

Illinois Cardiology Practice Management Symposium

Trends in the Payor World: CMS and the Private Payors

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IT'S HOW MEDICINE

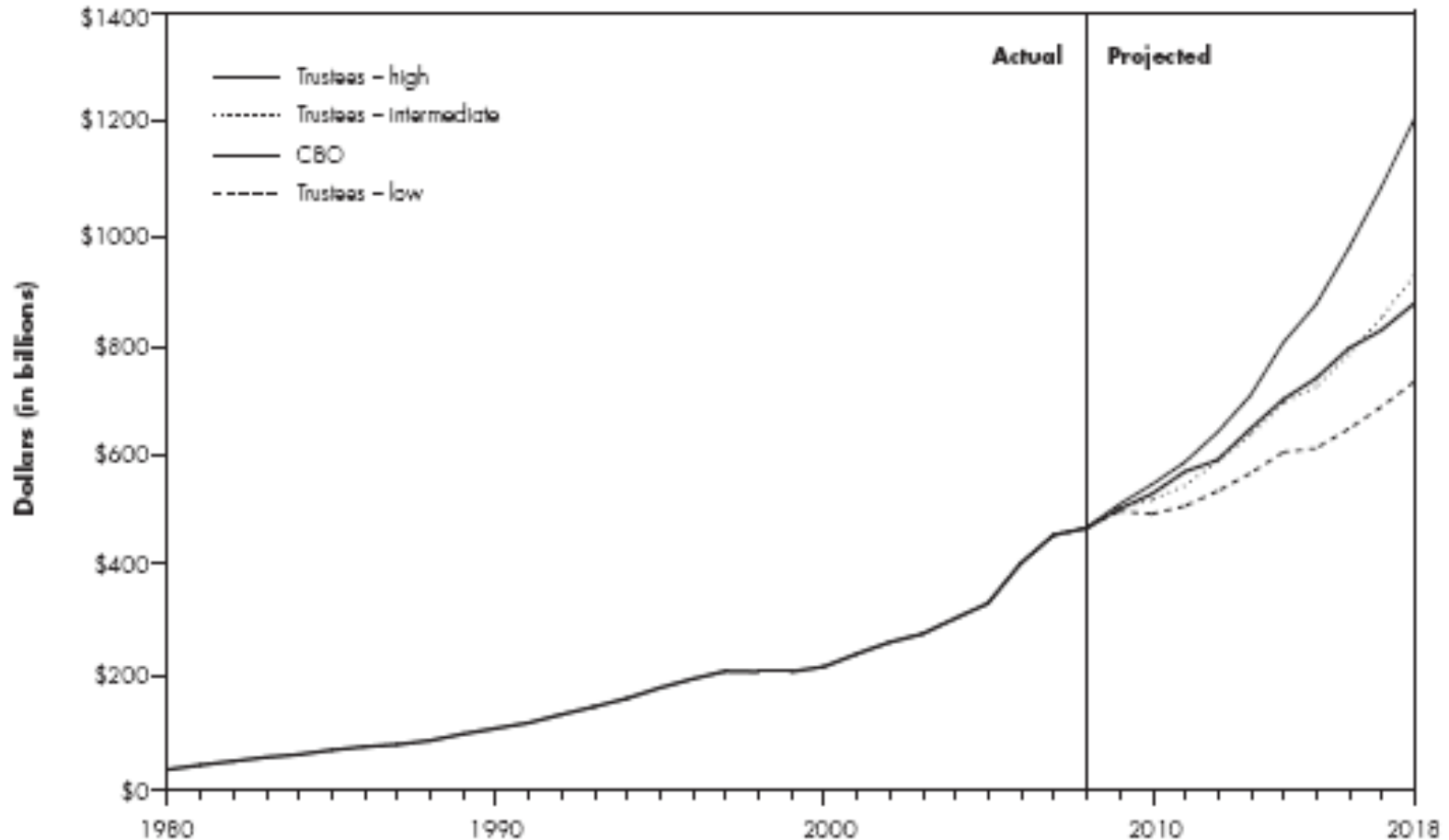
SHOULD BE

Outline

1. Outlook for Medicare
2. Outlook for Private Insurance
3. Outlook for Baby Boomers
4. Outlook for the Hospital
5. Outlook for Cardiology
6. What You Will Need to Succeed

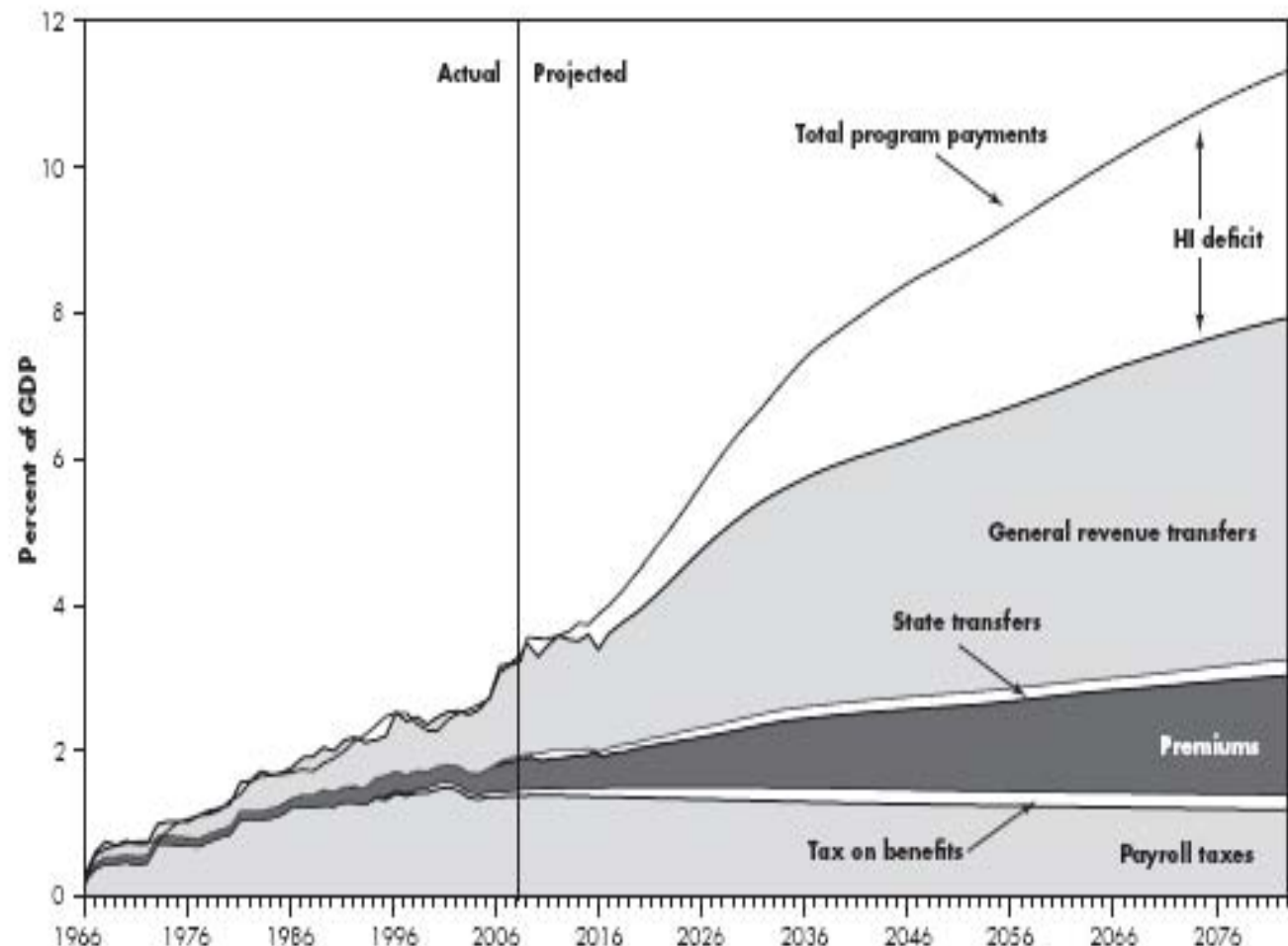
Outlook for Medicare: Growth

- Spending to grow at an annual rate of 7% over next 10 years



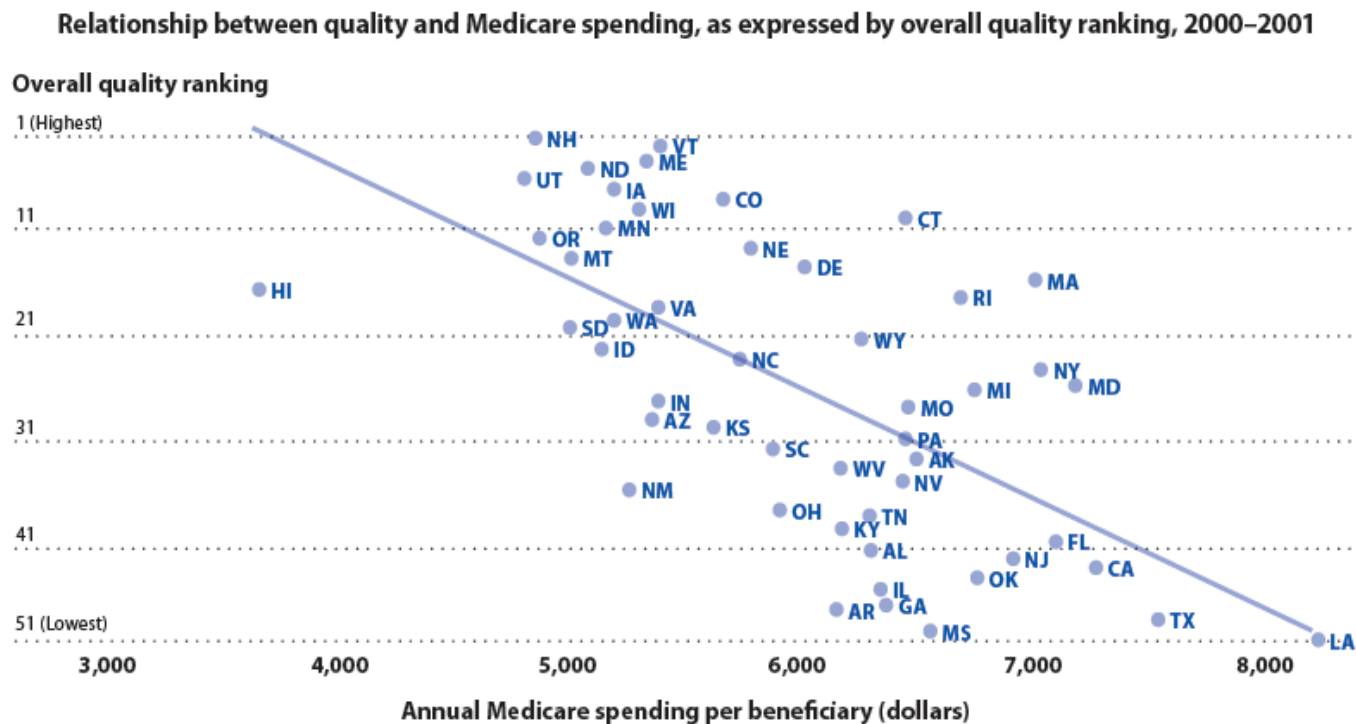
Outlook for Medicare: Deficit

- On current trajectory, Medicare would represent 10.7% of GDP in 2080
- Health Insurance (HI) Trust for Part A expected to be insolvent by 2019



Outlook for Medicare: Quality

- Higher spending states tended to rank lower in quality measures
 - 26 indicators



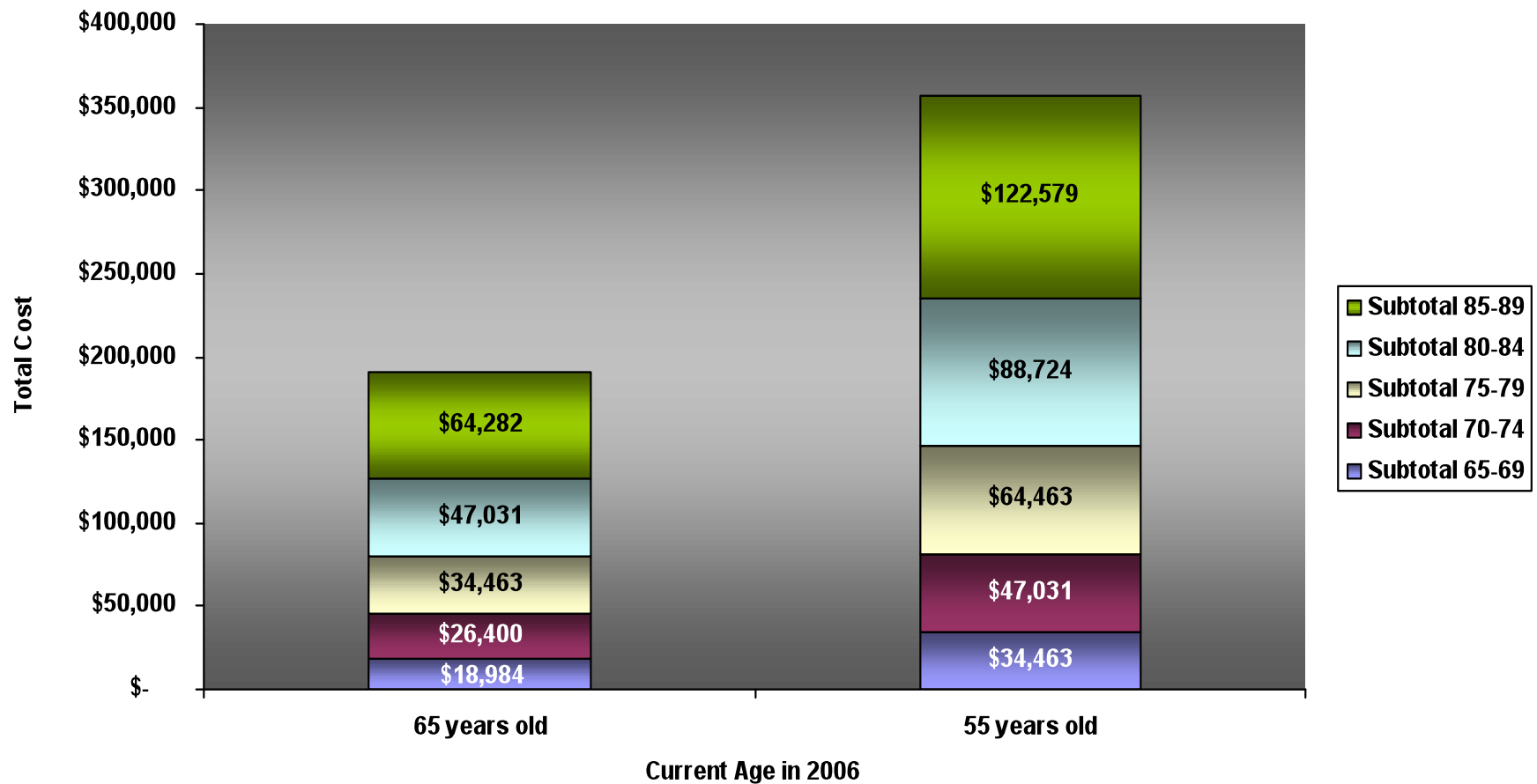
Source: The Commonwealth Fund; http://www.commonwealthfund.org/usr_doc/815_Leatherman_Medicare_chartbook.pdf?section=4039

Outlook for Private Insurances

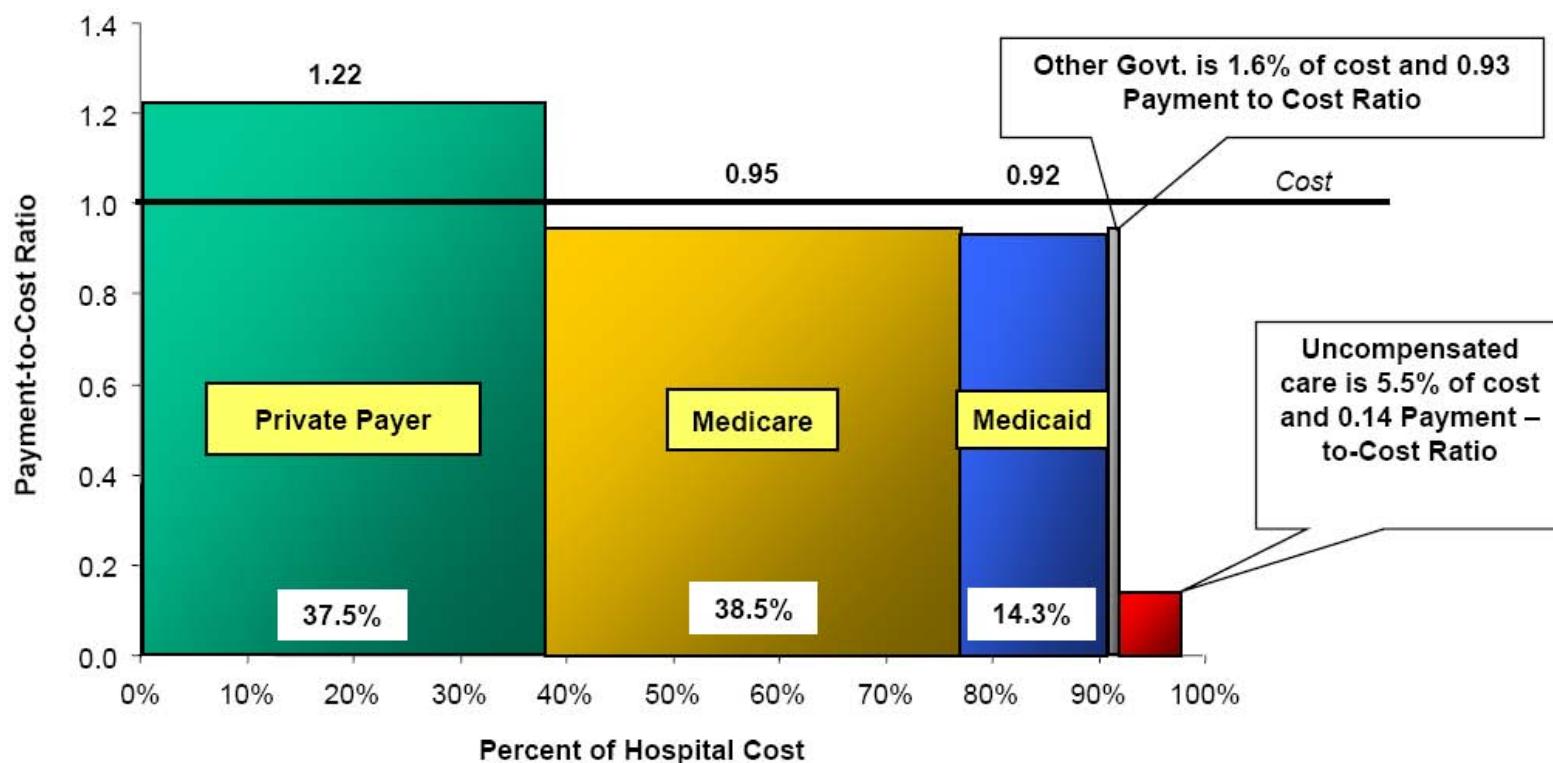
United Healthcare				
Share	United Healthcare			
Chicago HMO				United Healthcare
MetLife	MetraHealth			
Travelers				
Humana				
Michael Reese	Humana			
Health Chicago		Humana		
Emphyse				Humana
Health Direct				
Blue Cross/HMOI	Blue Cross/HMOI			
Dreyer HMO				Blue Cross/HMOI
Compass	Oxford			
Rush Anchor/Access	Rush Prudential			Wellpoint/UniCare Out of Chicago Market in late 2010
Prudential				
Take Care	FHP			
FHP		Principal		
Principal			American	Liquidated
Maxicare		American		
American HMO				
Aetna	Aetna/US Healthcare			
US Healthcare				Aetna
NYLCare				
CIGNA				CIGNA
Equicor				
One Health Plan	Great West			
Personal Care			Coventry	Coventry
First Health/CCN		First Health		
Multiplan				
Private Healthcare Systems				Multiplan

Outlook for Baby Boomers

- At age 90, the difference in costs between a current 65 year old and current 55 year old is \$166,000



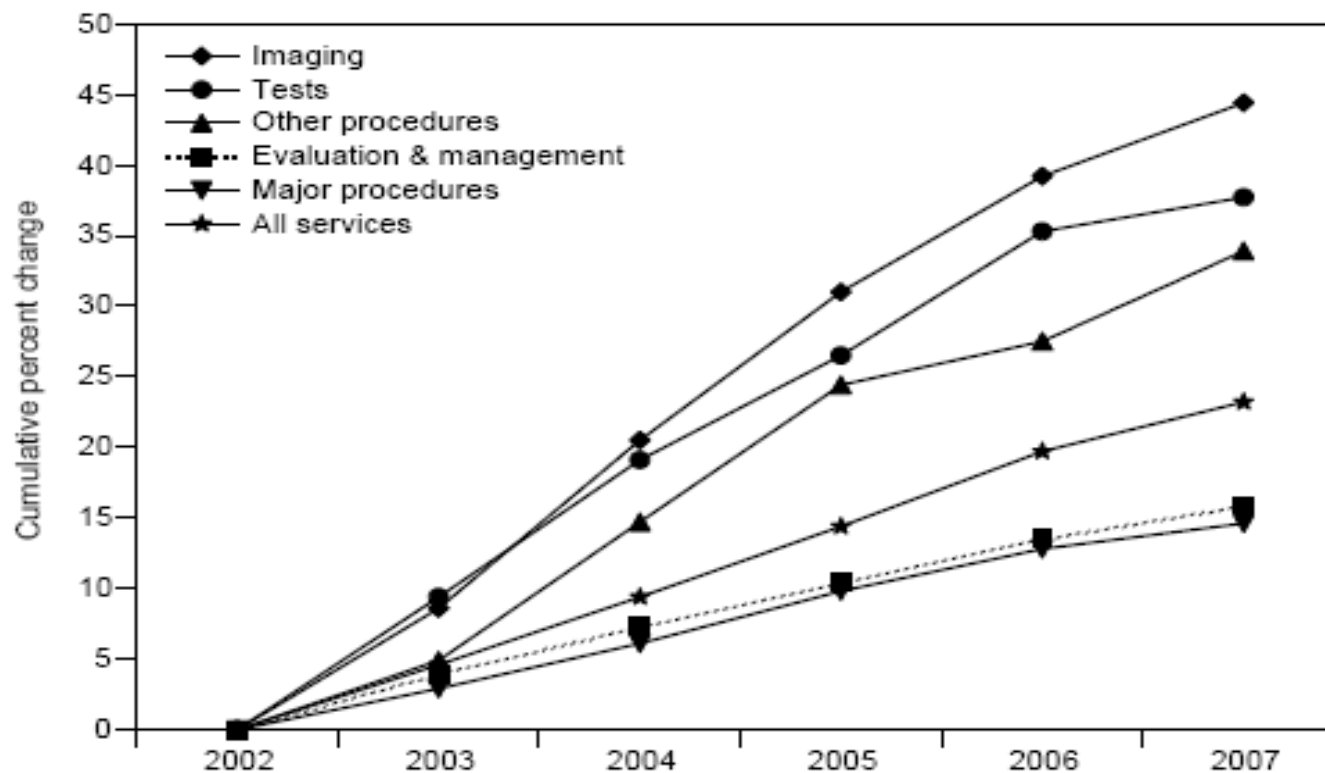
Cost-Shift as a Payment Hydraulic



Source: Courtesy of Al Dobson, Joan DaVanzo, Namrate Sen, The Lewin Group, analysis of data presented in the American Hospital Association/ Lewin Group Trendwatch Chartbook 2005.

Outlook for Cardiology

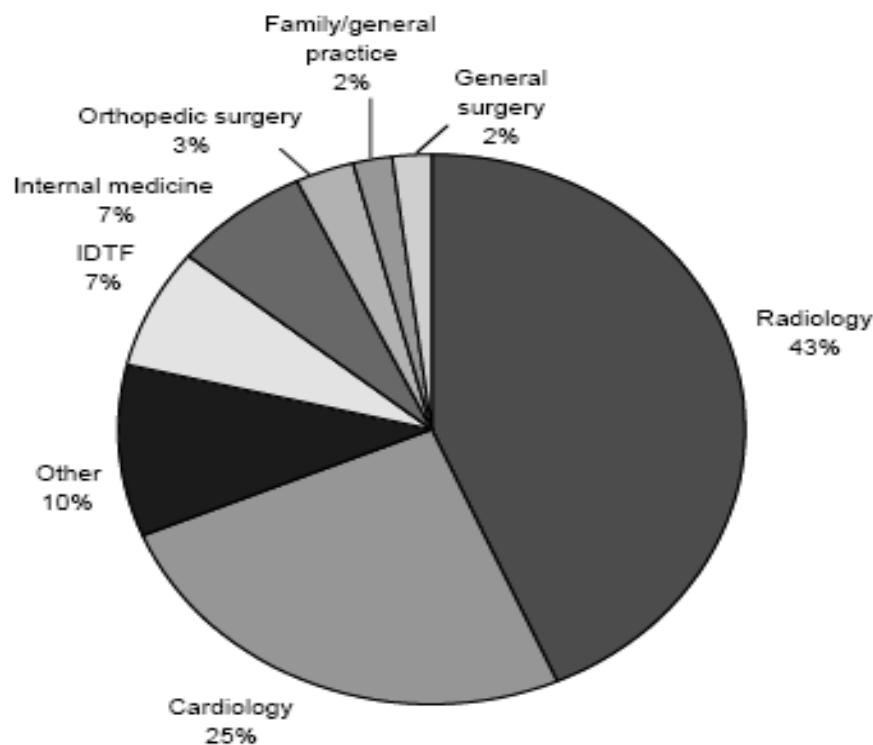
- Continued growth in volume of physician services per beneficiary, 2002-2007.



Note: Volume is units of service multiplied by relative value units from the physician fee schedule. Volume for all years is measured on a common scale, with relative value units for 2007.

Outlook for Cardiology

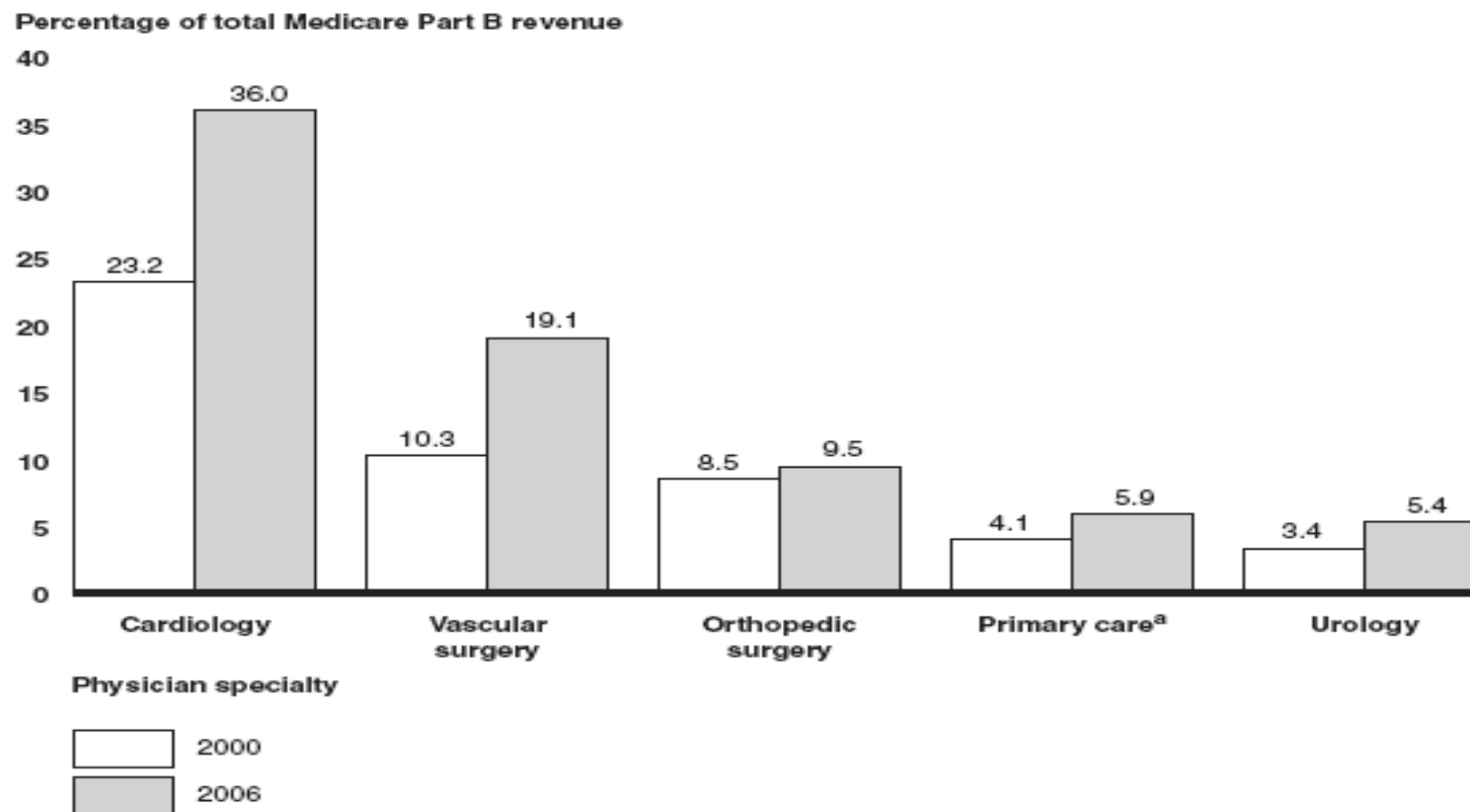
- Percent of physician fee schedule payments for imaging services, 2007.



Note: IDTF (independent diagnostic testing facility). Medicare payments include program spending and beneficiary cost sharing for physician fee schedule imaging services. Payments include carrier-priced codes but exclude radiopharmaceuticals. Total fee schedule imaging spending was \$11.4 billion in 2007. IDTFs are independent of a hospital and physician's office and provide only outpatient diagnostic services. Other includes other medical, urology, ophthalmology, other surgical, gastroenterology, anesthesiology, and thoracic surgery.

Outlook for Cardiology

- Share of total Medicare Part B revenue derived from in-office imaging services by physician specialty, 2000 and 2006.



*Includes general and family practitioners and internists.

Outlook for Cardiology

- Pressure on Unit Prices
 - Private payer consolidation
 - Shift to government payers
 - Price transparency and consumer out-of-pocket
- Pressure on Utilization
 - Bundled payments
 - Accountable Care Organizations
 - Rebirth of capitation?
 - Regional variation
- Pressure on Compliance
 - Inspector General
 - Conflicts of interest
 - In-office exemption

- Exceptional Patient Experience
- Great Outcomes
- Market Clout
- Primary Care Referral Base
- Information Technology
- Access to Capital
- Partnerships
- Leadership

A Vision Without Execution Is Only A Dream

Vision + Consensus + Skills + Incentive + Resources + Action Plan = Change

----- + Consensus + Skills + Incentive + Resources + Action Plan = Confusion

Vision + ----- + Skills + Incentive + Resources + Action Plan = Sabotage

Vision + Consensus + ----- + Incentive + Resources + Action Plan = Anxiety

Vision + Consensus + Skills + ----- + Resources + Action Plan = Resistance

Vision + Consensus + Skills + Incentive + ----- + Action Plan = Frustration

Vision + Consensus + Skills + Incentive + Resources + ----- = Treadmill