FORECASTING THE FUTURE OF U.S. HEALTHCARE: WHAT WILL STAY AND WHAT WILL GO?

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SESSION OBJECTIVES

• To get an update on the current status of the Affordable Care Act

• To identify potential scenarios of change to the health care system especially post-acute care and long-term services and supports

• To discuss practical next steps that providers of senior services can take to prepare for likely changes.
AGENDA

**TOPIC 1**
- STATE OF MASSACHUSETTS HEALTHCARE

**TOPIC 2**
- FEDERAL UPDATE

**TOPIC 3**
- STRATEGIC PRIORITIES

**QUESTIONS & ANSWERS**
TOPIC 1: STATE OF MASSACHUSETTS HEALTHCARE
THE LEGACY OF ROMNEYCARE

- Chapter 58 (Acts of 2006)
- Massachusetts leads the nation in health insurance coverage (2.8% of Mass population is uninsured compared with 9.4% nationally)
- Chapter 224 - Cost Containment Law
  - Establishes health care cost growth benchmarks
  - Transition to Alternative Payment Methods (APMs)

Source: Health Policy Commission 2016 Cost Trends Report
EARLY ADOPTION OF ALTERNATIVE PAYMENT MODELS IN MASS

- Participation in Medicare APMs in 2015*
  - Massachusetts: 38%
  - Nationwide: 20%

- Medicare Alternative Payment Models
  - Accountable Care Organizations (ACOs)
    - Pioneer ACO (5 started in Mass / 3 remained in 2016)
    - Shared Savings ACOs (11 based in Mass)
    - Next Generation ACO (Steward and Pioneer Valley)
  - Bundled Payments
    - Bundled Payments for Care Initiative (BPCI)
    - Comprehensive Care for Joint Replacement (CCJR)
    - Mandatory Bundle for Cardiac Episodes beginning July 2017
CONTINUED GROWTH IN MEDICAID

- MassHealth spending is now approximately 40% of the entire State Budget
- 1.9 million Mass residents enrolled (more than 1 in 4 residents)
- 85% of growth driven by enrollment
- Shift from employer sponsored insurance onto public coverage
MassHealth Program Spending (in billions)

Source: Executive Office of Health and Human Services January 26, 2017
COST CONTAINMENT STRATEGIES - BAKER ADMINISTRATION PROPOSALS

- Reinstate Employer Fair Share Contribution for employers with more than 11 employees
- Massachusetts Insurance Market Reforms
- Program integrity controls including implementation of Third Party Administrator (TPA) to manage LTSS
  - Selection of Optum as TPA for three-year contract
  - Includes prior authorization and utilization review for LTSS including Home Health, Adult Day, DME
- Restructuring MassHealth into Accountable Care Models
- Passive enrollment into SCO
November 4, 2016 Commonwealth received approval from CMS for a five-year, $52.4 billion waiver to restructure Medicaid, effective July 1, 2017.

- Allows for shift to Accountable Care Organizations (ACOs) for MassHealth population.
- Authorizes $1.8 billion over five years of Delivery System Reform Incentive Program (DSRIP) funds to support development of ACOs and community partners (behavioral health and LTSS).
- Authorizes $6 billion of safety net care payments over five years to hospitals and the health safety net for uninsured and underinsured and subsidies for consumers in obtaining coverage through the Connector.
DYNAMICS

- Many of the President’s policy agenda items require legislation
- Congressional republicans have their own agenda, “A Better Way”
- Their agendas don’t always overlap
- They aren’t always on the same timeline
CONGRESS VS. PRESIDENT’S PLAYBOOK

• “A Better Way” - Ryan/Republican Plan
  - Repeal ACA
  - Medicaid Reform
    • Block grants or per capita allotment
  - Medicare Reform
    • Unified Part A & B premium, deductible, OOP and cost sharing
    • Medicare Compare
    • Increase SSI age
    • Premium Support program for FFS and MA
  - Tax Reform

• Trump’s Contract with America
  - Repeal and Replace ACA/Obamacare
  - Require for every new federal regulation, two existing are eliminated

• Heritage Foundation Blueprint
CONGRESS BY THE NUMBERS

U.S. House
• 239 Rs, 193 Ds (as of Feb 8)
  - 3 vacancies
  - 100 Republican members in Medicaid expansion states
  - 40 Republican members that won’t vote for a second budget reconciliation bill on tax reform unless it also balances the budget over the next 10 years

U.S. Senate
• 52 Rs, 46 Ds, 2 Is
  - 1 vacancy when Jeff Sessions confirmed for AG
  - 51 votes needed for Budget reconciliation passage
  - 6-8 Senate Republicans who require a replacement plan before voting for ACA repeal
  - Vice President Pence is the tiebreaker
SENATE MUST APPROVE PRESIDENT’S AGENCY APPOINTMENTS

Health & Human Services Secretary: Rep. Tom Price
- Orthopedic Surgeon
- Former House Budget Chair
- Opposition to mandatory CMMI payment models, but supports for some patient populations
- Advocate for ACA repeal and replace

Confirmed Friday, Feb 10

Nominee to Head CMS: Seema Verma
- Consultant with a professional focus on Medicaid
- Unclear her knowledge of LTSS and Medicare
- Senate floor vote expected March 13
PRESIDENT’S SHORT TERM GOALS

Donald Trump’s Contract with the American Voter

What follows is my 100-day action plan to Make America Great Again. It is a contract between myself and the American voter—and begins with restoring honesty and accountability, and bringing change to Washington. On the first day of my term of office, my administration will immediately pursue the following:

Six measures to clean up the corruption and special interest collusion in Washington, DC:

• FIRST, I will announce my intention to renegotiate NAFTA or withdraw from the deal under Article 2205.
• SECOND, I will announce our withdrawal from the Trans-Pacific Partnership.
• THIRD, I will direct the Secretary of the Treasury to label China a currency manipulator.
• FOURTH, I will direct the Secretary of Commerce and U.S. Trade Representative to identify all foreign transactions that unfairly impact American workers and direct them to use every tool under American and International law to stop these abuses immediately.
• FIFTH, I will lift the restrictions on the production of $50 trillion dollars worth of American energy reserves, including shale, oil, natural gas and clean coal.
• SIXTH, I will the Obama Clinton roadblocks and allow vital energy infrastructure projects, like the Keystone Pipeline, to move forward.
• SEVENTH, I will cancel billions in payments to U.N. climate change programs, and use the money to fix America’s water and environmental infrastructure.

Five actions to restore security and the constitutional rule of law:

• FIRST, I will cancel every unconstitutional executive action, memorandum and order issued by President Obama.
• SECOND, I will begin the process of selecting a replacement for Justice Scalia from one of the 20 judges on my list, who will uphold and defend the U.S. Constitution.
• THIRD, I will cancel all federal funding to sanctuary cities.
• FOURTH, I will begin removing the more than two million criminal illegal immigrants from the country and cancel visas to foreign countries that don’t take them back.
• FIFTH, I will suspend immigration from terror-prone regions where vetting cannot safely occur. All vetting of people coming into our country will be considered "extreme vetting."

Affordable Childcare and Eldercare Act

Middle Class Tax Relief and Simplification Act

An economic plan designed to grow the economy by 4% per year and create at least $6 trillion new jobs through massive tax reduction and simplification. In combination with trade reform, regulatory relief and lifting the restrictions on American energy. The largest tax reductions are for the middle class. A middle class family with two children will gain a $5,000 tax cut. The current number of workers will be reduced from seven to three, and tax rates will be reduced to greatly simplify. The business rate will be lowered from 35% to 15%, and the trillions of dollars of American corporate money overseas can now be brought back at a 10% rate.

End the Offshoring Act

Establishes tariffs to discourage companies from laying off their workers in order to migrate to other countries and ship their products back to the U.S. tax free.

American Energy and Infrastructure Act

Leverages public-private partnerships, and private investments through tax incentives, to spur $1 trillion in infrastructure investment over ten years. It is revenue neutral.

School Choice and Education Opportunity Act

Redeems education dollars to give parents the right to send their kids to the public, private, charter, magnet, religious or home school of their choice. Ends Common Core and brings education supervision to local communities. It expands vocational and technical education, and makes two- and four-year college more affordable.

Repeal and Replace Obamacare Act

Fully repeals Obamacare and replaces it with Health Savings Accounts, the ability to purchase health insurance across state lines, and lets states manage Medicaid funds. Reform will also include cutting the red tape at the FDA: there are over 4,000 drugs waiting approval, and we absolutely need to spend the approval of life-saving medications.

On November 8th, Americans will be voting for this 100-day plan to restore prosperity to our economy, security to our communities and honesty to our government.

This is my pledge to you.
And if we follow these steps, we will once more have a government of, by and for the people.

LEARN MORE AT donaldjtrump.com/contract

Donald J. Trump

Your signature

continued from the front

continued from the back
EXECUTIVE ORDERS

1. ACA Executive Order: Authorizes HHS/CMS to waive, defer or grant exemptions to aspects of ACA that pose an undue burden.
   - Modifications can only be done via Administrative Procedures Act
   - Without agency leadership, in a holding pattern

Possible impact: Seek to have HHS/CMS re-examine QAPI and Compliance & Ethics portions of Rules of Participation
EXECUTIVE ORDERS (CONTINUED)

2. Regulatory Cost Order - 2 regulations repealed for every 1 new regulation.
   - Still must follow standard rule repeal processes and procedures
   - Applies to the 2017 Fiscal Year through November 30, 2017.
   - Budget neutrality of total cost within an agency not by provider type
   - Applies to guidances but not finalized rules
HERITAGE BLUEPRINT

• Balance the Budget While Reducing Taxes
  - Repeal ACA and its $1.3 B in taxes
  - Tax policy discusses eliminate unfunded mandates (e.g., RoPs?)

• Reform Entitlement Programs
  - Cap Medicaid and give states more flexibility in designing benefits and administering the program
  - Medicare Premium Support
  - Social Security: recognize increase in life expectancy, reducing benefits to sustain

• Reduce national spending growth to average of 1.7% vs. 5%
• Redirect domestic program resources to fully fund defense spending
ACA REPLACEMENT: TRUMP STYLE

The goal is, "Every single American has access to affordable health care coverage that will provide the highest quality health care that the world can provide." - Rep. Tom Price, HHS Secretary nominee at confirmation hearings

- Better than Obamacare
- Maintain coverage for those with pre-existing conditions and preventive care
- Continued coverage for Medicaid expansion population
- Resurrection of high-risk pools for preexisting conditions and high cost individuals
- Tax-free Health Savings Accounts
- Medicaid block grants
HOUSE ACA REPEAL AND REPLACE

- Released as the American Health Care Act (AHCA) to the public 3/7/17
- Two Parts
  1. Tax Elements
     - Passed by Ways & Means 3/9/17
  2. Health Insurance and Medicaid Policy elements
     - Energy & Commerce hearing began 3/8/17, passed out of committee 3/9/17
AMERICAN HEALTH CARE ACT OF 2017

- Medicaid Per Capita Cap
  - For appropriations beginning FY2019
  - Equals FY2016 Medicaid expenditures inflated by medical component of Consumer Price Index (CPI)
  - Categories Covered
    - Blind & Disabled
    - Elderly
    - Children
    - Medicaid expansion
    - Other Non-disabled, non-elderly, childless adults
Figure 10

Provider Rate Changes Implemented in FY 2014 and Adopted for FY 2015

States with Rate Increases

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States with Rate Restrictions

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NOTE: Provider payment restrictions include rate cuts for any provider or freezes for nursing facilities or hospitals. FY 2014 rates were had not been determined for hospitals, MCOs and nursing homes in Florida and for MCOs in Mississippi and Wisconsin at the time of the survey.

SOURCE: KCMU survey of Medicaid officials in 50 states and DC conducted by Health Management Associates, October 2014.
Share of Nursing Facility Residents with Medicaid as Primary Payer by State, 2014

US average: 63%
- <60% (16 states)
- 60-65% (20 states)
- >65-70% (9 states)
- >70% (5 states & DC)

SOURCE: Harrington, Carrillo, and Garfield, based on OSCAR/CASPER data.
AHCA OF 2017: MEDICAID REFORM

• Population size defined by average monthly number of enrollees on state CMS-64 report for a year by category.

• Medicaid waivers: 1115 and 1915 waiver expenditures shall be treated same as state plan dollars.

• Repeals enhanced FMAP (6%) for community attendant services
AHCA OF 2017: MEDICAID REFORMS

- Repeals *retroactive eligibility* beginning 10/1/17
- Allowable *Federal Home Equity Limits* cannot be increased by states
- Income-based Medicaid eligibility redeterminations every 6 months for Medicaid expansion population
AHCA OF 2017: OTHER PROVISIONS

- Repeals the Public Health and Prevention Fund
- Restores DSH funding
AHCA OF 2017: INSURANCE PROVISIONS

- Repeals cost sharing assistance to individuals in 2020
- Creates a Patient and State Stability Fund
  - States must apply to receive portion of $15B
  - Possible uses for dollars
    - Assistance for high-risk individuals
    - Assistance with out of pocket cost sharing
    - Promoting and/or paying for the provision of preventive services
    - Stabilization of the individual and small group markets
AHCA OF 2017: INSURANCE PROVISIONS

- Eliminates "Essential Health Benefits" requirement, allowing for "skinny" plans to return to the market.

- **30% penalty** applied to insurance premium if no coverage for 63 days or more in past year (repeals individual mandate).

- Repeals employer coverage mandate and penalties.

- **Age rating** of premiums: Allows plans to charge up to 5 times more for older adult premiums than those for younger adults.
ACA UNTouched For Now

- Annual Medicare payment updates reduced by productivity adjustment factor
- Hospital readmission penalties
- Value-based Payment for PAC
- ACOs and bundling
- QAPI and governance/transparency requirements
- Financial Alignment demonstrations
- Preventive care coverage under Medicare
- Closing of Part D donut hole
- Physician face-to-face requirement to certify home health eligibility
- Home health demos: Independence at Home, Money Follows the Person
ACA REPEAL & REPLACE: QUESTIONS

• If FY 2019 Medicaid dollars are based upon FY2016 spending plus medical CPI-U, what happens if a state’s received new Medicaid dollars in 2017?
• Under Medicaid Reform, states are to have new flexibility but no longer required to cover certain services. Will states continue to pay for nursing homes?
• What will be the impact on LTSS providers of the loss of presumptive eligibility?
• What is the impact on provider taxes? If no more FMAP, what happens to IGT and UPL?
CONSIDERATIONS: MEDICAID REFORM

- Less money for Medicaid

- Roughly 2/3 of nursing home care is paid for with Medicaid dollars
  - Will Medicaid continue to cover this service?

- Does this eliminate need for HCBS waivers?

- Will eligibility change for seniors?

- For dual eligible, Medicaid pays Medicare premiums and cost sharing. What if Medicaid runs short, could seniors lose their Medicare too?
WHAT WILL SENATE DO?

• Sen. Mitch McConnell says Senate will vote on House bill
  – Can’t lose more than 2 Republican votes to pass

• Already four senators questioning the approach: Sens. Rob Portman (Ohio), Shelley Moore Capito (W.Va.), Cory Gardner (Colo.) and Lisa Murkowski (Alaska). In a letter to Sen. Mitch McConnell:

  “We are concerned that any poorly implemented or poorly timed change in the current funding structure in Medicaid could result in a reduction in access to life-saving health care services. “

  “We believe Medicaid needs to be reformed, but reform should not come at the cost of disruption in access to health care for our country’s most vulnerable and sickest individuals”

• Other Senators are questioning the pace at which the bill is being moved through the process, noting they will not let the House ram this thing down our throats.
MEDICAID REFORM
A BETTER WAY ON MEDICAID

- Per capita allotments
- State waiver initiatives to be budget neutral for the federal government
- Block grant option for states not selecting per capita allotment
  - Previous estimates have shown every state receiving less federal Medicaid funding under this plan
TWO OPTIONS BEING CONSIDERED

**Block Grants**
- Flat amount based upon current spending (may exclude ACA Medicaid expansion dollars)
- Slight annual inflation factor applied
- No adjustments for more people or new costly medications, etc.
- States allowed to set benefits and eligibility
- Goal to reduce Medicaid spending by $1T over 10 years

**Per Capita Cap Allotment**
- Begin in 2019, using 2016 base year adjusted for inflation
- Per capita amount by eligibility categories
- Allotment = # of eligible x per capita amount for eligibility category
- Phases out enhanced FMAP for Medicaid expansion population
HERITAGE: MEDICAID

- Separate Medicaid into three categories: disabled, elderly, and "able-bodied"
  - Different benefits by category
  - Finance each category within an aggregate budget cap/limit
  - Separate stand alone LTC benefit financed on a per capita basis
  - Tighten eligibility standards for the elderly to target most vulnerable
A BETTER WAY: MEDICARE

- Combine Medicare Parts A & B with single premium, deductible and uniform 20% cost sharing
- Demonstration to test balance billing
- Premium Support option to begin in 2024
- Increase Medicare age of eligibility similar to SSI
- Value-based design for Medicare Advantage plans
- Limiting Medigap coverage of beneficiary out of pocket costs
HERITAGE FOUNDATION: MEDICARE

- Create Medicare Premium support program
  - Integrate LTSS for low-income elderly into the program
- Merge Medicare Part A & B with one premium, single deductible and streamlined cost sharing
- Gradually increase Medicare age of eligibility to 68 and then index to life expectancy
- Make care delivery reform models voluntary for providers
SENIOR HOUSING
AFFORDABLE SENIOR HOUSING

• Congress must finish the FY17 HUD funding bill and include sufficient funding to renew housing contracts and expansion of the Rental Assistance Demonstration program to include 202 program.

• Recent leaks of White House thinking on HUD cuts for next fiscal year show consideration of a 24% cut to the Section 202 account, deep cuts to Section 811, public housing, and voucher programs, and elimination of the HOME and Community Development Block Grant programs.

• Senators and Representatives must hear that, if such a request from the White House does makes its way to the Hill, Congress must oppose ANY cuts to housing programs, which need increases to maintain housing for currently assisted residents.
ADMINISTRATIVE AND CONGRESSIONAL ACTION TO DATE
ACTIONS

• January 12 and 13: Senate and House, respectively, pass 2017 budget resolution to instruct committees to begin writing the repeal of the ACA (*This process allows for a simple majority to approve the final legislation*)

• January 20: President signs Executive Order related to Repeal of ACA

• Feb 10: Confirmation of HHS Secretary, Tom Price

• March 9: House committees pass ACA repeal & replace legislation

• March 13: Senate vote to confirm Seema Verma, CMS Administrator
KEY CONGRESSIONAL DATES

- **March 15:** Raise the debt ceiling deadline
- **Week of March 20:** House floor vote on ACA Repeal & Replace expected
- **April 28:** 2017 Appropriation continuing resolution expires
- **Sept 30:** CHIP reauthorization deadline, FDA user fee agreements expire
Social Impact:
Use our voice to advance solutions so that all people can age with choice and dignity
WHAT LEADINGAGE IS DOING?

• Meetings on the Hill
  - Medicaid per capita caps
  - Rules of Participation
  - HUD funding
• Our issue papers: http://leadingage.org/legislation
• Finalizing white papers on LTSS Finance Reform and Integrated Service Delivery
• PEAK Lobby Day - March 22
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QUESTIONS & ANSWERS

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