PRACTICE MANAGEMENT

Trends in Gastroenterology Reimbursement and Practice Management

The Impact of the Affordable Care Act on the Future of Endoscopy Practice

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G&H What is your overall assessment of the current gastroenterology practice environment?

KM Gastroenterologists provide very important services, ranging from colorectal and esophageal cancer prevention to the evaluation and management of a variety of prevalent disorders, such as gastroesophageal reflux disease, liver disease, and inflammatory bowel disease. The way that gastroenterologists provide care to their patients is constantly evolving; gastroenterology practices continually have to adapt to change. However, the pace of change has markedly accelerated in recent years, driven by attempts by the government to fix what is perceived to be a broken healthcare system. This ultimately resulted in the passage of what is commonly known as the Affordable Care Act (ACA) of 2010 (although many provisions of this law are going into effect only now). It is more important than ever for gastroenterology practices to stay up-to-date on new developments so that they can position themselves to respond quickly and appropriately and, thus, ensure their continued success. These are turbulent times in US healthcare; the next few years will be critical for all gastroenterologists.

G&H What are the unique challenges of healthcare delivery in the United States?

KM It has been widely recognized that the US healthcare system is expensive, fragmented, and ineffective. According to recent data from the Organization for Economic Development, healthcare expenditures in the United States are outpacing overall economic productivity by 2% annually and now account for approximately 18% of our gross domestic product. The United States currently spends a total of $2.5 trillion per year on healthcare, or approximately $8000 per person, which is 2.5 times more than that of the average developed nation. Despite this massive spending, the United States is alone among developed countries in not providing healthcare coverage for all of its citizens and is ranked last (or second to last) among Australia, Canada, Germany, New Zealand, and the United Kingdom in terms of quality, access, patient safety, efficiency, adoption of information technology, and quality improvement.

G&H How have changes in reimbursement affected ambulatory endoscopy centers?

KM Ambulatory endoscopy centers (AECs) provide needed endoscopy services in a safe, efficient, reduced-cost, patient-centered environment. However, the recent modification of the ambulatory surgery center payment system, as put forth by the Centers for Medicare and Medicaid Services (CMS), has led to a precipitous decline in facility fees for endoscopic services (a decrease of more than 25% over the last 4 years), which poses a significant threat to the viability of these centers. Because the CMS uses a flawed method for the annual update of AEC payments, the gap between payments to AECs and hospital outpatient departments for the same endoscopic services widens every year. For 2014, the CMS proposes a 1.8% increase in hospital outpatient payments compared with an increase of only 1.4% for AECs.

According to a recent survey by the American Society for Gastrointestinal Endoscopy, many AECs now operate at or below cost when performing a colonoscopy on Medicare patients. Such payment issues, as well as the aforementioned healthcare delivery challenges, led to passage of the ACA in an attempt to fix these problems.

G&H What does the ACA entail?

KM The Patient Protection and Affordable Care Act (Public Law 111-148) was passed by the 111th US Congress and signed into law by President Barack Obama on March 23, 2010. Together with a subsequent amendment, the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152), this law is sometimes referred to as the PPACA or simply as the ACA. Its 1083 pages are a blueprint for sweeping changes with the goal of reforming the insurance system as well as the delivery and payment systems of healthcare in the United States. The changes described in the ACA are intended to be implemented over a number of years.

Considerable uncertainty exists regarding the exact shape of the US healthcare system in the postreform era. As a result, providers trying to position themselves favorably within a rapidly changing healthcare environment are basing strategic decisions on best-guess scenarios. Because physicians are generally risk-averse, it should come as no surprise that some gastroenterology providers have decided to mitigate the risk associated with this period of uncertainty by seeking shelter within hospitals and health systems by selling their practices and becoming employed providers.

G&H What are some of the key provisions in the ACA that will impact gastroenterology practices in the near future?

KM Starting in 2014, many states will expand their Medicaid programs to include individuals with incomes up to 133% of the federal poverty limit. Last year's ruling by the US Supreme Court makes this Medicaid expansion optional, but states are strongly incentivized to pursue it because the federal government will assume most of the financial burden (covering the entire cost of the expansion for the first 3 years and 90% of the cost from 2020 onward). Because Medicaid traditionally pays only 72% of Medicare rates, gastroenterology practices will have to decide how to deal with the expected large influx of patients with poorly paying insurance. When health insurance exchanges open in 2014, these online marketplaces will allow people and small businesses the opportunity to comparison shop for insurance plans. Up to 16 million Americans are projected to obtain their nonmandatory health insurance through these exchanges. At this point, not much is known about the payment rates offered by the insurance plans in these exchanges, but it is expected that many of them will not reimburse as well as current commercial plans. This means that gastroenterology practices can expect to do more for less and, therefore, will have to become even more efficient and cost-conscious.

G&H What will the new value-based payment system look like, and how soon is the transition from a fee-for-service to value-based system expected?

KM The short answer is, we do not know. The voluminous ACA mentions the word "value" 214 times and includes multiple provisions and demonstration projects related to the creation of a value-based payment system. There is broad agreement among policy makers and regulators that the current fee-for-service system incentivizes providers to maximize the volume of services, not the value of care, and that it promotes overuse of services. The bundling of payments, for example, around episodes of care is less likely to encourage unnecessary care and should discourage wasteful resource use. Bundled payment approaches have been tested for years; for example, a widely publicized study from the RAND Corporation estimated that US national healthcare spending could be reduced by 5.4% between 2010 and 2019 if a specific model for bundled payments was widely adopted. The exact shape of the new value-based payment model will not become clear for many years. This leaves gastroenterologists and all other providers with the acute dilemma of having to continue to exist in the current fee-for-service world while simultaneously having to prepare for a new payment paradigm that they cannot predict or fully understand.

G&H What advice do you have for gastroenterology practices facing this uncertain future?

KM I offer 3 pieces of advice. First, gastroenterologists should not succumb to analysis-paralysis just because things are rapidly changing. They should not ignore the fundamentals of gastroenterology practice management: always focus on what is best for the patient, and continue to optimize current practice operations. In 2013, gastroenterologists are still practicing in a fee-for-service environment and need to do so in a cost-efficient manner. If half of the endoscopy slots in an AEC remain unfilled and the 10 gastroenterologists in the center use 8 different colon preparations, healthcare reform will be difficult no matter what it consists of. It is important to cut costs, standardize procedures, and explore ways to partner and share resources.

Second, although current efforts at quality measurement, provider profiling, and transparency are in their infancy, they are here to stay, and gastroenterology practices need to proactively enter the quality "arena." Gastroenterologists should establish a culture of quality in their practice, with continuous quality improvement and incentive programs for providers and staff built around quality and performance parameters. While many remain skeptical as to whether the quality of medical care can truly be measured in a meaningful fashion in all relevant clinical situations, payment and care decisions will be increasingly based on demonstrated value. The gastroenterology practice that is able to demonstrate that it establishes, updates, and adheres to the best practice guidelines, implements point-of-care decision tools and benchmarks, and distinguishes itself from competitors will do well in this new arena of assessment and accountability.

Third, and perhaps most importantly, gastroenterologists should keep their ears to the ground with regard to upcoming changes. The healthcare environment is evolving more rapidly than ever, and practice leaders need to improve their networking and organizational skills to stay up-to-date. It is vital to remain flexible and respond quickly to changes as they unfold.

Dr Mergener has no conflicts of interest to disclose.

Suggested Reading

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