

# The Business Perspective on Healthcare Reform



# Why Did a Business Group Get Involved in Healthcare?

- Rising healthcare costs to employers
- Questionable market conduct of insurers, related to healthcare providers and patients.
- WCA Recognized Healthcare as an Important Infrastructure Issue For the Economic Vitality Of the Region

# Background

In 2005, WCA Created Blue Ribbon Task Force

- Hospital CEOs/Executives
- County, State and Federal Officials
- Physicians and Physician Groups
- Health Insurance Senior Executives

# Healthcare is – and Will Remain – Vital to Economic Development

- Employment of healthcare occupations is projected to grow 18 percent from 2016 to 2026, much faster than the average for all occupations, adding about 2.4 million new jobs.
- Healthcare occupations are projected to add more jobs than any of the other occupational groups.\*

# Healthcare is –and Will Remain – Vital to Economic Development

- Health care generates **59,000 jobs** and contributes **\$10.9 billion** to the **Westchester/Hudson Valley regional economy.**

# What Did We Learn?

- Market dominance of health insurers over the consumer, business & health care providers has weakened the economic infrastructure across NYS
- Only 4 or 5 carriers write over 70% of the insurance business in the nation
- Health insurers exhibit unacceptable market conduct practices

# National Denial Rate\*

- Of an estimated \$3 trillion in claims submitted by hospitals in 2016, **an estimated 9% of charges (\$262 billion) were initially denied.**
- For the typical health system, as much as **3.3% of Net Patient Revenue**, an average of \$4.9 million per hospital, was put at risk due to denials.

# National Denial Rate\*

- Appeals cost providers roughly **\$1182 per claim**, or as much as **\$8.6 billion** in administrative costs nationally.



# Denials Are a Big Deal

- NYC Health & Hospitals seeks \$11.5M from UnitedHealthcare in denied medical claims.

# Denials Are a Big Deal

## Doctor-Patient Rights Project (DPRP) Study\*

- Insurance providers denied treatment coverage to one-in-four (24%) patients with a chronic or persistent illness or condition.
- 41% of the patients denied coverage were denied once
- 59% were denied multiple times.

# Denials Are a Big Deal

## Doctor-Patient Rights Project (DPRP) Study\*

- 55% of the those denied treatment said they were denied a prescription medication.
- 41% of those denied treatment said they were denied a diagnostic or screening test.
- 24% of those denied treatment said they were denied a medical procedure.

# Denials Are a Big Deal

## Doctor-Patient Rights Project (DPRP) Study\*

- More than half (53%) of those denied coverage for a treatment of a chronic or persistent illness appealed the denial, but less than half (49%) of those appeals were ultimately successful.

Insurers Make BIG PROFITS  
The Council of Economic Advisers  
March 2018\*

Since ACA implementation on January 1, 2014, **health insurance stocks outperformed the S&P 500 by 106 percent.**

# Insurers Make BIG PROFITS

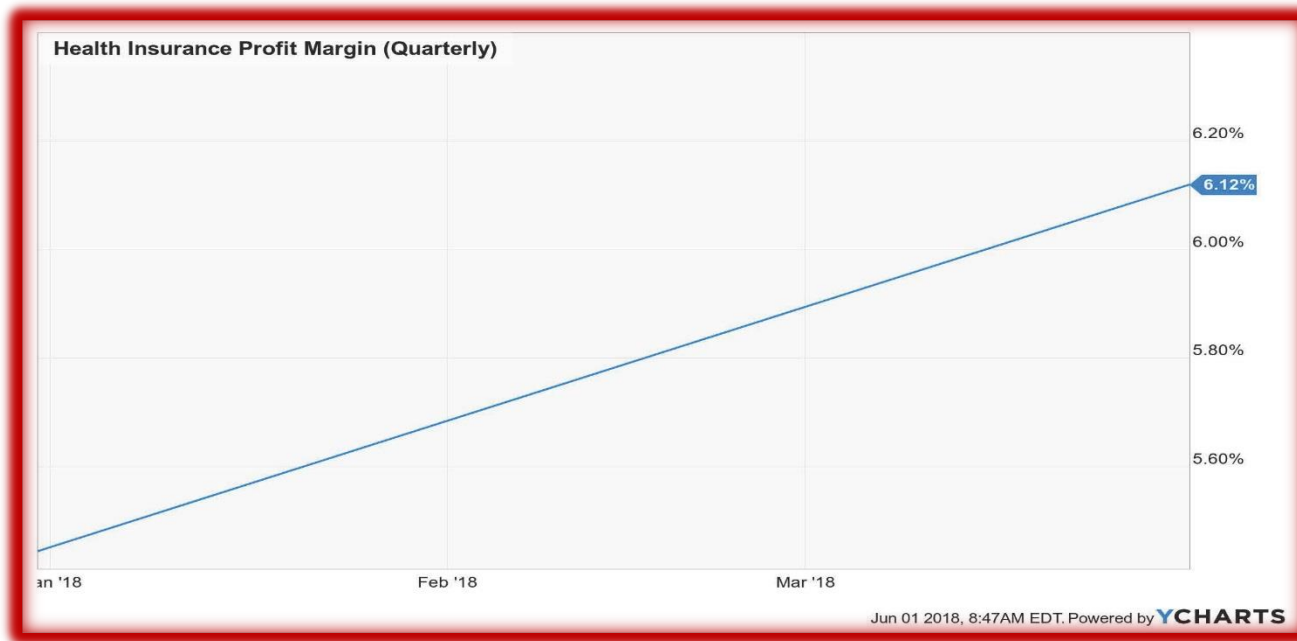
## The Council of Economic Advisers

### March 2018\*

- The largest health insurers expect earnings (net income) to increase by 8.7 to 19.6 percent in 2018 from 2017
- A significant portion of the increase due to tax reform (UnitedHealth Group, Inc. 2018; Humana, Inc. 2018).

# Insurers Make BIG PROFITS

## Ycharts: March 2018\*



\*[https://ycharts.com/companies/HIIQ/profit\\_margin, March 2018](https://ycharts.com/companies/HIIQ/profit_margin, March 2018)

# WCA Supports Legislative Action - A.8063A/ S.5779A

- Under current law, insurers are not required to identify or share information with the healthcare provider about the type of health insurance plan or product in which a patient is enrolled.
- This law would **require health insurers** to notify healthcare providers of the specific type of insurance plan or product in which a patient is enrolled when liability for a claim is unclear.



# WCA Supports Legislative Action - A.1129/S.3568

- Under the current law, prior authorization for surgical procedures extends to related, medically necessary services that may arise during the procedure initially authorized claims for the additional care can only be denied if the treatment was not considered a covered benefit, or if upon review, the treatment was deemed not to have been medically necessary.

# WCA Supports NYS Legislative Action - A.1129/S.3568

- This law would require that **concurrent symptoms and side effects should also be considered exceptions to prior authorization requirements.**
- The bill maintains protections for the health plans in the event that services are not medically necessary but would limit their ability to deny claims for purely administrative purposes.

# WCA Supports NYS Legislative Action - A.4328 /S.8316

- New York is the only state that does not have a health insurance guaranty fund.
- When Health Republic collapsed, providers are left three years later with nearly **\$200 million in outstanding claims** for services provided. **Nearly 70 percent of Health Republic subscribers were from the Hudson Valley and Long Island.**

# WCA Supports NYS Legislative Action - A.4328 /S.8316

This law would **establish a health insurance guaranty fund**, otherwise referred to as the New York Health Insurance Consumer Protection Security fund.

# **WCA Healthcare Reform Summary**

**WCA is an Ideal platform for all principals to work together to maximize their individual objectives in the emerging health services environment.**

# **WCA Healthcare Reform Summary**

**For the individual and the  
community in general- better and  
more cost-effective health outcomes.**

# WCA Healthcare Reform Summary

**For business-** a potential cost-effective health benefit alternative that synchronizes their benefit plan with provider products to produce better outcomes at reduced cost.

# WCA Healthcare Reform Summary

- **For providers-** a potential platform to integrate health benefits plans and individual responsibility with their products; improve quality, control cost and improve Population Health.
- **For providers-** access to workforce development and skill training.