

# REFORMING HEALTH and HEALTH CARE

2016 HASC ANNUAL MEETING

APRIL 15, 2016

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President / CEO

California Hospital Association



**CALIFORNIA  
HOSPITAL  
ASSOCIATION**



# FEDERAL ISSUES

- Divided government
- Election
- Immigration
- Medicare and Medicaid
- Income inequality
- ACA
- ★ Future





# OUR FEDERAL ADVOCACY PRIORITIES

## THE TOP THREE

- Site-neutral payments
- AWI / Rural floor
- Medicaid Managed Care rule





# CALIFORNIA ISSUES

- Power and influence
- 2016 Session
- 2016 Ballot initiatives
- ACA implementation / Covered California
- Long-term financial stability
- Priorities





# CALIFORNIA ISSUES (cont'd)

- Future
  - Medi-Cal
  - Covered CA
  - CalPERS
  - Medicare / Duals
- Labor
- Special Session
  - MCO Tax / Clawback
  - Tobacco
  - Aid in Dying  
*(effective June 9, 2016)*





# STATE PRIORITIES

- Hospital Fee Program / 2016 Initiative / Extension
- Proposition 30 Extension
- Tobacco Tax
- Executive Compensation
- 2016-17 / 2017-18 Budgets
- Legislation
- ★ Medi-Cal Clawback



**PRIORITY**



# STATE PRIORITIES (cont'd)

- SB 1252 (Non-contracting Physicians)
- AB 1300 (Behavioral Health)
- SB 1365 (Outpatient Pricing)
- AB 2467 (Executive Compensation)
- AB 2849 (Community Benefit)
- AB 2024 (Employment)
- Others





- Labor Management Committee
- 2013-2016 Adverse initiatives
- Code of Conduct / Arbitration
- Adverse legislation
- Dissolution
- Conflict







# HOSPITAL ACTIONS

- Positive, constructive programs
- Competitive compensation
- Cooperative benefits
- Open communications (24/7)
- Leadership
- Culture





## **Medi-Cal Funding and Accountability Act** ***(CHA Medi-Cal Hospital Fee Protection)***

- Extends current law
- Locks in protections for hospitals and the state (24% net benefit)
- Prohibits Legislature from changing protections
- \$10 billion (2014-2016)
- \$18 billion (2009-2016)
- ★ Legislative strategy

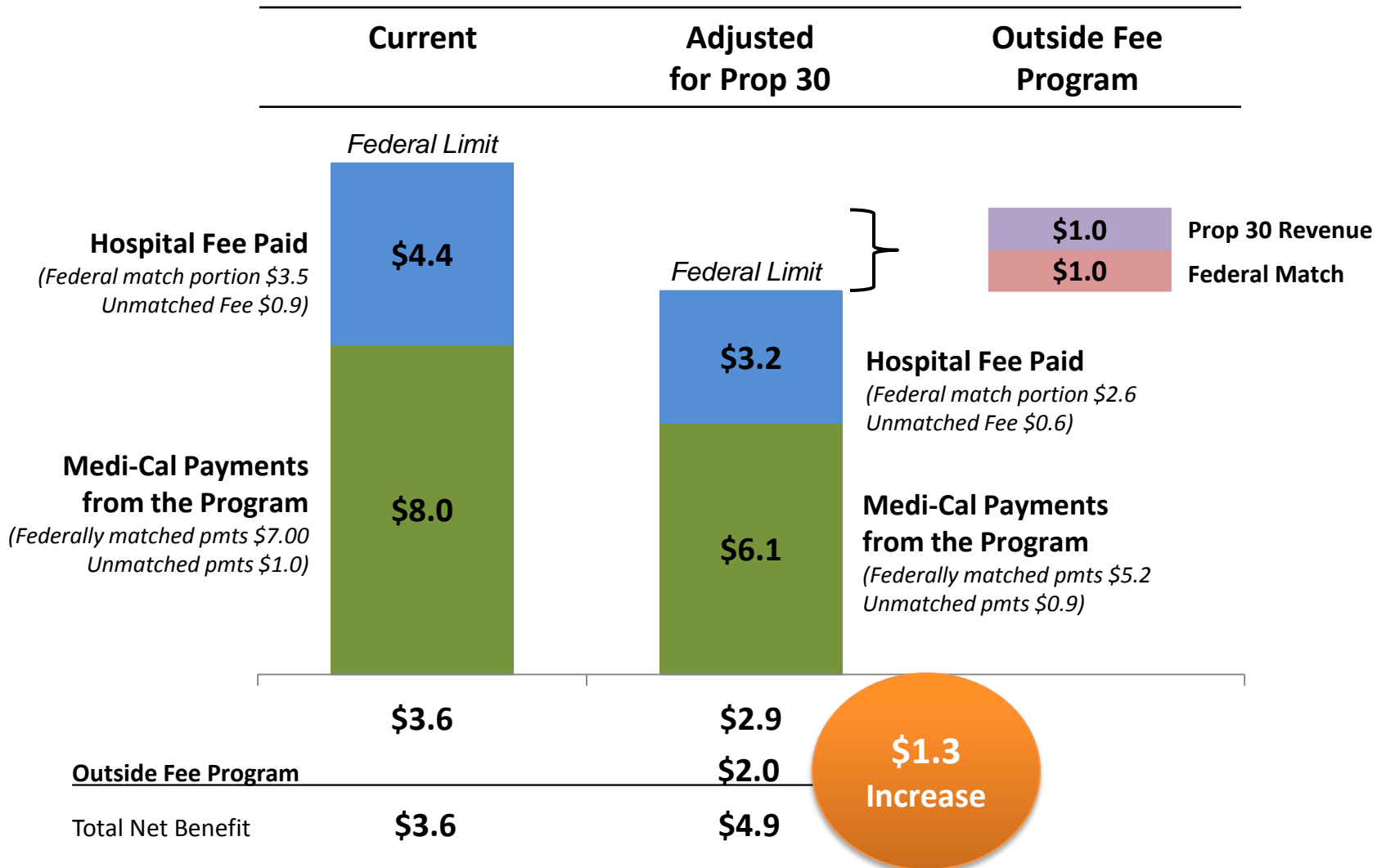


## The California Children's Education and Health Care Protection Act of 2016

- Extends the Proposition 30 income tax increase through 2030
- Funds Proposition 2, Proposition 98, state budget and Medi-Cal
- Provides up to \$2 billion for Medi-Cal
- ★ Benefit to hospitals and physicians



# STATEWIDE IMPACT (\$ BILLIONS)





## Tobacco Tax

- \$2 per pack tax and other existing programs
- Medi-Cal
- Considerations
- Options





## Executive Compensation

- Limits total compensation to \$450,000
- ★ Micro campaigns

## Cortopassi Initiative

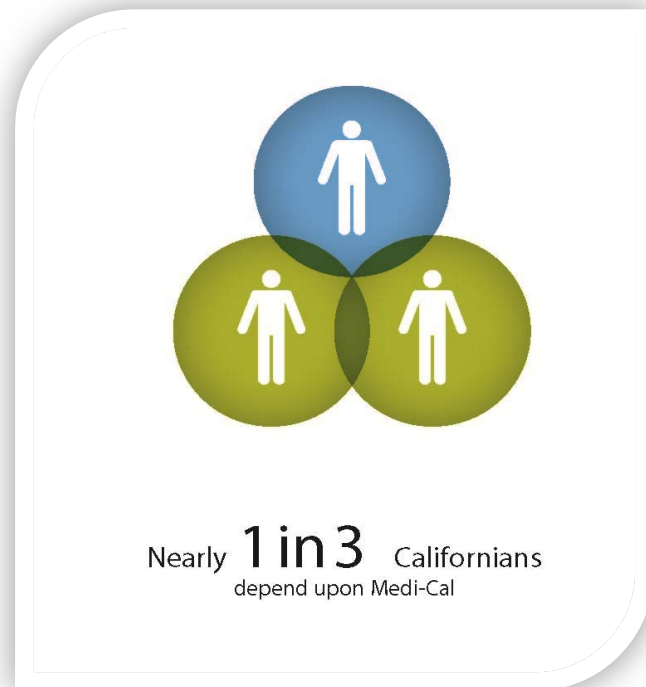
- Voter approval for all bonds, including bonds in aggregate, exceeding \$2 billion





# MEDI-CAL COVERAGE EXPANDS (ACA)

- Demand increases
- Providing coverage to 13 million residents (half of all children)
- Access barriers are amplified by low Medi-Cal payments
- Expanding coverage without access
- Facts / backlash





# TRENDS

- Consumers' involvement
- Bundled, global and risk-based payments
- Consolidation of payers and providers
- Transparency and data
- Disruptive technology
- Exchanges – 2017
- Socio-demographics
- Boundary erosion/differentiation



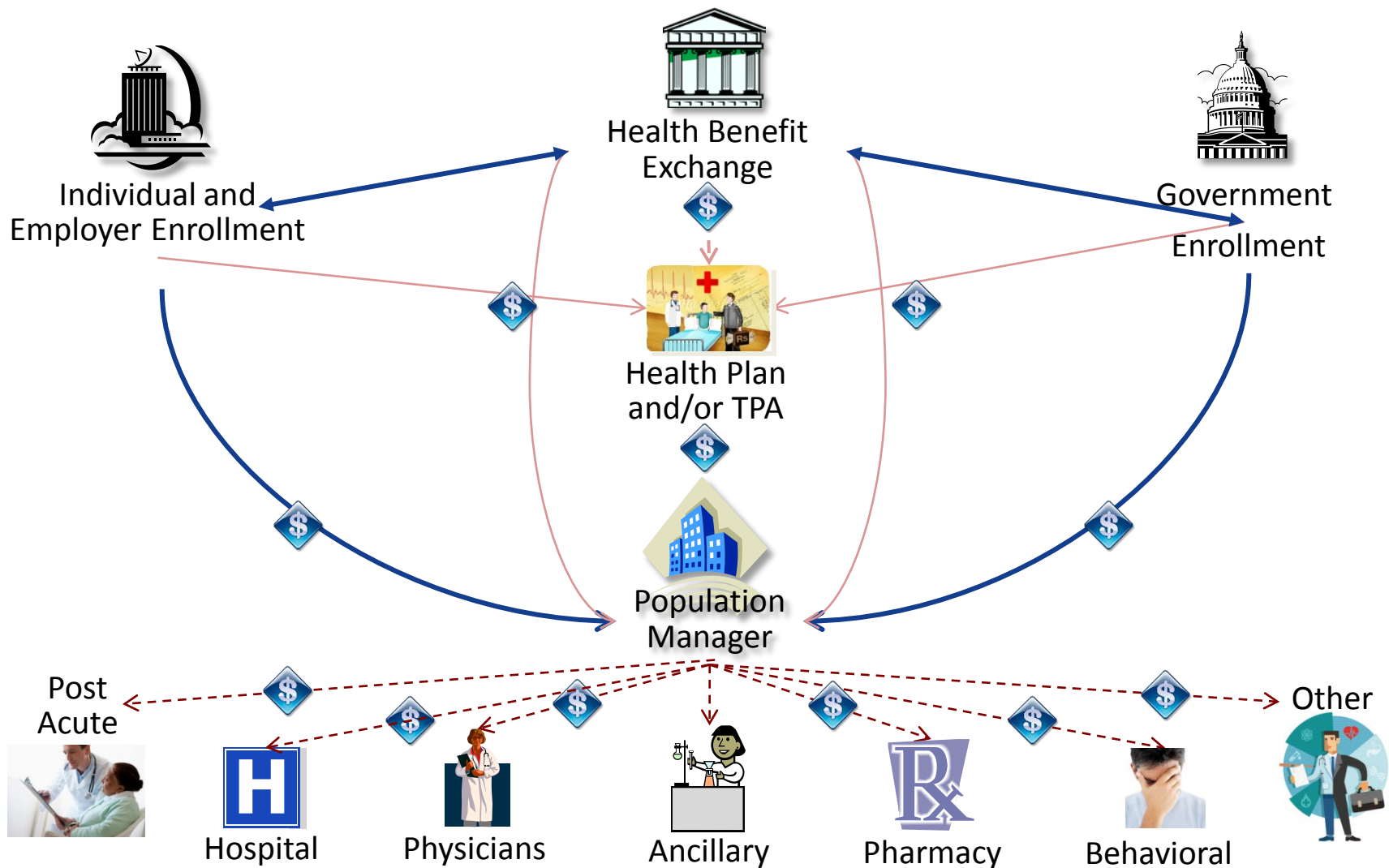




# TRANSFORMING FOR TOMORROW

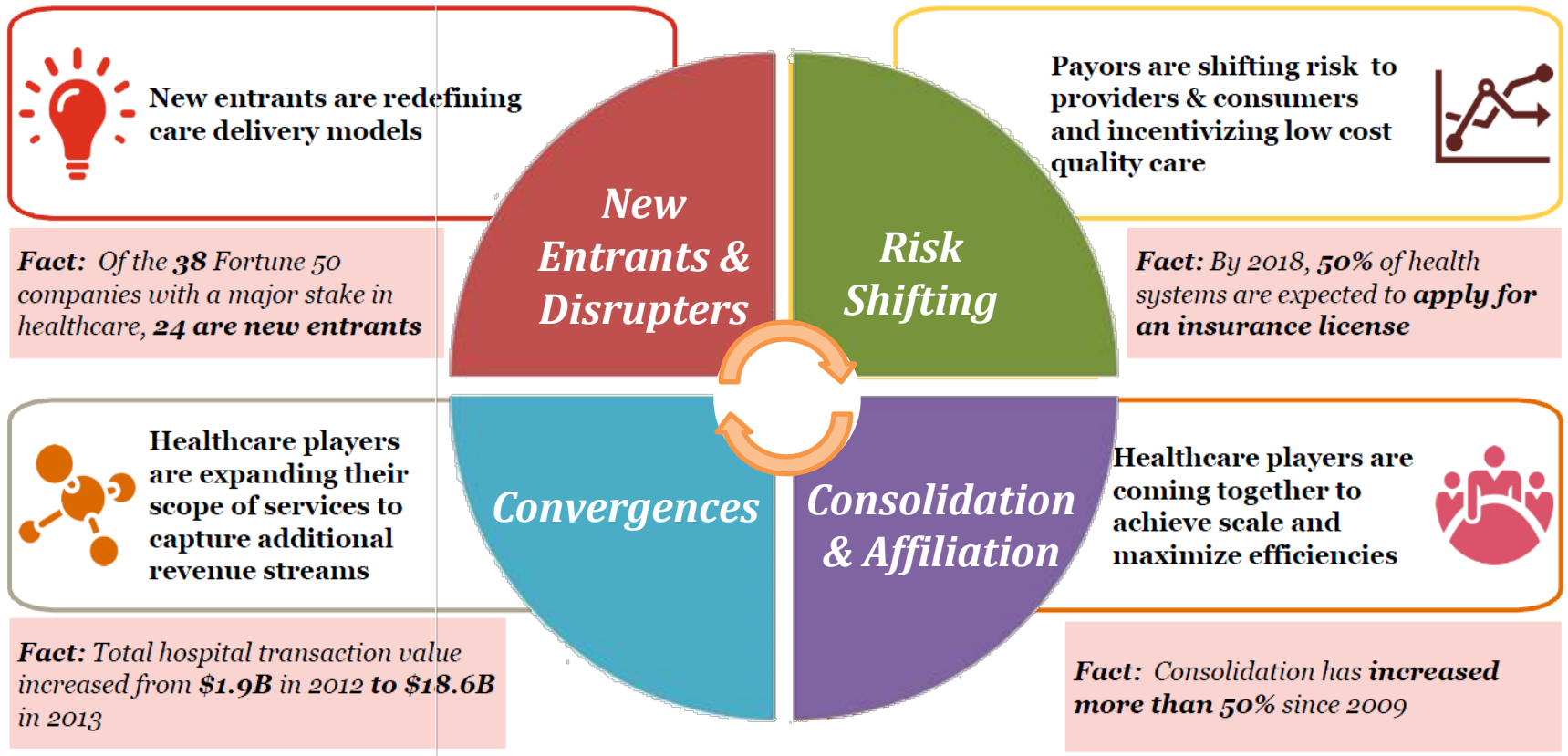
## From Providing Care to Managing Care

### A New Strategic Construct





# THE NEW HEALTH ECONOMY IS CHANGING THE HEALTH CARE LANDSCAPE AND DRIVING DEAL ACTIVITY IN THE MARKET

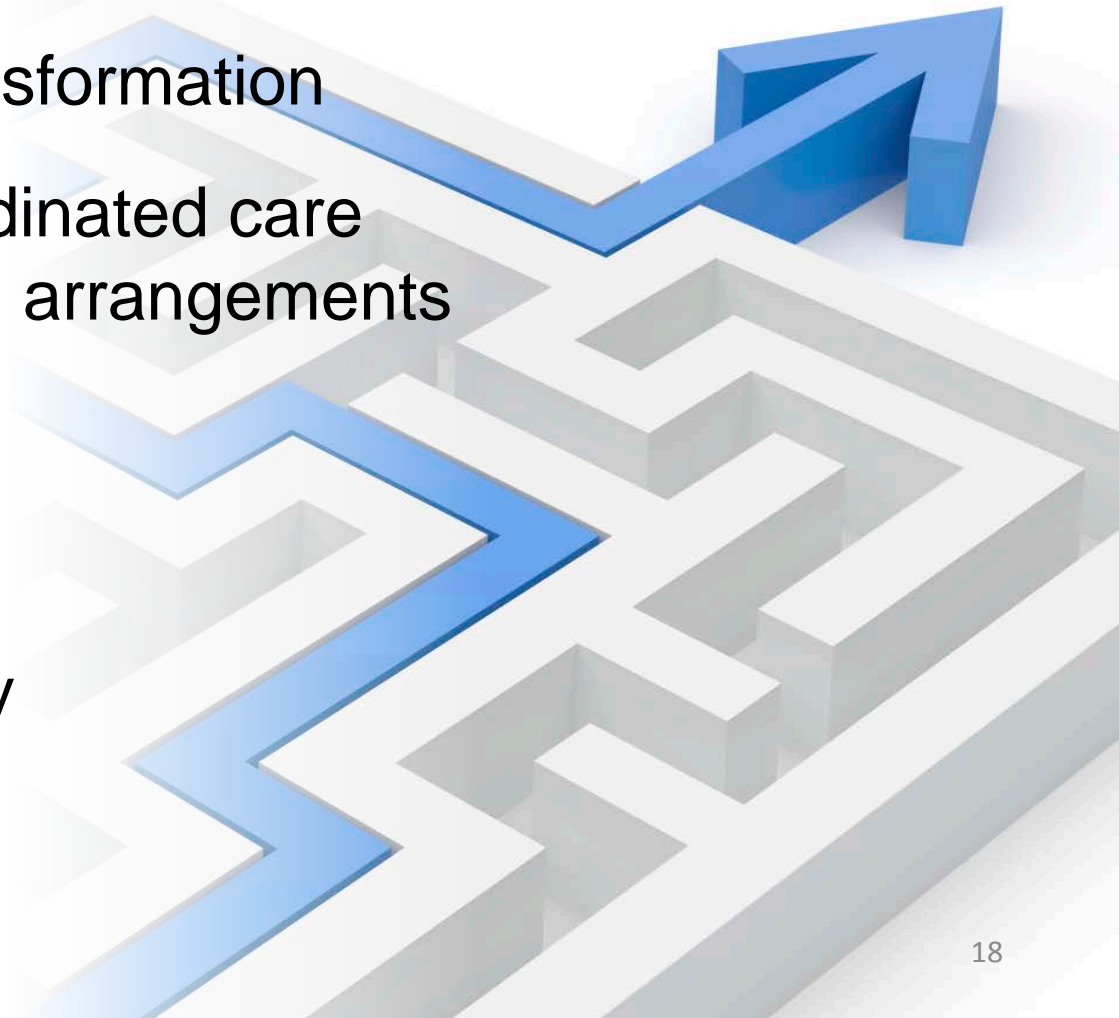


Health care leaders will need to adjust their strategy to align with the new definitions of success in the New Health Economy



# CHALLENGES FOR CALIFORNIA HOSPITALS AND PHYSICIANS

- Fixed assets and expenses
- Time/cost of transformation
- Creation of coordinated care partnerships and arrangements
- Leadership
- Differentiation
- Financial stability
- Risk adjustment





# INTEGRATED CARE

- Basic model in urban California > for 30 years
- Federal push
- Payment changes →  
new relationships →  
aligned incentives →  
coordinate care





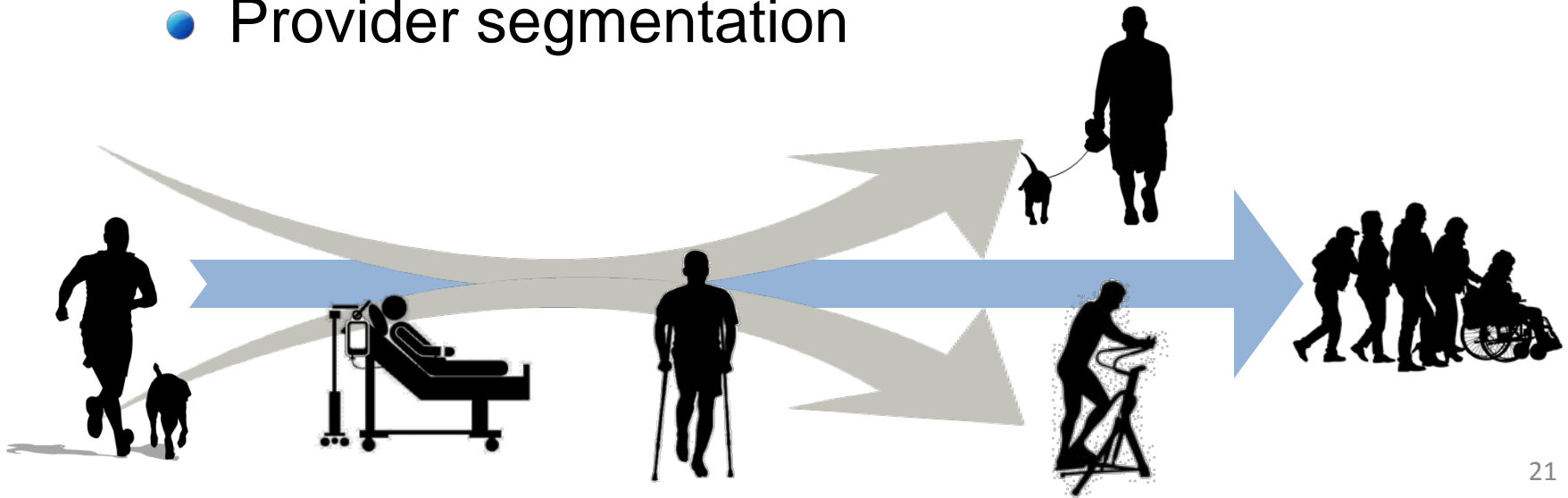
## 2<sup>ND</sup> GENERATION INTEGRATED CARE

- Covered California
- Medi-Cal
- Medicare including low-income subsidy
- Private exchanges
- ACO/alternatives
- Different risks
- Payment systems



# DELIVERY INNOVATIONS

- Predictive modeling
- Multiple networks / differentiation
- Unit cost focus
- Evolving into pharma, specialty, mental health, long-term care, etc.
- Provider segmentation





# THE NEXT BIG THING





# CHA AND HASC

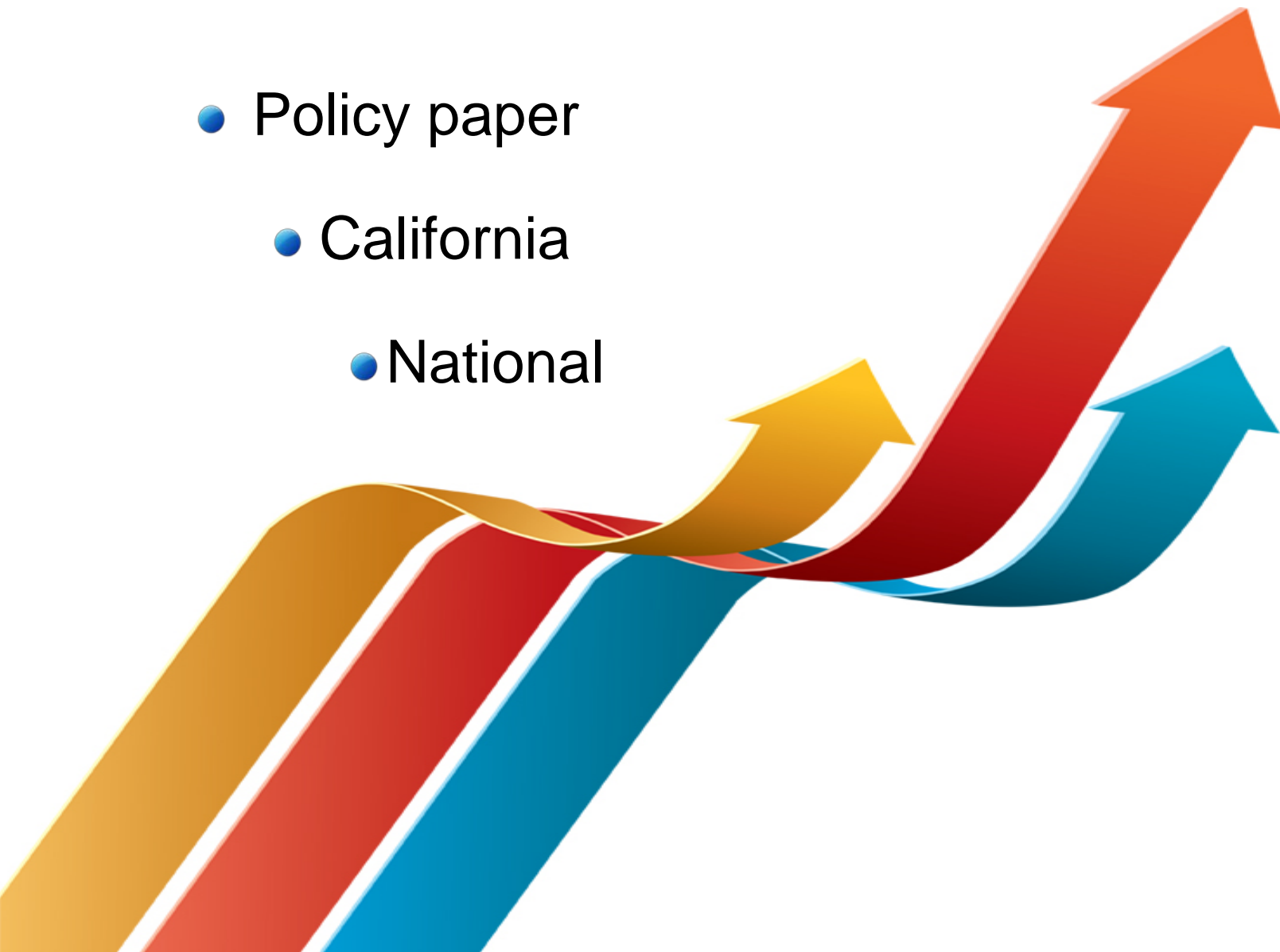
- CHA strategic planning  
(T for T; population health)/2013-2014
- CHA population health management/2015
- CHA/Regional Associations/2016
  - Removing barriers
  - Government payments
  - Patient safety/quality improvement
  - Analytics
  - Public policies
  - T for T<sup>2</sup>





# MOVING FORWARD

- Policy paper
  - California
    - National





# CREATING THE FUTURE

- Consensus
- Strategic advocacy
- Implementation actions
- Leadership





**THANK YOU**