Dermatology and the Changing Health Care Environment

Shawn Friesen
Director, Legislative, Political and Grassroots Advocacy
American Academy of Dermatology Association
1. Medicare payment reform - SGR
   - Jan. 1, 2014 = 24% cut to Medicare payments
   - Medicare Patient Access and Quality Improvement Act – mixed bag
   - Repeals SGR, replaces with system focused on quality incentives
   - The AADA has responded to several congressional inquiries on how to repeal and reform.

2. Pathology - Promoting Integrity in Medicare Act of 2013 (H.R. 2914)
   - Proposes to eliminate exception to Medicare Stark Law – in-office pathology services
Big Picture for Dermatologic Care

• Multiple threats facing dermatology:
  – Severe cuts to reimbursement
  – Potential limits on office-based dermatologic care
  – Medicare Advantage networks tightened due to reliance on efficiency of care profiles

• AADA response:
  – President’s Alert calling on members to take action:
    • Get involved
    • Scrutinize own practice patterns
Health System Reform

How Dermatology is Moving Forward
Affordable Care Act Implementation
Key Provisions Impacting Physicians & Patients

- Payment and Delivery Reforms
- Accountable Care Organizations (ACOs)
- Biosimilars Approval Pathway
- Insurance Coverage Requirements
- Insurance Exchanges
Payment and Delivery Reforms

- Cost control is not a partisan issue
  - “Fee for service” model considered broken
- ACA Emphasizes Primary Care
  - 10% Medicare bonus payment for primary care services
  - Incentives to expand the number of primary care doctors, nurses and physician assistants
  - Tax relief
- Efforts to drive physicians into Accountable Care Organizations (ACOs)
Are ACOs the Right Model?

• Many experts say proposed ACO rules unworkable
  – Most organizations say they cannot meet proposed regulations
• No one knows whether or not it will work to improve quality and control costs
• Unclear when this will become mandatory instead of voluntary
• How will dermatology fit in?
• Shared savings models will remain part of the health care delivery system discussion
Payment and Delivery Reforms

• Academy’s response:
  – Workgroup on Innovation in Payment and Delivery
  – ACO Resource Center
  – Developing tool kits for members in practice
  – Running survey of ACOs and derms in ACOs
  – Meeting with Private Payers and representatives from CMS about dermatology’s role
  – Coordinating with other medical specialties
Biosimilars

- Biologics Price Competition and Innovation Act included in ACA
- Provision gives the FDA the authority to develop an approval pathway for biosimilar products
- AADA has been actively engaged:
  - Working with the FDA and industry partners to ensure that all approved biosimilar products are safe and effective
  - Working with state legislatures regarding substitution provisions
ACA and Health Insurance

- Insurers prohibited from denying coverage on the basis of pre-existing conditions
- Insurers required to extend coverage for young adults on their parents’ plans until 26 years old.
- Insurers prohibited from rescinding coverage
- Lifetime limits on insurance coverage are eliminated
- Annual limits on insurance coverage are eliminated (effective January 1, 2014).
Health Insurance Exchanges

- Exchanges/Marketplace designed to help uninsured people find health coverage.
- Individuals are required to have health insurance by 2014
- Federal/state-run exchanges
- Concerns abound
  - influx of patients, access, wait times, construct of networks, affordability, etc.
Looking Ahead: Access to Dermatological Care

- U.S. Preventative Services Task Force
- Will dermatologists be included in exchanges?
- Narrowing of networks
- Regulatory structure
- Telemedicine
- Medical Apps
- State licensure
Conclusion

• Well positioned to take on challenges on behalf of members and patients
• Continue to lobby, raise awareness and provide education associated with a range of issues