



INSIGHTful DISCUSSIONS

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THE FUTURE OF HEALTH CARE



LAURA HARRIS, MD, FACS
Cataract surgeon, founder,
Cataract Consultants PA



JEFF JAMES
CEO,
Wilmington Health Associates



LEZA WAINWRIGHT
CEO,
Trillium Health Resources



ELLEN TUCKER, CMCE
Principal, Health and
Welfare Consultant,
Hill, Chesson & Woody



Following the rollout of the Affordable Care Act, the medical marketplace has remained a hot topic for business owners, employees and lawmakers alike, as they attempt to navigate new guidelines and evaluate the cost of coverage. Below and in the following pages, four industry officials offer their thoughts on the changing health care landscape, both locally and nationwide, and what the future of medicine holds for the average consumer.

How does the Wilmington area compare to other regions its size in terms of health care professionals and services?

ELLEN TUCKER: The Wilmington area is very fortunate to have superior health care providers and facilities versus similarly sized areas. Strong physician practices and a well-respected hospital enable most care to be provided locally.

This is an important factor in attracting employers and their employees to the Wilmington area. It was actually an important factor in my decision to come to the Wilmington area.

LAURA HARRIS: I recently talked with Kathy Gresham - one of the top national recruiters of physicians who has been in this area for over 20 years - and she said we are in the top three for hospitals in the state while also being one of the smallest counties.

As a recruiter, she knows that people want to come to Wilmington. We can immediately draw from three outstanding medical schools: Duke, Chapel Hill and

ECU. And nationally, people are drawn here to the coast and the coastal living history here.

You can see it with our hospital, which has a top-level trauma center, radiology department, ICU... there are people who are trained at the top places in the nation all competing to come here.

LEZA WAINWRIGHT: Trillium Health Resources manages behavioral health services (mental health and substance abuse) and intellectual/developmental disabilities for those who are uninsured and underinsured or receive Medicaid in 24 North Carolina counties, from Brunswick County up to the Virginia border—an area

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Wilmington Health



roughly the size of the state of Maryland.

The majority of our counties experience economic difficulties. The NC Department of Commerce recognizes Tier 1, Tier 2 and Tier 3 counties, ranked according to population growth, unemployment and median household income. Only four counties in our region - New Hanover, Pender, Brunswick and Carteret - are considered Tier 3.

Trillium and all MCOs (managed care organizations) must ensure residents have a choice of at least two providers within 30 miles of their homes in urban areas and 45 in rural areas. While we have no shortage of providers here, the difficulties mentioned above make it harder to find qualified, experienced clinicians in some of our lower-populated areas.

JEFF JAMES: I believe the Wilmington area is on the cusp of being a major player in the national health care scene. This move will be driven by our providers' commitment to leading the way in driving cost of care downward, while improving quality outcomes.

In fact, we are already seeing this happen.

Thanks to our proven success in achieving these goals, Wilmington Health's Accountable Care Organization (ACO) has already been asked by other healthcare providers in Texas, Arizona, Illinois and right here in North Carolina to assist them in creating stronger programs to provide better care at a lower cost.

What additional services and facilities will Wilmington need as its population continues to grow?

WAINWRIGHT: Each year, Trillium conducts a Gaps and Needs Analysis to accurately assess any shortages in our communities.

Recent years' surveys have shown that substance abuse treatment remains a huge priority in eastern North Carolina. Castlight Health's high-profile study, released in April, ranked Wilmington first in the nation for opioid abuse (11 percent of individuals who obtain an opioid prescription reportedly abuse it) and the 2015 New Hanover County Community Health Assessment found similar results.

In March, Trillium donated 100 naloxone kits, which reverse the effects of an opioid overdose, to Jacksonville and Manteo police departments, along with \$15,000 to the NC Harm Reduction Coalition to provide more kits to agencies statewide.

This year, we are again partnering with the NC Harm Reduction Coalition to make an additional \$100,000 worth of naloxone kits available over the next three years.

TUCKER: Wilmington will need to keep an eye on the number of primary care providers, as there could be a nationwide shortage in the future. Lack of sufficient primary care physicians in the area will affect both access and cost of care.

JAMES: Primary care facilities - and the corresponding providers - will be an important piece going forward for a number of reasons, but let me share the one I believe is the most important.

As population health management continues to push forward in both regulation and compensation for providers, more proactive approaches to health will be required and best delivered by primary care doctors and nurses.

The United States spends more money than all other major national economies for items to react to health

care issues like heart attacks and strokes. And we are very good at it, ranking very high worldwide in saving people from deaths related to these issues.

However, we also rank highest in diabetes, obesity and COPD rates, all of which are avoidable health concerns if preventative measures are implemented earlier. The access to, and relationships built, with primary care providers will be the driving forces behind a healthier patient and pocketbook.

HARRIS: I am, of course, looking at this as an ophthalmologist and eye surgeon, but I think that in the next five years we will need a dedicated eye institution of excellence that would house retina, ocular plastics, laser cataract surgery and glaucoma services. I see that as being attached to the hospital.

What's happening is Baby Boomers are arriving and in increasing need of eye services. The hospital has done a nice job of making a center of excellence, Atlantic Eye Associates, up in Hampstead, but people have expressed an interest in something more central.

What do you think should be the top health care priority for North Carolina lawmakers?

TUCKER: It is time to revisit the Medicaid expansion for individuals who are too poor to buy insurance but don't make enough money to qualify for a subsidy on the marketplace. This would increase the number of people who have insurance.

The individual market needs to be stabilized. Carriers have dropped out of individual markets and Blue Cross Blue Shield NC will be the only statewide

option in the marketplace next year.

They should also reconsider medical malpractice regulations, how malpractice claims are handled and the amount of awards.

WAINWRIGHT: To continue taking into account North Carolina's most vulnerable citizens - those with serious mental illnesses, substance use disorders and developmental disabilities - to ensure they are connected with critical services.

In June, the North Carolina Department of Health and Human Services (DHHS) submitted its Medicaid Reform Plan application to the federal Centers for Medicare & Medicaid Services (CMS). Over the next 18 months, CMS will review the application and discuss the reform plan with DHHS.

The proposed plan would integrate behavioral health and primary care to achieve "whole-person," or integrative, care. The current system includes managed care organizations, such as Trillium and seven others, that coordinate services for behavioral health.

Trillium is fully supportive of a "whole-person" approach to health care and Medicaid reform. However, it's important for policy makers to continue focusing on special needs populations to ensure their needs remain a priority in the larger reform effort.

What should be the new president's top priority in health care?

TUCKER: There are components of the ACA (Affordable Care Act) that are positive for consumers, such as the expansion of preventive services and the ability to keep dependents on their

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parent's plan to age 26. These positive changes in the health insurance market will likely remain.

However, there are a lot of new burdens placed on businesses that could be relaxed.

The new president should also consider oversight of the pharmaceutical industry. There are numerous examples of increased drug costs that are hard to justify, to the detriment of employers, providers and patients.

With the growth of consumer-driven plans, a review of the rules regarding health savings accounts (HSAs) is needed. For example, not allowing a spouse to have a flexible spending account that includes medical and not allowing HSA funds to be used on dependents who are under 26 but no longer tax dependents is confusing to consumers who may have unintended tax penalty exposure if they don't understand the rules.

WAINWRIGHT: Reducing the stigma associated with mental and behavioral health remains a top priority. If individuals feel shame regarding a potential diagnosis, they are less likely to seek help for behavioral health needs.

Trillium staff works with community agencies to help educate the public about behavioral health. Community Intervention Team (CIT) training provides law enforcement officers with the tools to recognize when an individual is experiencing a mental health crisis and provide them with treatment options rather than a visit to the hospital room or jail.

Compassion Reaction is an initiative for middle and high schools - and eventually elementary schools - that helps reduce bullying, prevent suicide and empower youth. Access Point offers a confidential, online screening tool for disorders, including depression and anxiety, and offers access to treatment via the Trillium Access to Care Line or resources to read if individuals want to learn more.

In addition to reducing the stigma, improving access to care helps those ready to seek treatment get the help they need. Increasing budgets and expanding Medicaid (North Carolina and 18 other states have not participated in Medicaid expansion) would help even more individuals receive necessary treatment.

How will Medicaid

reform impact the health care marketplace?

TUCKER: If implemented, the Medicaid expansion will reduce the number of people who are uninsured and reduce the amount of unreimbursed care for providers.

WAINWRIGHT: Medicaid reform will implement concepts, such as value-based purchasing and true integration of behavioral and physical health care through public managed care. These features will positively impact health care for individuals in the marketplace.

By transitioning from a fee-for-service system to paying providers for positive outcomes and focusing on the entire person's care, individuals will experience health care that is fully integrated versus dealing with multiple systems to meet their needs, as is done today.

A public managed care system will assure that investments continue to be made in the health care system for continuous health care improvement and coordination of care for each person's individual needs. Medicaid reform will also help our state government eventually better predict health care costs ahead of time, as more data on population health is accumulated.

How do small practices and 'boutique' services fit into the health care picture?

HARRIS: Many of my patients have expressed a preference for the model I developed 10 years ago - a specialized surgical referral-only practice.

I asked them why they prefer this, and one particularly articulate patient told me he had been down in Florida for surgery at an enormously large practice and said that he felt like he was just a cog in a machine where they were more concerned with production of services than care of patients.

He said the difference he felt in my model was that he felt recognized. He had developed a trust because we had

spent consultative time with him. He knows my entire staff. He felt like we had one goal, which was to care for his outcomes from the very start. He said it was absolutely a 180-degree experience from the one in Florida.

JAMES: There will always be a place for single or dual provider practices in the marketplace for consumers that desire a unique health care experience, whatever that may be. In many cases, these patients will most likely pay a higher out-of-pocket portion for care received.

From the provider side, as more regulations and insurance complexities have come in to play, I believe you will see many look to outside resources to assist them in managing the practice and allow them to focus on delivering care to their patients. We have started Cape Fear Management Services specifically to work with these smaller practice models to provide credentialing, coding, billing and more.



LEZA WAINWRIGHT
Trillium Health Resources

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WAINWRIGHT: Trillium partners with providers of all sizes and recognizes the value smaller providers and "boutique" providers bring to consumers.

However, as health care moves more toward pay for performance and value-based purchasing, as opposed to the current fee-for-service reimbursement methodology, providers will have to have a level of sophistication with data collection and reporting that may be more challenging for smaller providers to meet.

One way for smaller providers to thrive in this new environment while still remaining independent may be to look into shared services, such as billing and data systems.

TUCKER: One size does not always fit all. As healthcare providers consolidate

and provide a large corporate feel to healthcare, some people will turn to providers who offer traditional patient care.

Concierge medicine exists now for people willing to pay. With concierge medicine, a physician lowers his or her patient count, from 2000 to 600, for example, but has those 600 patients pay an annual fee on top of the cost of care.

For this fee, people receive care from an engaged care staff who calls them by name and monitors their health and care to a greater extent than allowed in the typical clinical environment. Access to care is immediate, as people receive appointments the day they desire them.

How has the Affordable Care Act impacted small employers and company-sponsored health programs?

JAMES: Many small business owners use health insurance as a key component of employee attraction and retention. A large number of those that used to have small group plans have now either chosen to allow their employees to go to the open marketplace or have been forced to do so, due

to insurance premiums being so high for small groups.

This is fine as long as the open marketplace continues to provide quality insurance plans and networks. However, we've already seen several national players pull out of the open marketplace, which, long-term, could hurt the small business owner's ability to provide this very attractive benefit and retain employees.

HARRIS: Under the rules of the Affordable Care Act, small employers with less than 50 employees are not required to offer health insurance coverage to their employees.

After evaluating the affordability to offer my employees a company-sponsored health program, I discovered that it would be more beneficial to them and my company to increase salaries,

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incorporating enough for them to obtain an individual policy.

By not implementing a company-sponsored health program, my employees are afforded the opportunity to obtain premiums and deductibles that met their needs.

I believe that this decision has allowed us to alleviate high-cost company premiums and retain our employees, even in a competitive market.

TUCKER: The move to community rating in the under 50 marketplace has increased cost for the vast majority of businesses, with only a handful of high-risk groups seeing a reduction in cost.

The insurance carriers have reduced the number of plan designs and, via automation, have shifted some of the administrative responsibilities to employers. The SHOP exchange, which was designed for small businesses, has been underutilized and may be discontinued.

Despite cost increases and a tremendous amount of change, small businesses have continued to provide coverage in an effort to compete with larger companies for employees.

The ACA has increased the cost for all employers through higher taxes and fees. Small businesses have been impacted the most. The complexity created by the ACA regarding compliance and reporting has been extremely challenging for employers and their benefits consultants.

Has the ACA increased patients' access to integrated/mental health services?

TUCKER: Yes, because we have more people insured, and mental health parity requires that if mental health is covered, it must be covered the same as other services.

Since mental health is considered an essential health benefit, it must be included in marketplace plans. However, a number of mental health providers do not take insurance, which can be a barrier to cost effective care.

With initiatives like telehealth already growing in popularity, what do you think will be the next emerging medical trend?

WAINWRIGHT: Providers in the Trillium network have already begun offering remote teletherapy sessions using web cams and secure software similar to Skype, which has been especially useful in geographic areas where there are fewer clinicians and public transportation options.

Also, in the 24 counties served by Trillium, individuals can correspond online with a crisis chat specialist at Integrated Family Services. Clinicians are trained in crisis intervention and can provide a mobile crisis unit if necessary.

"Future consultations will be more like live-time video interviews and will ultimately reduce additional evaluations and redundant testing."

LAURA HARRIS, MD, FACS
Cataract Consultants PA

Trillium has started utilizing mobile devices to expand treatment options. We recently awarded tablets to four provider agencies as part of the Comprehensive Health Assessment for Teens, or CHAT. CHAT assessments result in more in-depth information on adolescents earlier in the treatment-planning process.

Trillium ran a pilot program for CHAT for six months in 2015. Results showed a decrease in mental health and substance use-only diagnoses from 2014, while co-occurring diagnoses increased from 2.37 percent to 23.94 percent during the pilot. By exploring innovative approaches, Trillium and our providers will better serve all ages in our population.

In addition, assistive technology will become increasingly important to deal with workforce issues. Devices

that remind individuals to take their medication, remote monitoring tools and other technologies will allow people to live more independently with less staff oversight.

TUCKER: Patient care management firms are emerging as the next way employers will try to manage waste out of the cost of healthcare.

While we have seen some attention given to outcomes-based medicine, in which healthcare providers are compensated for their outcomes or the management of an episode of care, for the most part, our current healthcare payer system is still transactional medicine. In a transactional system, the more the provider does, the more money he or she makes.

Forward-thinking employers are retaining separate care management firms to coordinate and manage care for their higher cost employees. These care management firms take a team approach and include a physician, social worker, billing specialist and others to create a patient management plan that is shared with all physicians treating the patient.

HARRIS: I envision that, in the future, I will be able to telecommunicate with my patients.

You could eventually actually have a consultation or review test results with a patient without having the patient or patient's family drive to your office one more time.

Future consultations will be more like live-time video interviews and will ultimately reduce additional evaluations and redundant testing. It's not here just yet, but I predict it will be soon.

What is being done to help understand the cost of medical services?

TUCKER: We have more information regarding the cost of the next car we're going to buy than the next MRI we're going to have. Whenever there is lack of transparency there is great variability;

this is also true of health care.

In recent years, there has been a growing number of transparency tools launched by carriers and independent organizations. For care that is accessed in a scheduled manner, these tools provide benchmark pricing for health care services that allows people to see that variability.

As employer programs become leaner and more consumer-driven, high-deductible plans are offered, people will need to shop for health care as informed buyers, and these transparency tools will be a primary tool.

There is an emerging industry designed to put transparency around cost and quality, to help patients make the best choices to spend their health care dollar and their employer's health care dollar.

WAINWRIGHT: The current Medicaid system in North Carolina serves 1.9 million people at an annual cost of \$14 billion. Trillium works with the people we serve to ensure they are receiving the services they need from the highest-quality providers.

Though the people we serve do not participate in the cost of their care, we do provide Explanation of Benefits documentation on a random basis as a method of protecting against fraud and abuse. Trillium also publishes our current rates on our website.

JAMES: Greater access to information at both the provider and patient levels is one of the greatest drivers of cost. Providers, through shared data from private insurers, Medicare and Medicaid, are now better able to find gaps in care and reduce costs of care through more proactive treatments versus reactive procedures. Patients are also able to drive down the cost of care through access to cost data previously unavailable and can determine where low-cost, high-value providers exist.

If allowed to proceed, what impact would the mergers of the major insurance companies and health care providers?

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JAMES: Benefits would include greater access to more data, which in turn would aid in driving improved outcomes and lower costs. In addition, this would provide for greater bargaining power with providers and pharmaceutical companies, which should also drive down costs of care to the patient in the form of premiums.

On the negative side, the law of supply and demand would conclude that fewer choices could actually drive up costs and decrease the value of the options available for purchase. So it will be an interesting time as we hope all elements of the health care industry need to continue to work together to find the best outcome for the entire health system.

TUCKER: Consolidation of major insurance carriers will drive fully insured insurance premiums upward due to decreased competition, and drive more employers into self-funded programs and the use of third party administrators. It will be most impactful for small employers who might not consider alternate funding options otherwise.

As technological

advancements continue to make medical data collection and access easier to obtain, how important will health IT be in overall delivery of services? What are the risks and rewards?

WAINWRIGHT: As the health industry moves forward with requiring electronic health records (EHR), CMS has started offering incentives to providers, in addition to Certified Electronic Health Record Technology that assures users the technology complies with the security, compatibility and confidentiality of the software.

EHR will assist government agencies like Trillium to monitor population health. The proposed Medicaid Reform lists "Build a System of Accountability for Outcomes" as one of the initiatives

of the program. Payment will be based on outcomes rather than the services performed.

By analyzing trends in data from larger numbers of individuals, the overall system will be better equipped to provide preventative services.

JAMES: IT already is a mission-critical component to health care and as more information for entire populations to individual patients is collected, processed and analyzed, it will become an even more important piece in driving quality of care higher and the cost for that care, lower.

Wilmington Health was an area leader in the introduction of the electronic health records and we are continuing our leadership in using some of the most powerful health care analytical tools available.

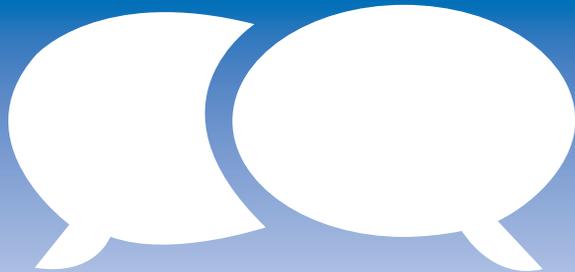
Already, our providers are using powerful data to improve health care outcomes for our patients, and our administrative staff is creating new processes and procedures to lower costs and improve patient satisfaction from the data we've collected and that is shared from our other clinical partners.

HARRIS: What's important about IT is that they are constantly creating software that is actually usable for sub-specialties. I was first in this area to use specialized ophthalmology software. There have been a lot of advancements already but those advancements will have to continue to integrate anything besides primary care data.

The rewards are that doctors will be able to look up a patient's history faster and draft consultative letters faster. The system wasn't as accurate at first and it was slower at the start for all involved but it is improving

The risk is certainly what happens in a major event like a hurricane or earthquake that shuts down service. That could mean you could not get medicines out of machines; there would be no way to access data, no records. Risk management has to be prepared for that because that would be catastrophic.

TUCKER: Many of the solutions to managing health care costs will be found in new technologies that will help improve clinical outcomes and reduce waste. Health care IT is extremely important and will become even more important in the future.



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