U.S. Health Care Reform: Political Perspectives & Commercial Opportunities

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Health Reform Passes House

- Senate health reform bill passes 219-212
- House reconciliation bill passes 220-211
- Debate now moves to the Senate for debate and vote on reconciliation bill
Health Reform Overview

• Provisions to Increase Coverage

• Private Insurance Market Reforms – no pre-existing conditions, lifetime caps, etc.

• Medicare Changes and Cuts – VBP, MA cuts; independent advisory board; pilot projects/demonstrations

• Financing – new taxes on health industries
Vaccines in Private/Public Insurance

• Private: First dollar coverage for all preventive services and ACIP-recommended vaccines in private insurance plans

• Medicare –
  – Study re: cover all recommended vaccines in Part B instead of Part D.

• Medicaid –
  – Allocates extra FMAP funds to states that decide to include coverage for adult vaccines.
Other Major Provisions for Life Sciences

- Comparative Clinical Effectiveness Research
  - Federally funded research for comparing treatments and services
- Biosimilars
  - Creates US pathway for approval
- Sunshine Act -- public reporting of any transfer of value to physician, teaching hospital, and others
- Cures Accelerator Network – funding to spur development of “high need cures”;
- “Pay for Delay” prohibitions stripped out
- Close Medicare “Donut Hole” – Pharma Part D discounts
Implications of U.S. Health Reforms on Hospitals and Other Providers – New Payment Models

• New payment models will transform the “Structure” of U.S. health care delivery system.

• Medicare Demonstration Projects – Testing new episodic hospital bundling payments.
  – A single payment for multiple providers across various settings v. current provider-based fee for service system.
    • New business models needed to manage the “bundled payments”
  – Emerging physician-hospital partnerships.
  – New strategic alliances between hospitals and post-acute care providers (Nursing homes, home health agencies, rehabilitation hospitals).

• Emergence of larger integrated delivery systems.
Implications of U.S. Health Reform on Hospitals and Other Provider – Health Information Technology

• Modernization and automation of the delivery system.

• Telecom companies capitalizing on the growth of health IT.
  – Electronic Medical Records
  – Redesigning workflows to align with increased electronic enabled health delivery and new interdependencies
  – Remote patient monitoring
  – Telemedicine

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Implications of U.S. Health Reform on Hospitals and Other Provider – New Healthcare Delivery Models

• “Medical Home” Concept
  – Patient-centered comprehensive primary care approaches – focused on wellness and prevention
• Increasing focus on internet and social networks for health education and treatment
• Value-based purchasing (instead of volume based payments)
• Comparative effectiveness research (what works best)
• Development of care standards – clinical pathways
• Must be able to demonstrate and measure “quality”
• Care delivery moving into new venues (retail clinics)
• New “transitional care” companies emerging
Implications of U.S. Health Reform on Insurance Industry

- Significant new insurance market rules and consumer protections
- New individual and employer coverage mandates
- Creation of health insurance exchange (individual and small group)
- Expansion of Medicaid coverage and subsidies
- Increased need for public-private partnerships (Medicaid State Programs)
- Decreased Medicare Advantage payments