



Emerging Changes in Healthcare Delivery: Risks and Opportunities

Presented to the American Casualty Actuary Society
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ARRA – HITECH

The first step to major changes



American Recovery and Reinvestment Act (ARRA)
including the Health Information Technology for Economic and Clinical Health Act (HITECH)

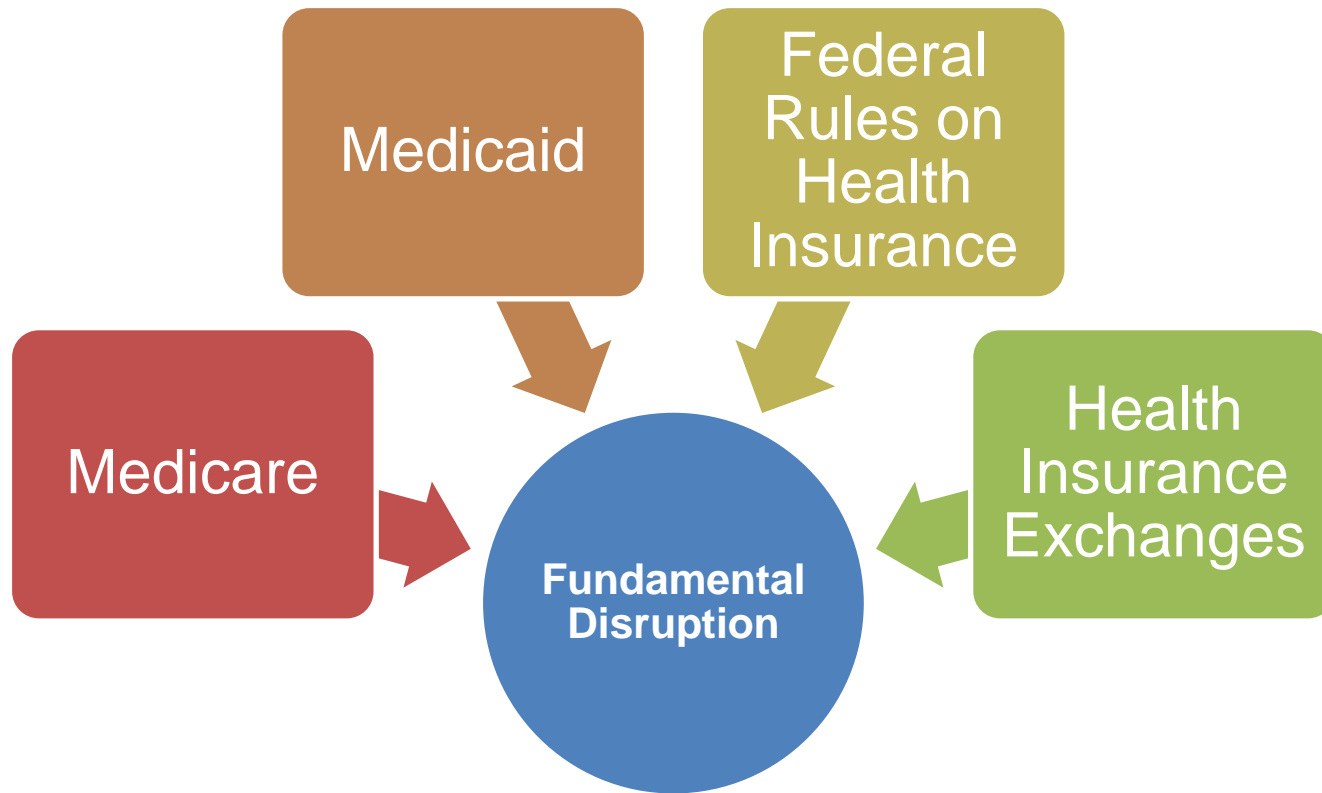
Signed into Law February 17, 2009

Patient Protection and Affordable Care Act (PPACA)



Signed into law March 23, 2010

Unprecedented Change: Drivers of Fundamental Disruption in Healthcare Delivery Systems and Payment Methodologies



The Pace of Change



**Network Changes/ Budget Impacts (Federal/State) –
1 year, recurring annually**



**Reimbursement
Reform – 10 years**

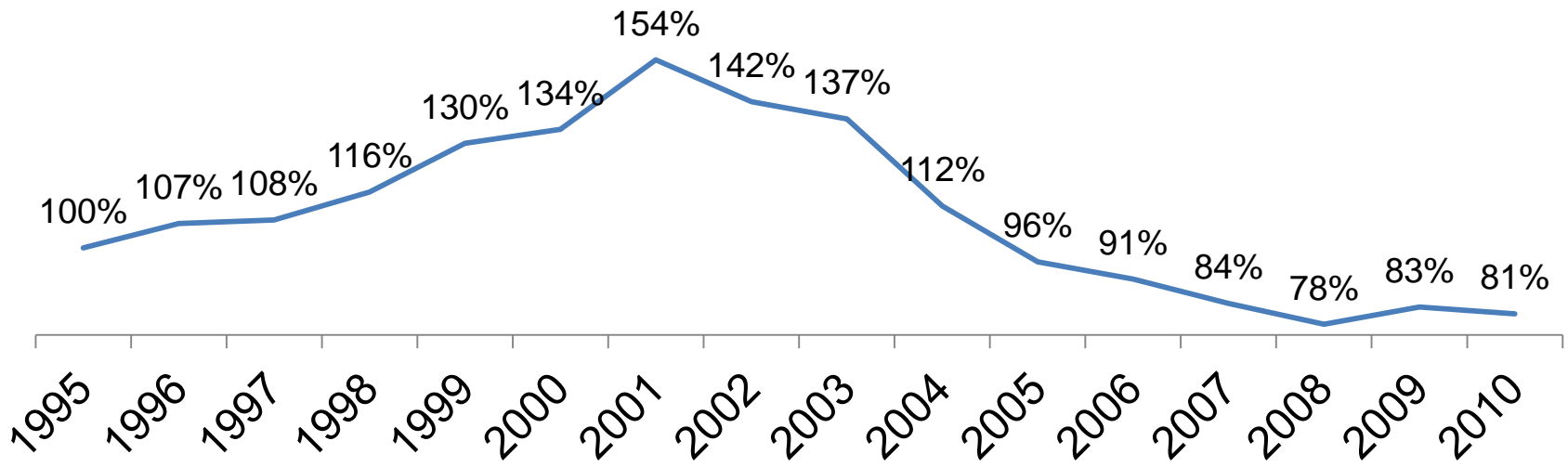


Cultural Transformation of Institutions – 30 years

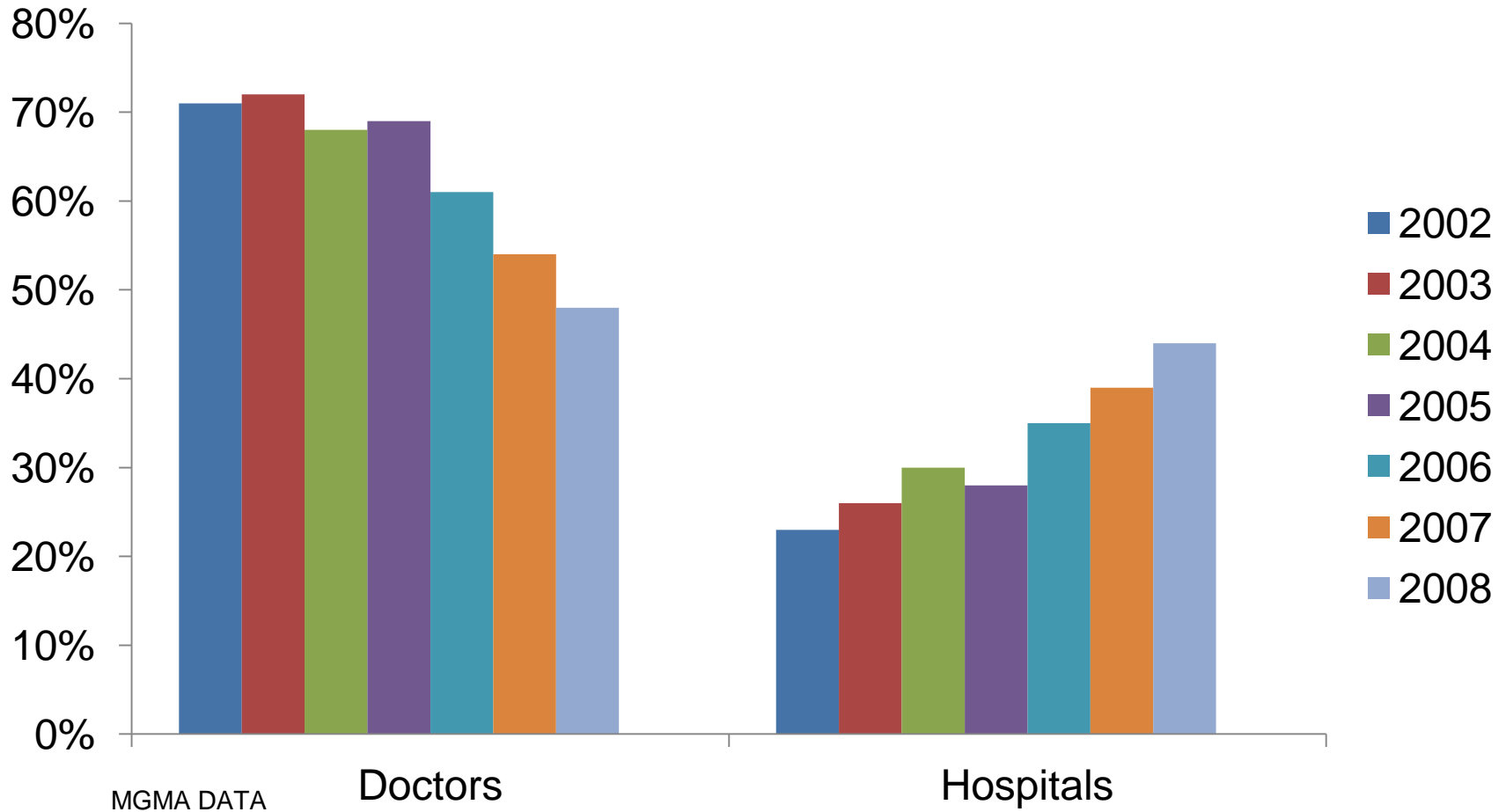
The current 'calm' in healthcare professional liability

An unprecedented period of 'stability' in the low frequency of claims and a steady, predictable severity trend, coupled with record levels of financial capacity.

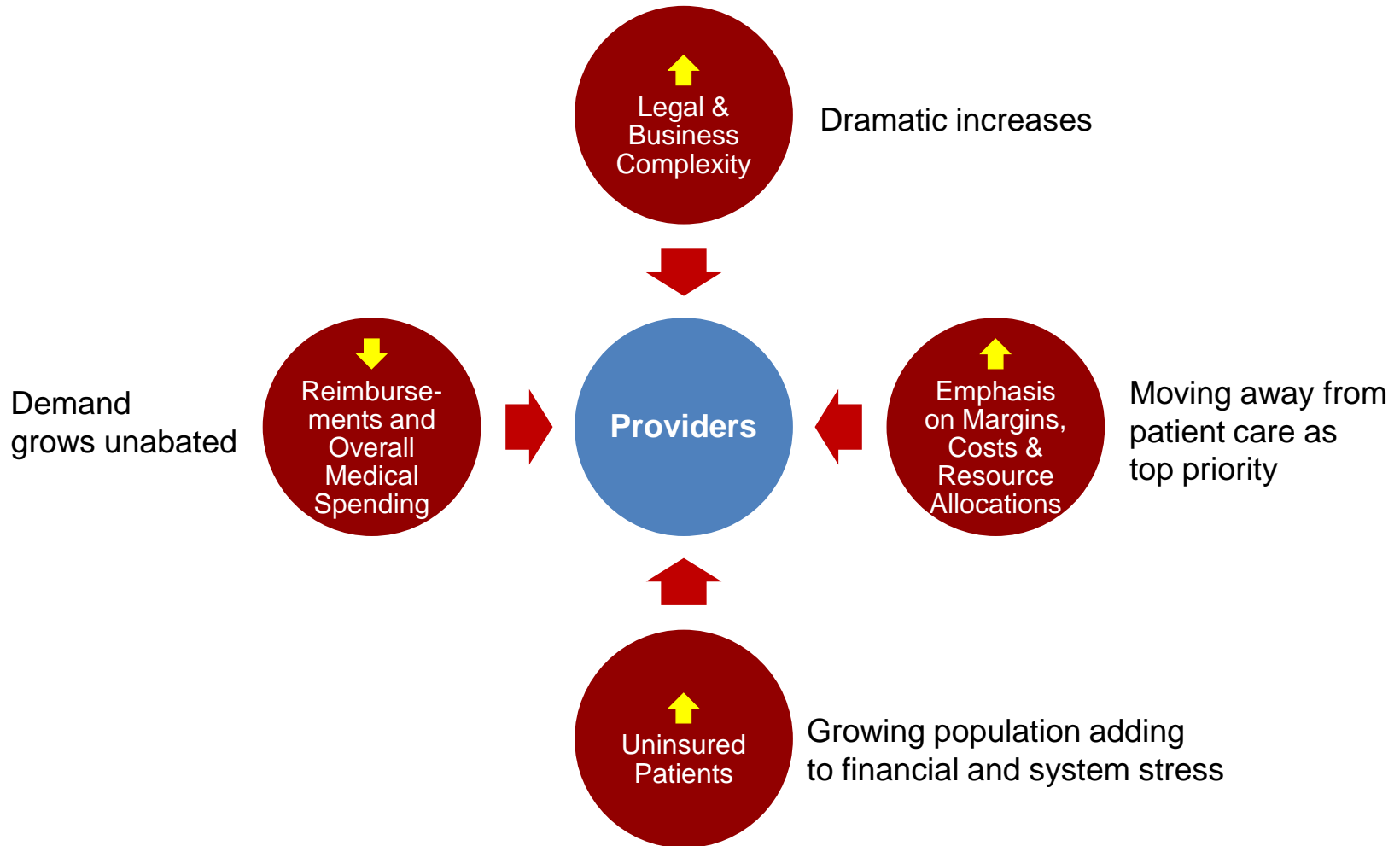
Medical Malpractice Industry Combined Ratio



Percentages of Practices Owned by...



Pressures on Providers



Reform 'Stressors'

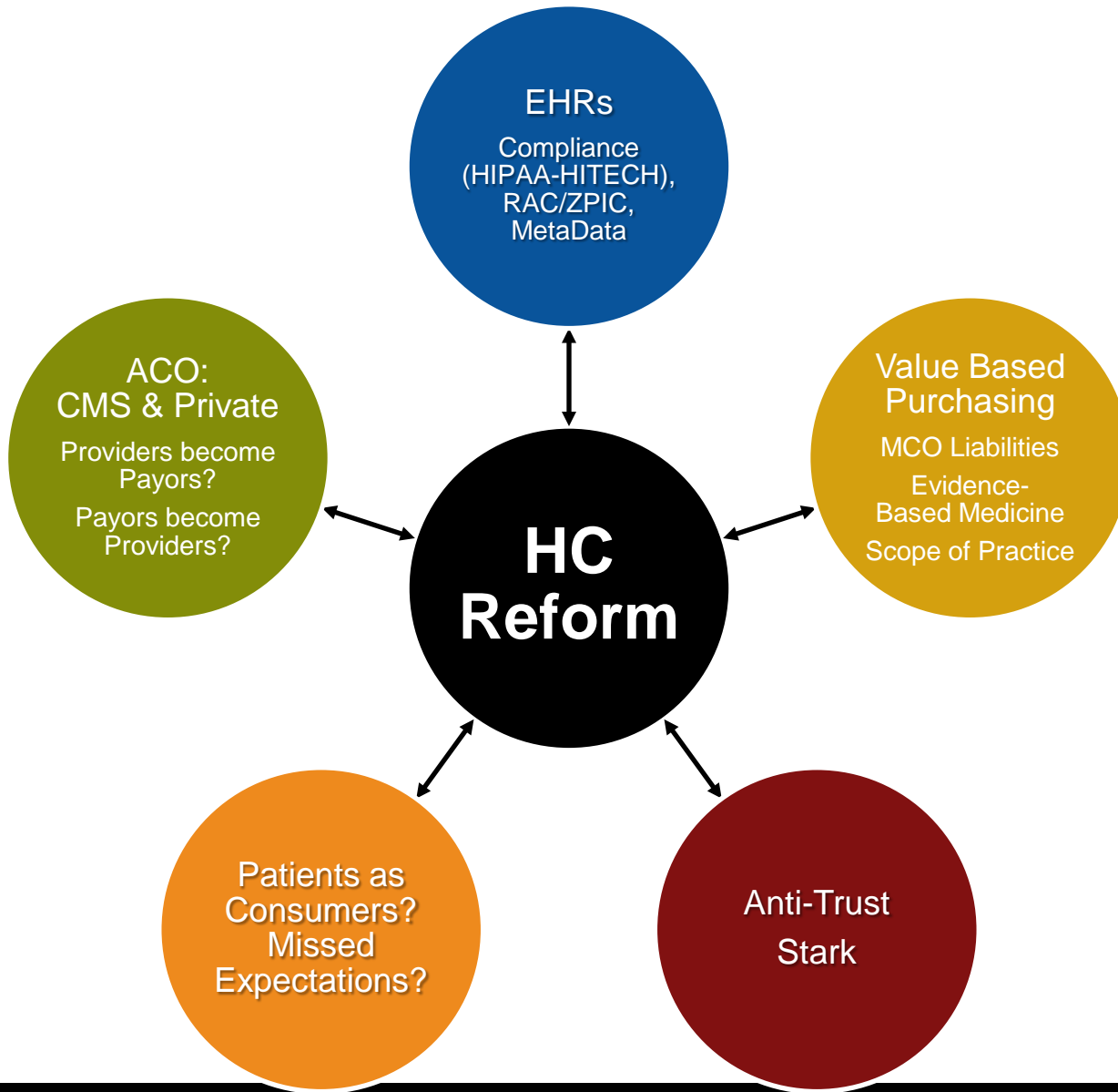
Drinking out
of a 'Firehose'

Not enough
doctors,
expanded
mid-levels

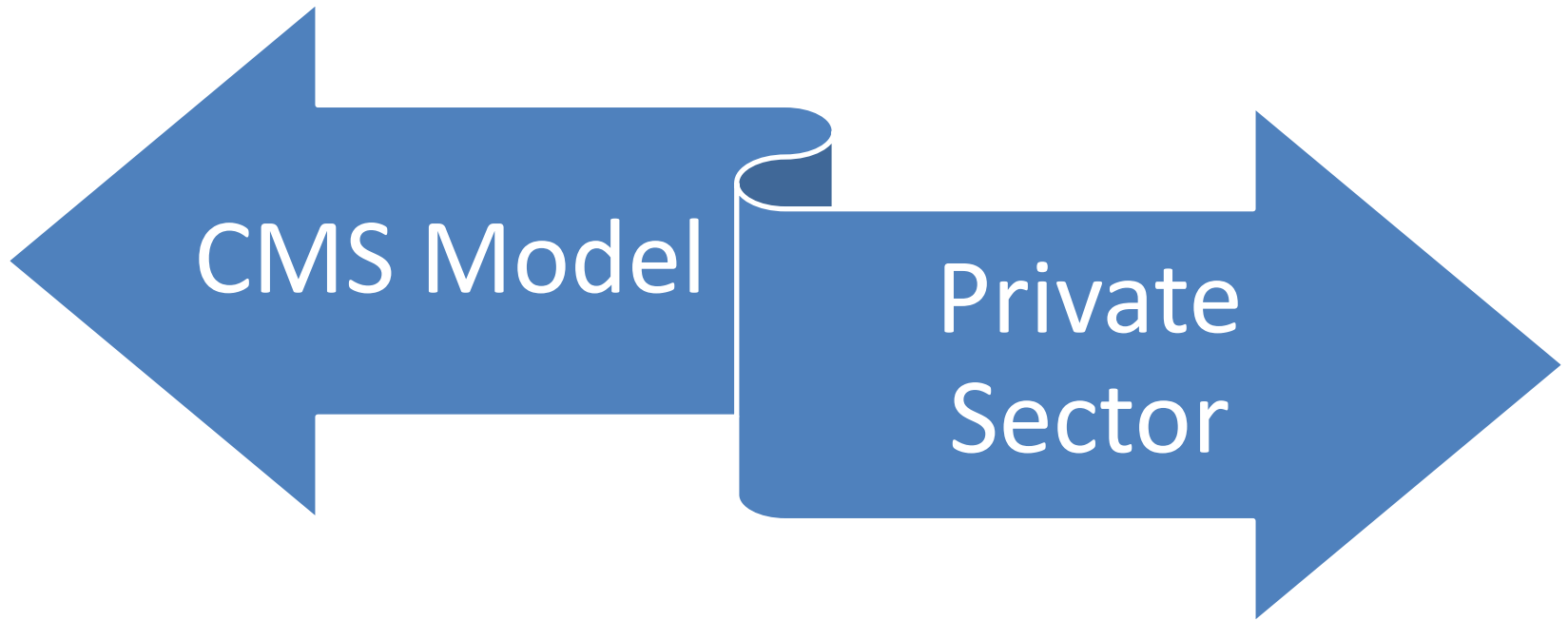
Undiminished
demand for
specialists and
no one 'on call'

Resource
constraints

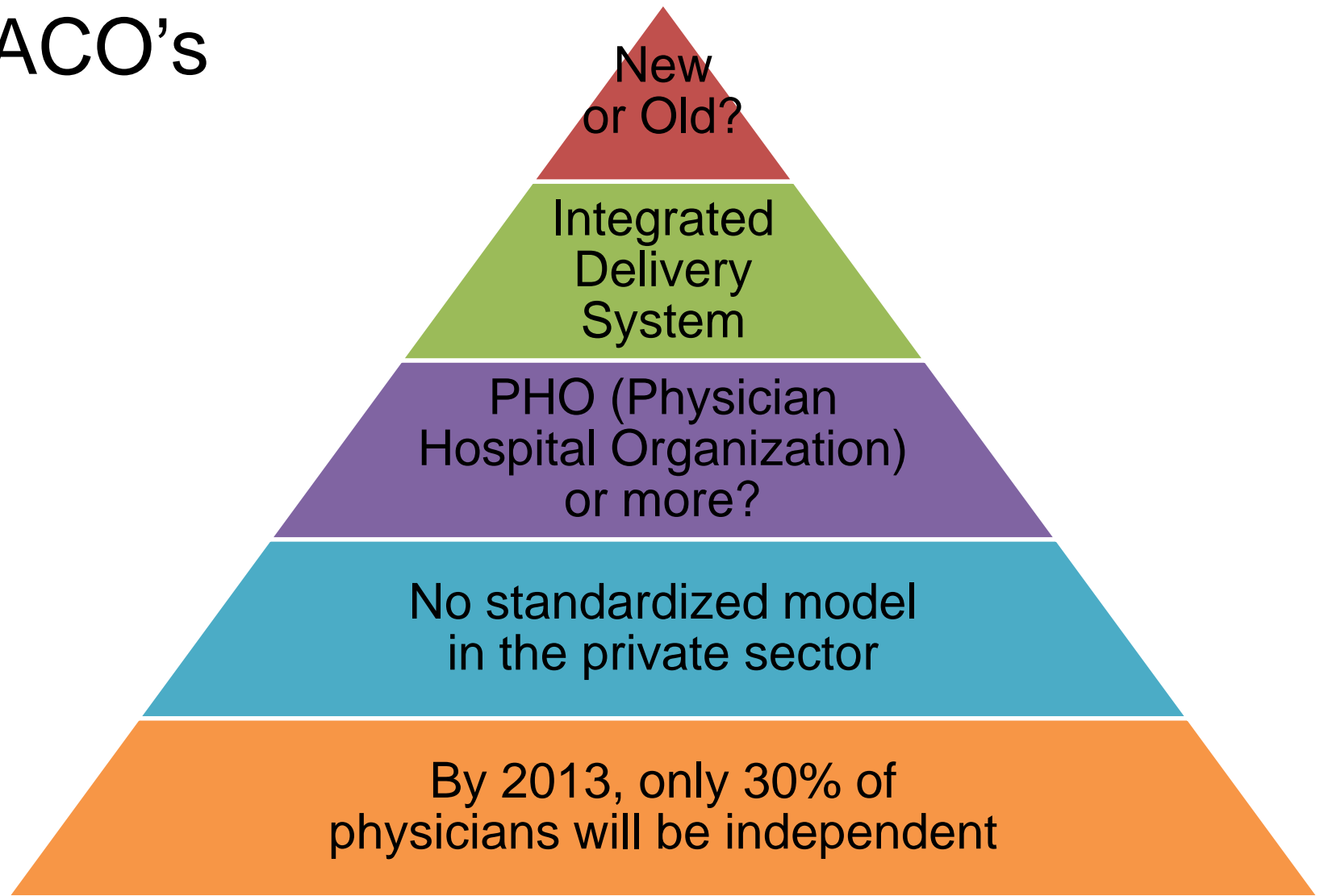
Absence of
tort reform



ACO AC-SCHMO?



ACO's



P/P/P



Patient



Provider



Payment



ROLE PLAY ?



Providers
Becoming Payors



Payors
Becoming Providers

It's Happening!

The Washington Post

Some hospital networks also become insurers

By Roni Caryn Rabin

Kaiser Health News, August 25, 2012

“Follow the Money!”

Aetna acquires Coventry Health	\$5.6B
Wellpoint buys Amerigroup	\$5.0B
Cigna buys Wellspring	\$3.8B
United buys Monarch Health	\$5.6B
Highmark acquires West Penn Allegheny	\$470M

Increased Liability Issues

New
Standards
of Care

More Causes
of Action

Direct Liability

ACO Vicarious
Liabilities

More Stringent
Informed
Consent

Integration
Challenges

“Corporatization” of Medicine



Will increased “institutionalization” of medicine make patients feel more disconnected from their providers, and more willing to bring action against “nameless, faceless” corporations?

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Questions?