



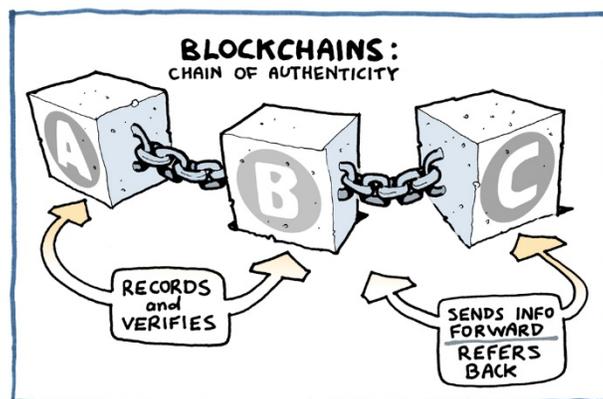
# Private Practice Doctors

## Preserving Personalized Care

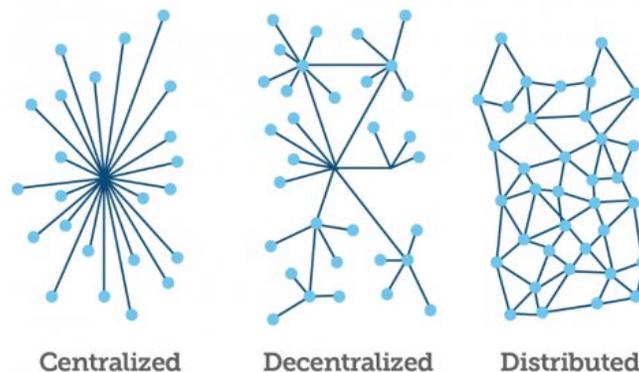
Private Practice Doctors is always trying to keep you on the cutting edge. If you have any interest at all about where medicine is going, this issue looks into the immediate future and the more distant future. It is a must read to help you align your practice for what is to come.

### Blockchain

I'll bet most of you have never heard the word "Blockchain". If not, I strongly suggest you familiarize yourself with the concepts of blockchain because it will probably change the way we handle medical information in the near future. For almost all of you, let me be the first to try to explain it. For the few of you who may know it, let me familiarize you. To entice you, let me tell you that the large investment and banking firms are very knowledgeable about blockchain and, according to Goldman Sachs, the blockchain technology "has the potential to redefine transactions and can change everything". JP Morgan last month announced it was launching a trial project with a blockchain start-up.



So what on earth is this new stepping stone toward the future? Before I explain, let me set out the problem. It seems that everyone is eagerly awaiting a time when the magic of digital records finally lives up to the potential of providing easy sharing and interchangeability. This benefit has been long promised but has not yet come to fruition. Attempts to create a pristine world of universal clean file sharing has turned into a cumbersome process using up costly resources in both time and money. Secretary of HHS Tom Price, M.D. has said, “we’ve turned physicians into data entry clerks”. Doctors are spending more time typing than talking to patients...and it’s wearing on them. The physician burnout rated jumped from 45% in 2011 to 54% in 2014. What is the number one thing requested by physicians to change?... Streamlining the EHR process.



Blockchains are large databases or ledgers like a spreadsheet. The difference is that these databases accept input from many users AND the database can only be changed when there is consensus within the group. When someone wants to add to the data, participants in the network, all of whom have copies of the existing blockchain, run algorithms to evaluate and verify the proposed change. If a majority of the nodes agree that the transaction is valid (that the information matches up with the blockchain’s history, then new information is approved and a new block is added to the chain. There is no central authority. There is no central figure acting as a gatekeeper to data. But there is only one shared ledger or database that is spread across a network of synchronized, replicated databases available to anyone with access.

Once data is accepted by the group and recorded in the block it cannot be changed and a time stamp is imprinted and a link is placed to the previous block. These blockchains are very resistant to modification of data. This is because once recorded, the data in a block cannot be altered retroactively. Think of blockchain as a read only CD collection that everyone has that keeps getting new additions.

So you ask, how does this affect healthcare? Obviously, the first idea is medical records. Blockchain could immediately provide data interoperability for those with access to the blockchains. At the same time there would be a dramatic increase in security. Remember, once the data is placed in the blockchain the data is secure and irrevocable. Hacking and entering malicious code is just about impossible without simultaneously hacking every other block in the chain's chronology.

Another entrée into the healthcare world would be in claims adjudication and billing. Up to 10% of healthcare costs are due to fraudulent billing practices, either from excessive billing or billing for non-performed services. Blockchain can automate the billing process, eliminating the administrative costs of verification and processing.



Blockchains could be potentially used for the drug supply chain. Currently, the pharmaceutical industry loses about \$200 billion dollars from counterfeit drugs around the world. About 30% of medications in developing countries are counterfeit. Blockchain could ensure the custody log of medications at each stage from synthesis through distribution.

Finally, blockchain could do wonders for cyber security. There were 450 health data breaches in 2016 alone. This affected 27 million individuals. We have all heard about instances where a hacker accesses records and ransoms the data back to the company whose data has been hacked. This is data is called ransomware.

Remember, it would be very difficult to simultaneously hack all ledgers or blocks in the chain. Major companies are currently working with blockchain-enabled solutions.

I hope this serves as a very brief introduction to blockchains. Additional information is provided in the article and videos linked below.

Article:

<https://www.forbes.com/sites/reenitadas/2017/05/08/does-blockchain-have-a-place-in-healthcare/#70e2d0001c31>

Video:

<https://www.youtube.com/watch?v=r43LhSUUGTQ>

<https://www.youtube.com/watch?v=40ikEV6xGg4>

### ***And it all came crashing down!***

I know that the first thing you do on arising every morning is to contemplate how the new health care bill will affect you that day (I kid; I kid). But as ironic as it seems, you should move this concern up on your priority scale. About 1 in 8 jobs are currently related to healthcare and this is a growing segment of the economy.

Whether various partisans wish to admit it, Obamacare is failing. Many folks, a lot smarter than me, have been predicting its demise since its inception. If you go back through the history of these newsletters you will also see forecasts and reasons why the law was bound to fail. Let's review some recent news.

Place: Hartford, Connecticut – Aetna has decided to withdraw from all healthcare exchanges in 2018. Having lost \$700 million in 2014-2016 and another \$200 million in 2017, the company has given up on Obamacare exchanges. This will leave Delaware and Nebraska with a choice of one insurer.

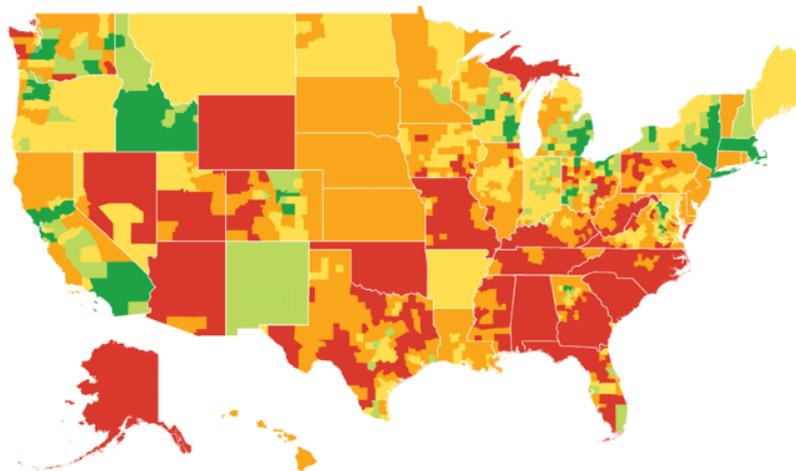
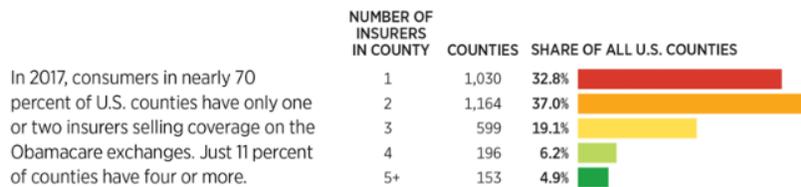
Place: Knoxville Tennessee - Knoxville, Humana, the only insurer on the exchange, is exiting the market in 2018. This will leave 40,000 people in 16 counties without an option to buy subsidized insurance.

Place: Indianapolis, Indiana – Anthem is likely to leave many areas it sells Obamacare insurance in 2018. Anthem chief executive Joseph Swedish said the company would make decisions on whether to “surgically extract ourselves from certain rating regions, or quite frankly even on a larger scale, depending on the stability of the marketplace.”

Place: Louisville, Kentucky – Humana said it will leave the commercial individual insurance business effective in 2018, including coverage offered on public exchanges under the Affordable Care Act, after being unable to successfully manage the costs of sick patients.

Place: USA - For 2017, there are five states—Alabama, Alaska, Oklahoma, South Carolina, and Wyoming—that have only one exchange insurer. That means there is no choice and no competition. If any of these states lose their last insurer, the system collapses. For 2017, nearly 70 percent of U.S. counties will have either an insurer monopoly or duopoly on the exchange.

### 70 Percent of Nation’s Counties Lack Choice and Competition on ACA Exchanges

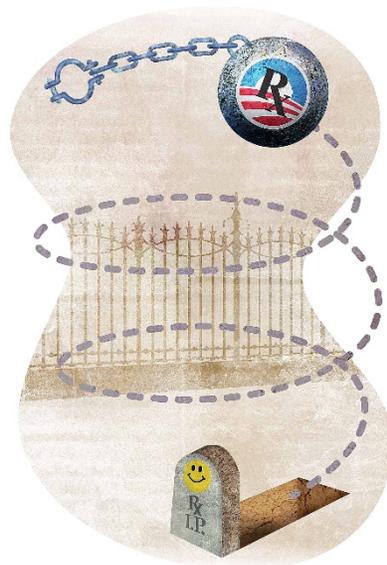


SOURCE: Authors' calculations based on federal and state information on exchange participation. See Appendix Tables 1 and 2 for more information.

Place Texas: Though Texas is listed as having 10 state insurers, no one in Texas can choose from among 10 insurers on the exchange. In fact, 86 percent of Texas counties have only one or two insurers selling exchange coverage.

So what has the House of Representatives proposed. Here are some key takeaways:

- It is no longer a requirement that you must buy healthcare.
- There is no tax penalty for not buying healthcare.
- As long as people maintain their coverage, there is no penalty for any pre-existing conditions. In order to prevent people from only buying insurance when they are sick, there will be a penalty of up to 30% of the cost of coverage for one year if one's insurance lapses for more than 2 months.
- Income tax credits and subsidies are eliminated.
- New tax credits are based on age will be implemented. \$2000 for those in

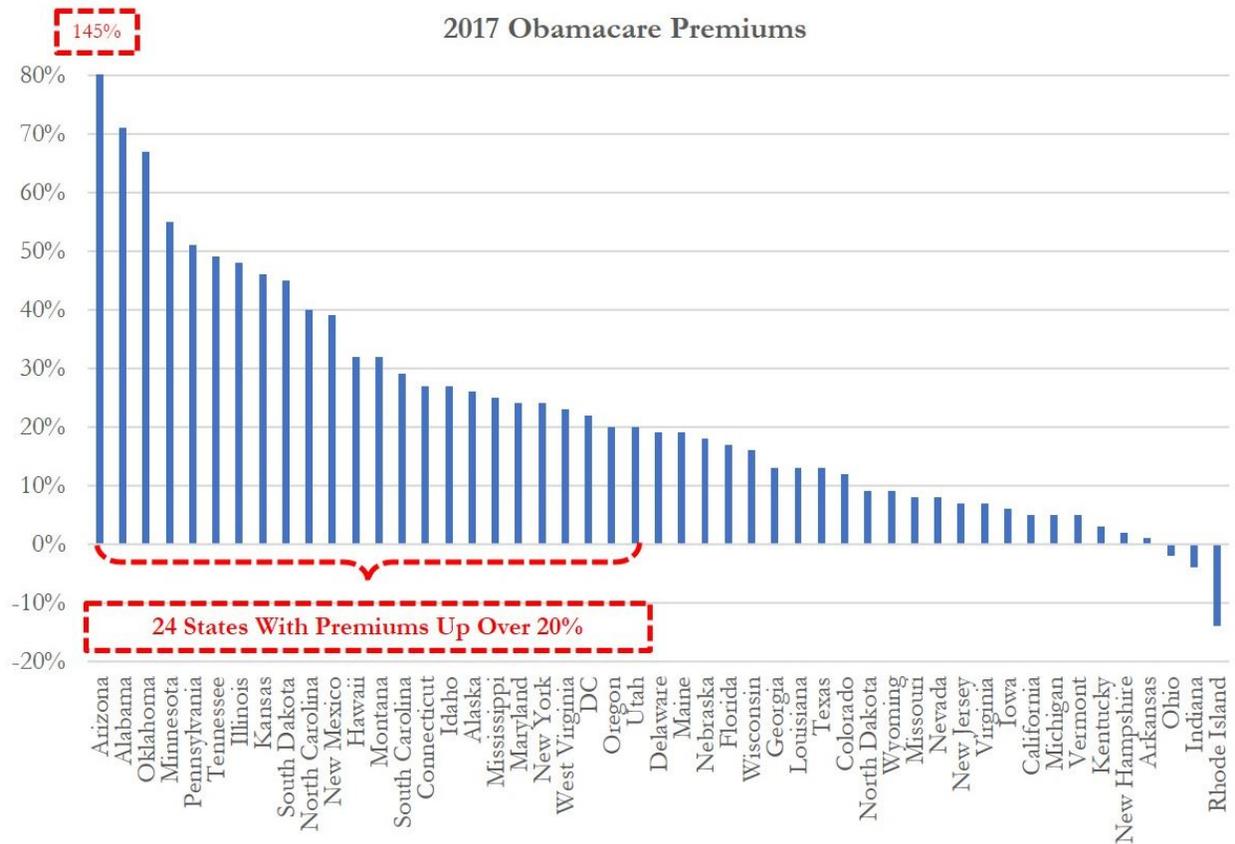


their 20's to \$4000 for those older than 60.

- Nearly all taxes of the ACA are eliminated. These cuts add up to almost \$600 billion dollars and include a tax on incomes over \$200K for individuals or \$250K for married couples.

- The ACA dramatically increased Medicaid eligibility which will be gradually rolled back by cutting federal reimbursement to states for anyone who leaves Medicaid rolls.
- Medicaid is converted from an entitlement program where government pays all costs to a grant program. The Feds would give the states a set amount per enrollee or provide states with a fixed dollar grant.
- The protection for pre-existing conditions is maintained.
- States can completely opt out of Obamacare. States could apply for waivers that would allow them to:
  - Charge older people 5 times what they charge younger people,
  - Eliminate required coverage (essential benefits) including maternity, mental health, and prescription drugs.
  - Charge more for pre-existing conditions.

There is still a long road ahead because the bill must go to the Senate. Interestingly, although Obamacare is failing massively, not one Democrat is willing to support any proposed changes. Therefore, the Senate will need to pass it, meaning there can only be two Republican defections. The most likely defectors being the two most liberal Republicans, Susan Collins and Lisa Murkowski. Senate leader Mitch McConnell has formed a 13 member working group. Senator Collins has commented that the current plan is for the working group to set aside the house plan and start from scratch. (Note that Collins is not a member of the group of 13). White House Chief of Staff Priebus said after his discussions with the working group that the Senate will draft legislation compatible with what the House has passed.



So hold on to your horses. Don't expect a resolution for a few more months. The continuing failure of the ACA should help spur legislation forward. Oh, if you think this will help your reimbursements or physician bargaining positions ... it won't.

### *Is "unconsolidation" a word?*

Do you remember my telling you that the healthcare world is consolidating? Evidently, all is not blissful in consolidation world. Express Scripts said Anthem (its biggest client) will not renew its contract at the end of 2019. Apparently the two healthcare behemoths have been feuding and calling each other bad names. Anthem claims Express Scripts withheld billions of savings and overcharged Anthem to the tune of \$3 billion a year. Express Scripts, not to be outdone, not only denied this but counter sued. How does this affect you? Well, follow me here. The higher the drug costs, the higher the premiums. The higher the premiums the more employers cost shift to employees and the more we all pay for insurance. In case you don't know, drug costs account for about 10% of US healthcare spending or about 3.2 trillion dollars.

### *I can't see this ending well*

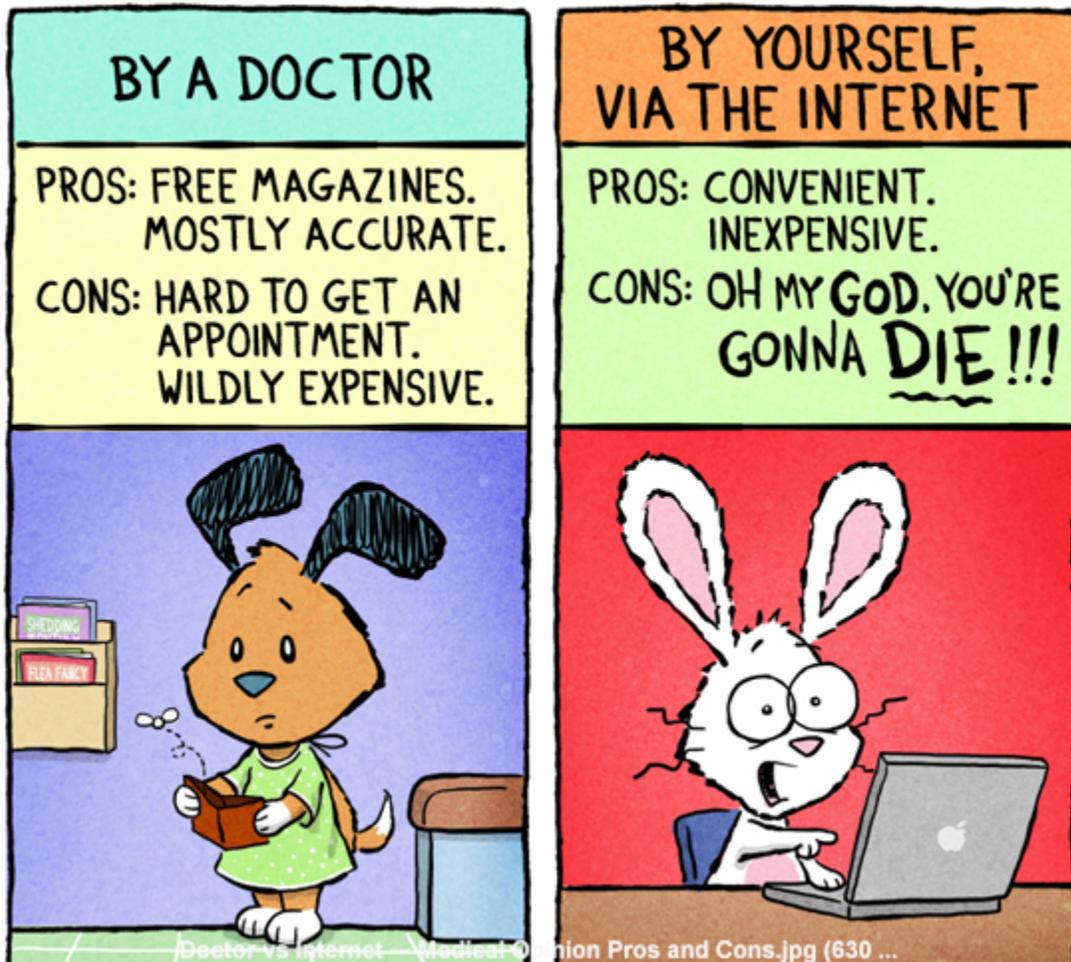
This one is weird but not as weird as you think. Blue Cross is teaming with Lyft to take some patients to their doctor's appointment. Why you might ask? To me this is a straight financial play. If they can get their patients to the doctors their "value-based" care model numbers will go up. Mind you, there is no proof that all these "value-based" care models work, but if there is better reimbursement from the government and there is money to be made, there is a reason to move ahead. Also, there were 3.5 million Americans who supposedly missed appointments do to transportation issues. These individuals may have ended up in the ER due to lack of care. Getting them to their appointment may prevent the costlier care.



### *Doc, you don't know what you are talking about, I read on the internet...*

Apparently the internet is making differences in medicine in more ways than you think. One of those ways is not good. The internet may be making patients lose trust in their doctors. As we all know, patients scour the internet for information on why they may be sick. In a recent study, if the doctor's diagnosis did not match a patient's internet search, the patient was more likely to seek a second opinion. I am not rendering value judgement here, just expressing a fact. I know that

frequently patients come in with a pre-conceived idea of what they have and I need to dissuade them when they have the wrong diagnosis. I find frequently, when a patient is in error, the patient's "internet" diagnosis is usually much worse than the actual malady. Sometimes, after they present their symptoms, I can tell they have been doing a google search, so I just ask them what is their internet diagnosis. Don't get angry, it's just part of being a doctor in 2017. But it does add time to a visit, something most of us don't have in abundance.



### *The future and PPD*

I can't begin to tell you the exciting new opportunities we are negotiating for our private practice doctors. Because we are in a sensitive place on multiple fronts, I am not at liberty to discuss details. Let me just say that we see wonderful opportunities that will positively affect each and every one of you. There is really no reason to avoid joining our growing list of physicians. I encourage you to call

Sarah our sales manager at 310-753-7553 or email her at [sarah.wilson@privatepracticedoctors.com](mailto:sarah.wilson@privatepracticedoctors.com). Before you spend one additional dime on office supplies, medical supplies, medical equipment, banking services, EMR, insurance, mailing, water supplies, linen, waste or any other purchase.... STOP.... pick up the phone and let us save you a boatload of cash!