HFMA Lone Star Summer Institute

A Clash of Cultures - A Brief Look at Ethics and Incentives in Healthcare

Martin Ostensen, JD, MBA, MHA
Assistant Professor, School of Public Health
University of North Texas Health Science Center
August 18, 2017
CFOs name top 6 challenges in 2017
Written by Brooke Murphy | November 15, 2016 | Print | Email

Maintaining optimal financial performance amidst regulatory uncertainty is a key challenge hospital CFOs look to tackle in 2017.

Healthcare leaders explored financial challenges their organizations face in 2017 during a panel discussion at Becker's Hospital Review’s 5th Annual CEO + CFO Roundtable Nov. 7 in Chicago.

Here are six challenges panelists identified.

1. **Combat volume leakage.** As commercial and government payers continue to reduce reimbursement rates, provider organizations need to treat a larger volume of patients to break even. This is becoming increasingly difficult as regional healthcare competitors step up efforts to attract consumers, says Mark Anderson, CFO at Land  Regional Medical Center in Zachary, La. "Competitors in the area are fighting for our patients. Our strategies in 2017 revolve around driving volume to our hospital as reimbursement declines," Mr. Anderson says.

2. **Smart expansion.** Mergers, acquisitions and affiliations have become important tools in a hospital's strategic wheelhouse. In Northern California in Roseville are expanding their footprint to encompass and control the entire continuum of care. "We're identifying strong rural health clinics and acute care settings we could potentially affiliate with as part of our smart growth strategy," says Joseph Reppert, CFO at Adventist Health Northern California.

3. **Clinical documentation improvement.** Without accurate clinical data, a healthcare organization is at a serious disadvantage when it comes to population health, says Kendall Qualls, vice president of global marketing at Medtronic. Hospital leaders are both financially and clinically motivated to improve the quality and specificity of their clinical data. A hospital can achieve a higher level of reimbursement if clinical coding reflects the severity of the medical condition. "We are working with more and more hospital executives to focus on clinical documentation improvement," says Deb Gage, president and CEO at Medecision. "Data accuracy is of primary importance moving forward."

4. **Build fundamentals of managing risk.** Healthcare organizations need to make risk management a core competency moving forward. But unlike insurers, hospital systems have little to no experience taking on risk. Going into 2017, "we are seeing [hospital leaders] focus on the fundamentals of becoming a risk-bearing entity," says Ms. Gage. She says Medecision is helping clients understand utilization management, network management and compliance, among other necessary skills.

5. **Paradigm shift in reimbursement.** Simultaneously managing fee-for-service and alternative reimbursement models poses a difficult balancing act for health systems moving into 2017, Mr. Reppert says. Value-based programs like bundled payments require a different financial skill set and different financial management tools. This means CFOs must consider making strategic and capital investments at a time when hospital resources are increasingly limited. "It's very tough to keep your feet on both sides of the reimbursement world, one being fee-for-service and the other being capitated rates," Mr. Reppert says.

6. **Improve point-of-service collection rates.** Improving point-of-service collections is still a challenge for many hospital systems. Hiring and retaining frontline staff with a high-level skill set can greatly enhance a hospital’s collection efforts, Mr. Anderson says. "We put registration staff through an intensive 10-week boot camp to ensure they have the technical and emotional intelligence to engage our patients in productive financial conversations," Mr. Anderson says. "Employee training and engagement has been key to improving upfront collections."
CFOs name top 6 challenges
Beckers November 15, 2016

2. **Smart expansion.** Mergers, acquisitions and affiliations have become important tools in a hospital's strategic wheelhouse. Looking to the future of value-based reimbursement, healthcare providers like Adventist Health Northern California in Roseville are gradually expanding their footprint to encompass and control the entire continuum of care. "We're identifying strong rural health clinics and acute care settings we could potentially affiliate with as part of our smart growth strategy," says Joseph Reppert, CFO at Adventist Health Northern California.

5. **Paradigm shift in reimbursement.** Simultaneously managing fee-for-service and alternative reimbursement models poses a difficult balancing act for health systems moving into 2017, Mr. Reppert says. Value-based programs like bundled payments require a different financial skill set and different financial management tools. This means CFOs must consider making strategic and capital investments at a time when hospital resources are increasingly limited. "It's very tough to keep your feet on both sides of the reimbursement world, one being fee-for-service and the other being capitated rates," Mr. Reppert says.
Objectives:

By the end of this session, you should be able to:

1. Use relevant ethical frameworks to address business issues.
2. Recognize and respond to competing ethical/business narratives.
3. Identify and align opportunities for ethically driven business strategies.
Smart Expansion

1. Strategic
2. Adventist Goal – entire continuum of care
3. Adventist Tool – Affiliation

Alternative Tools:
   i. expanding care coordination, or the geographical footprint or service lines or
   ii. access modalities or
   iii. leveraging credentials/licensure

Outcome: providers get bigger; may be more decentralized

Incentives???
Smart Expansion

Why?
  1. increasing efficiency,
  2. enhancing quality, and
  3. containing costs.

Any of these bad?

No – these are all good
Chargemaster
Post-ACA – important revenue-seeking function
From uninsureds and out of network patients
High market power hospitals gain leverage against insurers
The existence of high chargemaster prices motivates insurers to stay in-network
Ethical Issue?
Incentives?
Ethical Issues – Smart Expansion
Discussion: What might be the ethical issues here?
Ethical Issues – Chargemaster
Discussion: What might be the ethical issues here?

Are there any legal issues?

*Moore v. Clarian*, 2012 Indiana S.C.
Chargemaster prices not *ipso facto* unreasonable
Are incorporated by reference
What is Ethics?
Ethics Definition

• Ethics is the branch of philosophy that seeks to understand the nature, purpose, justification, and the founding principles of moral rules and the systems they comprise.
  

• Ethic: rules of behavior based on ideas about what is morally good and bad

• Ethics : an area of study that deals with ideas about what is good and bad behavior : a branch of philosophy dealing with what is morally right or wrong

• : a belief that something is very important

Common Ethical Frameworks

1. Consequentialism/Utilitarianism
2. Deontological
3. Virtue Ethics
4. Disclosure Rule/Social Ethics/Communitarianism

Consequentialism/Utilitarianism

1. Focus on the results or consequences of an action
2. Utility – maximizes benefits to society, or, minimizes harms
Deontological

1. Who owes a duty?
2. To whom is a duty owed?
3. What is the nature of that duty?
AMERICAN COLLEGE OF HEALTHCARE EXECUTIVES CODE OF ETHICS*

* As amended by the Board of Governors on November 14, 2011

I. THE HEALTHCARE EXECUTIVE’S RESPONSIBILITIES TO THE PROFESSION OF HEALTHCARE MANAGEMENT

The healthcare executive shall:

B. Conduct professional activities with honesty, integrity, respect, fairness and good faith in a manner that will reflect well upon the profession;

C. Comply with all laws and regulations pertaining to healthcare management in the jurisdictions in which the healthcare executive is located or conducts professional activities;


Dr. James Thomas
AMERICAN COLLEGE OF HEALTHCARE EXECUTIVES CODE OF ETHICS*

* As amended by the Board of Governors on November 14, 2011

II. THE HEALTHCARE EXECUTIVE’S RESPONSIBILITIES TO PATIENTS OR OTHERS SERVED

The healthcare executive shall, within the scope of his or her authority:

B. Avoid practicing or facilitating discrimination and institute safeguards to prevent discriminatory organizational practices;

http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1447186/pdf/0921057.pdf  Dr. James Thomas
V. THE HEALTHCARE EXECUTIVE’S RESPONSIBILITIES TO COMMUNITY AND SOCIETY

The healthcare executive shall:

A. Work to identify and meet the healthcare needs of the community;
B. Work to support access to healthcare services for all people;
C. Encourage and participate in public dialogue on healthcare policy issues, and advocate solutions that will improve health status and promote quality healthcare;
D. ….; and
E. Provide prospective patients and others with adequate and accurate information, enabling them to make enlightened decisions regarding services.

http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1447186/pdf/0921057.pdf Dr. James Thomas
Virtue Ethics

1. Philosophical, or
2. Theological – faith based

• Basis: Excellence of character
Q. What do “social” and “community” contribute to this discussion?
New hires/recent graduates:

UNTHSC MHA Program:
CAHME accredited
Values driven/Competency based
60 Credit hours
Internship & Capstone
Based in the School of Public Health
Smart Expansion:

1. Intro to Health Management – healthcare performance and value
2. Health Economics – competitive environment, market power
3. Health Insurance – validity of insurance assumption
4. Health Care Law – Sherman Anti-Trust Act, EMTALA

DISCUSSION: What is/are the relevant ethical framework(s)?

Students may feel conflicted

How are new hires being incentivized???
Chargemaster

1. Intro to Health Management — insurers pay discounted prices
2. Health Economics — price is inversely associated with consumption
3. Health Insurance — insurance is associated with access and outcomes
4. Health Care Law — legal for healthcare

DISCUSSION: What is/are the relevant ethical framework(s)?

Students may feel conflicted

How are new hires being incentivized???
“A good hockey player plays where the puck is.

A great hockey player plays where the puck is going to be.”

WAYNE GRETZKY

www.faces.ch/quotes
Where are these issues going?

What might/can/should you do?
Questions?
THE END

Thank you!