

Ready or not, health care changes in 2011

Tom Tobin • Staff writer • January 23, 2011

The health care overhaul act of 2010 may still be a subject of debate in Congress, but it is nonetheless roaring ahead toward full implementation in 2014.

This year, **businesses** and consumers will see significant changes in how Medicare is funded and administered, in the ways private health insurers devote their resources to medical claims and report them publicly, in how neighborhood centers become more fully integrated members of the health community, and in all the ways health stakeholders collaborate and cooperate.

The overhaul legislation, formally titled The Patient Protection and Affordable Care Act and more pejoratively as Obamacare, is really a very long train that is moving into the station in annual stages, with each **car** unloading as it arrives.

Last year, an end to lifetime caps on coverage and denial of care to children with pre-existing conditions chugged into the station along with new tax credits, anti-fraud measures and other provisions.

This year, a new batch arrives, none as headline-ready as lifetime caps or as momentous as the health insurance mandate — everyone must have some kind of policy or face fines — which is due to disembark in 2014.

Still, this year's changes are important in themselves and as part of the bigger puzzle.

For many, puzzle remains the operative word.

"People are still confused out there," said Frank DiCesare, CEO of Optima Benefits Group, a Rochester firm that serves as a broker for local **small businesses** looking for health coverage. "They don't know what will happen this year, what Congress will do."

The Republican-controlled House voted 245-189 last week to repeal the legislation, but the vote was

largely symbolic because repeal isn't expected to be considered in the Democrat-controlled Senate. But uncertainty remains because Republicans have said they'll now seek to reverse individual pieces of the legislation.

What **business** has seen so far, DiCesare said, are higher premiums in the private insurance market, new, onerous tax rules and more pressure in a down economy to help employees with rising expenses.

"Some businesses are saying they don't want the headache anymore and are giving employees cash and telling them to buy their own coverage," DiCesare said. "But because New York has community rating, small businesses can afford to stay in, though most are offering high deductible plans and Health Reimbursement Accounts and Health **Savings Accounts** as ways to defray costs."

Community rating is pool coverage — one rate for everyone involved. "If we didn't have that, we'd be a lot worse off with respect to coverage," DiCesare said.

Still, 2011 health premiums rose in every category on individual and commercial coverage in policies offered by Excellus BlueCross BlueShield and MVP Health, the Rochester region's two largest insurers. The changes, company officials said, have nearly everything to do with rising costs, of prescription medicine and of care in general, and much less to do with the impact of the federal act.

Already complying

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"New York has a lot of regulatory schemes already in place," said Frank Fanshawe, vice president of corporate affairs for MVP Health. For example, he said, the federal act requires that as of this year, 80 percent to 85 percent of insurers' health dollars, called the medical loss ratio, be spent on care. "We're already above that threshold," he said. Excellus also meets the federal requirement, company spokesman Jim Redmond said. Fanshawe said 2011 cuts under the act to Medicare Advantage — basic Medicare coverage with additional benefits paid with higher premiums — will cost MVP millions. The intent of the reductions is to cut administrative overhead at the local level so more of the entitlement dollar goes to care. "But the effect is that we will have fewer dollars with which to provide services," Fanshawe said.

He said Medicare will provide bonuses if insurers meet certain preventive-care benchmarks. "But even with the bonuses, we still come up short," he said.

One of the complaints about the new health care act is the fear of bureaucratic bottlenecks. The laudatory pieces of the overhaul, critics say, will be swallowed up in the machinations of federal and state agencies.

Some of that is evident under a 2011 provision of the law meant to support community health centers like the Jordan Health Center in Rochester and to expand use of free-standing clinics like the Eastside Medical Urgent Care Center in Penfield. The intent is to help states and medical schools reconfigure graduate medical education policy so more slots may be used in community care and to reduce expensive use of hospital emergency rooms.

Yet the idea lost something in the translation, at least locally. The University of Rochester Medical Center was interested in establishing a Teaching Health Center under the new law but found there wasn't enough time to get the accreditations necessary for expansion of the residency program and to apply for the new federal program.

"Plus, we had already planned to increase the number of residents in our Family Medicine program by two residents per year with a new residency expansion grant we received," said Teri D'Agostino, UR Medical Center spokeswoman. "The grantors wouldn't allow us to shift some of our current residents into the (Teaching Health Center). Understandable, since their goal is to get more residents graduating."

D'Agostino also said the federal funds are good for one year only and afterward are pitched into the political maelstrom. Bottom line: Rules and deadlines and impediments conflict with this attempt at reform.

Doughnut hole

Many of the changes this year apply to Medicare, the federal entitlement program for the elderly. By and large, they're aimed at **reducing costs** and shifting to a preventive-care model.

Beneficiaries this year get a free wellness visit — no copay — and "personalized prevention plan." A new center has been established to try cost-cutting Medicare and Medicaid approaches. Medicaid is the entitlement program for the poor and disabled.

Most significant is the plan to close the notorious "doughnut hole" in the 2003 Medicare drug plan — a huge gap in coverage for recipients that was built into the law to reduce its cost. This year, those in the doughnut hole will get their medications at a 50 percent discount.

"A lot of what is in this law is good," said Mary Rose McBride, vice president of marketing and communication at Lifespan, a Rochester-based service provider for the elderly.

"The doughnut hole is being closed, the copays go away, and there's a focus on preventive care. Still, there's a lot of confusion. People are worried about what they might lose."

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Preventive care and collaborations are mantras for the overhaul law. But in Rochester, renowned for its cooperative health care system, much of that was going on well before the law was enacted.

The "Eat Well, Live Well" effort, started by Wegmans Food Markets and managed through the Rochester Business Alliance, urged local companies to promote wellness through good nutrition. It has gained national attention, primarily through private-sector energies.

No matter what happens with health reform, the initiative is expected to add new partners and new wrinkles this year. "We're going to have businesses compete against each other," said RBA Vice President Ellen Rosen.

The federal act creates a mechanism for Accountable Care Organizations — patient-centric organizations, led by hospitals, that try to coordinate nursing, rehabilitation, social services and other aspects of the provider and payment systems. But the federal rules have yet to be written. In that vacuum, the private sector is scrambling.

"We're trying to get ahead of it," said Unity Health System CEO Warren Hern.

"I'm not familiar with every other community, but in Rochester the systems all talk to each other now. Our hope is that reform doesn't mess up something that's working pretty well."

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The Eastside Medical Urgent Care Center in Penfield may qualify for funds under the health reform law this year. (JAMIE GERMANO staff photographer)