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Making Change in the ACA Era

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BY ROCHELLE NATALONI, CONTRIBUTING EDITOR

We all run businesses; some of us run several. Although we may sometimes feel like we have the basics of our business and practice handled, we are not exactly sure what the future holds in terms of adapting to the changes coming around the corner. This is evidenced in part by the 11,000+ page document that outlines the Patient Protection and Affordable Care Act (ACA). Needless to say, how the ACA affects the business of eye care is nowhere near clear. Yet, our industry knows that with uncertainty comes incredible opportunity. Ahead, experts weigh in on how they think the ACA will affect our business and daily lives. There is still a lot to learn in terms of health care reform, but one thing remains certain: change is coming. How you and your team respond to these changes may have a lasting effect on your team, your practice, and your passion for years to come. Read on for an in-depth view at the future of health care through the lens of the ACA.

—Matthew Jensen, MBA, editorial advisor

By the spring of 2014, approximately 20 million Americans had gained health insurance coverage under the Patient Protection and Affordable Care Act (ACA), and the percentage of uninsured Americans had dropped from 18% in 2013 to 13.4% in May 2014.[1] Initially, many viewed the passage and enactment of the ACA as a long-awaited victory. Today, even some of the most ardent proponents of health care reform are a bit disillusioned by the reality of a legislative initiative that is too little, too late. Meanwhile, providers in even the least affected specialties, such as ophthalmology, are determining how best to manage the unintended collateral impact.

At this year's meeting of the Aspen Retinal Detachment Society, David W. Parke II, MD, executive vice president and CEO of the American Academy of Ophthalmology (AAO), addressed the unintended consequences of health care reform. In his talk, Dr. Parke quoted Charles Darwin: "It is not the strongest or the most intelligent who will survive, but those who can best manage change." Along those lines, he stressed that ophthalmology—and health care as a whole—is at the beginning of a process that will be characterized by failed experiments, perverse incentives, and business disruption. He stated that the main driver of change is cost and that the first, and biggest, cost-related trend facing physicians is both vertical and horizontal health care integration. Both are happening simultaneously in many markets, Dr. Parke noted. Hundreds of billions of dollars have been invested in integration. Dr. Parke commented, "Some will say, 'Accountable care organizations are just health maintenance organizations by another name, and they are not going to survive.'" He believes, however, that these large, integrated systems with alternative physician payment systems will survive for the foreseeable future simply because too much money has already been invested.

In an interview with "Premium Practice Today," Dr. Parke describes some unintended consequences of the ACA for refractive cataract surgeons that, he says, are not unique but are substantial. "Cataract and refractive surgeons are not uniquely [affected] in any particular fashion, but they are substantively impacted like most other physicians," he says. "One of the most significant issues has been the 'volume-to-value' approach that is baked into the ACA. It has resulted in payment initiatives that have [had an impact on] the functioning of the Relative Value Scale Update Committee, the Physician Quality Reporting System, and the Value-Based Payment Modifier by shifting payments to cross-specialty, primary care-based systems." He says another important issue is the acceleration of integrated health care systems. "This," says Dr. Parke, "has [a] major impact for most ophthalmologists who have little hospital presence and deliver little 'halo revenue' beyond their professional services. Ophthalmology is relatively devalued in many of those systems."

Dr. Parke points out that flexibility to manage the unforeseen consequences will help determine the future of individual ophthalmic surgeons and the collective specialty. He

comments, "The first way to manage these changes is the most obvious: make your voice heard." He says it astounds him that, although the ACA will affect 100% of ophthalmologists, and nearly 100% have problems with one or more facets of it, less than 20% give to their professional political action committee, OphthPAC, which he notes gives its staff and physician volunteers the access to Congress, policymakers, and regulators they need to make meaningful arguments and potentially change onerous or unrealistic regulations. "The other 80% are getting a free ride on the contributions of their colleagues," he continues.

According to Dr. Parke, the next best way to manage change is to recognize that, even if you are in a successful ophthalmology group, "it's going to be increasingly difficult to remain an island in the sea of medicine." He recommends staying engaged with nonophthalmologist colleagues in order to know what is happening in your community. Finally, he strongly recommends taking advantage of "penalty-avoidance" opportunities. "Very shortly, the potential payment penalties will exceed 9% annually," he says. "For many ophthalmologists, the IRIS [Intelligent Research in Sight] Registry will be the cheapest, lowest-hassle way to minimize those penalties."

HIGH-DEDUCTIBLE DEBACLE

Dr. Parke says two of the biggest unintended consequences of the ACA are the impact of high-deductible health plans and the narrowing of networks in both Medicare Advantage and commercial plans. "The vast majority of new enrollees through the exchanges have high deductibles—frequently over $2,500—and many don't understand their 'first dollar' responsibilities and the fact that what they really have is catastrophic insurance," he explains. "As a result, many are not seeking care for important conditions and are not taking their prescription drugs. We are hearing stories of glaucoma patients, for example, who take their drops every other day. In some overly narrowed networks, carriers treat ophthalmologists as a single group; therefore, some large geographic areas may not have particular subspecialists available."

Virginia ophthalmic surgeon Elizabeth Yeu echoes Dr. Parke's concerns, adding that the ACA and "nationalized health insurance" provide a somewhat unsatisfying solution for patients. "I'm sure some patients are disillusioned, because high-deductible policies cover major medical issues but may not ease the cost burden of basic and elective medical services, such as cataract surgery," she says. Dr. Yeu is in private practice at Virginia Eye Consultants in Norfolk and is an assistant professor in the Department of Ophthalmology at Eastern Virginia Medical School.

ACOs STYMIED BY INTEROPERABILITY

Although most accountable care organizations (ACOs) have the health information technology (HIT) to improve clinical quality, poor interoperability across systems and providers remains a barrier, according to an ACO survey conducted by Premier and the eHealth Initiative.

Access to data from external organizations was challenging for 100% of respondents.

The survey collected responses from 62 ACOs. It found, among other things, that

- 88% of the ACOs face significant obstacles in integrating data from sources
- 83% report challenges integrating technology analytics into workflow
- the interoperability of systems is a significant challenge for 95% of organizations
- at least 90% of respondents cited the cost and return on investment of HIT as a key barrier to further implementations
- as ACOs pull data from more sources, they also report less ability to leverage their HIT infrastructure to support care coordination, patient engagement, population health management, and quality measurement

Premier is a health care company comprising an alliance of approximately 3,000 US hospitals and 110,000 other providers (ⓘ http://actionforbetterhealthcare.com).

eHealth Initiative is a nonprofit organization devoted to improvements in the quality, safety, and efficiency of health care through information and information technology (ⓘ www.ehidc.org).

Refractive cataract surgeon David Goldman has observed this situation firsthand. He is founder of Goldman Eye in Palm Beach Gardens in Florida. "Where we are seeing elements of the ACA affecting our practice is when patients come in excited that they now have insurance but not really understanding all the terms of the insurance," he explains. "They think it means they're going to get care, and it's free, which unfortunately is not the case. For a lot of these patients who sign up for these plans on the healthcare.gov website, they don't even understand what a deductible is. So far, we've had two patients who needed cataract surgery who had very-high-deductible plans, and when we told them how much it would cost them to have their cataract surgery, they were shocked, upset, and angry. One of these

EVERYTHING YOU EVER WANTED TO KNOW ABOUT ACOs

- www.fiercehealthcare.com/story/mixed-news-unclear-future-acos/2014-09-30
- www.fiercehealthcare.com/story/aco-status-doesnt-equal-effective-population-health-management/2014-10-04
- www.medicare.gov/manage-your-health/coordinating-your-care/accountable-care-organizations.html
- www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ACO/index.html?redirect=/ACO
- www.kaiserhealthnews.org/stories/2011/january/13/aco-accountable-care-organization-faq.aspx

patients had a traumatic cataract sustained in a racquetball accident when the ball hit him in the eye. He had a ridiculously high deductible, around $10,000, so he would have been responsible for basically everything involving the surgery—not just the surgeon's fee—and he couldn't afford it. He has to reassess his whole insurance situation now, and he has decided to forego the surgery."

Dr. Yeu confirms that "national insurance" has resulted in a bump in surgery cancellations, no-show rates, and bad debt because of the higher deductibles that patients are challenged to pay. Another consequence of health care reform, she says, is that hospital systems are more aggressively acquiring salaried physicians and practices in preparation for accountable care organizations. "The ACA is affecting ophthalmologists in different ways, and the individual's specific job situation will likely affect their reaction to the ACA and the general health care landscape changes," she says. "Theoretically, those ophthalmologists in thriving private practices, larger multispecialty groups, hospital systems, or academia may have a more positive outlook on the longevity of their career, as these professional situations will likely be better prepared to weather the changes to come. On the other hand, older physicians in smaller practices may be forced to accelerate their retirement if they are unable to thrive in the US health care systems of tomorrow."

BENEFITS

Dr. Yeu envisions the practices of tomorrow as more aligned with the model of concierge medicine. "I believe there will be greater interest [in] and emphasis placed on not seeking reimbursement for medical services and procedures," she comments. "US health care is converging towards a more socialized model, and this will undoubtedly result in the best medicine being provided by more 'boutique' practices that may not accept insurance at all. Concierge medicine is another consequence of our health care climate."

When insurance companies are not calling the shots, cost savings can be passed on to patients. "It sounds kind of bizarre," says Dr. Goldman, "but if a patient is having refractive lens exchange, we can do it at a much lower cost if they go completely out of pocket compared with a patient wanting cataract surgery going through their insurance, because we can do biometry and other testing on the same day. Theoretically, we can even do the surgery that same day and not have to worry about issues of compensation from an insurance company that might not allow that, so our cost is much lower, and we can pass [those] savings on to the patient." He adds that the same goes for bilateral surgery. "If we do both eyes on the same day, there's only one surgery center charge and one anesthesia charge, so we can massively decrease the cost to the patients," he notes.

Ultimately, another unintended consequence of the ACA and health care reform, according to Dr. Goldman and others interviewed for this article, is that high deductibles and associated health care fees can actually make it easier to market premium IOL surgery and other elective and semielective procedures. As patients grow more accustomed to the rising cost of health care, it becomes easier for them to rationalize out-of-pocket health care expenditures. The days of thinking that everything is or should be covered by insurance are fading.

The ACA is making people look at health care and health care costs differently. "Now, patients are accepting that they are going to be financially responsible for some element of whatever they have done, so it's a lot easier for them to accept the concept of paying more for a 'premium service' or 'premium product,'" explains Dr. Goldman. "It doesn't seem like such sticker shock anymore."

LIFESTYLE HEALTH CARE

Pioneering refractive surgeon Daniel Durrie, founder of Durrie Vision in Overland Park, Kansas, says an indirect consequence of the ACA is that health care and its associated costs have become dinner table conversation. Once health care becomes an item on the family budget, it is only natural for consumers to begin pondering potential purchases. This, he says, is where so-called lifestyle health care takes center stage. "In the wake of ACA, there is going to be more of an awareness that we really have two parts of medicine now," he explains. "We have the disease part of medicine,

and in ophthalmology, that would be macular degeneration, reimbursable cataracts, and glaucoma, among other things, and then we have the lifestyle part of ophthalmology, and that would be aesthetic oculoplastics, refractive surgery—both lens based and cornea based—and we also have certain other noncovered services such as glasses and contact lenses that may be covered by some insurance but are not covered by Medicare, and they are not part of the ACA."

Dr. Durrie points out that ophthalmology straddles the disease and lifestyle sectors, enabling practitioners to positively position themselves, as reimbursement declines and volume rises in the disease-based part of the specialty. He says, "When ophthalmologists ask themselves how they can mature the lifestyle portion of their practice, they are increasingly turning to Strathspey Crown and Alphaeon."

Dr. Durrie is a founding member of Strathspey Crown and Alphaeon, an organization that helps member physicians attract patients, increase their competitive edge, circumvent government intervention, and gain more control over how their practices do business in the lifestyle arena. "The fact that ophthalmologists are paying more attention to the lifestyle sector just as the baby boomers are doing everything possible to extend their vitality is perfect timing," he remarks. "We are not growing old gracefully; we are putting up a fight. We don't get dentures; we get dental implants, We don't get a cane; we get a knee replacement. We don't wait to get a cataract; we get a refractive IOL. They're willing to have refractive lens exchange and pay for it themselves to have a better lifestyle and prevent cataracts." Dr. Durrie stresses that, if ophthalmic surgeons seize this opportunity, it can more than make up for the concurrent challenges of health care reform.

CEO of Alphaeon (a Strathspey Crown Company) Robert Grant says that, today, physicians are faced with the challenge of how best to move forward in a shrinking reimbursement environment. "They can become an employee of a hospital group or a group practice organization rather than being in an independent practice, but a lot of physicians don't want to do that," he says. "For those physicians who would like to remain independent, the way they're going to be able to survive in the new environment is by decreasing their dependency on insurance providers and Medicare. That doesn't mean they have to opt out of Medicare, because they certainly do not have to do that."

Mr. Grant points out that one reason that physicians feel the pressure to join hospital groups is because doing so entitles them to a "back-office infrastructure and marketing machine that allows them to reduce costs collectively across the board." On the flip side, joining a hospital group reduces their independence and ability to make choices about the products they use, among other things.

Mr. Grant explains that Alphaeon lets practitioners to be part of a collective without infringing on their ability to make independent choices. "We created Alphaeon as the first cooperative approach that allows the physicians to remain in independent private practice and still own their own practice and be masters of their own destiny, but at the same time, [it] allows them to benefit from the group leverage and collective bargaining that is enabled through a cooperative structure," Mr. Grant says.

"We have a unique crowd-sourcing methodology where we pick the products and services that the community desires the most, and then we go and negotiate with companies to be able to get those benefits back to the doctors themselves," he says. "It's not necessarily by way of only lesser pricing. It's access to products and services that they may not otherwise be able to gain easy access to. If you become an employee of a hospital group, very often, you are forced to be part of a purchasing group, and you effectively lose your choices. [In contrast] our cooperative allows members to pick á la carte which products and services they want to benefit from within the cooperative."

Dr. Durrie states that the lifestyle sector of health care is growing faster than the disease sector and that investors and product innovators see this and are naturally moving things in that direction. "I think there will be private-pay procedures and services in glaucoma and private-pay procedures and services in macular degeneration—especially in the preventive side—in the not-too-distant future, and as the effects of ACA continue to reshape health care, and the demographics of the marketplace affect our patient populations, I'm not quite sure that taking care of disease-based medicine only is going to be our future." ■

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1. Blumenthal D, Collins SR. Health care coverage under the Affordable Care Act—a progress report. *N Engl J Med*. 2014;371(3):275-281.