

## MEGATRENDS FOR THE 21ST CENTURY



This list of megatrends was presented by Ropes & Gray, a Boston, Massachusetts law firm, during a 1999 conference on Brave New World of Healthcare:

1. **Community vs. Providers:** The emerging power of the public
2. **Hospitals vs. Doctors:** The race for the gravy
3. **Primary Care vs. Specialty Physicians:** Control of the patient
4. **Managed Care Organizations vs. Providers:** Control of the premium dollar
5. **Academic Medical Centers vs. Community Hospitals:** The search for a new model
6. **Government vs. Providers:** The complexity of intrusion
7. **Profit vs. Non-Profit:** The trump card of capital access
8. **Quality vs. Price:** The measure of success
9. **Health Status vs. Health Care:** In sickness or in health
10. **One vs. Another:** The spread of internal dissension and cultural dysfunctionality

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## MID YEAR REPORT: 2010 vs. 2011



Foreign events dominated the news for the first half of 2011 with the death of Osama bin Laden and the Arab Spring. However, the issue of most concern in the country is the economy. Many people have less, institutions have less, and the government owes more. Federal deficits are a trillion plus dollars. With the cost of implementing health care reform under scrutiny, hospitals are right in the middle of the debate. Anticipating reform driven changes, hospitals and hospital systems have begun positioning to better serve their patients, and survive and thrive under expected reduced reimbursement, especially from Medicare. Trying to achieve a “break even” from Medicare reimbursement from operations is an internal goal many are working towards. At an October 2010 Arizona meeting attended by AMS and similar firms from 20 states, the consensus was health care reform would mean all payors would morph to Medicare rates, a scenario most of their hospitals were ill-prepared for. As changing payment levels are on the horizon, with more emphasis on paying for quality, meaningful use of electronic health records, and nurse-to-patient ratios, organization positioning for the future is on everyone’s mind.

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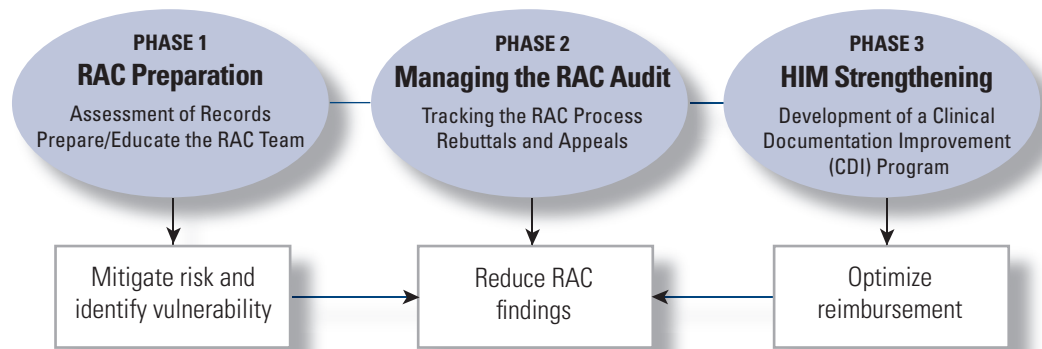
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**But is health care reform here to stay?** The first milestone will be the federal election next year. The change from one-party leadership that occurred in Washington after the 2010 mid-term elections has already affected health care reform. The 2012 presidential election will represent a mandate in health care reform, with the expectation that the republican candidate will run on a promise to repeal the Patient Protection and Affordable Care Act, but “protect” Medicare.

No matter the result of the federal elections, concerns exist regarding the concept of ACOs — many thought-leading, front running health care organizations have shunned applying for demonstration projects. Yet, this concern is about the payment and incentives; the adequacy of reimbursement, not necessarily the concept of ACO bundling and coordinating patient care. Time will tell where this ends up.

**AMS PUBLISHES ACHE ARTICLE**

Alan J. Goldberg and Linda M. Young have written an article, “What Every CEO Should Know About Medicare’s Recovery Audit Contractor Program.” This article appeared in the May-June 2011 issue of the *Journal of Healthcare Management*, published by the Foundation of the American College of Healthcare Executives. In this trends column, the authors provide an overview of the program, key RAC review and appeal issues for providers, and advice for monitoring this looming element of the revenue cycle. The article is available on our website, [www.aboutams.com](http://www.aboutams.com).



**HOW LITTLE THINGS HAVE CHANGED BETWEEN 2010 AND 2011**



2010	2011
90 million gallons of oil spilled in Gulf of Mexico	Japan earthquake, tsunami, and nuclear meltdown
General Motors post profits after emerging from bankruptcy, but still many challenges	GM profits improve
Unemployment almost at 10%	Unemployment improved to over 9%
Private sector creating jobs again, but not enough to sustain a recovery	Same as 2010
Massachusetts is national model for health care reform	Massachusetts health care reform achieves 98% rate for health insurance coverage for residents
Maine lobster is cheap!	Maine lobster is still cheap!