

HEALTHY CHOICES

Insurers, providers and patients navigate an ever-changing health care landscape.

FROM PREVENTIVE MEDICINE TO PALLIATIVE CARE, CHOICES CAN BE DIFFICULT.

Health care in the modern environment takes not only a holistic approach but involvement with every facet of the system. Everyone concerned needs a renewed education as to what it takes to deliver quality health care without breaking the bank. *BUSINESS NORTH CAROLINA* magazine assembled a round table of experts to address the issues that concern us all.



The discussion was moderated by Ben Kinney, *BUSINESS NORTH CAROLINA* publisher. Support was provided by Poyner Spruill LLP, which hosted the event, and Scott Insurance. The transcript was edited for brevity and clarity.

From left to right:

GREG STANCIL, *director of health care reform and senior account executive, Scott Insurance*

ADAM SHOLAR, *president, North Carolina Health Care Facilities Association*

STEVE LAWLER, *president, North Carolina Healthcare Association*

N.C. REP. GALE ADCOCK, *chief health officer, SAS Institute*

KEN BURGESS, *partner, health care section leader, Poyner Spruill*





What is the big driving force for everybody in business, whether you're a tire manufacturer or a hospital? One of them is this issue of aging.

KEN BURGESS
Poyner Spruill

FROM YOUR PERSPECTIVE, HOW'S BUSINESS? IF BUSINESS IS GREAT, WHAT DOES THAT MEAN?

STANCIL We're consultants for midmarket employers, and for us, business is incredible, double-digit growth for years upon years because health care's gotten so incredibly complicated, as all of you live with every day. You've got [medical costs increasing] somewhere between 6% and 10%, depending on who you talk to. Prescription drug [costs are rising] double that, typically year over year. You've got employers that we serve just hemorrhaging money when it comes to insuring their employees and trying to provide the best plans at the lowest cost, and just looking for answers, trying to find ways that they can use those dollars to serve their employees in the best way and not waste it and

make sure the employees have the best health care experience.

ADCOCK Working for an employer that provides on-site health care, business is good for a lot of reasons. Our employees understand the benefit of getting great health care for no cost — we do everything for free. There's no copay, no coinsurance, and our on-site facility saves them time. It's great for SAS, because every time someone uses our health care facility, they do not use the health plan. We don't bill our own health plan. That would be just taking money out of one pocket and putting it in the other, and that's a waste of time and money.

Last year, we saved employees \$1.2 million in avoided out-of-pocket copays and coinsurance, based on what they would have paid on the plan. But we also saved SAS \$3.5 million in

avoided claims cost, over and above what it cost to run the health care center. When we started, SAS had 200 employees (it now has more than 14,000), so this is totally a scalable idea. Just because you can't do everything doesn't mean you shouldn't do something.

LAWLER For the NCHA, business is busy, and the definition of good is like art: It's in the eye of the beholder. It's busy across the field, and it's busy in regard to hospitals and health systems adapting to regulatory changes. Hospitals and health systems are accountable, which is defined today very differently than it was 10 years ago. We have hospitals and health systems that are really focused on the value proposition. We're focused on making North Carolina a destination for the best care and value. It takes time, energy and effort. One of the reasons it's busy for

the association is we don't have a homogenous state. We have hospitals and health systems that are extraordinarily advanced. We also have some that are still in small communities that are working on building essential skill sets to succeed and connect with employers to come up with different models to keep employees and beneficiaries well and healthy, while at the same time dealing with the dynamics of a changing payer environment.

SHOLAR As an association, it's a busy time for us because the industry we represent is in such a constant state of change. Over the last decade and certainly in the last few years, a lot of regulatory change has occurred. We're helping our members become educated on and adapt to the same payment environment changes that you are. MedPAC — Medicare Payment Advisory Commission — came out with a report that skilled nursing-facility operating margins are less than 1%, and the margins are going down. Non-Medicare operating margins are negative. It's a very tough time from that perspective to adapt to changing payment models and regulatory pressures. The good news is that we have a lot of quality operators that are making quality improvements. I feel confident that we'll come out on the other side of this, but it's a tough time right now, and we're going to need quality care providers, because we've got a big age wave coming.

BURGESS We have a team of six lawyers at Poyner Spruill who do nothing but health law, and because you're busy, we're busy. One of the things I was hoping this group would talk about is aging. When I was a younger lawyer, it was largely what I've described as a reactive practice. The client has a problem. The client calls you. The client wants you to help fix it. That is not what we do anymore. Today, successful attorneys are proactive lawyers. We're looking down the road at what's coming, how is yesterday going to look different than today? In that sense, it makes the [practitioner] of law more like an entrepreneur

than maybe it was historically because we're having to sometimes lead a client down that path.

One of the exciting parts about being busy, especially for hospitals and health systems, is this idea that we're creating a new series of partnerships. We're working closely with other partners, because we believe that by crafting these new relationships, we can better care for people in communities — not only within

the traditional four walls of the hospital, but well into a patient's experience outside the hospital.

WHAT ARE THE BIG ISSUES IN HEALTH CARE?

BURGESS What is the big driving force for everybody in business, whether you're a tire manufacturer or a hospital? One of them is this issue of aging. For example, in 90 North Carolina counties, one of every five people is over the age of 60.

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In their annual list of North Carolina's Best Hospitals



Employers that are well-meaning, with wellness programs and walking programs and gym memberships, they're doing things that wind up keeping the healthy people healthy.

GREG STANCIL
Scott Insurance

That leaves the other four of us in some measure to take care of that person, with financial support, health care, psychosocial needs, nutrition, transportation and housing. That's a huge issue, and it affects everybody on earth. The average American at age 65 has \$100,000 in retirement savings, according to some data. In a few short years, the fastest-growing group in our population is going to be 85 and over. This has been called the "silver tsunami." It's not a surprise.

STANCIL The statistics are 10,000 baby boomers retire every day. By 2035, they're saying that 8% of GDP will be pure Medicare spending.

BURGESS You ask the same questions again: What will these people be buying, what kind of insurance products do they want and need, what kind of housing, what kind of medical care, and right down on the granular level, what does a hospital or a skilled-nursing facility look like in 20 years? But now because of the population demographics that we started off talking about, the people who support that

hospital and all the things they've built around it are not there anymore. They're leaving. And so, as lawyers, one of the things we do is put deals together, then we take them apart. And you almost see the health care system that most of us have known totally transform before us.

ADCOCK There's a big difference in the average health care needs of a 65-year-old versus an 85-year-old. Those are fragile elders, and the time to [develop] healthy 65-year-olds is when they're 25 and 35. But if you miss that gate and you're already at 65, it's about being the healthiest 65-year-old you can be. Here's what we know about baby boomers: We've redefined everything — 60 is the new 50. We refuse to get old. We refuse to slow down. That's why there are so many joint replacements — because we still want to play tennis and ski and do all those things.

LAWLER Those who are involved in trying to help — providers, hospitals, health systems, other partners — are thinking about what we are designing for the future. One is workforce, which

is going to be a huge issue for the provider community. Primarily, the workforce is aging just like the rest of the community. Second, when you look at the bedside nurse or a hospitalist, it is really demanding work, so we are looking for ways to help keep them engaged in that network of care. We are working with an incredible infrastructure in North Carolina to help steer young men and women into health care, or for people who are interested in repurposing themselves, making a pathway for them to get involved in health care. The third is, how do we use technology to create a different health care experience for people?

SHOLAR That brought to mind something that came to light last year during the debate about repealing the Affordable Care Act. Most people think of Medicare when it comes to elder care or senior care. Medicaid plays a huge role in senior care, particularly when it comes to long-term services and supports. Almost two-thirds of the nursing homes in



We care for you, so you can care for them.

Every day, 10,000 Americans turn 65. One in five North Carolinians are already over the age of 60 and that number will be 1 in 4 by 2033. It seems that everybody has woken up to what is commonly referred to in the literature as “the Silver Tsunami,” or the “aging population” trend which is defined not just as a “we are getting old.” Rather, it’s an anthropologic term that means our population as a whole now has more people over the age of 65 than under the age of 17. That’s a big deal.

The so-called Silver Tsunami is also a silver lining. For health care providers, your customer is changing. We have the opportunity to take a step back and realize what we offered yesterday may not be the best thing to have today and take a moment to plan for the needs of tomorrow.

Poyner Spruill’s health care attorneys are recognized as state and regional leaders in serving health care providers who care for the aging population. Learn how we can help you at www.poynerspruill.com



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ATTORNEYS AT LAW

North Carolina are paid for in part by Medicaid.

BURGESS As a country, there's an incredible amount of work to do in redesigning and strengthening palliative and end-of-life care. It is an incredibly difficult delivery system, because you're dealing with people, emotions and expectations. Some of it is balancing what we can do, because we can do a lot with technology, versus what we should do.

ADCOCK I totally agree about getting bright, young people into health care. Our community colleges are great at helping people retool for health care careers, but another part of that is helping current health care providers work to the fullest capacity. Our state is not doing a good job with that. We have some very outdated laws and regulations that actually prohibit certain groups of health care providers from doing everything they're educated and licensed to do and actually do in

other states. It doesn't take a state appropriation or private money to do it. All it takes is changing some laws and regulations.

SHOLAR When we talk about workforce, I want to make sure we're also clear that we're talking about not just the medical directors or the doctors or the nurses, but we're talking about the front line direct care workforce as well. There's a statistic I saw recently that if you take into account paid and unpaid caregivers, we're at a ratio of about seven caregivers to one patient. By the time the baby boomer generation is fully being cared for, we will be at three to one. That's scary.

WHAT ROLE DOES HIGHER EDUCATION PLAY?

LAWLER Creating educational experiences in rural communities is essential, because it lets those people experience what it's like to live and care for people

in that community. Without that, people are going to choose to locate in metropolitan areas. Looking for innovative programs to draw professionals back into these small communities is essential. It's leveraging technology. We do have an access problem, but North Carolina for years has been a leader in telemedicine and telehealth. We need a resurgence in that space, and some of it is understanding how to deliver quality high-level care in a rural community using that technology.

STANCIL That's happening today, particularly around specialty care, wound care, things like that. One of the issues is the rural-urban divide. One of the necessary conditions for that to occur is broadband access. We have a client in eastern North Carolina who's a peanut farmer. These people are just out picking peanuts and working hard. We found that the use of health care was just really low with no primary care in



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GAYLE ADCOCK
SAS Institute

many places. As we looked at the overall data, 95% of people have a cellphone, 77% have a smartphone. Even these peanut farmers had smartphones. When we use telemedicine, it just goes through the roof. These people are getting care. We've seen real success with some of the technology in some of those rural areas where there's not as much face-to-face care.

WHAT'S NEXT FOR THE HEALTH CARE INDUSTRY?

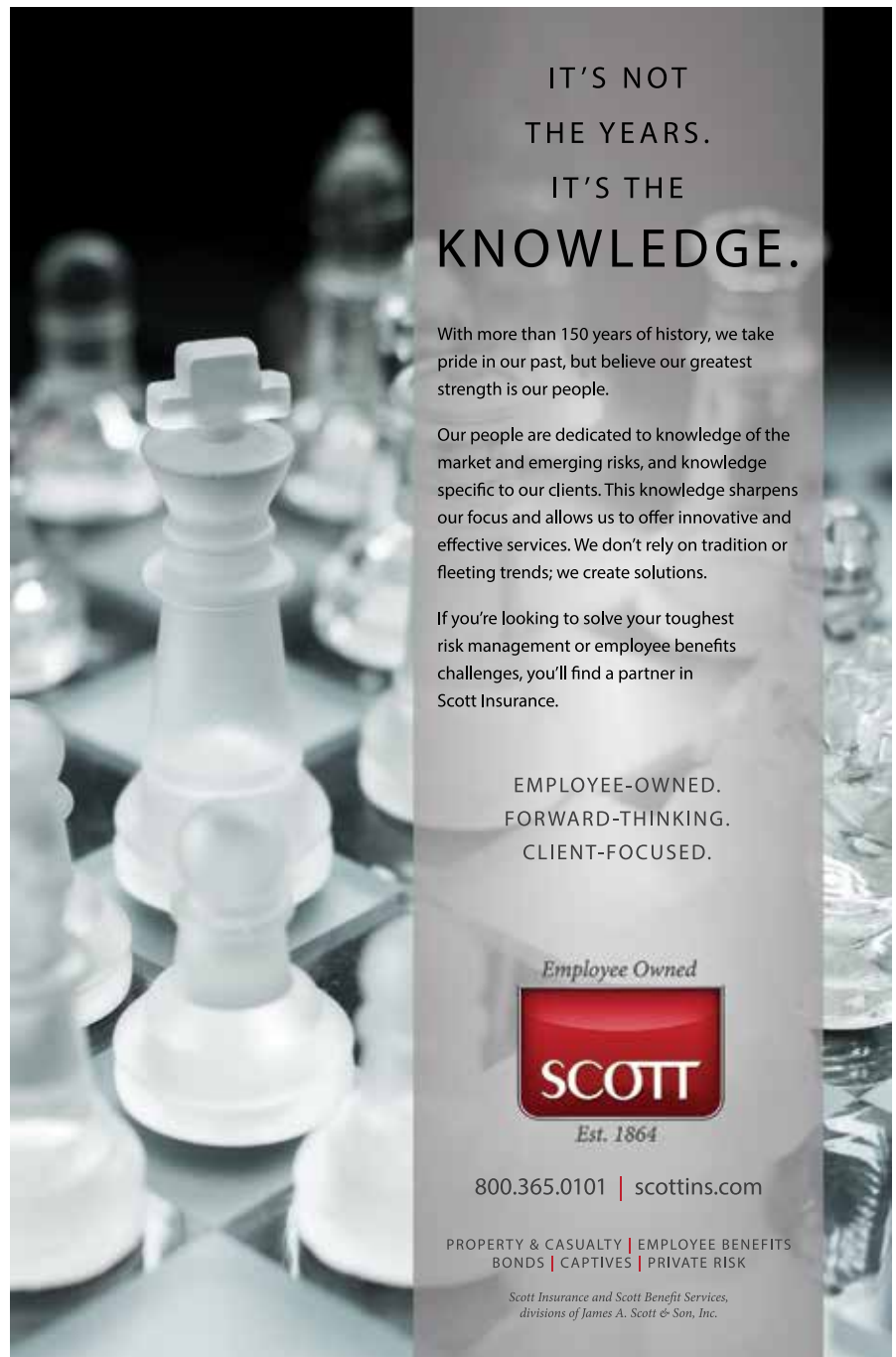
LAWLER We use the word "reimagining." We're in the process of going through this second renaissance. The Hill-Burton Act funded community hospitals in the 1950s. It was a great program that created economic stability and growth. We are in the process of rethinking and reimagining what community health looks like. Part of that is thinking about what the right facilities are to deliver that help. The other piece is redefining a role. In the past, the hospital was the destination for in-the-bed care. In the future, our community hospitals may be the destination and the portal of entry as they develop an essential skill set as the finder and navigator for patients and families. That care may be delivered as part of a larger network, and that's why hospitals and health systems continue to look for ways to align and affiliate.

STANCIL Historically, employer-sponsored health care has been, "Here's your insurance, go use it, and fend for yourself in that market." Employers that are well-meaning, with wellness programs and walking programs and gym memberships, they're doing things that wind up keeping the healthy people healthy. There needs to be a real commitment in the employer community. Five percent of your employees are 50% of your health care costs. If you're talking about a group of 200, and the health plan is \$2 million, you [might] have 10 people who are incurring a million dollars in claims. That's a really bad thing for an employer, but it's a worse thing for those 10 people because they're lost in this health care system.

ADCOCK One idea is to create work environments that are not toxic to your health, and I'm not talking about air pollution. If you're telling your employees, "We want to help you lose weight or not become obese," and your idea of employee perks are vending machines with full-sugar soda, crackers and pork rinds, that's not the message. Some of this stuff is basic, not rocket science, to give people better options so they can make better choices. If you do those

early things first, that's when you gain the trust of your employees.

LAWLER One of the interesting themes that I picked up from this conversation is that we're moving away from a time when health care organizations operated in their lane: We focused on our work, what we were responsible for. The theme I'm hearing is, there's a real interest and commitment to take an approach where we're all working together to design what has to happen in the future for success, and that's cool. ■



IT'S NOT
THE YEARS.
IT'S THE
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