

## **Managing Uncertainty in Healthcare Reform**

A Project 20/20 Leadership Meeting

January 25, 2012

Burnham Brook, 7:30 a.m.



### **Welcome and Opening Comments**

Talia Champlin opened the meeting with introductions and an overview of the meeting agenda. The theme for the meeting was “Managing Uncertainty in Healthcare Reform”. Talia reminded attendees that Project 20/20 facilitates these important conversations among leaders and community members to move Battle Creek toward excellence. Talia then introduced Mark Crawford.

### **Presentations by Mark Crawford and John Christ**

Mark Crawford, Vice President of Professional Services at Bronson Battle Creek, gave a brief overview of the Patient Protection and Affordable Care Act. The Act was intended to provide strong customer protections, more coverage options and lower insurance costs. However, some healthcare mandates have been challenged and there is much uncertainty about what impact it will have on healthcare. Mark then played a video called “[Health Reform Hits Main Street](#)” which was created by the Henry J. Kaiser Family Foundation and narrated by Cokie Roberts from ABC news. After the video, Mark discussed Value Based Purchasing and the idea that buyers should hold providers accountable for cost and quality. Essentially, it would reward hospitals that perform the best. In October 2012 this provision will be implemented. Hospital payments would be reduced by 1% and entered into an “incentive pool”. If the hospital scores is deemed high performing based on a “scorecard” (with 50 measures), the hospital may earn the 1% back. Bronson Battle Creek has been preparing for value based purchasing and has been on a ‘top quartile’ track.

John Buckenberger, Agent at Buckenberger Insurance Associates, discussed insurance trends, recent healthcare implications and the impact of healthcare reform on small businesses. The concept of health insurance is based upon healthy subscribers paying for the “sick”. However, there is a growing number of uninsured and underinsured. Health insurance premiums continue to rise. Benefits continue to decrease which equates to more out-of-pocket expense and shared costs between employers and employees. In Michigan, Gov. Snyder recently signed into law legislation (effective Jan 1, 2012) that will impose a new 1% tax on paid healthcare claims. The tax is intended to pay for Michigan’s Medicaid program. The Affordable Care Act requires each state to establish a health insurance exchange by 2014. The Governor is urging legislators to create a healthcare exchange called Michigan Health Marketplace to satisfy the requirements of healthcare reform.

There are many provisions in the healthcare reform act that will affect small businesses. Currently, small businesses (less than 25 employees) may be eligible for tax credits to assist with the cost of health insurance (if certain requirements are met). In 2012, employers must report the cost of health insurance on all employee W-2 forms. In 2014, small businesses will have the option to purchase insurance through insurance exchanges, designed to offer an easier way to

compare and purchase plans. Also, in that same year, some smaller businesses (50+ employers) may have to pay a penalty (\$2-3,000 per employee) if coverage is not offered to employees.

Ultimately, there are many uncertainties about healthcare reform and its impact on health coverage and insurance. The Patient Protection and Affordable Care Act may be repealed with the November election or found to be unconstitutional in pending lawsuits.

### **Group Discussion and Input**

Following the presentations, members were asked to participate in a small group discussion. The following two questions were posed: 1) What additional information do you need about healthcare reform? and 2) What are local employers doing to manage healthcare costs?

A discussion question was assigned to each table (each question was discussed by 3 or 4 tables). An individual from each discussion table shared one key point with the group (however, some shared more than one). All additional ideas are located at the end of this document.

### **Key Points Reported by Each Group**

- 1) What additional information do you need about healthcare reform?
  - How are we going to continue to incentivize those of us who are healthy and work hard at it?
  - Info for lay person “terminology”
  - What do I do as a business to plan for the future? Uncertainties? (If law is overturned and if law stays)
  - With all the changes (political unknown), what are the right questions to ask?
  - What incentives are there (if there are any) to increase the number of healthcare providers? How is the healthcare system going to accommodate the increased usage or demand? Rationed healthcare?
  - How do you plan for the costs and the unknown?
  
- 2) What are local employers doing to manage healthcare costs?
  - Help employees to be healthcare consumers i.e. generic drugs vs. brand name
  - Helping employees be more informed about healthcare costs
  - Putting services on-site – could employers form co-ops to provides services (i.e. Denso has an on-site pharmacy)
  - Flex spending account auto set-up for employees
  - Other payroll (pre-tax) option to contribute to FSA as well as employer contribution (can match/reach up to \$2,500)

### **Closing Comments**

Members were encouraged to attend the upcoming Project 20/20 Community Forum. On February 21, Project 20/20 will host Denise Brooks-Williams, President & CEO of Bronson Battle Creek and Frank Sardone, President & CEO of Bronson Healthcare Group. The forum will take place from 6:30 – 8:00 p.m. at the Burnham Brook Community Center located at 200 W. Michigan Avenue in downtown Battle Creek. Members were also informed of a Business Leader Luncheon hosted by the Battle Creek Area Chamber of Commerce in the spring of 2012. More information on the event will be announced on [www.battlecreek.org](http://www.battlecreek.org). Members were

invited to the Regional Health Alliances' Access to Care Issue Action Group meeting held on the 4<sup>th</sup> Tuesday of the month at 9:30 a.m. The Regional Health Alliance will also host a summit on healthcare reform in the fall. Interested members should contact Paulette Porter at 269.962.2181 for more information.

A list of healthcare reform resources was also distributed. Click on the following link to view the document - [Healthcare Reform Resources](#).

Members were asked to complete a survey, make a donation, become a fan of Project 20/20 on Facebook or follow our tweets, visit the Project 20/20 website at [www.bcproject2020.com](http://www.bcproject2020.com) and invite others to join us. A 2012 meeting schedule is available at [www.bcproject2020.com](http://www.bcproject2020.com).

### **Additional Ideas from Small Group Discussion**

- 1) What additional information do you need about healthcare reform?
  - End of life counseling “death panels” dispel myths, explain decision making
  - Best practices – info about Fed panels
  - Use of “hospitalists”, need to integrate, personal physician
  - How do you sustain access if provider rates are inadequate?
  - Will we have an accountable care organization?
  - Seniors – how can they become part of the solution rather than focus on protecting their interests
  - Cost of implementation – let’s get real about \$
  - Rules confusing especially for small businesses
  - Logic suggests rationing may have to be a part of the new system?
  - How are we going to get social security/medicare back to reality?
  - Exchanges – we don’t get it!
  - Repeal? What then?
  - Business – What will it mean for the bottom line?
  - How can a small business administer this mandate and keep on track?
  - When will we know what to really expect?
  - From employees: Will my employer give the direction for coverage alternatives, if they choose not to offer coverage?
  - When will we know what our employer’s plans are?
  - Employers – need to pick one small aspect to explain at a time
  - What will this do to medicare and retirement?
  - Will there be commitment required from employers at the point of retirement?
  - Small business owners: what will costs and plans look like (vs. fines for non-coverage)?
  - Will all of this (the healthcare reform plan) actually help to reform healthcare and control costs?
  - Concise online flow chart of changes and timelines
  - Details of how we will pay for it (what taxes are changing or being implemented and timelines)
  - How will tort reform be dealt with?
  - What is our community doing to handle these concerns?

- 2) What are local employers doing to manage healthcare costs?
- Shop for new providers (lower costs?)
  - Changing to higher co-pays, deductibles
  - Develop wellness plans
  - Shop for plans that “fit”, providers are more responsive
  - Self-insurance can be a savings but depends on usage
  - Moving toward high deductible plan
  - Perspective of employers understanding how community health indicators affect workforce and economy
  - Employers contributing to health savings accounts (HSA ’s) to help off-set increased deductibles
  - Offering HSA ’s or flexible spending accounts (FSA)
  - HSA – employees being more mindful of how much procedures cost and choosing if they’re necessary
  - Educating employees as well as offering incentives and deterrents
  - Some offer incentives for wellness options, need more to do this – employees commit to programs/results
  - Opt-out options if other insurance is used by employees...paid amount for opt-out
  - Smoke free sites, rec centers on campus/site
  - More/better communication to employees by employers as to actual costs of benefits
  - Need more local resources to help – YMCA nutrition, smoking cessation
  - Need more details on FSA coverage – what allowed in future for \$2,500