PERSPECTIVE

BY **Steven A. Wartman**
MD, PhD, MACP
AAHC President / CEO

The overarching theme of this issue, which was finalized in mid-February, is uncertainty: uncertainty generated by a new Administration with majorities in the House and Senate. Part of the uncertainty comes from campaign promises that may or may not be fulfilled; or may be fulfilled only in part; or may not be fulfilled at all. There are also some inherent conflictual directions, such as protecting Medicare and Social Security, while strengthening the military, building a wall, and investing in infrastructure. Then there are the political implications of reducing health coverage for many Americans. In brief, academic health centers are in the center of a storm that defies at this point any certainty that can be achieved by accurate weather prediction.

Sally Barber, special advisor to the executive vice president for health affairs and director of state and federal relations at the University of Virginia Health System, points out this uncertainty but also notes that academic health centers will face even greater pressures to find solutions to reduce costs. She also comments on the growing role of consumer-driven apps in driving wellness care.

At the University of New Mexico Health Sciences Center, Vanessa Hawker, senior strategic advisor, reflects on the difficulties in not knowing how revenue streams under a revised ACA might change. This may impact personnel decisions that would have the effect of limiting health services, and that academic health centers will be moving forward in a very complicated environment.

Lastly, Kent Springfield, assistant vice president of research and federal relations at the University of Colorado Anschutz Medical Campus, asks three questions: how far will Congress go to rebalance the ACA; what is the potential impact when consumers have less protection for their health plan choices; and what is the future of the safety-net system? He suggests that academic health centers will have to do even more to educate policymakers about our enterprise.

As academic health centers look to find a path forward in a highly uncertain and rapidly evolving environment, it is clear that they must return to first principles. What are the unshakeable missions we seek to accomplish and what steps must be taken, regardless of the difficulty involved, to have them fulfilled as best we can. The times call for leadership to step forward with positive and far-reaching plans. As a community both locally and nationally, we are stronger together.

www.aahcdc.org

Association of Academic Health Centers®
Leading institutions that serve society
Association of Academic Health Centers
1400 Sixteenth Street, NW, Suite 720
Washington, DC 20036
202.265.9600

ASSOCIATION OF ACADEMIC HEALTH CENTERS

LEADERSHIP PERSPECTIVES

Healthcare Policy Going Forward: Expectations for the New Congress and President

Sally N. Barber
SPECIAL ADVISOR TO THE EXECUTIVE VICE PRESIDENT FOR HEALTH AFFAIRS
DIRECTOR OF STATE AND FEDERAL RELATIONS
University of Virginia Health System

Vanessa K. Hawker, PhD
CHIEF BUDGET AND FACILITIES OFFICER
The University of New Mexico Health Sciences Center

Kent Springfield
ASSISTANT VICE PRESIDENT OF RESEARCH AND FEDERAL RELATIONS
University of Colorado Anschutz Medical Campus

MARCH 2017
www.aahcdc.org

Association of Academic Health Centers®
Leading institutions that serve society

Sally N. Barber // *Special Advisor to the Executive Vice President for Health Affairs, Director of State and Federal Relations*
University of Virginia Health System

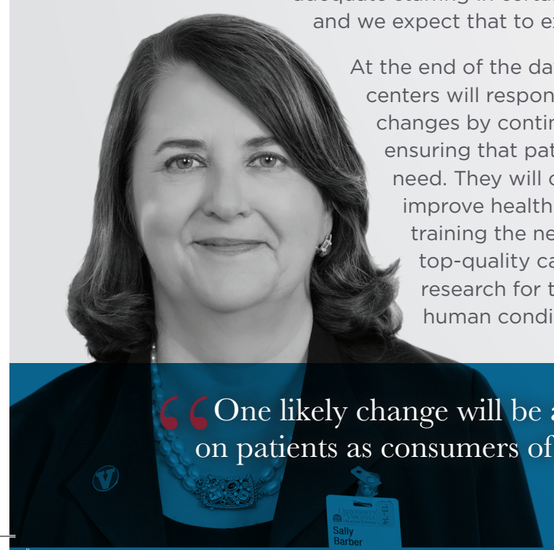
In terms of healthcare policy, we are in a time of both certainty and uncertainty. There is certainty that paradigm shifts are coming, and uncertainty as to what those changes will be and how fast they will come. Because academic health centers vary in many ways—for example, they may be in a state that expanded Medicaid or not—the potential impact of the inevitable changes in healthcare policy can affect these institutions in both similar and dissimilar ways.

One likely change will be a greater focus on patients as consumers of care. Patients are going to be required to make more decisions for their care, and they almost certainly will have to bear more of the financial burden. Current care under Medicare or employer sponsored health insurance plans allows patients to focus on treatment with a lesser concern for costs. In contrast, future healthcare policy will likely change the focus more to health savings accounts, higher deductibles, and more out of pocket costs—impacting patient choices and decisions in their personal healthcare.

The insurance marketplace will still exist, but more patients may have to go uninsured and/or their coverage may be reduced. One direct effect is likely to be that "bad debt" will increase for academic health centers. That, in turn, will likely put further pressure on our academic and research missions, assuming that clinical reimbursements and revenues will further erode.

Academic health centers will face even greater pressure to find solutions to reduce costs. We will need to do more with technology and technological innovation to be more efficient and productive, as well as reduce variations in care. I think predictive analysis is going to become much more important in helping to decide treatment plans for certain categories of patients. Consumer-driven apps will certainly play a greater role in driving wellness care. UVA is in the forefront of using telemedicine to deliver care to rural areas and regions that do not have adequate staffing in certain medical specialties, and we expect that to expand.

At the end of the day, academic health centers will respond to healthcare policy changes by continuing to focus on ensuring that patients get the care they need. They will continue striving to improve health and reduce disparities, training the next generation to provide top-quality care, and engaging in research for the betterment of the human condition.



"One likely change will be a greater focus on patients as consumers of care."

Vanessa K. Hawker, PhD // *Chief Budget and Facilities Officer*
The University of New Mexico Health Sciences Center

Academic health centers are facing huge unknowns in healthcare. As just one example, the travel bans for certain countries has the potential for a wide impact on healthcare. Providers, medical residents, and potential medical residents from targeted nations on J-1 visas began living in uncertainty after the January 27, 2017 executive order. The academic health center's tri-partite mission was directly affected. I don't think any of us fully foresaw the potential for an immediate administrative action to have such an impact on our relatively fragile healthcare provider infrastructure.

In addition to executive orders, repealing or revising the Affordable Care Act (ACA) can also significantly change the economics for academic health centers. In New Mexico, the ACA enabled about 800,000 uninsured individuals to obtain insurance. Now, there is a large question about what might happen to their coverage.

The University of New Mexico Hospital, part of the University of New Mexico Health Sciences Center, is our state's safety-net hospital. Prior to the implementation of the ACA, our costs for uncompensated care were substantial. While the ACA helped reduce those costs, it also drove consumer deductibles and co-pays higher. That, in turn, drove up our "bad debt" numbers. We now face an unknown impact on this balancing act once the ACA is revised. At this stage, we are faced with the challenge of not knowing how revenue streams under a revised ACA might change. If we don't have the same kinds of revenues coming in, will that mean that we will have fewer providers and fewer personnel in supporting roles such as taking x-rays and drawing blood? What are the implications for care in such areas as behavioral health? Reductions could severely limit access to healthcare and add to the system's overall fragility.

With its overarching goal of remaining budget neutral, Congress has a Herculean task in revising the ACA. It remains to be seen where and how costs will be cut and what will happen to the 20 million Americans who obtained insurance under the ACA. Will the perception that "if I get sick I will be taken care of," disappear? What will be the pushback, if any? What kinds of problems might arise if Congress simply opts for block grants to states? Facing these current uncertainties, academic health centers will find that moving forward and finding the right balances is going to be very complicated.

"Facing these current uncertainties, academic health centers will find that moving forward and finding the right balances is going to be very complicated."

Kent Springfield // *Assistant Vice President of Research and Federal Relations* University of Colorado Anschutz Medical Campus

There is a considerable uncertainty about how Congress and the Administration will address proposals to repeal and replace the Affordable Care Act (ACA). Rather than trying to predict the outcome of this process, I thought it might be more helpful to provide some salient questions to keep in mind as we judge proposals that come forward.

The ACA was an attempt to broaden access to health coverage to include those who could least afford it. That required additional shared sacrifices from the healthy and the wealthy. Resistance to those additional sacrifices is at the core of the problems the ACA now faces—whether you are talking about challenges in the individual market or objections to ACA tax provisions. An essential question is how far will Congress go to move that needle back in the other direction? And, what impact will that have on those who gained coverage?

One hallmark of the Obama administration—in the ACA and elsewhere—was an aggressive approach to consumer protection. That often involved curtailing consumer choices that had the potential to lead to bad outcomes. The Trump Administration seems likely to take a more "buyer beware" approach. Academic health centers are often in the position of caring for patients at the moment when they find out whether they made a good decision as a healthcare consumer. Will the coming legislative efforts protect consumers or help them make good choices about health insurance products, or are we likely to see more patients who find out that their coverage comes up short at an essential moment?

The third question concerns the future of the safety-net system in this country. Since Lyndon Johnson created the programs in 1965, the federal-state Medicaid match has been an essential part of our country's commitment to caring for the poor. Likewise, Medicare has been committed to providing a baseline of healthcare benefits to all seniors. Is this the moment when Congress—overwhelmed by the rising costs of healthcare—finally begins to shrink from those commitments? Or, can we find ways to bend the cost curve that allow those obligations to continue?

In today's political environment, it is especially important that academic health centers stay true to their values and principles. We need to redouble our efforts to help policymakers understand the important missions our faculty and staff carry out every day—developing the best science and caring for those who are the sickest and can least afford it.

"We need to redouble our efforts to help policymakers understand the important missions our faculty and staff carry out every day..."