



Quote: "Where your talents and the needs of the world cross, there lies your calling." Aristotle

# SAAHU NEWS

## PRESIDENT'S MESSAGE:

Dear SAAHU Members and Friends:

PricewaterhouseCoopers publishes an annual study that looks at issues it expects to affect the health care industry. Here's what is predicted for 2010:

- Intense industry wide efforts to reduce health care costs will take hold.
- If Congress passes health system reform, major adjustments will be made to the entire industry.
- Physicians & hospitals will scramble to adopt health information technology.
- A greater emphasis will be placed on Medicare fraud and abuse recovery.
- The technology and telecommunications sectors will become leading players in health care.
- Big pharma's role will grow.
- Physician groups will join health systems.
- Alternative care delivery models will emerge.
- H1N1 will elevate emphasis on readiness of the public health system for outbreaks.
- Community health will be a new social responsibility.

Discussion topics with our clients, friends, family and prospective customers are changing and we must change with them. There is no better time to participate, contribute and bring your peers to share insights, keep current with our industry and find your purpose through SAAHU. Our knowledge is our power!

Yours in Service,  
Jaki Turner, President, SAAHU  
South Atlanta Association of Health Underwriters

## Committee Updates

**COMMUNITY SERVICE:** *Wii games went over BIG at the Community House recently. Of course, the needs don't end but magnify in the current environment. Bring your contributions to the March meeting, please. ( Lisa Castellaw- Chair)*

**LEGISLATIVE/MEDIA:** *Excerpts from Senator Tom Golden and our lobbyist Michael Wardrip can be found on Page 5. (Thanks to Gary Monteith and Donna Hill.) Did you read the latest Gold Dome Report???? If not, for a worthy read try this link [http://www.gahu.org/downloads/Gold\\_Dome\\_Report/gold\\_dome\\_report\\_2010\\_02\\_12.pdf](http://www.gahu.org/downloads/Gold_Dome_Report/gold_dome_report_2010_02_12.pdf)*

**FUNDRAISING:** *The recent raffle was well received! The winner of the Netbook received accolades at the January Symposium. Thanks to all! ( Special Thanks to Ron Hatch -SAAHU 'FUN d 'Raiser.) Tom Beck—Certificate to Best Buy Randy McDaniel—2 night stay at the Clarion*

Volume 8 Issue 8  
SPRING

*DON'T MISS SYMPOSIUM PICTURE  
ON PAGES 5 & 6!*

## UPCOMING EVENTS

### Meeting Dates

**March 18**

**Speaker: David Smith, JD, VP**

Financial Directions Group  
**RE: HIPAA/ARRA/HiTech - Penalty Effect on Agency Practices**

**Sponsor: Cigna**



**April 15**

**Speaker:**

**Sponsor: Coventry Healthcare of GA.**



**May 20**

**Speaker:**

**Sponsor: Admin America**



# FACTOIDS

## Employee contribution to premiums and out-of-pocket costs each to increase 10% in 2010

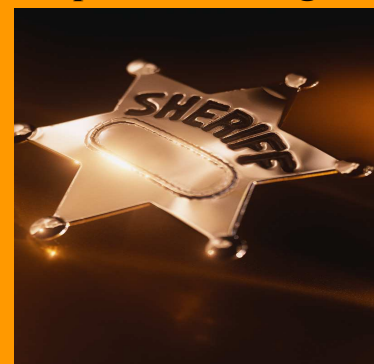
According to a new study released from Hewitt Associates, the average total health care premium per employee for large companies will increase from \$8,607 in 2009 to \$9,120 in 2010. The amount employees will be asked to contribute toward this cost is \$2,085, or 23 percent of the total health care premium. This is up 10 percent from 2009, when employees contributed \$1,890, or 22 percent of the total health care premium. Average employee out-of-pocket costs, such as copayments, coinsurance and deductibles, are expected to increase to \$1,938 in 2010, also up 10 percent from \$1,766 in 2009.

Source: Hewitt Associates, September 29, 2009.

**There's a new *HIPAA Sheriff* in town.    Avoid Contact    Register for the March meeting.  
Bring Your Peers- Learn what YOUR Practice must do to avoid the law.**

The mammoth economic stimulus legislation signed by President Obama on Feb. 17 contains the most significant changes to federal health care privacy and security law since the enactment of HIPAA. The Obama Administration pledged stronger privacy enforcement and “put its money where its mouth is” by funding stronger enforcement, setting far stiffer penalties for noncompliance, and tightening a number of HIPAA compliance provisions, with:

- New requirements related to “covered entities” and “business associates,”
- A strong new federal security breach notification law,
- New guidance for satisfying the “minimum necessary” standard,
- Tighter rules on when PHI can be used for marketing purposes,
- New rules for fundraising communications,
- New measures for accounting for PHI disclosures in EHRs,
- Stiffer penalties for noncompliance ... and heightened federal enforcement



### HHS Civil Monetary Penalties for HIPAA Violations

Violation category	Source: Employee Benefit Advisor, January 2010	Civil monetary penalty per violation	Cap for all identical violations per calendar year
The covered entity did not know of the violation		\$100-\$50,000	\$1,500,000
The violation was due to reasonable cause and not willful neglect		\$1,000-\$50,000	\$1,500,000
The violation was due to willful neglect, but was corrected within 30 days of discovery		\$10,000-\$50,000	\$1,500,000
The violation was due to willful neglect, but was not corrected within 30 days of discovery		\$50,000	\$1,500,000

*Quote*  
 "The greatest danger" for HIPAA covered entities is having policies and procedures no one is following. "A policy on a shelf is not going to be very helpful -- it won't be helpful in protecting privacy and security, and it won't be helpful in responding to an investigation....Having procedures in place, training people in those procedures, and taking action when you find a problem -- that's the best position you can be in."

-- Richard Campanelli, former director of the HHS Office for Civil Rights and now an attorney

# Cutting costs tops health industry to-do list for 2010

*The recession drove money pressures last year, but the stimulus act and reform will be the driving forces this year, according to a recent report.*

A year ago, as the nation was entrenched in the greatest financial downturn since the Great Depression, health care organizations were forced to cut costs and find ways of increasing revenue as the rates of uninsured and bad debt took a dramatic leap. In 2010, health care organizations will still be cutting costs. But it won't be for reasons of survival. It will be because of the government's involvement and investment in the industry, according to an annual report issued by PricewaterhouseCoopers.

About half of the predictions in PricewaterhouseCoopers' annual health industry predictions report, "Top 10 health industry issues in 2010: Squeezing the juice out of healthcare," were driven by the American Recovery and Reinvestment Act, which pumped more than \$147 billion dollars into the health care system, and the promise of health system reform, expected to cost the federal government close to \$1 trillion. "Since 2009 ... the role of government, particularly in terms of how much money is being put into health care, has changed radically," said David Chin, MD, principal of the health care advisory practice group of PricewaterhouseCoopers, who helped draft the report. "It's totally understandable ... that when the government puts more money into an industry, it expects more accountability," he said.

Due to this increased government scrutiny, the addition of more agencies and grant programs, as well as reimbursement and pricing changes, topped the report's list of predictions. Increased efforts to catch and prevent Medicare fraud and abuse also are expected in 2010. But cost controls won't be the only lasting impact of health reform, the report said. Methods of care delivery also are expected to evolve.

Because the reform debate has centered mostly around insurance coverage for more Americans, researchers expect access to become an issue. They predict that patients will seek alternative care delivery models such as on-site employer clinics, retail clinics and telehealth solutions.

Massachusetts is often looked to as an example of what more insurance coverage might mean to access on a national level. When the state passed a law in 2006 requiring all individuals to carry health insurance, it created an access issue that made it a hotbed for alternative care models. Researchers at PricewaterhouseCoopers expect that trend to become a national one if health system reform moves forward as expected.

Telecommunication companies are expected to take a leading role in health care delivery, along with technology companies. Although these alternative delivery models are expected to emerge, it will be a few more years before they become mainstream, Dr. Chin said. He said the biggest health information technology objective this year will be connectivity between physicians and hospitals. One driver of this connectivity is the increasing number of hospital-employed physicians, a trend that has been taking hold for some time and is predicted to continue with great speed this year.

The health IT investments that facilities make this year will lay the groundwork for more telehealth activities in the future, Dr. Chin said.

Also among the predictions: Big pharmaceutical companies will grow to become full partners in health care delivery teams. Because heavily marketed drugs aren't the cash cow they once were for the big pharmaceutical companies, many were forced to diversify through mergers and acquisitions, a prediction PricewaterhouseCoopers made last year that came to fruition. These mergers have led to the companies taking on a larger interest in care outcomes.

One example of this evolving role is a recently announced partnership between health insurer Cigna and the pharmaceutical company Merck. When diabetic patients taking two of Merck's top anti-diabetic drugs improve A1C levels, they earn a rebate from Cigna for their medications for the next year. Another H1N1 outbreak this year also is expected to change the way public health officials, employers and health care organizations prepare for pandemic outbreaks. And community health is expected to become a "new social responsibility," according to the study.

Of the nine predictions PricewaterhouseCoopers made last year, Dr. Chin said one that didn't come true was the conversion to ICD-10 codes. The government's extension of the deadline to convert resulted in many practices and hospitals not making the transfer.

He also said the prediction that genetic testing would reach a price point that would make it available to the masses didn't quite reach the mark either. But significant strides in new, affordable products were made in that industry



These days, there's a good chance that your personal physician won't care for you if you are hospitalized. In some cases, primary care physicians are opting to stay out of the hospital; in others, hospitals simply insist that such care be handled by a hospital-based physician, or hospitalist.

These doctors work in collaboration with (or sometimes for) the hospital. They forgo the practice of outpatient medicine, choosing to care exclusively for acutely ill, hospitalized patients. The vast majority are trained in internal medicine, although some have a background in family practice or pediatrics.

Use of hospitalists has grown increasingly popular over the last 15 years; in fact, hospital medicine is now the fastest-growing medical specialty in the United States, says the Society of Hospital Medicine. In 1996, there were only a few hundred hospitalists scattered across the country; currently, the organization estimates that there are more than 30,000. This trend could ultimately free up more primary care physicians to do what they do best -- keep us out of the hospital -- while streamlining the hospital-care experience.

**Different skills** Traditionally, primary care physicians such as internists and family practitioners have tended to their patients both inside and outside of the hospital. Delivering care in two settings, and doing both well, isn't easy. Commuting between the office and the hospital creates obvious logistical problems, and working out of two locations makes it impossible for primary care doctors to be available to their hospitalized patients all of the time. Because they often aren't on hand when problems crop up, emergencies may have to be dealt with over the telephone or handled by doctors-in-training who staff the hospital.

As medical care has become increasingly more complex, some doctors have found they can't keep up. Caring for patients in both the in-patient and outpatient settings simply requires knowing too much. The shift toward hospital medicine began, at least in part, as a response to these types of difficulties. Unquestionably, it solves many of them. Hospitalists are on site round-the-clock and are readily available to patients. Because they focus exclusively on caring for the sickest patients, hospitalists are expert at it. It's a case of practice makes perfect.

This new model of care offers certain clear benefits. For starters, hospitalists help reduce medical costs by modestly shortening hospital stays. A study published in the New England Journal of Medicine in 2007 showed that patients overseen by hospitalists were discharged about half a day sooner than those cared for by family physicians and internists. A number of studies show that hospitalists adhere to established treatment guidelines more closely than their primary care counterparts. Patients suffering from a [heart attack](#), for instance, are more likely to receive aspirin when they're admitted to the hospital and be discharged on medications called beta-blockers. Both these interventions have been shown to improve outcomes following a heart attack and are widely recognized as the standard of care.

Whether or not patients treated by hospitalists actually fare better, however, is less clear-cut. "The evidence tips towards the fact that hospitalists improve quality," says Dr. Bob Wachter, chief of the Division of Hospital Medicine at [UC San Francisco](#). But the effect isn't overwhelming. In fact, most studies show little difference in clinical outcomes between patients overseen by hospitalists and those cared for by their primary care doctors.

Transitions between the hospital and home are perhaps the Achilles' heel of hospital medicine. Care becomes fragmented as patients are handed off from hospitalist to their primary care doctors, and patients can become confused about who's in charge.

**Let's talk -- or not** Communication and coordination are critical to a smooth and safe transition between settings -- and doctors. But things don't always happen the way they should. A 2007 study published in the Journal of the American Medical Assn. found that direct communication between hospital physicians and primary care doctors occurs less than 20% of the time. Typically, primary care physicians rely on written discharge summaries for information about their patients' hospital stay. Unfortunately, these summaries frequently lack important details such as diagnostic test results and a list of discharge medications. Hospitalists say patients seem largely willing to accept the trade-off -- that they'll be cared for by an unfamiliar doctor but one who can be by their bedside. "Given the forces at play, I think people understand that it's a more logical way of doing things," says Wachter.



## MEMBERS- Reach Out to Your Carriers to Sponsor Us!

Contact: Charli Smith, Programs Chair, fax 866 -393-7130 or Dan Trzos, Programs Co-Chair, 404.920.2210

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Table	X	X	X	X (2)

## Legislative Update:



**Healthcare Reform:** The issue of healthcare reform has been at the top of the political agenda at the federal level for most of the past year. Recently, legislation was introduced in the Georgia Senate that would provide consumers with some health insurance protections at the state level.

**SB 330** would enable parents to keep their dependents on their health insurance plan up to age 25, even if the dependents are not full-time students, and would make it easier for small businesses to offer group health insurance to employees by allowing

them to pool their resources with other businesses to lower the cost of coverage. **SB 331** would prohibit insurers from imposing a cap on the amount of lifetime benefits a policy holder can receive and would prohibit insurers from canceling a policy because of a misstatement or omission by the policy holder in the original application, unless the misstatement directly relates to the illness that produced the claim. This applies only to 'small' employers entering into some 'arrangement'.

Another issue you hear a lot of comment on, especially out in political events is **Cross-State Purchase of Health Insurance**. Senator Judson Hill and Majority Leader Chip Rogers are introducing a bill. This Interstate Insurance bill is **SB 309**.

There is also a considerable discussion of **Utah's version of a market exchange** vs. something like the Massachusetts model. Utah is looking at streamlining the risk-adjustment methods in use there to make their model more viable and there is likely going to be some legislation to look at that model.

A draft final report from the CMS approved **High-Risk Pool** study that DOI has been conducting is in the hands of reviewers at DOI. We assume the new federal health reform legislation will contain resources for HRP's. There is a new grant program for reinsurance pools that opens in March this year. In addition to that, the **Idaho Reinsurance Pool** is being looked at as a model for a possible solution for uninsurables. How long are HRP's to be a part of the landscape if guarantee issue and pre-existing coverage is passed by Congress. Regardless of their long term utility, Georgia has been needing a solution in this area ever since HIPAA and even before.

There will also be a **constitutional amendment bill that challenges the federal healthcare legislation**.



Dear SAAHU Chapter Members:

For the past 17 years GAHU has sponsored a raffle with 50% of each ticket price going to the selling Chapter. These funds are used by the local chapters to help offset some of the expense incurred by their members that attend Capitol Conference. The prizes this year are the best GAHU has ever provided. Your friends and clients will be very appreciative in being asked to purchase an opportunity to win one of these four (4) great prizes. Please see me or one of our other Board Members to purchase tickets at one of our upcoming meetings or be contacting our Chapter Treasurer, Mark Phillips, if you wish to utilize credit card for purchase. Price per ticket is \$25.00.

1st Prize—1 week stay at Resort at World Golf Village St. Augustine, FL plus 4 tix GA/FL Game

2nd Prize—1 week in Cozumel

3rd Prize—1 week at Myrtle Beach, SC

4th Prize—2 night stay at the Ritz Carlton Reynolds Plantation with one round of golf for 4

Drawing to be held at AAHU Monthly Meeting on April 16, 2010 Cobb Galleria.

Yours in Service,

Jaki Turner, President, SAAHU

South Atlanta Association of Health Underwriters



