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There is something unique about 2016 and it could impact healthcare in more ways than we can imagine. Yes, I do mean Presidential Election 2016! While we can all agree to disagree on what some of the candidates have proposed so far, we all know that the landscape will change significantly after November 2016. Having said that, our industry is rapidly changing on many fronts - be it ASC space, wearable healthcare devices, hospital reimbursements or ICD 10. We probably have had more changes (aka disruptions) than we would have wanted! Here is a snapshot of a few recent developments

### Health spending growth rate surges to 5.3% under ACA

The Affordable Care Act expanded health coverage to millions of Americans in 2014. Because more people had insurance to pay for healthcare services, demand and spending predictably went up more quickly. The U.S. healthcare tab topped \$3.03 trillion in 2014, up 5.3% from 2013, according to figures from the Office of the Actuary, an independent arm of the CMS. The amount spent on each person averaged \$9,523 last year, an increase

## Industry Buzz

### Rise of Mobility in Healthcare

Mobility in healthcare spending is projected to reach \$5.4 billion this year, according to an IDC Health Insights report. The global medical device and mobile health-monitoring market is expected to grow at over 43% per year (CAGR), exceeding \$8 billion in 2019. Healthcare organizations that support mobile health adoption for their patients can help improve chronic disease management and improve the overall quality of care.

For

More: <http://mhealthintelligence.com/news/medical-device-and-mobile-health-market-to-reach-8-billion>

### Rural Hospitals Under Pressure: 673 rural hospitals vulnerable to closure (Feb 9, 2016)

Based on a study by iVantage Health Analytics (a firm that compiles a hospital strength index) more than 60

of 4.5% year over previous year. Healthcare represented 17.5% of the nation's gross domestic product in 2014, up from 17.3% in 2013. Now the tide is slowly turning, although actuaries and experts don't expect health expenditures will return to the days of double-digit yearly growth.

Prescription drugs only account for 10% of healthcare expenses, but spending on them increased too by 12.2% in 2014. The prices of drugs like Harvoni are expected to go down the longer they are on the market, but many other new classes of costly drugs could keep spending high. A vast majority of Americans believe drug prices are unreasonably high though - according to a Kaiser Family Foundation survey.

For

more: [www.modernhealthcare.com/article/20151202/NEWS/151209970](http://www.modernhealthcare.com/article/20151202/NEWS/151209970)

## ASC Update - Interesting Developments

**State of the Industry:** There are sweeping trends in the healthcare industry impacting ASCs as well. Examples include:

- **Mergers in Insurance Companies**
- **More Private Exchanges:** Inflation in medical costs is driving an increase in Private Exchanges. There are around 13 million Americans purchasing insurance on private exchanges today, whether through their employer or independently. A few of the big companies are giving employees an allowance to shop for the plan that works best for them on a Private Exchange.
- The physicians willing to purchase ownership in ASCs are already there, and hospitals are employing the others. There is a lot of pressure on independent practices and we will see more ASC to HOPD conversions.

rural hospitals have closed since 2010 and another 673 rural hospitals across the nation are vulnerable to closure.

Highlights of the study:

1. The 673 rural hospitals vulnerable to shutting down are located across 42 states.
2. Southern states have especially high rates of vulnerability when compared to their total number of rural facilities. States in this region with high rates of vulnerability include Mississippi (79 percent), Louisiana (58 percent) and Georgia (53 percent).
3. Sixty-three percent of the hospitals vulnerable to closure are located in states that have not expanded Medicaid.
4. Sixty-eight percent of the hospitals vulnerable to closure are critical access hospitals.
5. If the 673 vulnerable hospitals were to shut down, 99,000 healthcare jobs in rural communities would be lost, and it would result in an estimated \$277 billion loss to the GDP.

## Issues Affecting Physicians in 2016

1. **Insurance mergers.** The nation's largest health insurers have proposed mergers that would reduce competition in the health insurance market. If approved, this consolidation would have a damaging impact on patients and physician practices by reducing health care access, quality and affordability.
2. **Prescription drug costs.** The cost of prescription drugs has soared in recent years, making it challenging for patients to afford their necessary medications. Pharmaceutical spending growth has

- The large physician groups are seeing a resurgence of power and control in their markets and large physician groups are on the rise all over the country.

### CMS Finalizes ASC Payment and Policy Changes

CMS has finalized the **Calendar Year 2016 Hospital Outpatient Prospective Payment System and ASC Payment System** changes. The CY 2016 OP/ASC final rule updates Medicare payment policies and rates for hospital outpatient departments (HOPDs), ASCs, and partial hospitalization services provided by community mental health centers (CMHCs), and refinements to programs that encourage high-quality care in these outpatient settings. Approximately 4,000 hospitals and 60 CMHCs are paid under the OP/ASC, while approximately 5,300 ASCs are paid under the ASC payment system. The OP/ASC provides payment for most HOPD services, including partial hospitalization services furnished by HOPDs and CMHCs. OP/ASC payment amounts vary according to the Ambulatory Payment Classification (APC) group to which a service or procedure is assigned.

- For CY 2016, the CPI-U update is 0.8 percent, and the MFP adjustment is 0.5 percent. The MFP-adjusted CPI-U update factor is 0.3 percent.

Another interesting trend worth mentioning is that Meaningful Use growth has slowed in the ASC industry.

For

more: [www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-10-30-3.html](http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-10-30-3.html)

### National Electronic Health Record Survey - 2014

In 2014, 74.1% of office-based physicians had a certified electronic health record (EHR) system, up from 67.5% in 2013. The HITECH Act of 2009 gave

shown no signs of abating. In November, physicians voted at the 2015 AMA Interim Meeting to convene a task force and launch an advocacy campaign to drive solutions and make prescription drugs more affordable.

3. **EHR Meaningful Use program.** This burdensome regulatory program is scheduled to move forward next year, following the Centers for Medicare & Medicaid Services' (CMS) release of the meaningful use Stage 3 final rule late in 2015. The medical community immediately called on policymakers to put physicians back in control of their practices and put patients before bureaucracy after the rule was released and will continue these efforts this year.

4. **Provider networks and balance billing.** Insurer networks are expected to continue narrowing, and out-of-pocket expenses for insured patients will continue to increase. In the face of these trends, the AMA will continue to work with states, the Department of Health and Human Services (HHS) and other groups to protect patients' access to care and seek solutions to unanticipated out-of-network bills while preserving incentives for insurers to contract and physicians' rights to fair payment.

5. **Telemedicine.** Already a growing trend in care delivery, telemedicine will see more widespread use in the upcoming year. The AMA intends to advance the Interstate Medical Licensure Compact of the Federation of State Medical Boards, which facilitates state licensure for telemedicine.

eligible physicians monetary incentives to adopt a certified EHR system (2) and may be one of the reasons for the continued rise in physician adoption of these systems.

i. The percentage of physicians who had a certified EHR system ranged from 58.8% in Alaska to 88.6% in Minnesota

ii. In 2014, 32.5% of office-based physicians with a certified EHR system were electronically sharing patient health information with external providers.

iii. The percentage of physicians with a certified EHR system electronically sharing patient health information with external providers ranged from 17.7% in New Jersey to 58.8% in North Dakota.