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# Understanding and preparing for the impact of the Affordable Care Act



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## Understanding and preparing for the impact of the Affordable Care Act

The Affordable Care Act is expected to impact access to care, change the way accountable care organizations are used, and increase consolidation among hospitals and providers.

Several factors are at the heart of today's health reforms, including the need to improve patient access to healthcare, enhance healthcare quality and patient safety, and reduce costs while promoting high-value, effective care with new provider reimbursement arrangements. As the Affordable Care Act (ACA) seeks to accomplish each of these, it may present many changes for our industry.

Once the ACA becomes effective on January 1, 2014, the nation's entire healthcare system will be impacted by the addition of a massive number of newly insured individuals. The Congressional Budget Office estimates that 14 million uninsured, non-elderly individuals (19-64 years old) will join the ranks of the newly insured on January 1, 2014 and 16 million more will be added through 2021. Below is a breakdown of the top 10 states that could be hit the hardest by the influx of newly insured individuals.<sup>1</sup>

Newly insured individuals as of January 1, 2014	
State	Estimated total
1. California	6,067,100
2. Texas	4,843,000
3. Florida	3,158,700
4. New York	2,211,500
5. Illinois	1,622,000
6. Georgia	1,566,500
7. North Carolina	1,331,100
8. Ohio	1,283,500
9. Pennsylvania	1,126,500
10. New Jersey	1,117,100

### Access to patient care

With all of the newly insured individuals entering the healthcare system, it is important to consider and plan for possible changes relative to access to care. We do not know the future, but we believe disability durations will be impacted if the length between doctor visits goes up – and this is true for both workers' compensation and disability cases. These changes could also increase claim costs and cause delays in return-to-work efforts. In addition to scheduling appointments and ensuring quality care, there are concerns related to the completion of forms specific to the workers' compensation industry and the general availability of medical resources.

The United States will face a shortage of more than 90,000 physicians by 2020 and the number will grow to more than 130,000 by 2025.<sup>2</sup> In addition, according to a report published by the American Journal of Medical Quality, a shortage of registered nurses was projected to spread across the country between 2009 and 2030. The authors of the report forecasted the registered nurse shortage to be the most intense in the South and West regions.<sup>3</sup>

The Deloitte Center for Health Solutions surveyed more than 600 doctors and asked questions related to the expected physician shortage. Below are some of the key findings.<sup>4</sup>

- Six in ten physicians expect many of their colleagues to retire earlier than planned in the next one to three years

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- Another 55% believe many of their colleagues will cut back on their hours because of the way medicine is changing
- 75% believe the best and brightest may not consider a career in medicine, which is an increase from the 2011 survey result of 69%

The shortage of physicians and registered nurses will result in proposed options for appointments with nurse practitioners and physician assistants. The workers' compensation system does not typically recognize treatment from these types of healthcare providers, which may pose reimbursement issues and add client approval requirements; we also do not believe there are enough of these professionals to support the growth. If an occupational medicine facility is available, it would be the best option for an injured worker and access to care may be less of a challenge. However, the majority of injured workers' first visits are with family doctors – a medical specialty that will be taxed by the increased volume.

The ACA expects to address the shortages by providing loan-based repayment programs aimed at primary doctors and offering incentives to medical schools to increase enrollment. The industry will not see the results of these plans until students enrolling in the programs graduate and begin their careers.

### Accountable care organizations (ACOs)

Aspects of the ACA will likely impact the use of ACOs. Originally, ACOs were primarily doctors coordinating care for an assigned group of patients, and now they include large health plans collaborating with hospitals, health systems, and physicians. ACOs are often thought of only in relationship to Medicare, but today's ACOs expand beyond that to include private health plans. They strive to implement quality measures to improve overall healthcare for the entire population they serve.

The goals of ACOs are to increase quality while managing costs and to improve the timeliness and coordination of care. An ACO seeks to provide patient-centered treatment programs and manage the continuum of care across the healthcare delivery system, which includes everything from wellness to chronic disease. To support these efforts, ACOs want full electronic information sharing. Also, similar to other medical groups that consolidate, ACO members want to move from fee-for-service payment systems to value-based reimbursement programs focused on quality outcomes and shared risk models.

In addition to the possible changes with ACOs, we may see a growing number of patient-centered medical homes, which offer a more modern approach to healthcare delivery. Clinicians, payers, employers, and consumer groups are interested in furthering these types of arrangements to improve healthcare quality, and decrease costs for payers and consumers. Another objective is to improve payment methodologies to include value-based reimbursements that are unique to patient-centered medical homes, and focus on improving the patient-provider experience.

The patient-centered medical homes model responds to the need for increased communication and puts the consumer first. It includes patient care teams, self-service health information, and access to electronic health records for key stakeholders. Sedgwick sees a correlation between the patient-centered medical homes model and our five-star provider networks, and we are exploring opportunities to further our program based on this model.

### Consolidation

The ACA could impact consolidation among providers and medical facilities. Health systems, hospitals, and physician organizations continue to consolidate through mergers and acquisitions. The survey conducted by the Deloitte Center for Health Solutions found that 31% of doctors moved into a larger practice in the last two years.<sup>4</sup>

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Providers and hospitals are concerned that they will need to offer end-to-end patient management (care planning, wellness, disease management, etc.), and occupational medicine providers are concerned that they will have to broaden their services. By consolidating, providers can use the health information exchange to make referrals online and receive results quickly in a HIPAA secure environment.

### Other considerations

As the ACA is implemented, a health advocacy model with patient-centered solutions and population health programs will become even more important.

The future of the healthcare industry will include a shift from the managed care approach that is injury-based to a more patient-centered approach that focuses more on timely care with services that put the consumer first, such as 24/7 nurse triage. Sedgwick already provides patient-centered solutions, including provider benchmarking and clinical consultation services, which will become even more critical for employers once the ACA becomes effective.

The goal of the new health advocacy model is to facilitate patient engagement. In past managed care models, service providers identified an injury and assigned a nurse to the case. Health advocacy involves more open communication and collaboration with all parties, including the patient, payer, and medical providers. Possible services that would be part of a health advocacy model may include having a special line for the 24/7 nurse triage team to use for possible questions that may arise, and offering patients the ability to self-triage or use an online e-chat system for medical inquiries.

Population health programs look at groups of employees and identify the types of exposures that should be considered. They take into account wellness factors, and the company's past experience and network type.

An example would be grouping together certain employees who do specific jobs, and then identifying their risks based on age, geographic location, etc. This approach is designed to increase the overall health, wellness, and outcomes of an entire employee population as opposed to doing the same thing one patient at a time.

### Sedgwick – providing industry leadership

To help prepare for the reforms and ensure we continue to provide the best possible services for our clients, we have invested in a senior healthcare advisor. The Sedgwick team will work closely with clients and providers to understand their needs while staying up to date with consolidations and other industry changes.

As the leader in claims and productivity management solutions, Sedgwick continues to introduce new and expanded services in response to client needs. Our team has attended healthcare summits and works to stay in front of consolidations and ACOs to make sure that our clients have a voice. Through forward thinking and commitment, we can ensure that our clients have as much information as possible to help them navigate the changes that the ACA is expected to bring for employers nationwide.

### Stay connected and join the conversation

Kimberly George, Senior Healthcare Advisor at Sedgwick, will address topics related to the ACA in future blog articles on the [Sedgwick Connection](#). She also has a [LinkedIn group – Transforming Healthcare for Tomorrow](#). We invite you to join and share your thoughts.

#### Sources:

- 1 <http://kff.org/uninsured/state-indicator/rate-by-age> (Google Chrome is required to view the data referenced.)
- 2 [https://www.aamc.org/advocacy/campaigns\\_and\\_coalitions/fixdocshortage](https://www.aamc.org/advocacy/campaigns_and_coalitions/fixdocshortage)
- 3 <http://www.aacn.nche.edu/media-relations/fact-sheets/nursing-shortage>
- 4 [http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us\\_chs\\_2013SurveyofUSPhysicians\\_031813.pdf](http://www.deloitte.com/assets/Dcom-UnitedStates/Local%20Assets/Documents/us_chs_2013SurveyofUSPhysicians_031813.pdf)



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