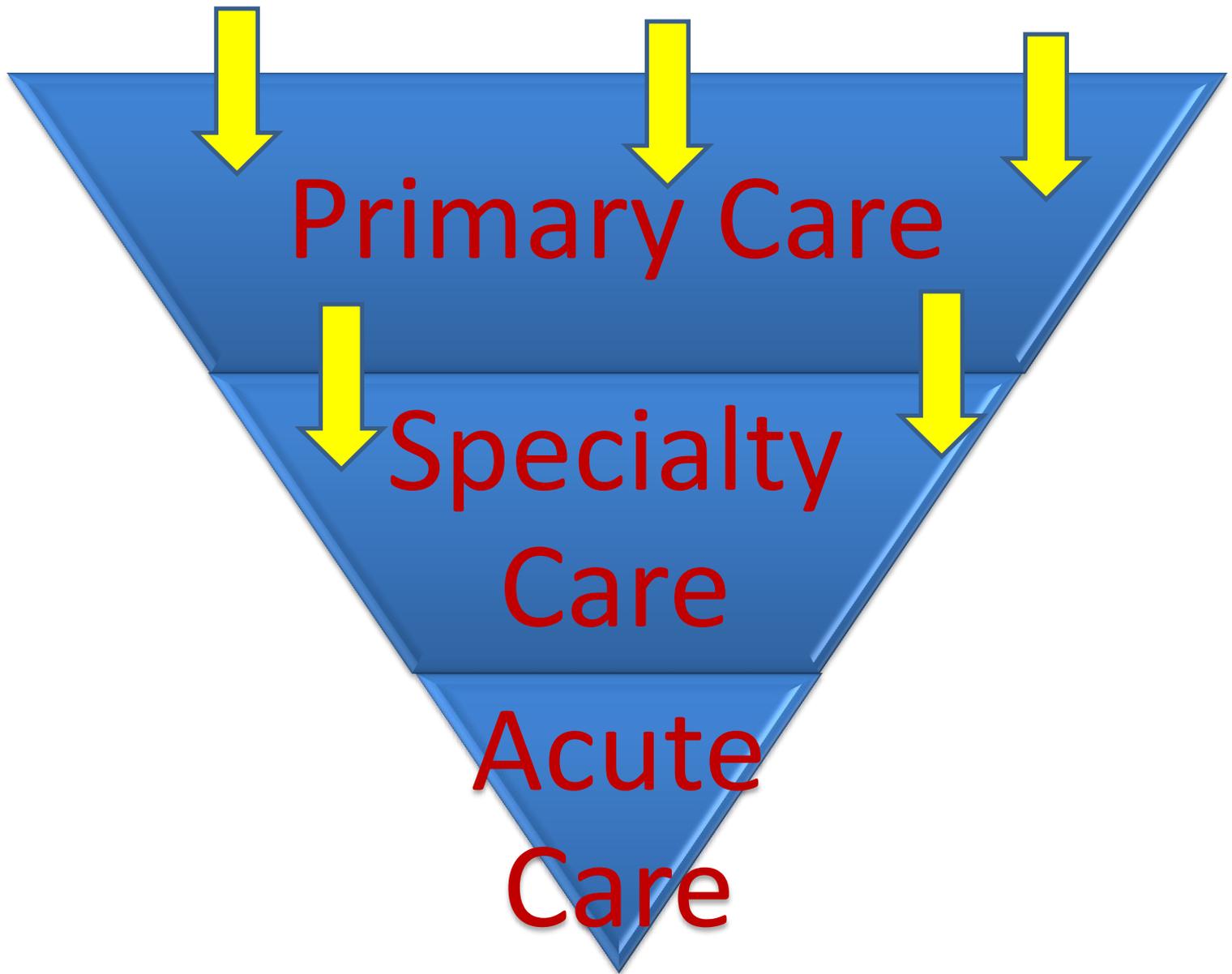


A Strategic Journey



FROM...	TO...
Care Management Silos	Care Management Enterprise
Episodes of Care	Coordination of Care
Discharges	Transitions
Utilization Management	The Right Care at the Right Place at the Right Time
Caring for the Sick	Keeping People Well
Production (Volume)	Performance (Value)



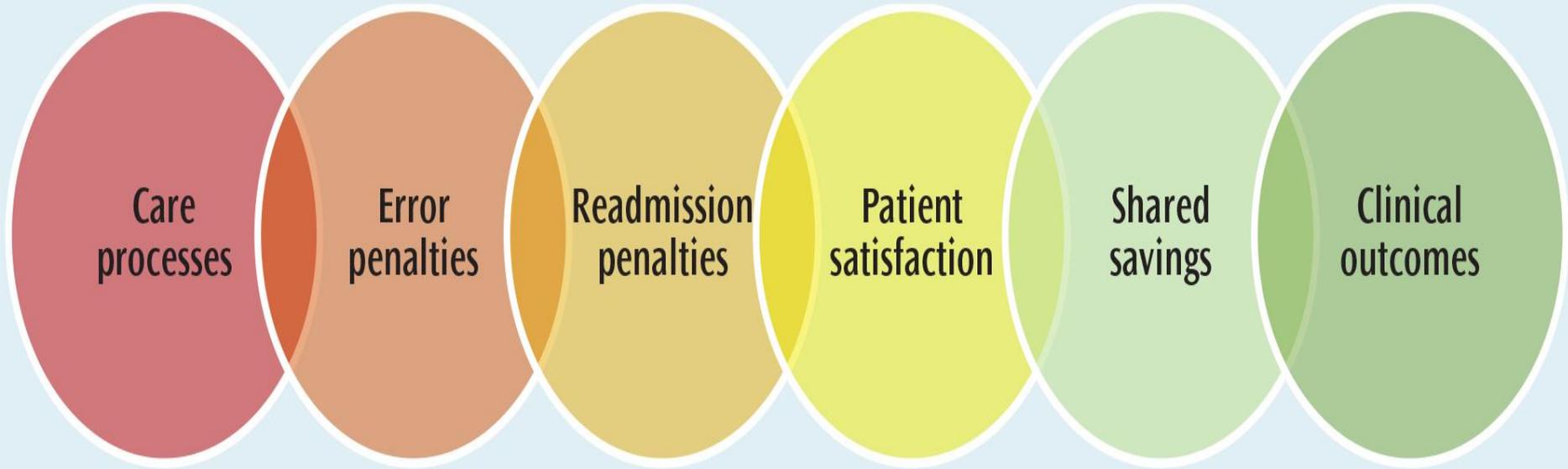


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QUALITY-BASED PAYMENT MODELS

Recently developed payment models represent different strategies for identifying and measuring quality care. Model design ranges from a narrow focus on specific care interventions and adverse events to strategies for evaluating the full impact of care on patients and costs.



Care processes

Bonus pay for higher compliance with SCIP protocols and other care processes.

Error penalties

Reduced payment for hospitals with high rates of SSIs, blood clots, retained objects, etc.

Readmission penalties

Reduced payment for hospitals with high 30-day readmission rates, by diagnosis.

Patient satisfaction

Hospital score on HCAHPS survey; a component of many quality-based pay programs.

Shared savings

Providers share savings from lower complications and readmissions, greater efficiency.

Clinical outcomes

Payment linked to patient outcomes, achievement of quality and utilization goals.

Source: Surgical Directions



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U.S.A. HEALTHCO
86 SOUTH MAIN
BILLING, ME 32109

SERVICES ESTIMATE:

OFFICE VISIT:	\$40
OUTPATIENT SURGERY:	SURPRISE
X-RAYS:	SECRET
1 MO/MEDICATIONS:	UNCLEAR
LAB WORK:	UNKNOWN
ESTIMATED FEE:	WHO KNOWS

ConsumerReportsHealth



Special Report for Wisconsin residents

How Does Your Doctor Compare?

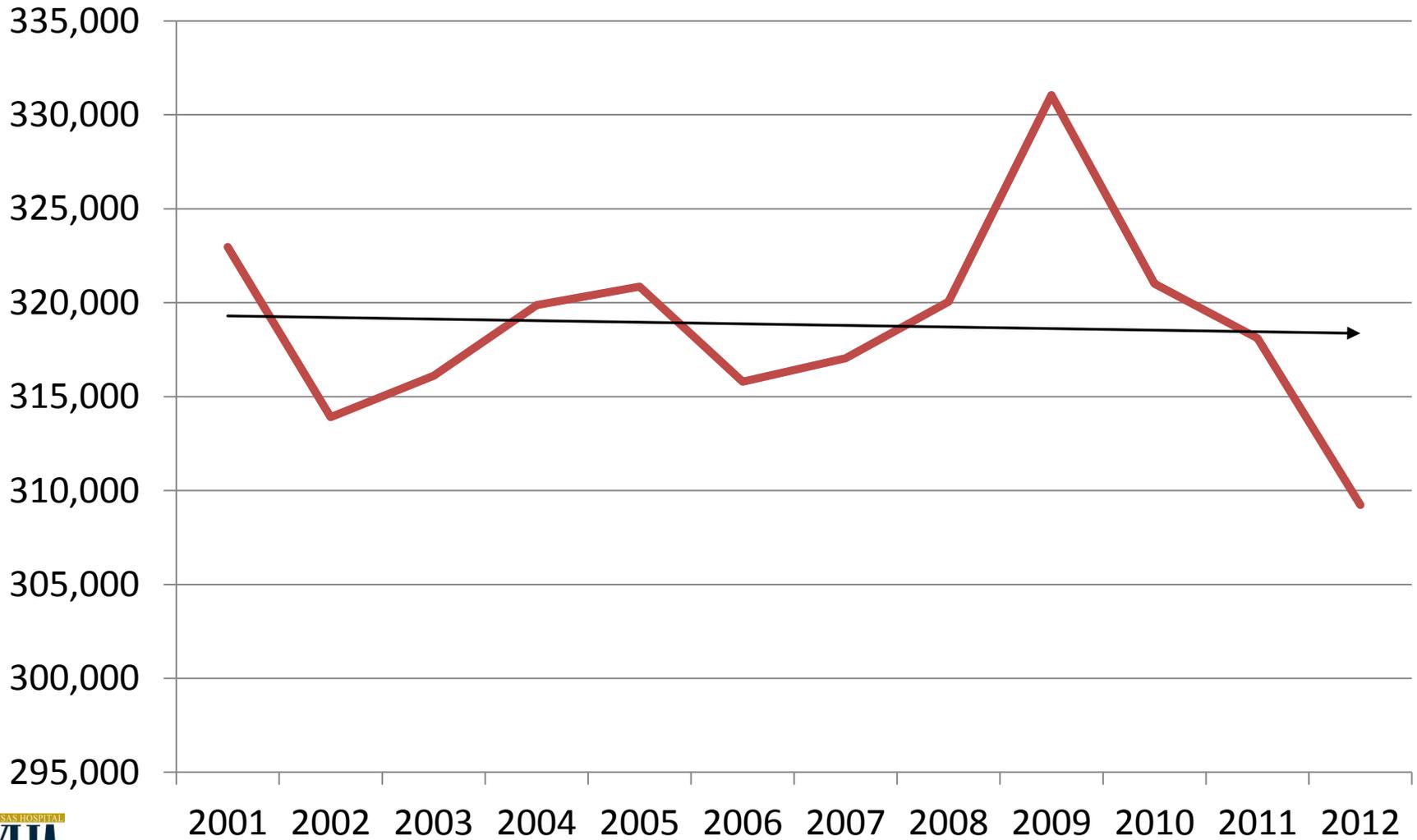
- Exclusive Ratings of 19 medical groups across the state
- Are you getting the right care?
- 5 questions to ask your doctor



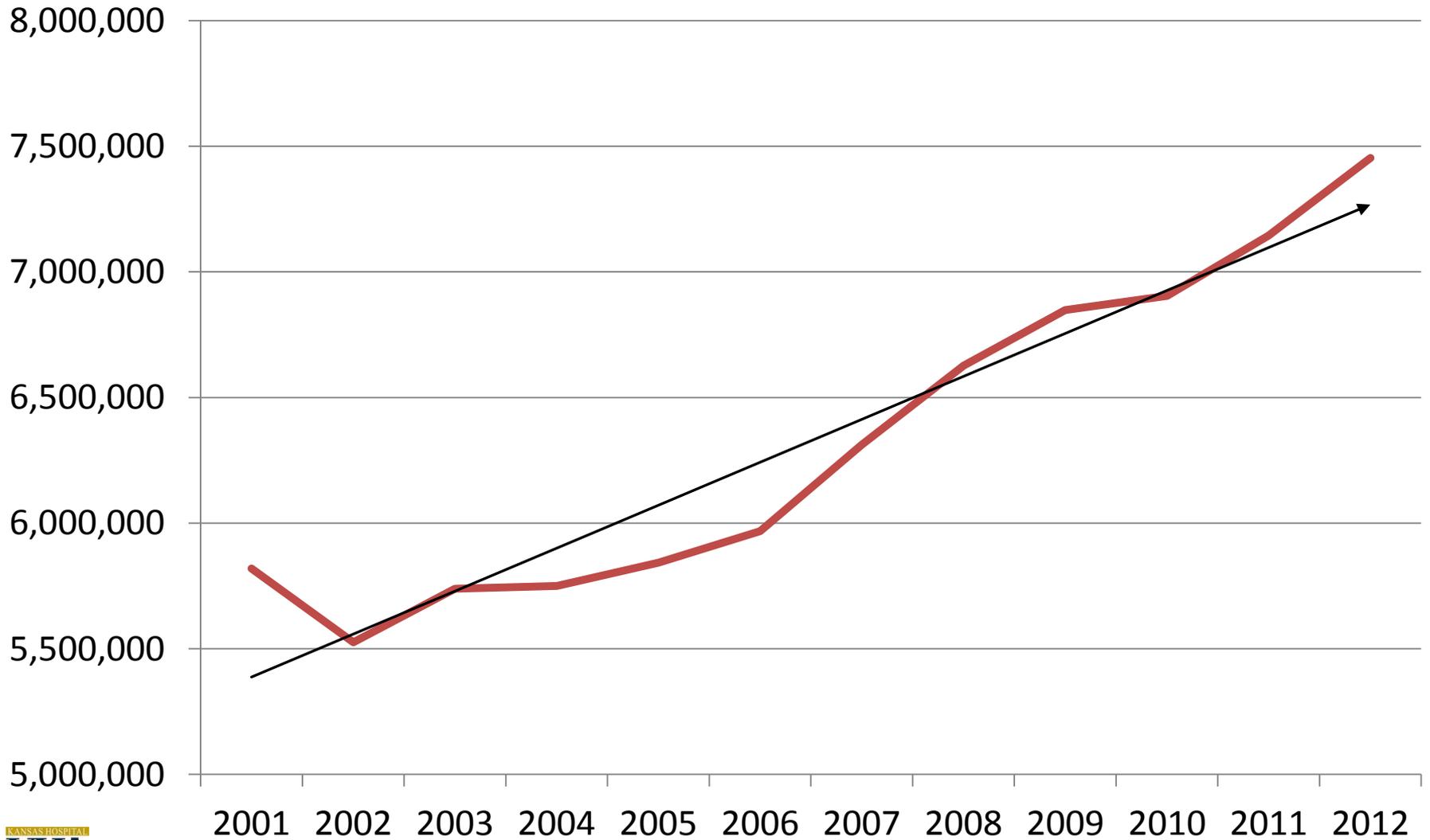
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In Patient Discharges - Kansas

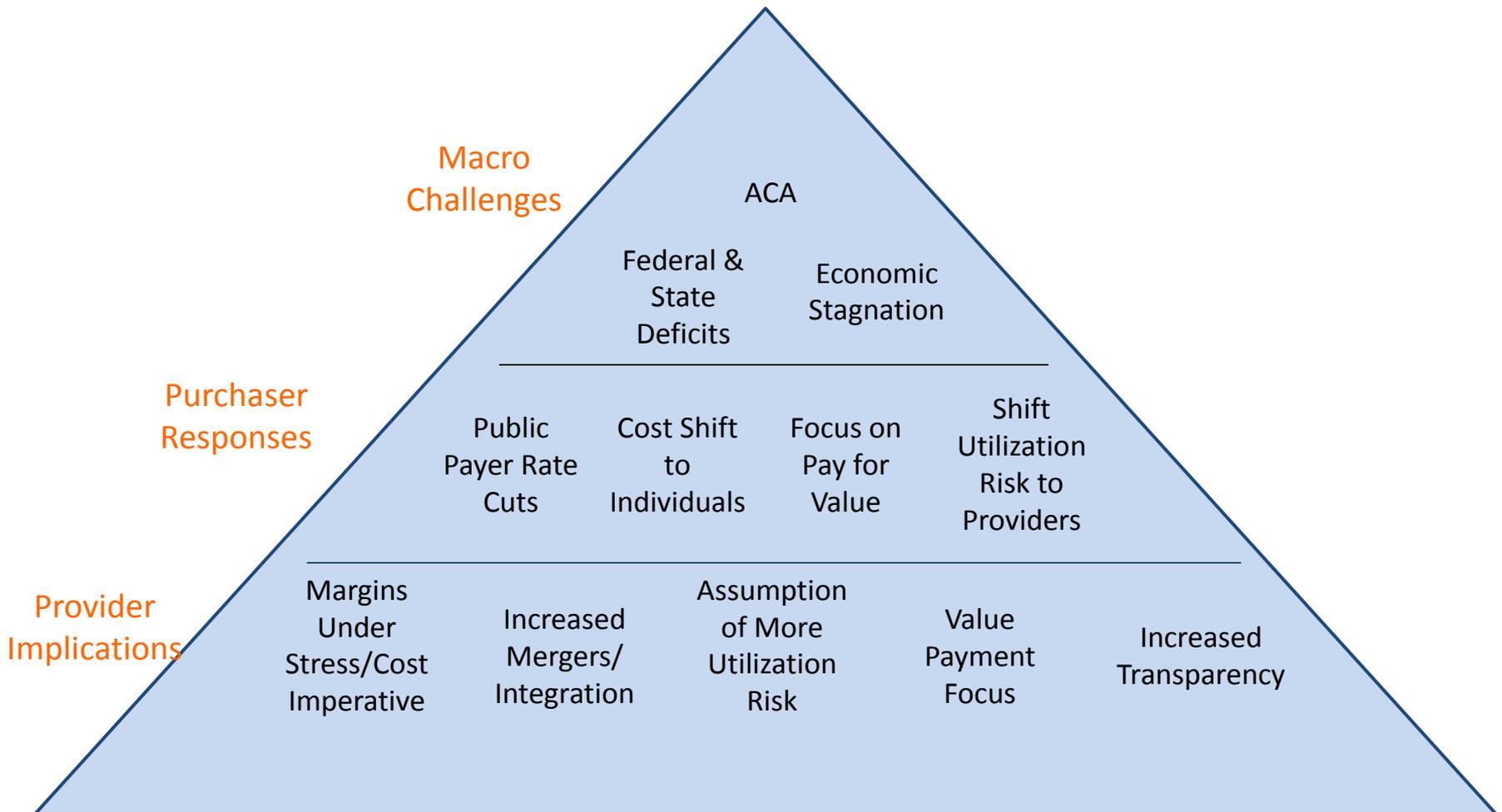


Out Patient Visits - Kansas



Hierarchy of Environmental Pressures

Long-Term Macro-Economic Challenges are Putting Pressure on
Providers in a Number of Ways



In 5 years, overall forecast...

NATIONALLY...

- More hospitals in health systems
- More physician affiliation with hospitals
- More providers owning health plans
- More value based payments
- More fixed/capitated payments

YOUR MARKET & ORGANIZATION...

- Decreasing total revenue
- Increasing outpatient revenue
- Providing more primary care, urgent, and health and wellness services; less so in nursing home, home health and social/human services
- Same or fewer inpatient beds
- Most patients will have primarily electronic healthcare interactions
- Implementing multidisciplinary teams
- Implementing predictive analytics to identify high risk patients in some areas
- Primary talent gaps are population health management, data analytics, change management and non traditional health partnerships

• *Source: AHA survey of Regional Policy Board Members 2013*

THANK YOU!



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