

Local CEOs see hope in health bill

Health watchdog remains critical of billing system

By GREG MARTIN , STAFF WRITER

Local hospital administrators say they are “hopeful” that the Patient Protection and Affordable Health Care Act signed into law in March will achieve its stated goals: To make health care affordable for all, improve the quality of hospital care and promote fitness as a new health strategy.

Whether that hope becomes reality will depend on how well the government writes the rules to implement the act, according to Joe Clancy, CEO of Peace River Regional Medical Center.

He and several other hospital administrators, who participated in a Sun roundtable discussion this week on the health care bill, point out the law will expand coverage to some 33 million uninsured people. That’s good for hospitals, they said.

The Sun occasionally holds roundtable discussions to bring community leaders together to address issues of public interest.

However, expanding coverage to the uninsured is not the only benefit. The hospital chiefs also cited clauses that provide incentives for hospitals to have fewer readmissions and for insurance companies to cover illness prevention programs like smoking cessation.

“I hope this country has come to face the fact that we do not have a perfect system,” said Jose Morillo, CEO of Charlotte Regional Medical Center. “It needs correction and, certainly, the health care bill will bring some improvement.”

The law also contains several provisions that could bring scrutiny of a common billing practice that now allows hospitals to continually jack up prices, according to hospital billing reform advocate Roy Meidinger, who participated in the roundtable. The prices are charged to all patients, but, hospitals accept as little as 20 percent from insurance companies under “contractual discounts,” Meidinger explained.

He claims the discounts amount to “kickbacks” that hospitals pay in exchange for the insurance companies limiting the choices of their patients to “on-net” hospitals.

Reforming that system would restore competition, Meidinger said.

“I think (the act) is going to be a good thing, but the devil’s in the details,” said Peter Wozniak, CEO of Venice Regional Medical Center.

“One reason we keep using the word ‘hopeful’ is because the regulation parts of this bill haven’t even been put into play,” added Morillo.

Meidinger pointed out that hospital prices have climbed faster than inflation for the past 30 years. Health care costs now amount to \$2.7 trillion per year, more than 17 percent of the gross national product.

Yet, the quality of America’s health care services has declined, according to Meidinger. He pointed out the United States had the 27th lowest number of hospital beds per capita of a group of 29 top-tier industrialized countries. Florida had the 41st lowest number of hospital beds per capita of America’s 50 states, he said.

The U.S. health care system was ranked 37th in the world by the World Health Organization. Also, about 1 million Americans travel to other countries to receive health procedures in a trend known as “medical tourism,” he pointed out.

He blamed the billing system, which he said restrains free trade.

“What’s your background?” asked Mitnick.

Meidinger replied he was a retired AT&T systems analyst with acquired skills in accounting and interpreting federal regulations.

The health care act mandates that Americans purchase insurance or face fines. If they can’t afford it, the act provides for federal subsidies. It also extends Medicaid coverage to lower income people and children.

The act forbids insurance companies to deny coverage because of pre-existing illnesses and allows parents to include children up to age 26 under their insurance policies.

The act also requires hospitals to publish their prices and insurance companies to report what percentage of their revenues was spent covering beneficiaries, and how much on executives’ salaries.

People without insurance won’t have to fear being “financially destroyed” by hospital bills, Mitnick said. That will spur entrepreneurship because workers won’t be afraid to start businesses at the risk of losing their health insurance, he said.

Wozniak said the hospital billing system evolved in response to the Prospective Payment System established by Medicare some 30 years ago. The intent was to allow the hospitals to account for mandatory discounts to Medicare.

However, hospitals also began using the system to account for discounts granted to private insurance companies, and a price spiral resulted, according to Meidinger.

Still, the system allows people with insurance to get “group discounts,” argued Clancy.

“All patients are charged the same amount,” he said. “What changes is how much we get reimbursed.”

However, Meidinger argues hospitals are improperly reporting the full amount of their charges to Medicare to inflate reimbursements. Instead, the hospitals should report to Medicare what they actually collect, he said.

Meidinger warned that the health care act contains a clause that states nonprofit hospitals, which are tax exempt, must give uninsured patients the same price they charge insured patients. For-profit hospitals should do the same for their uninsured patients, he said.

“I thought we were discussing health reform,” said Mitnick. “The question is, what does this (argument) mean in 2014, because the number of uninsured out there will be scant?”

Meidinger also said another clause calls for patients to be able to choose any hospital, not just the ones their insurance companies want them to attend. That will encourage hospitals to compete for their patients, he contends.

Clancy pointed out the law also includes provisions to improve quality. One provision sets up accountability of care organizations to monitor whether hospitals are preventing readmissions of Medicare patients. Those that reduce readmissions will receive a higher reimbursement.

“I think that’s definitely going to be an important step for advancing health care,” Clancy said.

The lower number of hospital beds per capita in America is a reflection of the way the health care system adapted to Medicare rules adopted 30 years ago, said Wozniak. That’s when Medicare reimbursement rates were broken into segments called “diagnostically related groups,” he said.

The new law will cause some of its own changes in the way hospitals treat patients, he said.

Mitnick argued the low ranking of America’s health system by the World Health Organization could be explained by America’s diverse society.

“We are a big soup bowl,” he said. “You’ll find some areas with a real low infant mortality rate and some areas with a real high infant mortality rate.”

However, the public health department now provides more prescription drugs to residents, and that reduces the need for hospital beds, Mitnick said.

“My staff goes out and puts drugs in people’s mouths everyday,” he said. “So, the primary care system is working, and that will have an effect on the demand for beds.”

Improvements in technology have also reduced the need for hospitalizations, said Clancy. Patients can now be treated as outpatients at cardiac labs or ambulatory surgery centers, he pointed out.

Sun Managing Editor John Hackworth asked whether expanding coverage to 33 million uninsured patients will create a shortage of nurses.

Wozniak pointed out many nurses are now in their 40s and 50s and are planning to retire.

He added that he’s seen cycles before in the industry. The shortage should be short-lived, he said.

He emphasized, however, that some provisions in the health care act support a renewed focus on fitness. That includes a clause that provides incentives for insurance companies to cover preventative services like weight loss clinics.

The nation is entering a post-reform period similar to the one Congress initiated in 1983, when it created the Diagnostically Related Groups reimbursement method for Medicare, said Mitnick.

“It’s another reset,” he said. “Everybody adapts and you move forward.”

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SUN PHOTO BY GREG MARTIN

Peter Wozniak of Venice Regional Medical Center, left, health reform advocate Roy Meidinger and Steve Mitnick of the Charlotte County Health Department, discuss the Patient Protection and Affordable Health Care Act at a roundtable discussion this week.

From: Mitnick, Steven D
Sent: Monday, June 21, 2010 1:23 PM
To: 'gmartin@sun-herald.com'; 'hackworth@sun-herald.com'
Cc: DL CHD08 All Users
Subject: Health Roundtable Clarification

Greg and John,

The story in today's paper has a paragraph that is out of context and it is important that it is corrected.

"However, the public health department now provides more prescription drugs to residents and that reduces the need for hospital beds, Mitnick said." And ""My staff goes out and puts drugs in people's mouths everyday," he said"". This comment was made when we were discussing that new drugs and new technology are contributing to the decrease need for hospital beds and hospital stay. I was giving the example of tuberculosis and the article that was in the NY Times about A.G Holly hospital "In Florida, a Lifeline to Patients With TB" By [DAMIEN CAVE](#) Published: June 12, 2010 (<http://www.nytimes.com/2010/06/13/health/13tuberculosis.html?src=mv>).

The only drugs the health department dispenses at peoples' homes are TB (tuberculosis) drugs. It is with the advent of these powerful drugs that fewer people need to be hospitalized, thus, they can stay in their home to receive treatment. This is a convenience to them, is far less expensive to the health care system, protects the public from communicable disease, and ultimately decreases the need for hospital beds.

Another example I gave was pneumonia. At the beginning of the 1900's, pneumonia was one the greatest causes of death in the United States. Now, with oral antibiotics this disease is easily treated outpatient and the death rate has dropped significantly over the decades.

Thank you,
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