

How Health Care Reform Will Hurt Your Health System... And What to Do About It

How Health Care Reform Will Affect Providers and Insurers

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Health Care “Reform” Law: The Goals Are High

- **Mandated Benefits**
 - Now
 - In 2014
- **Mandated Coverage**
 - Individuals
 - Employers

But Non-compliance is Cheap

- **Individuals**
 - \$95 - \$695 Penalty
 - Only offset against future refunds, no civil or criminal penalties
- **Employers \geq 50 FTE Employees**
 - \$2,000 for each employee after the first 30

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The Day of Reckoning Is At Hand in 2014

- **Between 30% - 50% of employers plan to drop coverage in 2014**

(McKinsey & Company - June 2011)

Could affect over 75 million people

Other Provisions Won't Help Much and Could Make It Worse

- **Employer Tax Credits**
- **Individual subsidies**
- **Expansion of Medicaid**
- **Insurance regulation**

But will it go away?

- **Court challenges**
- **Repeal**
- **Waivers**
- **De-funding**

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Effects on Insurance Companies

- **Move from wholesale to retail**
- **Consolidation due to lower margins**
- **Move toward back office support for or outright acquisition of providers**
- **Patient steerage to cut-rate providers**

Effects on Providers

- **Disruption caused by shift from employer based insurance**
- **Increased demand – especially in ER**
- **More hospital-physician integration**
- **Pressure to merge or affiliate**

Other Concerns for Physicians and Hospitals

- * **Payment reductions**
- * **Enhanced fraud enforcement**
- * **New tax-exemption rules**
- * **Quality initiatives**

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**Well, so much for
the good news ...**
