

UNCERTAINTY CONTINUES IN THE HEALTH INSURANCE MARKETPLACE

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TODAY'S EVOLVING HEALTHCARE LANDSCAPE HAS FORCED MANY HOSPITALS TO RETHINK THEIR CHARITY CARE POLICIES AND SCALE BACK EFFORTS TO HELP ELIGIBLE INDIVIDUALS WHO HAVE NOT YET SIGNED UP FOR MEDICAID COVERAGE.



According to a June 5, 2014 update from the Congressional Budget Office (CBO), the CBO and the Joint Commission on Taxation estimate that 30 million non-elderly residents will be uninsured in 2016. The majority of these people will not be paying a tax penalty due to the growing number of exemptions from the Patient Protection and Affordable Care Act (PPACA) requirements.¹ Further compounding the issue, as of August 2014, 24 states had decided not to implement the Medicaid expansion in 2014.²

This creates a coverage gap for individuals with an annual income below 138 percent of the federal poverty level because the PPACA envisioned that this population would receive Medicaid, many of them will also not qualify for tax credits. This coverage gap creates additional uncertainty in an already uncertain health insurance marketplace, with millions of adults likely to remain outside the reach of the PPACA and have limited options for healthcare coverage.

What does this uncertainty mean for healthcare providers?

► UNCLEAR GUIDELINES LEAVE LINGERING QUESTIONS

In addition to anticipated coverage gaps, the final rules of the PPACA are not yet clear. Specifically, the case of *Halbig v. Burwell* challenges the legality of an IRS rule authorizing tax credits for the purchase of health insurance in federal exchanges. *Halbig* claims that the PPACA text only allows tax credits and subsidies for the purchase of insurance on exchanges that were established by the State under Section 1311.³ The underlying question is, "Are subsidies illegal in federally run exchanges?"

In July of this year, a three-judge panel for the U.S. Court of Appeals for the D.C. Circuit ruled in favor of the plaintiff, *Halbig*. Then, in August, the federal government filed for a rehearing en banc in this case.

The pending outcome of the rehearing creates additional uncertainty for healthcare providers. If the decision stands, five million Americans who received subsidies in the federally-run exchanges could be affected.

Until then, the question remains and individuals who received subsidies, and selected and enrolled in a health insurance plan in the marketplace will see an increase in premiums or be cut off.

Moving forward healthcare providers will need to monitor the pre-registration and financial clearance processes more closely to ensure these systems are securely in place and working. Assisting patients through the financial process, communicating expectations and responsibilities, and collecting at the time of service will all be critical to cash flow and providers' credibility.

► 90-DAY GRACE PERIOD CREATES COVERAGE CONFUSION

Healthcare providers are also facing challenges as they work to verify if coverage is applicable and in place for those covered through the marketplace. Specifically, many providers cite complications on account of the 90-day grace period where the carrier states valid coverage when the premium has not yet been paid.

According to the Department of Health and Human Services, eight million Americans were enrolled in a marketplace plan as of April 19, 2014. However, the exact number of those still enrolled remains unknown.

To avoid pitfalls associated with the 90-day grace period, organizations should check their processes, ensure timely follow up, and monitor and measure denials by health insurance plans. If the denial rate is greater than 3 percent of the overall claims submitted for one month, providers should consider performing detailed analysis and research to drill down to the root cause.

It is also important to note that American National Standards Institute and Electronic Data Interface codes have been created for plans purchased through the health insurance marketplace to track if a patient paid his or her premium (if coverage was purchased on

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▶ CONTINUED FROM PAGE 6

UNCERTAINTY CONTINUES

the exchange). Organizations should check if their systems and workflow processes accommodate these critical elements.

▶ NARROWING NETWORKS COMPLICATE THE PAYER MIX

It is also critical that providers closely monitor the continued trend among employers to shift more and more healthcare costs to employees. According to the research firm S&P Capital IQ, by 2020, 90 percent of American workers who currently receive health insurance through employers will be shifted to the exchanges.⁴ Providers can no longer assume that employees have good payments/coverage based on their monitoring of the employer group health insurance plan. Going forward, many employers will have deductibles as high as \$5,000 or more before the insurance payments take effect.

Today's evolving healthcare landscape presents an uncertain future for healthcare providers. However, there are steps they can take today to prepare for the future. Providers should fully understand the importance of financial clearance and communicating expectations and financial responsibility to patients, which will not only increase cash flow but also assist in monitoring and tracking payer denials. Organizations that plan now and allocate resources to safeguard against pitfalls will come out of today's stormy waters to see the clear skies ahead.

1 <http://www.cbo.gov/publication/45397>

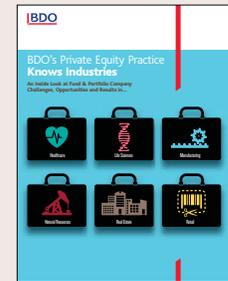
2 <http://www.washingtonpost.com/blogs/wonkblog/wp/2014/08/12/wonkbook-the-ever-expanding-medicare-expansion/>

3 <http://www.washingtonpost.com/news/volokh-conspiracy/wp/2014/07/08/halbig-v-burwell-the-next-big-obamacare-case/>

4 http://www.nytimes.com/2014/05/01/upshot/employer-sponsored-health-insurance-may-be-on-the-way-out.html?_r=0&abt=0002&abg=0

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NOVEMBER 2014

November 6-7
AICPA Health Care Industry Conference
 Bellagio
 Las Vegas

November 14-18
ACPE's 2014 Fall Institute
 Fairmont Scottsdale Princess
 Scottsdale, Ariz.

November 17
2014 Medicare Advantage Business Strategy Summit
 Hilton Alexandria Mark Center
 Alexandria, Va.

DECEMBER 2014

December 3-4
Forbes Healthcare Summit 2014
 Lincoln Center
 New York City

December 10-11
11th Annual AHCC Presents The Stakeholder Health Forum
 Sheraton Pasadena
 Pasadena, Calif.

JANUARY 2015

January 28-29
The 6th Annual Leadership Summit on Readmissions
 Hilton Atlanta Airport
 Atlanta

January 28-29
ACO Population Health Management Summit
 Hilton Atlanta Airport
 Atlanta

January 29-30
Post-Acute Care Annual Conference
 Hilton Waterfront Beach Resort
 Huntington Beach, Calif.

* Indicates that BDO representatives will be present at conference.