



**2017 BREAKFAST FORUM**

---

# Repeal, Replace, Reevaluate

How the changing healthcare policy  
will affect your business

# Friends,

While we were hosting a Breakfast Forum on the complexities and challenges of the Affordable Care Act – and as we were producing this eBook to share insights from our expert panel – discussions and debates on the future of our nation's healthcare policy continued in Washington D.C.

Everyone agrees that change will be forthcoming. No one has a crystal ball that shows the future elements of the new American Health Care Act of 2017. Yet the insights shared by our panel of leaders in healthcare industry consulting helped a very attentive audience of entrepreneurs and owners of privately held businesses gain perspective on a multitude of issues associated with healthcare policy.

We thank Don Gilbert, Jim Springfield and Dr. Kelly Larkin for mapping out the current issues involved in the repeal and replacement of Obamacare, and for their predictions on some of the changes that may occur.

This eBook provides highlights of the discussion. We hope you find it helpful as you navigate the complex course of our transforming national healthcare policy. Please feel free to share this information with others. Remember that we are here to help you achieve your business goals.



Best,

*Chris Hanslik*

**CHRIS HANSLIK**

*Firm Chairman*

## CONTACT

---

2925 Richmond Avenue, 14th Floor  
Houston, Texas 77098

713.850.7766

Visit [boyarmiller.com](http://boyarmiller.com)

[LEARN MORE ABOUT THE FORUM](#)

## TABLE OF CONTENTS

---

- 03 : Healthcare At-a-Glance
- 04 : Forum Overview  
Meet the Panelists
- 06 : Q & A  
How the changing healthcare policy  
will affect your business
- 08 : Attorney Insights  
Advice to the Business Community



# The State of Healthcare Today – At a Glance



**\$650**  
**billion**

—  
spent on  
Medicare  
annually



**\$916**  
**million**

—  
owed to  
Blue Cross/  
Blue Shield  
of Texas



**\$8.3**  
**billion**

—  
owed by federal  
government  
to insurance  
companies

**20**  
**million**

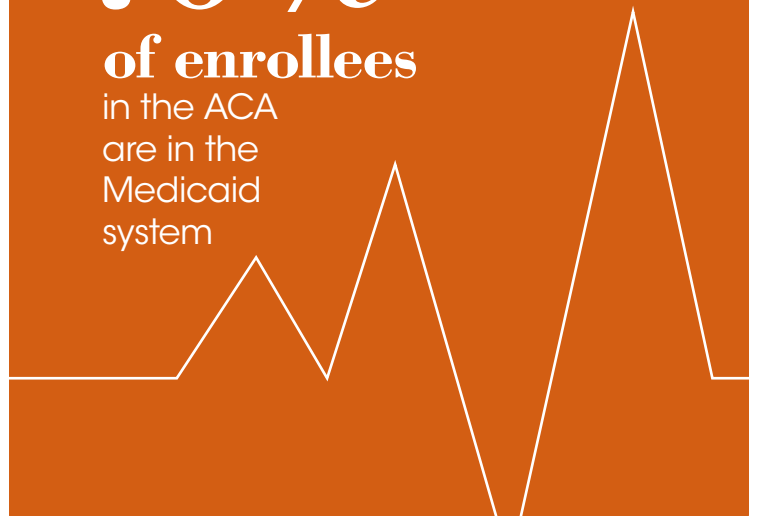
—  
people  
enrolled  
in the

**ACA**



**70%**  
**of enrollees**

in the ACA  
are in the  
Medicaid  
system



The challenges and complexities involved in repealing and replacing the Affordable Care Act (ACA), and the impact on the business community, were discussed by three leaders in healthcare industry consulting at the BoyarMiller Breakfast Forum on March 30. Here is a summary of their individual perspectives for a broad overview on a highly complex issue.

---



# Meet the Panelists



**DON GILBERT**

*Healthcare Consultant & Lobbyist  
Don A. Gilbert Consulting*

**DISCUSSION FOCUS:**

**The impact of Medicaid on ACA**

---

Don is a healthcare consultant and lobbyist. He represents providers, insurers and healthcare technology businesses. He currently is working with dozens of health-related organizations in Texas. Don is the founder of the Advanced Perspective Group, a consortium of senior healthcare policy experts. Before starting his consulting firm in 2003, Don served for five years as the Commissioner of Health and Human Services under Texas Governors Perry and Bush.



**JIM SPRINGFIELD**

*Senior Vice President  
Optum*

**DISCUSSION FOCUS:**

**Commercial market and ACA connection between government, providers and insurers**

---

Jim is responsible for expanding and integrating Optum's various healthcare delivery businesses across the provider, consumer, service and international segments of the organization. Previously, he served as president and CEO of Valley Baptist Health System, the largest integrated health system in South Texas. Additionally, Jim held several leadership positions with both Memorial Hermann Health Care System and Hermann Children's Hospital.



**KELLY LARKIN, MD, FACAP**

*President & CEO  
The Larkin Group*

**DISCUSSION FOCUS:**

**Impact of healthcare policy on medical providers**

---

Kelly is a pioneer in the field of freestanding emergency centers and has extensive experience in the development and management of multiple ambulatory health campuses. A group of healthcare companies, The Larkin Group is focused on improving the quality, service and delivery of episodic ambulatory care. Kelly received her M.D. from Albany Medical College and completed an emergency medicine residency at the University of Texas Health Science Center at Houston.



# Q&A

What happens to the national healthcare system if the ACA does not change?



## ANSWERS

**DON:** Some parts of the ACA are not sustainable and must be fixed. If they do not get corrected, we will have changing dynamics of the risk pool if healthier people decide to opt out of paying for insurance coverage.

The ACA brought 20 million people into the program and 14.5 million came in through Medicaid. If the subsidies that helped states cover that Medicaid cost go away, states will have to spend more or may back out of Medicaid altogether. So if nothing changes, we will see a deterioration of the private insurance market. We will have a changing risk pool and see more unhealthy people and higher insurance costs.



**JIM:** 70 percent of people in the ACA came through Medicaid and 30 percent through the exchanges. Because each plan in the ACA is required to have the same core level of benefits, it is too expensive for the insurance companies. So the government established the Risk Corridor Program to offset losses on the exchanges. **It's not working. The federal government owes medical insurers \$8.3 billion and there are many huge lawsuits against the government. The insurance companies are losing money, and not getting federal subsidies, so they are pulling out of the exchanges.** If nothing changes, there are not going to be enough providers on the exchanges and that will decrease competition. The program will not work efficiently.

**KELLY:** I agree with the overview from Don and Jim. **From a provider perspective, we will see sicker patients and business owners will see their rates impacted by steeper increases year-after-year.** Over the last several years, physicians are realizing that they have to work harder, that is, see more patients who are sicker, to make the same revenue because reimbursement levels have decreased. They don't think that makes sense.



What are the market dynamics and the breakdown created by the issue?

#### ANSWERS

**DON:** Reducing costs for the federal government is about providing less funding to the states. The new American Health Care Act proposes to save the feds \$880 billion over 10 years. So the first dynamic affects the states and the reduction they will get in Medicaid. That is still unclear. **It slides to the end – the federal government passes more costs to the states, and then the states have to find some way to reduce the burden, so higher costs are passed on the providers and consumers. They are all connected.**

**JIM:** Risk has to be identified and managed and not shifted. The federal government is shifting liability to the states. We need to move to the management of risk, not the shifting of risk. We need to align systems by providing good care, great economic service, and avoiding unnecessary actions. Understanding that and putting systems in place to manage it is ultimately the answer.

**DON:** Also, when the federal government saves money and pushes to states, it doesn't stop there. Providers determine how much they lose on indigent care as the basis for pricing. **Not-for-profits are also not-for-losses. Business owners inherit the result of that slide.** The providers negotiate deals for those who can pay to compensate for their loss. For example, in Texas, Medicaid is reimbursed at 57 percent of cost – not charges. You have to make up for that loss somewhere.



What, if anything, do you think can get done this year?

#### ANSWERS

**KELLY:** First, I am not discouraged right now because the first attempt at change didn't work. We know that change takes time, especially with a new administration. **I do think the discussions will continue and potential changes this year may be the reduction of some of the regulations.** Perhaps businesses with 50 employees will not be required to offer insurance. Currently, providers are burdened with lots of reporting on all types of metrics and that takes a lot of time. We may see some of that will go away because it really is not a good use of time or money and there are no potential upsides. I expect the regulations to be impacted as part of a bill this year, not executive order.

**DON:** There is too much at stake here as far as stability of the healthcare system and promises made. **Congress doesn't have a choice; it must find something both the House and the Senate can approve.**

**JIM:** Healthcare is a very complicated system. It often gets reduced to pithy statements by those who don't have the in-depth knowledge about its complexities. It is about contracts with providers in markets, so selling across state lines is not realistic. **Taking away some of the regulations, as Kelly said, will be important. I definitely think we will get a bill passed this year.**



# Attorney Insights



"The trickle effect will have those costs passed down the chain..."

**CHRIS HANSLIK**



"Our clients have to pay attention to what is going on with health-care reform because likely outcomes will result in an increase in their healthcare costs. With the federal government looking to shift costs down to the states, the trickle effect will have those costs passed down the chain and ultimately land at the business owner's feet – and by extension their employees."

**CHRIS HANSLIK**

*Chairman*



"One thing we can be sure of is that changes will impact the finances of our clients..."

**GARY MILLER**

"While the future of the Affordable Care Act may be unknown, the one thing we can be sure of is that changes will impact the finances of our clients as well as their ability to attract and retain quality employees in an increasingly competitive world."

**GARY MILLER**

*Founding Shareholder, Business Group*



"Healthcare reform, and the potential issues that come with it, should be at the forefront of every business owners' mind. Our clients must be aware of their rights and obligations under the current healthcare laws, and how those rights and obligations may change under any proposed legislation."

**MOLLY HUST**

*Associate, Litigation Group*

"Listen with caution – this is a complex issue driven by different interests and motives, and much of what you hear or read from both sides of the debate is not well informed."

**MATT VEECH**

*Shareholder, Litigation Group*



"Listen with caution..."

**MATT VEECH**



"I recommend that clients consult regularly with their professionals – lawyers, tax advisors and benefits providers – to understand how healthcare requirements are changing, to know the financial risks/rewards that these changes bring, and to maximize their ability to provide the best coverage to their employees at the lowest price – all while keeping reasonable plan options available."

**GUS BOURGEOIS**

*Shareholder, Business Group*

"...reduced benefits, higher contributions or higher costs."

"Our clients must be aware that there will be changes in the way healthcare is delivered to consumers. The increased regulation of what services will be provided, to whom, and for what compensation is an entrenched inefficiency that affects both employers and providers. Employers will have to consider and decide between reduced benefits, higher contributions or higher costs."

**LARRY WILSON**

*Shareholder, Business Group*

"It appears Congress would rather punt to the states than make a decision. This will result in increased responsibilities and increased pressures on state legislatures, but ultimately, it may result in localized solutions rather than a one-size-fits-all program. This opinion, along with \$4, will buy a Grande Blonde Roast at Starbucks."

**BLAKE ROYAL**

*Shareholder, Business Group*

