



THE NEW WORLD OF HEALTHCARE IN 2017

The Top Five Challenges of Healthcare Leaders

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“There is nothing constant in the healthcare revenue cycle but change”

Lyman G. Sornberger



Lyman Sornberger

Prior to joining Capio and forming LGS Health Care in 2013, Mr. Sornberger was the Executive Director of Revenue Cycle Management at Cleveland Clinic Health Systems. He spent the previous 22 years with the University of Pittsburgh Medical Center (UPMC) in leadership roles for their revenue cycle management groups.

Agenda

- Objective
 - Challenge #1: The Mystery of Health Care Reform
 - Challenge #2: Patient Responsibility is Now the Number Three Payer
 - Challenge #3: Insource or Outsource Your Revenue Cycle
 - Challenge #4: New Reimbursement Models
 - Challenge #5: Enhance Population Health and Patient Experience
 - Questions
-

Objective of Today's Session

To share with you where the healthcare industry is today relative to the constant changes in revenue cycle management.

- Three key lessons learned from this session:
 1. Where the industry is today with the key challenges in 2017 and some insights of 2018 and strategies
 2. How are providers, patients, and payers responding to these changes?
 3. The internal responses to the health systems varies with each challenge

"It's a requirement to be a bit schizophrenic to work in healthcare" *Lyman G. Sorubergen*

Two Guiding Principles

- THESE SLIDES CHANGE DAILY



- NEVER SHOOT THE MESSENGER



CHALLENGE #1: The Mystery of Healthcare Reform

“To be, or not to be, that is
the question”
William Shakespeare



What did and did not work under Obamacare?

- Funding the program (-)
- Punitive (-)
- Premiums/Cost increased (-)
- Pre-existing conditions (+)
- Uninsured declined (+)
- Universal coverage (+) -17 clinical programs

“Give me Liberty or Give me Death!”

Patrick Henry

CHALLENGE #1:
The Mystery of
Healthcare Reform

“To be, or not to be, that is
the question”
William Shakespeare

What failed under Trump’s first attempts at healthcare reform?

- Blow it up and start over-too aggressive (-)
- Funding the program (-)
- No subsidy (-)
- No Geographic considerations to charging aka community rating (-)
- Protected the healthy and wealthy but not the sick and impoverished (-)

“The war is inevitable...and let it come! I repeat it, sir, let it come.”

Patrick Henry

CHALLENGE #2:

Patient Responsibility is Now the Number 3 Payer in Healthcare Systems

**“By 2024 CMS estimates that \$1
of every \$5 will be spent on
healthcare in the U.S.”**

Becker's June 2016

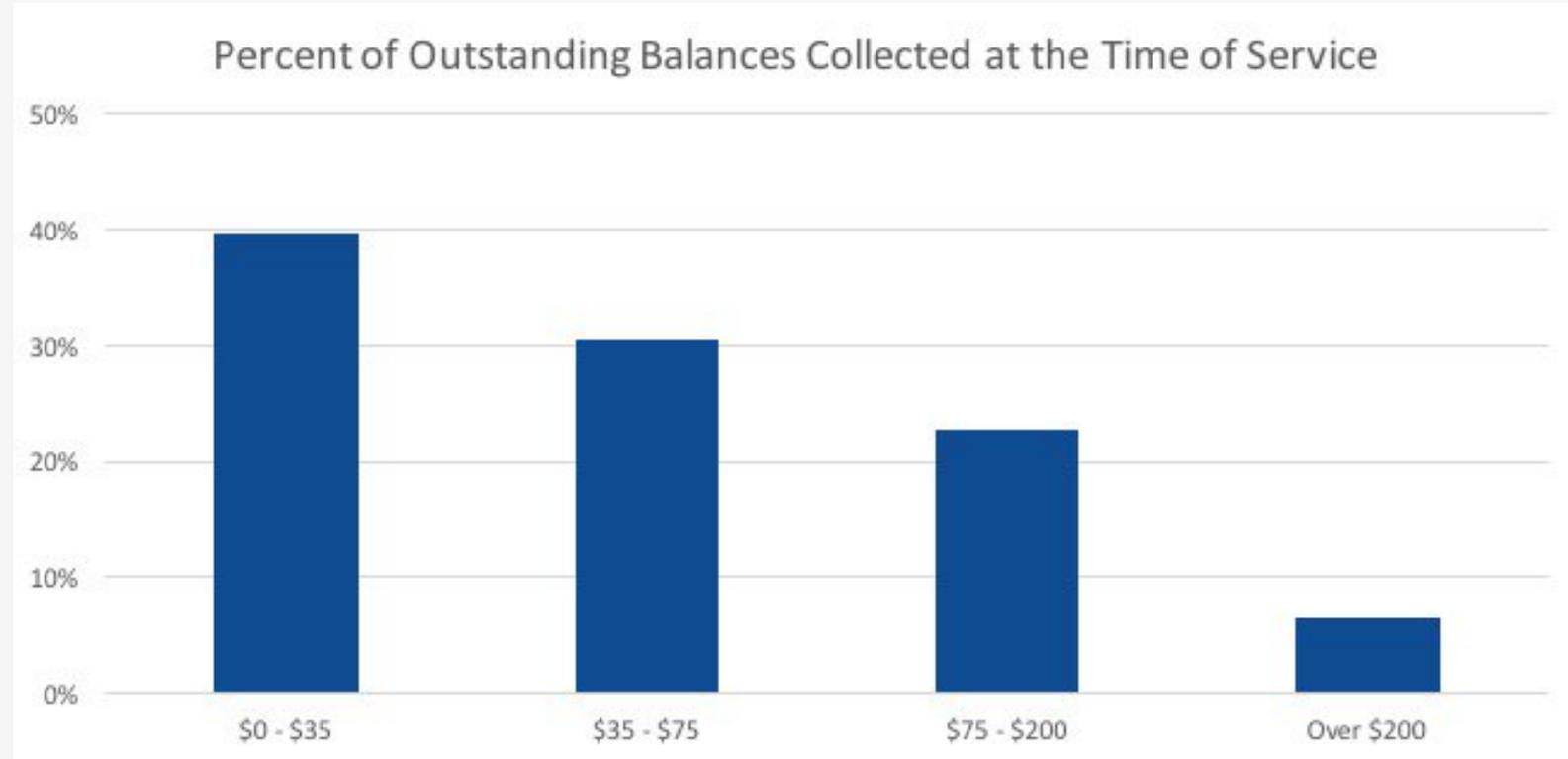
Trailing behind Medicare and Medicaid, patient responsibility is now the number three payer

- 20 Million Americans are currently enrolled in HDHP's
 - 1 out of 5 U.S. Workers have a deductible of \$2,000.00 or more
- It costs 3X as much to collect from the patient vs. insurance
- 34% of consumers pay their medical bills late
- Medical debt is the primary cause for personal bankruptcies in the U.S.

“Revenue Cycle inefficiencies accounted for 15% of the \$2.7 trillion spent on healthcare in 2013-or \$400 billion”

McKinsey & Company

CHALLENGE #2:
Patient Responsibility
is Now the Number
Three Payer



CHALLENGE #2:

Patient
Responsibility is
Now as the
Number Three
Payer

“How are we responding?”

American Hospital Association reported in 2011 that uncompensated care was at \$41.1 billion and on average since then it has continued to increase by more than 8% and more than doubled in 2016:

- That means that since 2011 the healthcare uncompensated care would move from \$41 billion to \$72 billion in 2016 or a 16% increase!
- What actually happened?
- Due to the Medicaid expansion and non expansion states ironically the outcome was closer to \$59 billion vs \$72 billion

What will a new healthcare reform look like tomorrow?

CHALLENGE #2:

Patient
Responsibility is
Now the Number
Three Payer

- 81% of “true” self pay responsibilities are never **recovered-no coverage**
- 55% of the patients financial responsibilities are never recovered
- Historically hospitals have written off 3-5% to bad debt and today that number is 7-9% with now the majority related to the “under-insured” and not the uninsured-“true-self pay”

FACTS

“Self pay is not going away”

CHALLENGE #3:

Insource or Outsource

*“Let me tell you
what not to do”*



- Healthcare is not perfected-nor can providers do it on their own
- The vendor is not always the enemy-niche
- Everything with a voice of reason and return on investment
- Repurpose employees-monitor and measure performance
- Offshore or onshore



CHALLENGE #3:

Insource or Outsource



Industry Leadership Practices and NOT Best Practices is the Revenue Cycle

- Same day appointments-access
- Transparency-charging-access-pre registration
- Patient Financing-loan programs-pre admission and post access
- It's not big data its fast data
- Propensity to pay-quadrants-"work smarter not harder"
- Collaboration not building a wall
- Consumerism will ultimately manage healthcare
- Innovation is key-be a leader or not a follower

"Be a leader not a follower"

CHALLENGE #4:

New Reimbursement Models



Please tell me MACRA is a new Italian dish

- Fee for service will not survive for providers or patients
- Bundled payments is already road kill
- Value Based Care is still vision but when do you pull the trigger
- What is MACRA?
 - CMS new reimbursement model to replace fee for service and bundled payments program
 - How does the model work?
 - MIPS or APM's
 - Reporting
 - Adjustments to original requirements

CHALLENGE #4:

New Reimbursement Models



MACRA HIGHLIGHTS

MIPS IN 2018

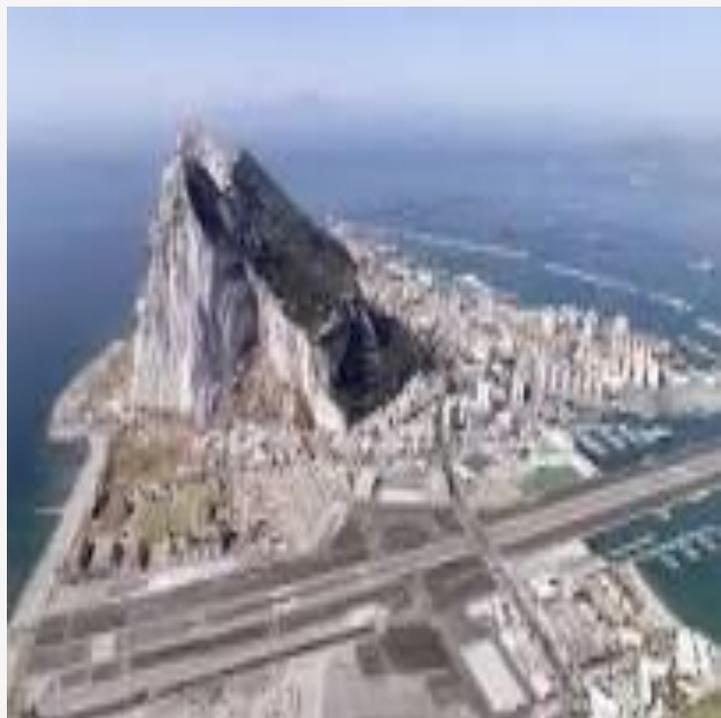


1. Eligibility Requirements-exclusions
2. EHR 2015 CEHRT –not required-2014 works
3. Small Practice-bonus
4. Reporting-required 365 days data for quality and for improvement and advancing care 90 days
5. MIPS Weighing-not adding the cost category
6. Performance Threshold-15 pts or less 5% penalty or 70 pts or greater a 5% bonus

MACRA HIGHLIGHTS MIPS IN 2018

CHALLENGE #4:

New Reimbursement Models



- Virtual Groups
- Improvement bonus
- Complex cases

**“Nothing is set in stone and just when you think you understand it;
something will change”**

Lyman Sorubeger

CHALLENGE #5:

Enhance Population Health and Patient Experience



Population Health, Patient Experience, Financial Health of System

What is the reality?

- Nine in 10 consumers want to know their payment responsibility.
- 75% of consumers expressed an interest in using mobile payment or on line channels.
- 96% of payers said that they still pay via check
- In 2015, 77% of consumers reported that they were confused by their EOB from payers and 76% were confused by the bills from their providers.
- 74% of providers see an increase in “patient responsibly.”
- Seventy percent of providers reported that it takes at least one month longer to collect from the patient.

“The calm before the storm”

CHALLENGE #5:

Enhance Population Health and Patient Experience



Population Health, Patient Experience, Financial Health of Systems

A total eclipse of the heart and mind

- **Be patient care centered**
 - They keep your lights on and pay the bills and your best source to learning clinically, financially, and education is key.
- **New strategies**
 - Don't let new ideas like: collaboration, outsourcing, patient financing, or ideas like debt buying be a threat but an option.

“Be a innovator and think outside the box”

CHALLENGE #5:

Enhance Population Health and Patient Experience



Population Health, Patient Experience, Financial Health of Systems, and Payers Need to Collaborate More

- Patients want control but education is key
- Making patients healthy has a cost
- Providers have to keep the lights on
- “When do I pull the trigger?” -Hurricane ICD.10
- Removing the barriers internally and externally is paramount
 - Patient
 - Provider
 - Payer
 - Vendors

“It’s a marriage”



Summary

“Everyone Wins”

- Patient
- Provider
- Payer

Questions?





*Please reach
out to us for
questions or
suggestions*

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