

## THE SPINAL COLUMN

Summer 2010

### HEALTH REFORM: ARE YOU READY?

By: Barbara Cataletto, MBA, CPC, Chief Executive Officer/Managing Director

#### Key Provisions of Health Reform that Take Effect Immediately

If we look at the papers, listen to the news or just engage in discussion as to where we stand in these difficult economic times, we are all drawn to the unremitting discussions about the latest reforms of our nation. These reforms include Financial Reform, Wall Street Reform, Education Reform, Energy Reform, Oil Reform, Credit Card Reform, Immigration Reform, Bank Reform, Government Reform and finally Health Reform (not Healthcare Reform and not Health Insurance Reform).

We try to grapple with the amount of attention and effort required in bringing about reforms in general. Taking reform at its core; "Reform means to put or change to an improved form or condition; to amend or improve by change of form or removal of faults or abuses, beneficial change, more specifically, reversion to a pure original state, to repair, restore or to correct". We certainly can attest that the efforts for any one of these vast programs is enormous and the time spent in fully achieving reform is extensive. Reforms require a paced change and a commitment to the process.

Lets take the reform that is most likely to affect our lives, businesses and careers: Health Reform. We are going to have it whether we like it or not, whether we agree that it is good or bad for the country, whether it is good or bad for medicine and so on. With that said, shouldn't we maintain a level of knowledge and become involved in the process. We have listed below the anticipated changes expected within Medical Professions, Employers and Employees, as tax payers and as recipients. We are cognizant of the fact that this is subject to change down the road, but understanding what is coming our way now is our responsibility, as ignoring or avoiding it can prove to be detrimental to both your career and business.

| Provision   | Description   | Effective                        |
|---|---|----------------------------------|
| <b>Small Business Tax Credits</b>   | Offers tax credits to small businesses to make employee coverage more affordable. Tax credits of up to 35% of premiums will be available to firms that choose to offer coverage.  | Beginning of calendar year 2010. |
| <b>No Discrimination Against Children with Pre-Existing Conditions</b>  | Prohibits new health plans in all markets plus grandfathered group health plans from denying coverage to children with pre-existing conditions.   | Six months after enactment.      |
| <b>Help for Uninsured Americans with Pre-Existing Conditions until Exchange is Available (Interim High-Risk Pool)</b> | Provides access to affordable insurance for Americans who are uninsured because of a pre-existing condition through a temporary subsidized high-risk pool.  | 2010                             |
| <b>Ends Recessions</b>  | Bans insurance companies from dropping people from coverage when they get sick.   | Six months after enactment.      |
| <b>Begins to Close the Medicare Part D Donut Hole</b>   | Provides a \$250 rebate to Medicare beneficiaries who hit the donut hole in 2010.   | Calendar year 2010.              |
| <b>Free Preventive Care under Medicare</b>  | Eliminates co-payments for preventive services and exempts prevent services from deductibles under the Medicare program.  | Beginning January 1, 2011.       |
| <b>Extends Coverage for Young People up to 26<sup>th</sup> Birthday</b>   | Can remain on parents' policy, at the parents' choice.  | Six months after enactment       |
| <b>Help for Early Retirees</b>  | Creates a temporary re-insurance program (until the Exchanges are available) to help offset the costs of expensive premiums for employers and retirees for health benefits for retirees at age 55-64.   | 2010                             |
| <b>Bans Lifetime Limits on Coverage</b>   | Prohibits health insurance companies from placing lifetime caps on coverage.  | Six months after enactment.      |
| <b>Bans Restrictive Annual Limits on Coverage</b>   | Tightly restricts the use of annual limits to ensure access to needed care in all new plans and grandfathered group health plans. These tight restrictions will be defined by HHS.  | Six months after enactment.      |
| <b>Free Preventive Care under New Private Plans</b>   | Require new plans to cover preventive services with no co-payments and with preventive services being exempt from deductibles.  | Six months after enactment.      |
| <b>New, Independent Appeals Process</b>   | Ensures consumers in new plans have access to an effective internal and external appeals process to appeal decisions by their health insurance plan.  | Six months after enactment.      |
| <b>Ensures Value for Premium Payments</b>   | Requires plans in the individual and small group market to spend 80% of premium dollars on medical services and plans in the large group market to spend 85%. Insurers that do not meet these thresholds must provide rebates to policyholders. | January 1, 2011                  |
| <b>Community Health Centers</b>   | Increases funding for Community Health Centers to allow for nearly a doubling of the number of patients seen by the centers over the next 5 years.  | Fiscal year 2011                 |

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| Provision  | Description   | Effective                   |
|--|---|-----------------------------|
| <b>Increases the Number of Primary Care Practitioners</b>                | Provides new investments to increase the number of primary care practitioners, including doctors, nurses, nurse practitioners and physician assistants.   | Fiscal year 2011            |
| <b>Prohibits Discrimination Based on Salary</b>                          | Prohibits new group health plans from establishing any eligibility rules for health care coverage that have the effect of discriminating in favor of higher wage employees.   | Six months after enactment. |
| <b>Health Insurance Consumer Information</b>                             | Provides aid to states in establishing offices of health insurance consumer assistance in order to help individuals with the filing of complaints and appeals.  | Fiscal year 2010            |
| <b>Holds Insurance Companies Accountable for Unreasonable Rate Hikes</b> | Creates a grant program to support States in requiring health insurance companies to submit justification for all requested premium increases, and insurance companies with excessive or unjustified premium exchange may not be able to participate in the new Health Insurance Exchanges. | Plan Year 2011              |

|                         |
|-------------------------|
| <b>Affects Insured</b>  |
| <b>Affects Insurer</b>  |
| <b>Affects Employer</b> |

## REVIEW OF HEALTH REFORM BILL

| Provision                           | Senate Bill  | Reconciliation Bill (Avoids Filibuster)  |
|-------------------------------------|--|--|
| <b>Requirement to Buy Insurance</b> | Starts 2014. Most Americans will be required to buy health insurance or pay a penalty that will rise to as much as \$2,250 by 2016.  | Penalties will be somewhat higher at first, but no more than \$2,085.  |
| <b>Where to Get Insurance</b>       | Those with no employer coverage can buy on "exchanges" administered by the States.   | No major changes.  |
| <b>Subsidies</b>                    | Households without insurance making up to \$88,200 will get tax credits to cover health care costs. The lowest income group (those making less than \$33,075 for a family of 4) will pay 2% to 4.6% of income on premiums, with the rest covered by subsidies.                             | Slightly more generous subsidies.  |
| <b>Medicaid for Millions More</b>   | Starting 2014, family of 4 making \$29,327 or less will be eligible, adding 16 million new recipients. The Federal government will pay all of the cost for new recipients at first, and eventually reduce that to 90%. States will pay the rest - except Nebraska, which will pay nothing. | Medicaid payments to doctors will be increased substantially, and Nebraska will have to pay as much as other States. |
| <b>Illegal Immigrants</b>           | Cannot buy insurance on the exchanges, even if they can afford it without subsidies.   | No major changes.  |
| <b>Premiums for Young and Old</b>   | The premiums of older people can be no more than 3x as expensive as those of younger people, who are cheaper to insure.  | No major changes.  |

| Provision                       | Senate Bill  | Reconciliation Bill (Avoids Filibuster)                                     |
|---------------------------------|--|---|
| <b>Minimum coverage level</b>   | Insurers will have to cover at least 60% of the cost of benefits. Out-of-pocket costs will be capped at \$11,900 a year for a family. Better-paying plans could also be offered. | No major changes.   |
| <b>New Fees</b>                 | The Healthcare industry, including drug companies, medical device manufacturers and insurance companies, will pay billions of dollars in new fees, some starting this year.      | Implementation of fees will be delayed by 1 to 3 years.                     |
| <b>Profits</b>                  | Insurers, who have been paying about 74 cents out of every dollar for medical care, will have to spend between 80 cents and 85 cents.  | No major changes.   |
| <b>Lifetime Coverage Limits</b> | Insurers will be banned from limiting coverage over a lifetime.  | Ban will apply to employer-sponsored plans as well.                         |
| <b>Abortion</b>                 | Health plans on exchanges can offer abortion coverage. But if they do, subscribers who get Federal subsidies will have to make separate premium payments for the coverage.       | No major changes.   |
| <b>Pre-existing Conditions</b>  | Starts in 2014. Insurance companies cannot exclude people with medical problems. Until then, such people can buy from a high-risk pool.  | Will extend the ban to employer-sponsored plans by 2014.                    |
| <b>Canceling Coverage</b>       | Within 6 months of the bill's passage, companies will have to stop canceling policies of people who get sick.  | Ban will be extended to employer-sponsored plans as well.                   |
| <b>Medicare Benefit Cuts</b>    | Medicare benefits will be squeezed by nearly \$500 billion over 10 years, including \$116 billion in cuts to subsidize privately offered Medicare Advantage plans.               | Will impose an additional \$16 billion in cuts to Medicare Advantage plans. |

| Provision                 | Senate Bill   | Reconciliation Bill (Avoids Filibuster)  |
|---------------------------|---|--|
| <b>New Taxes</b>          | High-value employer-sponsored plans will be subject to a 40% excise tax in 2014; families making more than \$250,000 will pay higher Medicare payroll taxes on their wages. | Taxes on the high-value plans will be delayed until 2018. Unearned income such as capital gains will be subject to an additional 3.8% tax. |
| <b>Employer Penalties</b> | Employers with 50 or more workers will pay a \$750-per-worker penalty if they do not offer coverage and their workers get subsidies for private insurance.                  | The penalty will rise to \$2,000, but the first 30 employees are exempted from the calculation.  |

To access the bill for review, please visit: [www.hhs.gov](http://www.hhs.gov)

References:

Health Overhaul will Increase Tab, *Associated Press Report*, April 22, 2010

Ten Questions on the Health-Care Overhaul, *Wall Street Journal*, July 21, 2009

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## Business Dynamics LLC

### Mission Statement

To maximize the revenue of the Spine Specialist through innovative collection efforts and strategies.

To support the Spine Industry through professional development, training and customized education.

To develop Advanced Technologies that will ensure compliant and accurate coding for spine procedures.

Business Dynamics Accreditation Series:  
**We are Dedicated to your Education**

Cathy Humphrey  
Social Media Manager

We are very proud to announce the launch of the Business Dynamics Accreditation Series. Ten years in the making, these educational sessions offer all members of the spine community the chance to increase their knowledge of the spine reimbursement arena. Our dedication to practical education for the spine industry has led to the development of this important service.

Seminars are conducted over a one or two day period and cover a full spectrum of topics, including spinal anatomy, coding applications, the importance of modifiers, auditing reimbursement, the appeals process and surgeon's compensation, with more topics currently in development. Content for each session can be tailored to the specific needs of each practice or facility. A hospital reimbursement track is also in development. Quizzes and tests are given to ensure comprehension. Access is also granted to our online courses for the purpose of continued education.

We are already expanding the Accreditation Series to include webinars, so that our attendees may enjoy these services at their leisure, from the comfort of their home or office. Our goal is to ensure all participants leave with a greater understanding of the spine industry and spine reimbursement landscape. They will learn the intricacies of spine coding and how to run a more efficient business.

Supporting materials such as presentation handouts, workbooks, glossaries, sample cases and valuable resources to use on the job are given to each seminar attendee. Attendees are also afforded the opportunity to speak one-on-one with our presenters, Barbara Cataletto, CEO of Business Dynamics and Dr. Mauro Cataletto, Retired Orthopedic Spine Surgeon, during our extensive question and answer sessions. Our presenters are noted lecturers who each have over 20 years of expertise in the spine industry. They are committed to sharing their wealth of knowledge through this educational service to spine practices and facilities nationwide.

**EVENTS**

**September 21, 2010 - September 24, 2010:**

*Business Dynamics will be attending the Scoliosis Research Society's 45th Annual Meeting in Kyoto, Japan.*

**October 5, 2010 - October 9, 2010:**

*Business Dynamics will be exhibiting at the North American Spine Society's 25th Annual Meeting in Orlando, Florida.*

**April 26, 2011 - April 29, 2011:**

*Business Dynamics will be exhibiting at the International Society for the Advancement of Spine's 11th Annual SAS Global Symposium on Motion Preservation Technology in Las Vegas, Nevada.*

E-cycling and your HIPAA Compliance

Kelli McBride, MBA  
Strategic Marketing Manager

**Did you know?**

- The nation now dumps between 300 million and 400 million electronic items per year, and less than 20% of that e-waste is recycled. E-waste represents 2% of America's trash in landfills, but it equals 70% of overall toxic waste.
- E-waste from the US is often sent to the federal prison system where inmates work without federally protected health, safety, or labor rights. The inmates smash computer monitors with hammers, releasing dust that contains lead, cadmium, barium and other toxic substances.

With this in mind, we must remember our obligation to maintain the privacy and security of personal information. The privacy provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) apply strict rules to the disclosure of information in the medical industry. HIPAA also sets penalties for failure to meet their requirements and they authorize certain federal governmental agencies to enforce their provisions. The secure destruction of "nonpublic personal financial information" and "individually identifiable health information" are essential parts of compliance. In order to comply with all of these guidelines, medical businesses are going to need to understand the recycling processes in order to make the right choices with regard to electronic waste.

One thing we must understand is the difference between recycling used hard drives and destroying them. While most e-waste recycling companies claim that they are recycling your electronics and hard drives, they are actually reformatting your hard drive and reselling the computer or electronic. (Remember hard drives are also found on fax machines, photo copiers and other electronics used daily in your office). This can actually cause many HIPAA violations for your business because although reformatting may "wipe" a hard drive, some information is still detectable. Therefore, recycling and reusing reformatted hard drives or selling these hard drives is actually the equivalent to selling your patient's confidential information. This can also land you a \$250,000 fine.

In order to remain HIPAA compliant and protect your information, you must physically destroy all components of every computer or hard drive in your office. There are many companies, like E-Scrap Destruction in New York, who have looked past e-recycling and have actually found a way to completely destroy the physical state of the computer/hard drive. This is a process that shreds the electronic down to a size that any information stored is undetectable. The remaining materials can be sorted out and recycled back to their original resource. Some of these materials include steel, aluminum, glass, plastic and precious metals. They can then be used in the production of other goods (separately), therefore your information is completely protected. This will safeguard any information and keep you in compliance with all HIPAA regulations.

References:

- [www.epa.gov](http://www.epa.gov)
- <http://earth911.com/recycling/electronics/electronics-101/>
- <http://ewasteguide.info/>
- <http://www.dosomething.org/>
- [http://www.computertakeback.com/Tools/Facts\\_and\\_Figures.pdf](http://www.computertakeback.com/Tools/Facts_and_Figures.pdf)

## CODING UPDATE INSIDE

### Reverse the Decline in the Spine Industry

The medical industry has always been thought of as the “Recession Proof” industry. Medical treatment is a necessity, and people will not go without it... **Right?**

There are many effects that this economic recession has had on the medical industry. Many hospitals and practices are experiencing declines in many areas, from patient volume to profits. The rise in the unemployed means a rise in the uninsured. A rise in the uninsured means a decrease in the number of admissions in hospitals and visits in the doctor’s office. Patients are delaying elective procedures and any other procedures that may include higher out-of-pocket fees. These are just a few of the immediate effects of the recession. We foresee many more declines to follow.

Our goal at Business Dynamics is to help you compete with the recession and **Reverse the Decline** in the spine industry. It is our priority to assist you in retaining and strengthening the financial health of your practice.

### About Us

*Founded in 1994, Business Dynamics has rapidly emerged as one of the nation’s leading firms in healthcare management consulting. We offer specialized services individually tailored to the spine community at regional and national levels. Our highly trained and skilled staff work diligently to support spine practices, orthopedic and neurosurgical groups, spine centers, hospitals and ASCs to achieve enhanced practice operations and maximized reimbursement.*

### **Our Services** include:

- Practice and ASC Accounts Receivable Management
- Claims Reviews and Education
- Comprehensive Office Assessments & Policy Development
- “Spinal Cord” Coding Hotline (Coding Support)
- Customized Lectures and Seminars
- Web-Based Spine Specific Coding Courses
- Practice Development and Set-Up
- Custom Analysis and Reports