



# Healthcare in a Trump World

Tuesday, March 21, 2017  
Marc Voyvodich  
Chairman

Offer a process for navigating the uncharted health policy waters we're in, and offer strategies for responding to this uncertain period.

# Presentation Outline

Why do things  
seem so different in  
the first 100 days of  
a Trump  
Administration?

How do you  
continually  
navigate toward  
the likely future  
operating reality  
while in the current  
environment?

What are bet-  
hedging initiatives  
you can take in the  
near term to  
position for success  
given the current  
uncertainty?

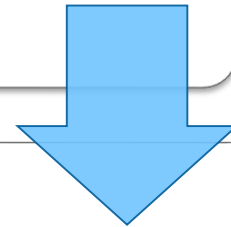


# TRUMP: THE FIRST 100 DAYS

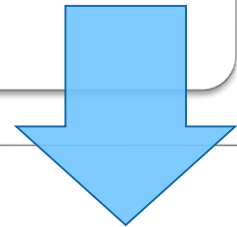
# The Difference of Trump's First 100 Days: End of an 80 Year Progressive Era

## **FDR Administration:** New Deal, 1930s

- “Four Rights” Address: (1) A job and an education (2) Earn enough to buy the necessities (3) Decent housing (4) Medical care and good health



## **LBJ Administration:** Great Society, 1960s, Medicare, Medicaid



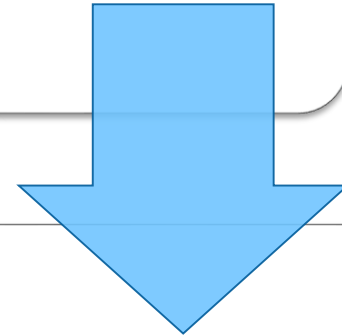
## **Nixon Administration:** Early 70's—NHI --- HMO Act

- Policy Theme: [Access](#)

# The Difference of Trump's First 100 Days: The Progressive Era

**Ford Administration:** 1974 - Passed legislation initiating  
CON

- Policy Theme: **Supply side cost containment**



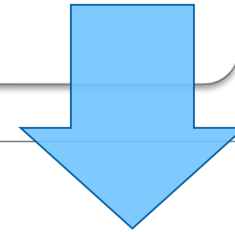
**Carter Administration:** 1975 - Shift from universal  
coverage and NHI to a focus on cost containment

- GDP to healthcare- 8%
- The 10% catastrophe!
- Debt = 35% of GDP
- Policy Theme: **Cost containment**

# The Difference of Trump's First 100 Days: The Progressive Era

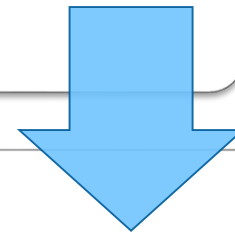
**Reagan Administration:** “Government is not the solution to our problem; government is the problem” Medicare PPS in 1983

- Policy Theme: **Improve Medicare benefits while reducing hospital/physician payments. Forget about NHI**



**George H. W. Bush Administration:** Passage of Stark I prohibiting physicians self-referrals

- Policy Theme: **Reduce federal health care spending and fraud and abuse**



**Clinton Administration:** 1993--Hillary Care + HIPPA, Stark II, and CHIP.

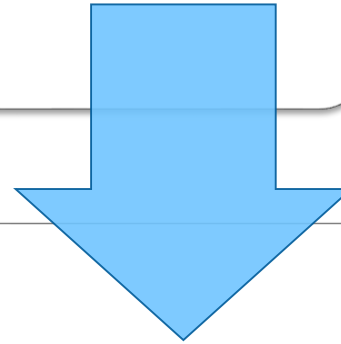
- Policy Theme: **Expand coverage and create regional delivery systems— control costs with market forces by requiring private insurers to compete**



# The Difference of Trump's First 100 Days: The Progressive Era

**George W. Bush Administration:** Part D Drug coverage, Health Savings Accounts

- Policy Theme: Add benefits because deficits don't matter



**Obama Administration:** 2,000+ pages of statute + many times this in rules

- Policy Theme: Coverage expansion with innovation and competition to control costs



The path  
of health  
policy  
over the  
past 80  
years:

- Forged a strong public-private partnership that steadily:
  - Increased capacity to treat and cure disease
  - Increased coverage
  - Improved primary/secondary prevention
  - Expended ever increasing amounts of the nation's treasure (Federal healthcare expenditures = \$1T, Total = \$3.4T)
- Emerged from divisive politics and conflict between administrations, political parties, Congress, healthcare advocacy groups, and the public

# The Difference of Trump's First 100 Days

Health policy directions have always been discernable

- Improve access (Medicare, Medicaid, CHIP, Part D, ACA)
- Support infrastructure growth (Hill-Burton; NIH; Hi-Tech Act; Cures Act)
- Contain costs by changing incentives (CON Legislation; HMO Act; Hillary Care; Obamacare)
- Improve quality (PROs, Value Based Purchasing)

# The Difference of Trump's First 100 Days

“We are going to  
replace  
Obamacare with  
something  
terrific!”

## Enter the Trump Administration.

“Our healthcare  
plan is going  
to be BEAUTIFUL!”

*-Campaign and beyond*

“Nobody knew  
health care was so  
complicated!”

*-President Trump meeting  
with Governors on Feb. 27<sup>th</sup>*



# The Difference of Trump's First 100 Days



**“I never get too attached to one deal or one approach. For starters, I keep a lot of balls in the air because most deals fall out, no matter how promising they seem at first.”**

- Donald J. Trump, *The Art of the Deal*

- ✓ ACA Repeal
- ✓ Repeal and Replace
- ✓ Repeal and Delay
- ✓ Repeal and Revise
- ✓ Keep existing Medicare
- ✓ Privatize Medicare
- ✓ Universal Coverage
- ✓ Individual freedom to not be covered
- ✓ Sharp reductions in the federal budget

# The Difference of Trump's First 100 Days

- Feb. 9<sup>th</sup> White House Listening Session with aviation industry leadership (airlines and airports)
- NexGen Avionics: integrates new and existing policies, procedures, and technologies, including satellite navigation and advanced digital communications
  - Expensive and controversial
- “NextGen” initiative needs to be scrapped
- Needs to be completely replaced
- Going to completely revise the tax code
- We need fast trains
- Going to roll back burdensome regulations
  - How will the rule that every new regulation passed must eliminate two existing ones
- Result – Uncertainty, fear and confusion

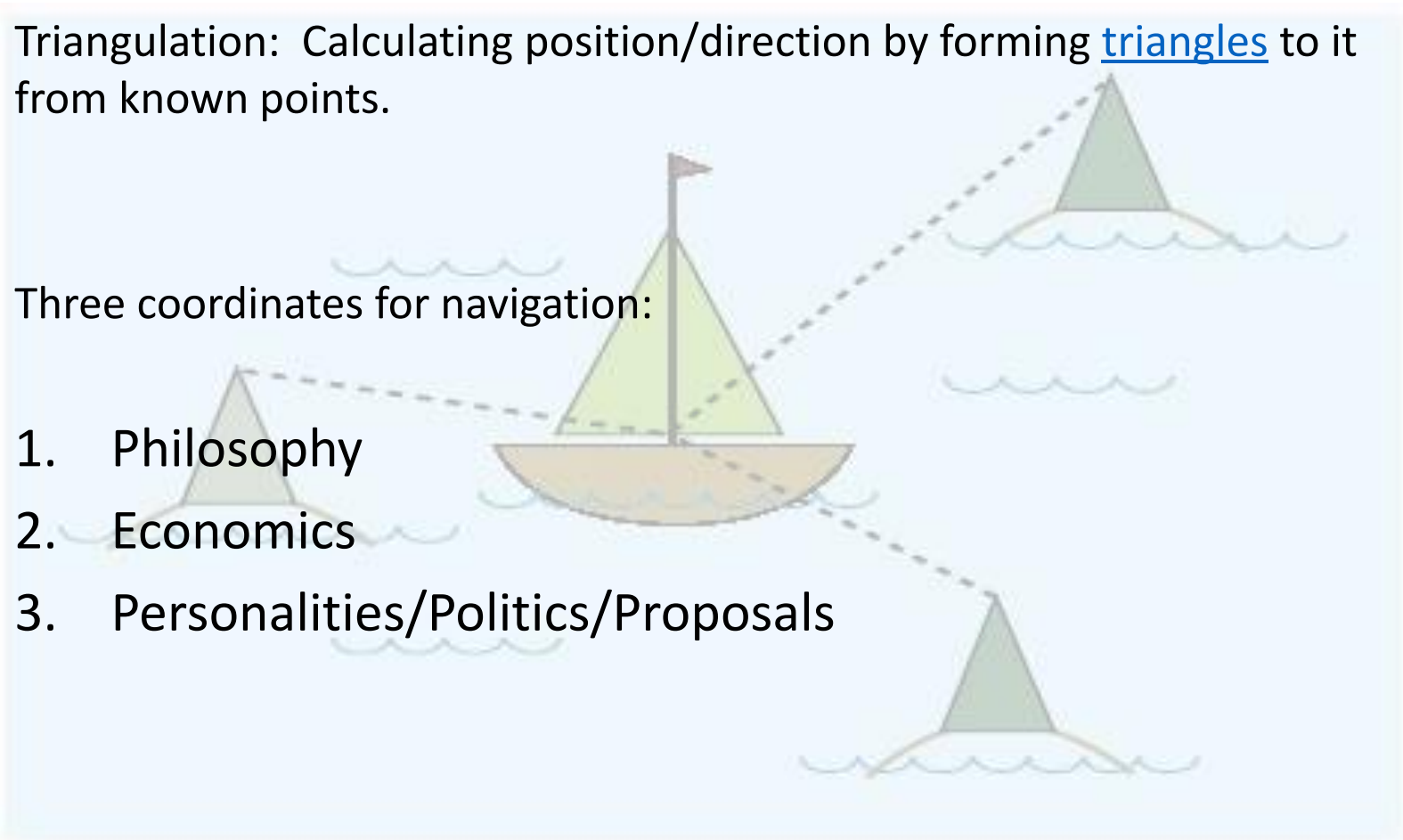


# Navigating in a Period of Uncertainty

Triangulation: Calculating position/direction by forming triangles to it from known points.

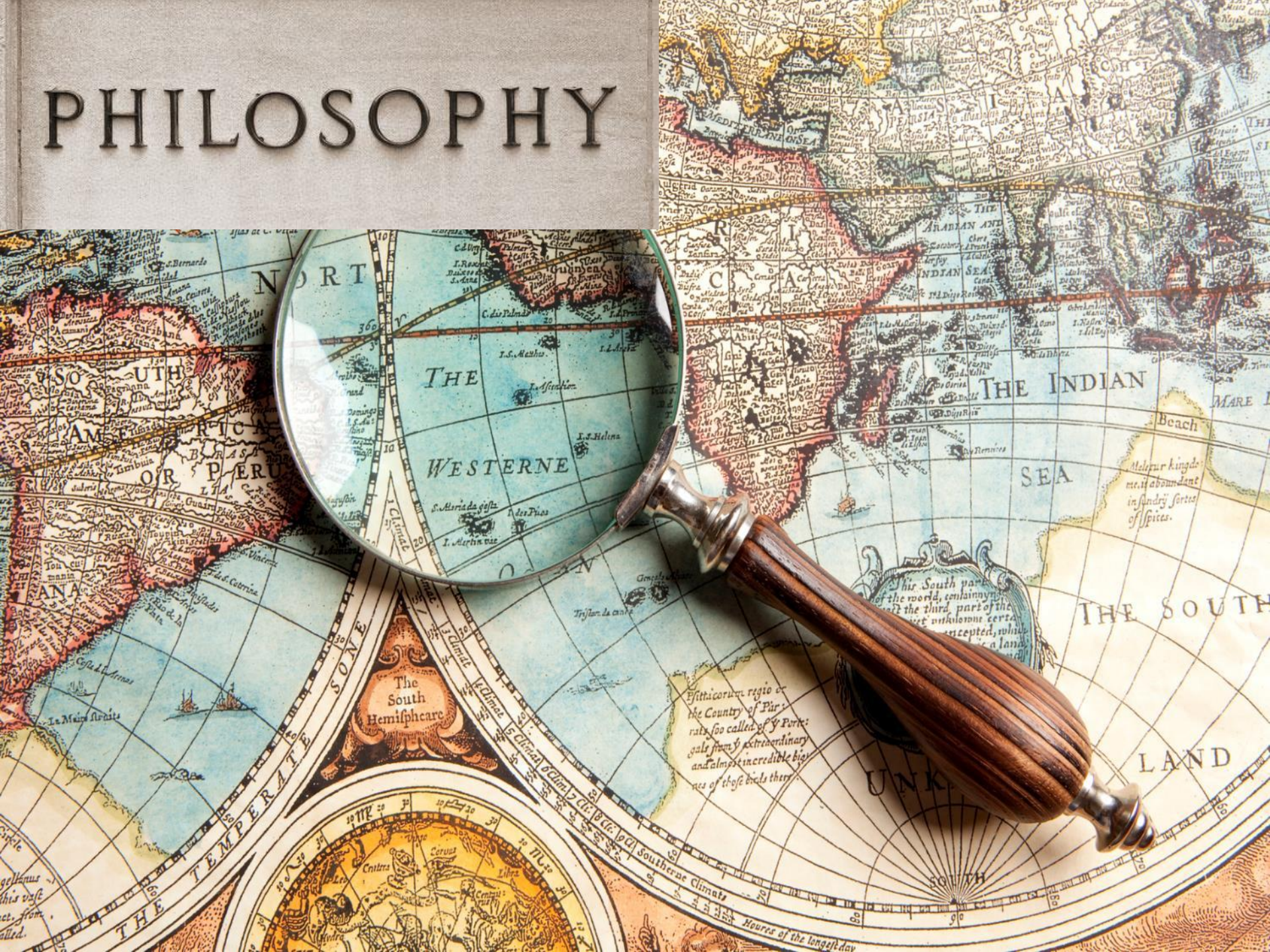
Three coordinates for navigation:

1. Philosophy
2. Economics
3. Personalities/Politics/Proposals





# PHILOSOPHY





Last 80 years: A philosophical framework rooted in the Progressive Movement's focus on ***social responsibility***

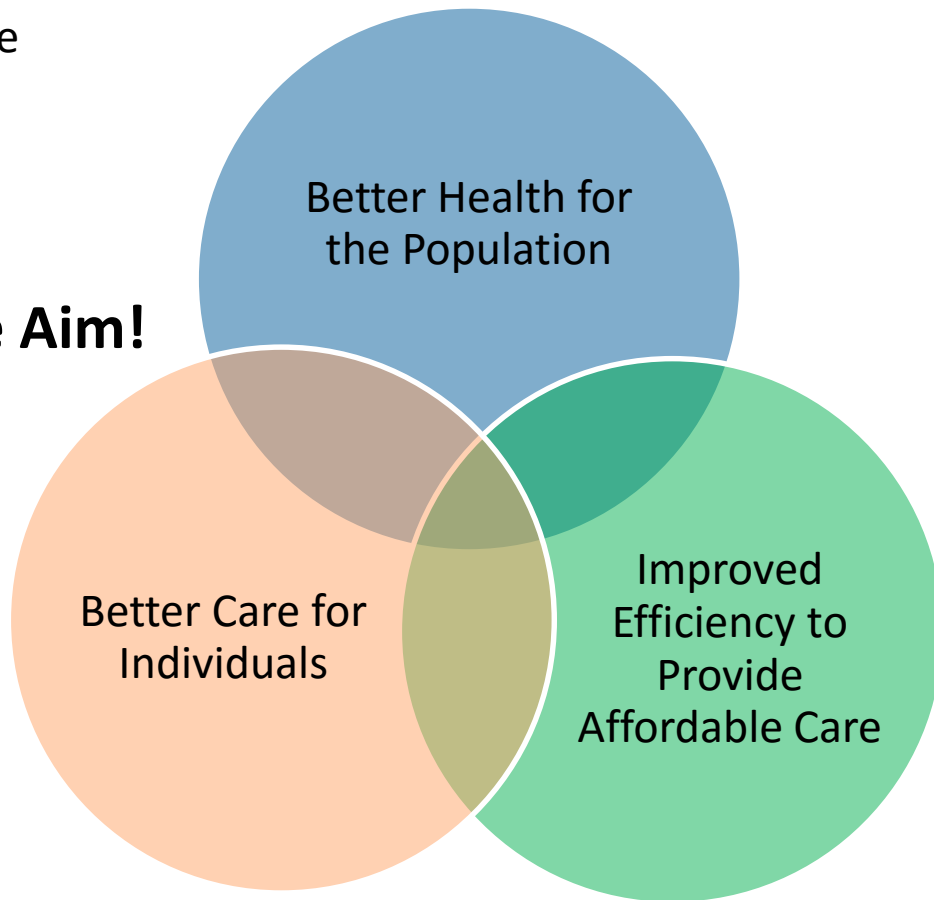
**Access** (health care and coverage as a right)

**Affordability** (organize, deliver and pay for care as efficiently as possible)

**Quality** (high quality as a single standard that does not vary based on individual circumstances)

1. Better Health Status
2. Better Health Care
3. More Efficient Care

## IHI's Triple Aim!



## *Excerpts from the Libertarian Party Statement of Principles*

**“We, the members of the Libertarian Party, challenge the cult of the omnipotent state and defend the rights of the individual.**

**We hold that all individuals have the right to exercise sole dominion over their own lives, and have the right to live in whatever manner they choose, so long as they do not forcibly interfere with the equal right of others.”**

## *Excerpts from the Libertarian Party Statement of Principles*

**“All political parties (other than our own) grant to government the right to regulate the lives of individuals and seize their labor without consent.**

**People should not be forced to sacrifice their lives and property for the benefit of others. They should be left free by government to deal with one another as free traders. The only economic system compatible with the protection of individual rights is the free market.”**

## *Health Care Section of the Libertarian Party's 2016 Platform*

“We favor a free-market health care system. We recognize the **freedom of individuals to determine the level of health insurance** they want (if any), the **level of health care** they want, the care **providers they want**, the **medicines and treatments** they use, and **end-of-life decisions**.

People should be free to purchase health insurance across state lines.”

# The Trump Administration's Libertarian Philosophy

## **“Republican Health Proposal Would Redirect Money From Poor to Rich”**

Margot Sanger-Katz @sangerkatz FEB. 16, 2017 New York Times

Comments Section excerpt:

**Alice N. Wonderland**, Palm Coast, FL

*“First of all it is NOT the job of government to redistribute wealth....  
Secondly, health care is NOT a right. Since when does anyone have  
the right to the labor of another....*

*Lastly, if we had a true free market competition would drive prices  
down. Forcing people to buy and subsidize insurance of any kind for  
others is unconstitutional...*

*Government subsidies benefit "insiders" to the detriment of the rest  
of the citizenry.”*

# The Trump Administration's Libertarian Philosophy

## Comments Section (Cont.)

- **NineMuses** Provincetown, MA

*"Since when does anyone have the right to the labor of another" you ask.... We are all here on the face of this earth together and we had better care for each other.*

*Collecting taxes and using the money for humanitarian purposes is simply an efficient way for the citizens of a nation to care for each other. Private charity, while wonderful, is scattershot and unreliable."*



# The Trump Administration's Libertarian Philosophy



## Comments Section

**Michael** California

*"That free market didn't do a very good job of keeping down prices before the ACA. That's what made it necessary. But then, if the market were truly free, we could buy our drugs in Canada...."*

*Every reasonable government since the ancient Greeks has had to deal with the dilemma of wealth concentration vs. social disorder. Let it go too far in either direction and you get a failed state. It's a balancing act between rights of ownership and keeping a reasonable society."*

## Heritage Foundation:

### PHI (Private Health Insurance)

- Repeal the employer tax exclusion----- replace it with a universal tax deduction or tax credit for health expenses
- Replace the current tax treatment of health benefits with tax relief that is revenue-neutral/ budget-neutral
- Devolve the regulation of health insurance back to the states, except that:
  - Individuals who receive **and keep** coverage cannot be denied coverage due to pre-existing conditions
  - Individuals who wait until they are sick to enroll in coverage are penalized

## Heritage Foundation:

### ✓ Medicare

- Spent \$692 billion in 2016 covering 58M (81M in 2030).
  - Biggest entitlement---- will generate an unfunded liability (an “off-budget” debt) of \$32T to \$43T over next 30 years
- Transition the entire Medicare program from defined-benefit system to defined-contribution system (premium support or vouchers), giving consumers choice.
  - If cost is less than voucher, keep it or put it in an HSA

## **Heritage Foundation:**

### ✓ **Medicaid:**

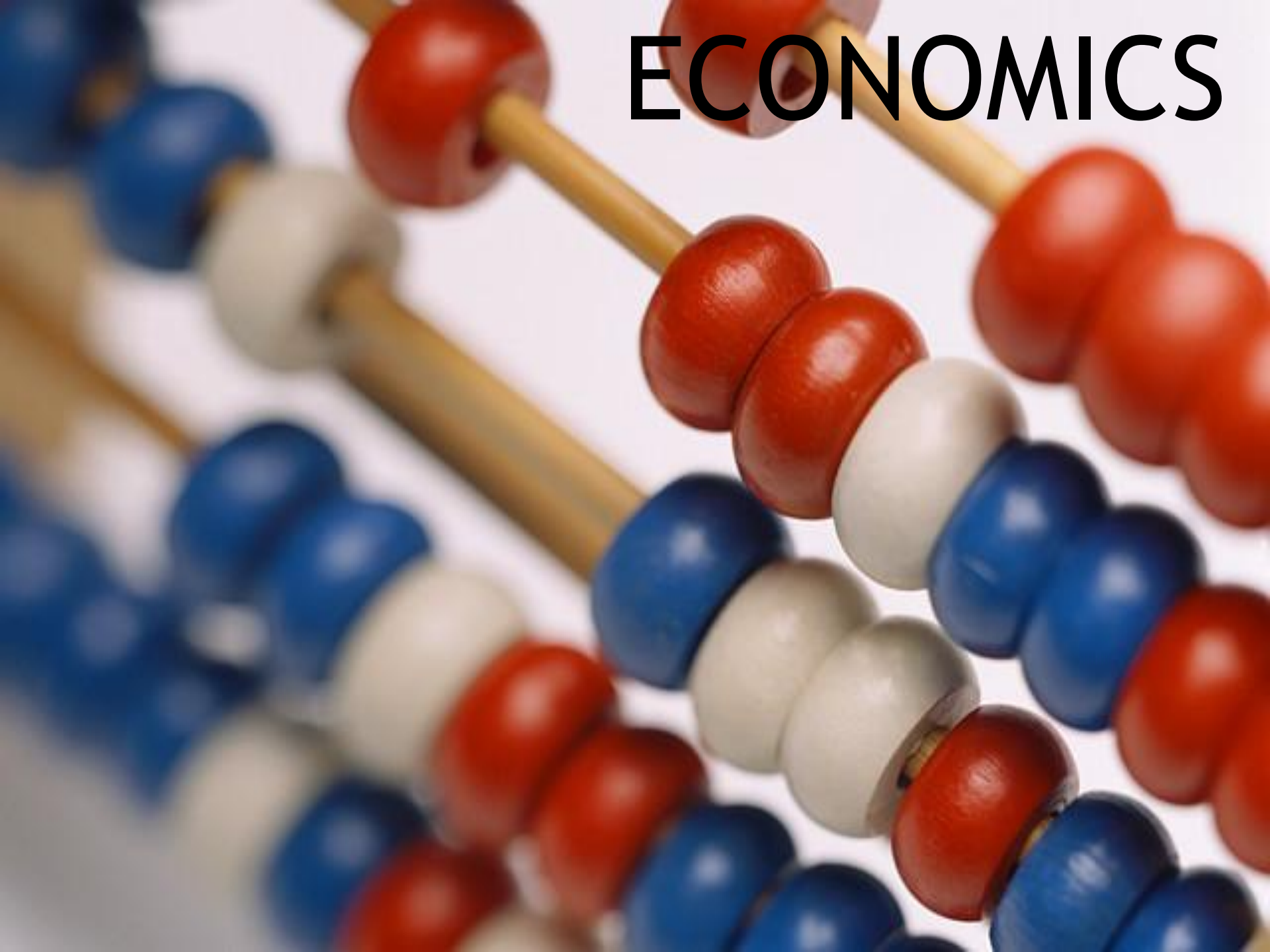
- 70 million Americans enrolled. Combined federal/state spend = \$554 billion
- Eliminate enhanced funding for the new expansion population
- Allow those currently enrolled in Medicaid—specifically the non-disabled, non-elderly—to opt out of Medicaid and purchase coverage of their choice using existing Medicaid dollars

# Turning Philosophy to Policy

## Turning Philosophy to Policy: The Big Shifts

Social responsibility	Shifts to	Personal responsibility
Taxes to support social programs	Shifts to	Tax cuts (credits/deductions)
Govt. policies/rules to shape services	Shifts to	Dismantle the governments' administrative rules
Govt. as healthcare payer	Shifts to	Individual as payer armed with tax credits

# ECONOMICS



## Debt

Household = \$14.2T

Federal = \$13.9T

Business = \$12.8T

State/Local = \$3.0T

Total = \$43.9T

**2.4 x GDP**

**\$135k per citizen**

Source: "The United States of Insolvency," Time, James Grant, p.31



### Underinsurance Rates Among Adults Who Were Insured All Year by Source of Coverage at the Time of Survey

Percent adults insured all year ages 19–64 who were underinsured*					
	2003	2005	2010	2012	2014
<b>Total</b>	12%	13%	22%	23%	23%
<b>Insurance source at time of survey**</b>					
Employer-provided coverage	10%	12%	17%	20%	20%
Individual coverage^	17%	19%	37%	45%	37%
Medicaid	22%	16%	32%	31%	22%
Medicare (under age 65, disabled)	39%	24%	45%	32%	42%
<b>Firm size (Base: Full- or part-time workers with coverage through their own employer)</b>					
<100 employees	12%	14%	17%	25%	27%
100 employees or more	8%	11%	16%	16%	14%

#### Underinsured

- Out-of-pocket expenses 10% of income
- < 200% of FPL
- >5%

\* Underinsured defined as insured all year but experienced one of the following: out-of-pocket expenses equaled 10% or more of income; out-of-pocket expenses equaled 5% or more of income if low income (<200% of poverty); or deductibles equaled 5% or more of income.

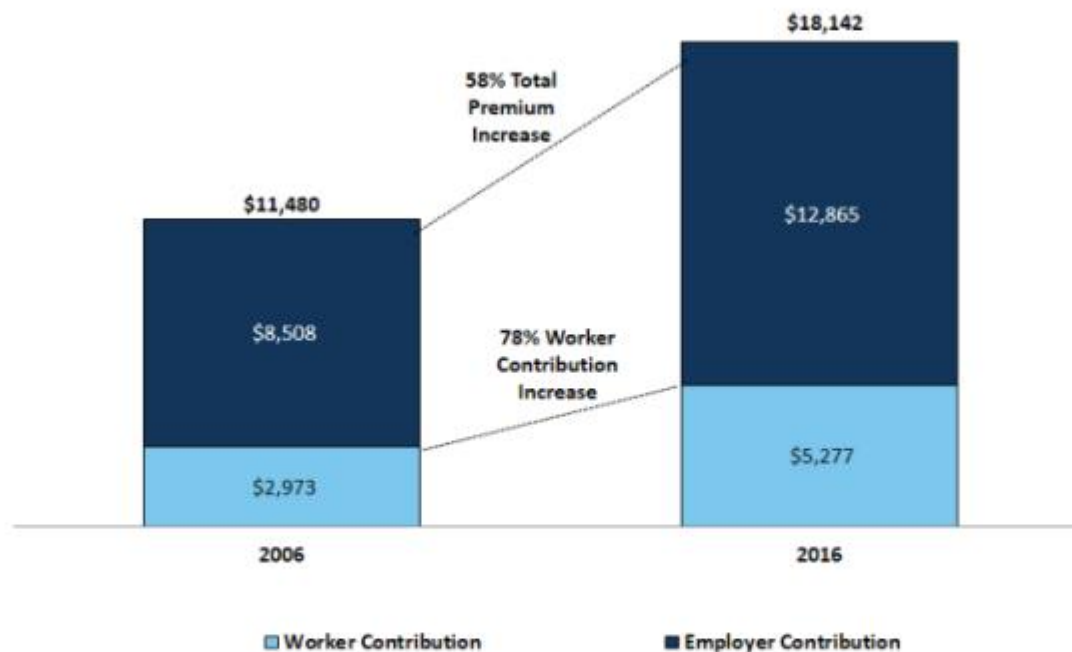
\*\* Adults with coverage through another source are not shown here. Respondents may have had another type of coverage at some point during the year, but had coverage for the entire previous 12 months. ^ For 2014, includes those who get their individual coverage through the marketplace and outside of the marketplace.

Source: The Commonwealth Fund Biennial Health Insurance Surveys (2003, 2005, 2010, 2012, and 2014).



- 47% of U.S. workers can't come up with \$400 for an emergency
- 71% concerned about covering everyday expenses
- Median net worth down 85.3% from 1983 to 2013 (2013 = \$54,000)
- Fragile with a credit card life raft
- LA free clinic: 10,000 patients showed up, a majority *with* health insurance
- Out-of-pocket liabilities in 2015 = \$360B

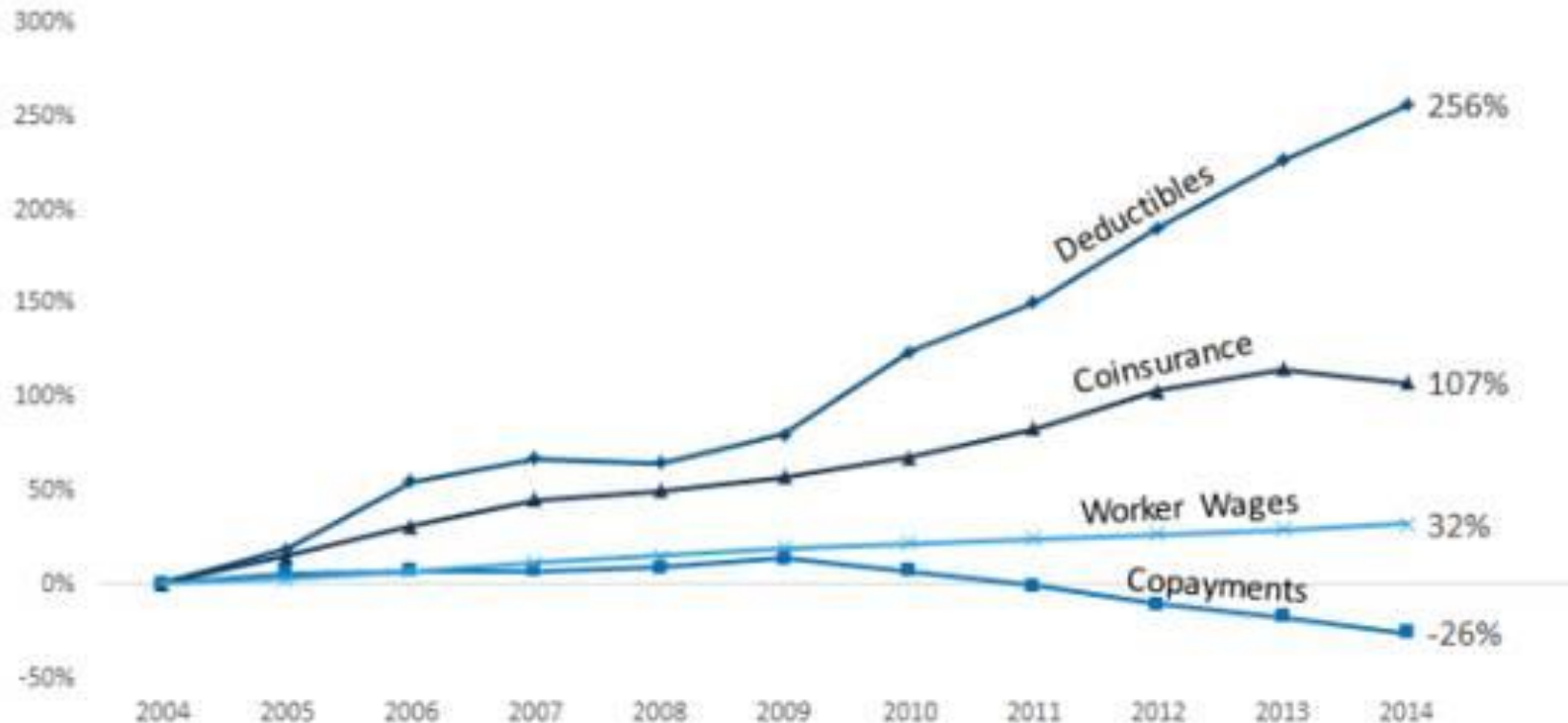
### Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2006-2016



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2016.



### Patient Spending on Deductibles Outpacing Wages



## Commitments by the Trump Administration

- Balance the \$4T annual federal budget and then eliminate the \$20T deficit by:
  - Getting rid of fraud and waste
  - Reducing or eliminating discretionary spending programs (foreign aid, National Endowment for the Arts, Legal Services Corporation, Departments of Labor, Education, Commerce, EPA, etc.)

At the  
same  
time...

- Increase Defense Spending (\$54B Annually)
- New Infrastructure Spending (\$50B Annually assuming PPPs)
- Tax Reductions (\$500B Annually)
- Address existing \$600B Annual Deficit
- Elimination of ACA Taxes (high income, Devices, etc.) \$100B
- Elimination of ACA Exchange Subsidies
- Cost of TrumpCare Tax Credits Net of Reduced Deductions ( \$??B)

# Economics

## High Level Sources and Uses Model (Mick Mulvaney's Problem)

Sources of Funds		Uses of Funds	
	\$B		\$B
Incremental Tax Receipts (GDP Growth)	\$ 88	2016 Federal Deficit	\$ 600
Misc. Discret. Budget Reductions	\$ 54	Increase Defense Budget	\$ 54
ACA Exchange Subsidy Reductions	\$ 110	Infrastructure Spending (1/2 PPP)	\$ 50
Annual Savings- lower enrollment (24M)	\$32	Personal/Biz Tax Rate Reductions	\$ 500
		Tax Credits/Deductions	?
		Eliminate ACA Taxes on High Earners	\$ 100
Incremental Sources	\$ 284	Incremental Uses	\$ 1,304

Can we grow out of it? GDP = \$18T 10% growth = \$1.8T Fed take @ 20% = \$360B

**GAO Conclusion: (adds +/- \$10T to federal deficit in 8 years)**



## The Public's Perception:

- Fox News Survey in 2013: 49% said **cutting waste and fraud will eliminate most of the national debt**
- General poll: **25% of federal budget goes to foreign aid (<1%)**
- 5% goes to **PBS and NPR** (1 basis point)
- Federal government directly employs **40% of the population (1.9%)**

## Wall Street's Perception:

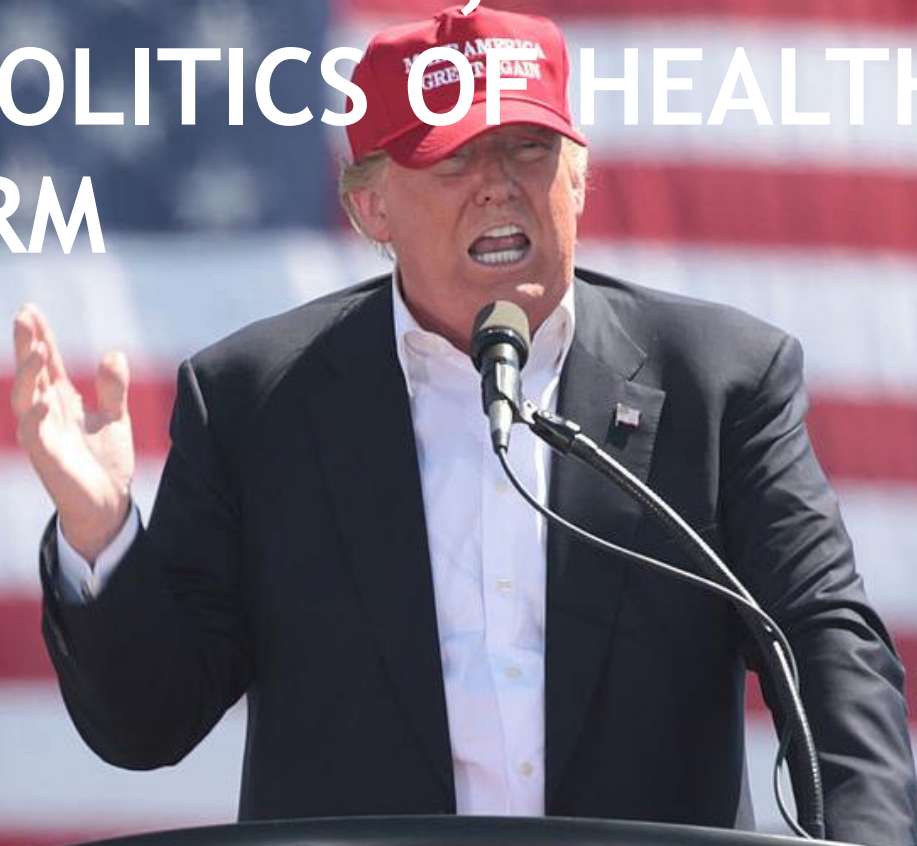
### Rating Agencies

- ✓ NFP Providers: Credit negative
- ✓ Payers: Credit neutral
  - Publicly traded managed care companies have appreciated at double the rate of the S&P over the past 7 years.

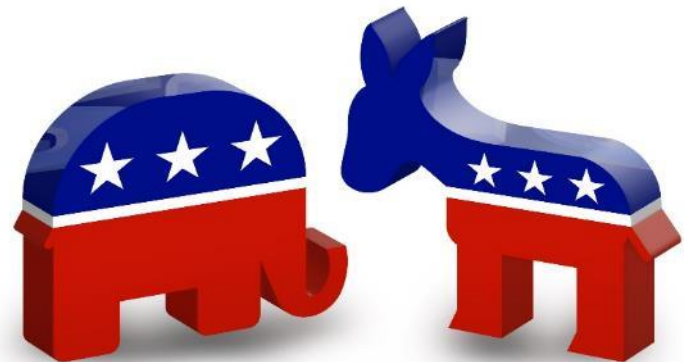
## Economics: The Big Shifts

Significant levels of benefit coverage	Shifts to	High deductibles
Modest focus on pre-tax HSAs	Shifts to	HSAs as a major source of funding
Reasonable level of individual liquidity	Shifts to	Very limited individual liquidity
Room for more Federal leveraging	Shifts to	Federal deficit about to exceed GDP

# PERSONALITIES, PROPOSALS, AND THE POLITICS OF HEALTHCARE REFORM



**TRUMP**  
TEXT "TRUMP" to 88022  
Fountain Hills, Arizona



# Direct From the President's Mouth...



**Donald J. Trump** ✓  
@realDonaldTrump

 Follow

Have time to waste? Go to the ObamaCare website.

4:12 PM - 22 Oct 2013

  1,030  590



**Donald J. Trump** ✓  
@realDonaldTrump

 Follow

President Obama could totally solve the problem with Putin by demanding that Russia sign on to ObamaCare, thereby destroying their economy!

6:09 AM - 18 Mar 2014

  1,433  1,319



**Donald J. Trump** ✓  
@realDonaldTrump

 Follow

First Titanic sunk on its maiden voyage.Next the Hindenburg explodes on its first flight to America.Now we suffer the ObamaCare rollout!

1:19 PM - 25 Oct 2013

  404  197



**Donald J. Trump** ✓  
@realDonaldTrump

 Follow

ISIS is starting its own currency. May be stronger than the dollar if ObamaCare is fully implemented.

4:38 PM - 24 Nov 2014

  1,312  1,410

# Direct From the President's Mouth...

## 7 WSJ: Trump Might 8 Keep Parts Of Obamacare In Place



Matt Vespa | Posted: Nov 12, 2016 12:30 PM





# Personalities: Drivers of Health Policy Reform



## Advisors

- **Reince Priebus**
  - Establishment influence; Worked for RNC. Disposed to favor traditional Republican policies
- **Stephen Bannon**
  - Disruptive influence; favors aggressive policy and action focused on the “deconstruction of the administrative state”

# Personalities: Drivers of Health Policy Reform



## Advisors

- **Steve Miller**

- Worked for Jeff Sessions (Justice Dept.) when he was AL Senator. Supports a libertarian approach and has Trump's ear

- **Ivanka Trump**

- Influential enigma



# Personalities: Drivers of Health Policy Reform



## Operators

- **Vice-President Mike Pence**

- Perceived to be the Administration's ambassador to the Hill
- Well respected among former Republican Hill colleagues; closely aligned with Speaker Paul Ryan

- **HHS Secretary Tom Price**

- Georgia physician and physician-centric
- Authored "Empowering Patients First Act"
- Considered "vocal critic" of CMS Innovation Center

# Personalities: Drivers of Health Policy Reform



## Operators

- **CMS Director Seema Verma**
  - Led Indiana's (and other states') Medicaid 1115 Waiver initiative
  - Authored "A New Medicaid" for the Republican Governors Public Policy Committee

# Personalities: Drivers of Health Policy Reform



## Negotiators

- **Senators Susan Collins & Bill Cassidy**
  - Voices of moderate Republicans
- **Speaker Paul Ryan**
  - Balancing Establishment and Tea Party wings of the House.
  - Owns the AHCA

# Personalities: Drivers of Health Policy Reform



## Hard Line Disrupters

- Freedom Caucus—approximately 40 hard right Republicans in the House.
  - Mark Meadows, R- N.C.
- The Senate
  - Ted Cruz R-TX
  - Mike Lee R-Utah
  - Rand Paul R- KY



# Politics: Make America Vote Trump Again



- **The Battle Plan:**

1. Reconciliation repeals Obamacare taxes, spending and mandates [Requires Senate simple majority]
2. HHS deregulates the marketplace through administrative action to eliminate rules and letters of guidance
3. Pass legislation for new initiatives like inter-state insurance sales, etc. [Requires 60 Senate votes to overcome filibuster]

# Politics: The Mid-Terms



- **House Republicans** have a 30 seat majority and may feel “immune” from any constituent backlash in 2018. *Early signs from town halls suggests otherwise.*
- **Senate Republicans** hold a 52-48 majority and require Democrat votes to pass non-reconciliation legislation. *However, **only 2 of 9 Senate Republicans up for reelection in 2018 are in potentially competitive states.***

# Politics: Who Becomes the Negotiating Partner?



- **Senate Democrats** emboldened by protests and citizen mobilization and see the ACA as a crowning achievement of Progressivism.  
***10 of the 25 Senate Democrats up for reelection in 2018 are from 2016 Trump states.***

# Trump's Principles for ACA Overhaul (Feb 28<sup>th</sup> address to Congress)

- 
1. Ensure access to coverage for those with preexisting conditions and a smooth transition for the 20 million people enrolled in individual insurance coverage
- 
2. Provide tax credits and health savings accounts (HSAs) to help individuals purchase coverage
- 
3. Give governors flexibility (block grants)
- 
4. Establish tort reform for patients and physicians that drive insurance costs while simultaneously reducing drug costs
- 
5. Allow the purchase of health insurance across state lines



## **COMMITTEE PRINT**

**Budget Reconciliation Legislative Recommendations Relating  
to Repeal and Replace of the Patient Protection and Afford-  
able Care Act**

- 1 **TITLE I—ENERGY AND**
- 2 **COMMERCE**
- 3 **Subtitle A—Patient Access to**
- 4 **Public Health Programs**
- 5 **SEC. 101. THE PREVENTION AND PUBLIC HEALTH FUND.**

# **Tax Credit**

- Monthly advanced and refundable tax credit, adjusted based on age (\$2,000 - \$4,000 annual aged based credit)
- Available for dependent children up to age 26
- Credit based on age rather than income
- Not available to those on employer or government programs.

## HSAs

- **Increase contribution limit:**
  - **Current Law:** \$3,400 (individual), \$6,750 (family)
  - **Proposal:** Equal to maximum out of pocket amounts allowed by law - \$6,550 (individual), \$13,100 (family coverage)



# Subsidies

- Current subsidy system would remain in place during a transition period (2019)
- The tax credits (not subsidies but rather “tax cuts”) would be adjusted to “provide additional assistance for younger Americans (5:1 vs. 3:1 age band) and reduce the “over-subsidization older Americans are receiving”

# Coverage

- Individual and employer coverage mandates gone.
- Lets insurers charge individuals a 30% premium penalty for 1 year if they let their coverage lapse for over 60 days to encourage people to maintain continuous coverage.
- Eliminates the ACA's minimum essential benefits at the end of 2019.

### Coverage

- Pre-existing conditions and 26 year old children are mandated coverage.
- Prohibit federal Medicaid funding for Planned Parenthood/ others that perform abortions.  
No tax credits for any health plan that covers abortions

## High Risk Pools

- Preliminary budget number \$100B over 9 years
- Flexible, but used to:
  - Revive a high risk pool that has gone dormant since the ACA's passage
  - Lower the premiums for the standard risk pool.

**The reality: Pareto rule, with 5% of patients expending 50+% of healthcare dollars. Annual Xchange subsidy is \$45B So----- about \$350B short over a decade.**





# Medicaid Expansion

- Expansion States:
  - Would continue to receive enhanced federal payments “for a limited period of time.”
  - Non-Expansion States: Receive Medicaid DSH payments until 2019
- After 2019, states continuing to provide expanded Medicaid coverage would be reimbursed at “traditional state/federal match rates”

## Block Grants

- In 2019, move to federal per capita (block) grants
  - 2016 per capita expenditures updated by medical CPI between 2016 and 2019
  - Updating of payment after block grants are introduced is unclear.
  - Coverage requirements only for vulnerable population segments (elderly and the disabled).

# Medicaid Expansion

**Pa.**

- Federal match = Per capita allotment per beneficiary category X number of beneficiaries in each group. (Pa. Federal Match = 57.5%)
- Pa. 670k expansion beneficiaries @ 100% Federal payment (\$5.23B @ \$7,811 per capita)
- Pa. incremental cost to sustain expansion beneficiaries = \$2.22B

# What Will It Take for the AHCA Pass?

## Potential Compromises

- Mix tax deductions and tax credits to shift more resources from the wealthy to the poor.
- Expand the number of age bands to be more discriminate with credits and deductions.
- Add a means test variable to push more tax credit resources the poor.

## Possible Compromises

- Dramatically expand the high risk pool to make the standard risk pool more affordable.
- Move the expiration of the 100% federal match for Medicaid expansion beneficiaries up to as early as October, 2017.
- Add work requirements to “able bodied” (non-elderly, non-disabled with no kids) Medicaid expansion beneficiaries.

## **Possible. but odds against it**

- Full House: Not draconian enough for the Freedom Caucus
- Senate: Too draconian for many moderates
- Joint Conference Committee—who knows!

**WARM JELLO!**

**No legislation...then what?**



# No Legislation?

## **Revert to repeal but don't replace.**

- CBO estimates impact as follows:
  - **Uninsured up by 18 million in the first new plan year following enactment of the bill. Grows to 27 million, and then to 32 million in 2026 when expansion subsidies eliminated.**
  - **Premiums in the nongroup market (policies purchased through exchanges/ insurers) would increase by 20 -25%—relative to projections under current law—in the first new plan year following enactment**
    - Up 50% in the year following the elimination of the Medicaid subsidies. Premiums double by 2026.

- **Hope exchanges fail, blame it on the Democrats, and take the savings from the subsidies that disappear**
- **Cut \$s wherever possible through executive action and the budget process**
- **Aggressively use 1115 waivers to create state flexibility via block grants (do not allow 1334 waivers that enable a path to single payer systems by states)**

# Personalities/Proposals/Politics

Personalities/Proposals/Politics: The Big Shifts		
Personalities embrace progressive philosophies	Shifts to	Personalities are variously committed to libertarian values
Coherent policy agendas by each party	Shifts to	Major disagreements in each party--- big commitment is to the art of the deal
Generally passive electorate	Shifts to	Increasingly activist electorate
Developing policy directions via legislation	Shifts to	Developing policy directions via budget appropriations and executive orders

# BET HEDGING STRATEGIES





# Bet Hedging Strategies for Smart Operators

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People with growing personal financial exposure are going to shop hard. Pricing and the consumer experience is going to matter – a lot. Act on this.

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Payer mix is going to change: Less Medicaid, less \$s from individual products, more bad debt

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Generate routine what-if financial projections that provide a sensitivity analysis of the impact of various scenarios. Share with the Board.

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Get really good at POS collections. This form of payment will grow along with high deductibles, HSAs, and reductions in coverage.

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Get lean! Make a commitment to get to benchmark performance in terms of cost and operations. This period will represent the same kind of margin pressure that off-shoring of manufacturing did for many businesses in the past two decades.

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Consider getting bigger both organically and through affiliations. Scale is a powerful tool in both the market and operations.

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# Bet Hedging Strategies

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Do some capital structure planning. Consider whether your real estate portfolio makes sense. Whether you should consider taxable bonds as a leverage option that gives you more flexibility regarding investment.

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Take a full-court press approach to reducing losses related to employed physician groups. Get out in front of MACRA– not going away

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Push hard for opportunities to contract with payers using upside risk and managing full risk when you have the population management skills to create margin arbitrage.

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Both state and federal advocacy are going to be more important than ever before. Use HFMA and other educational and advocacy vehicles to educate politicians and your consumer constituents.

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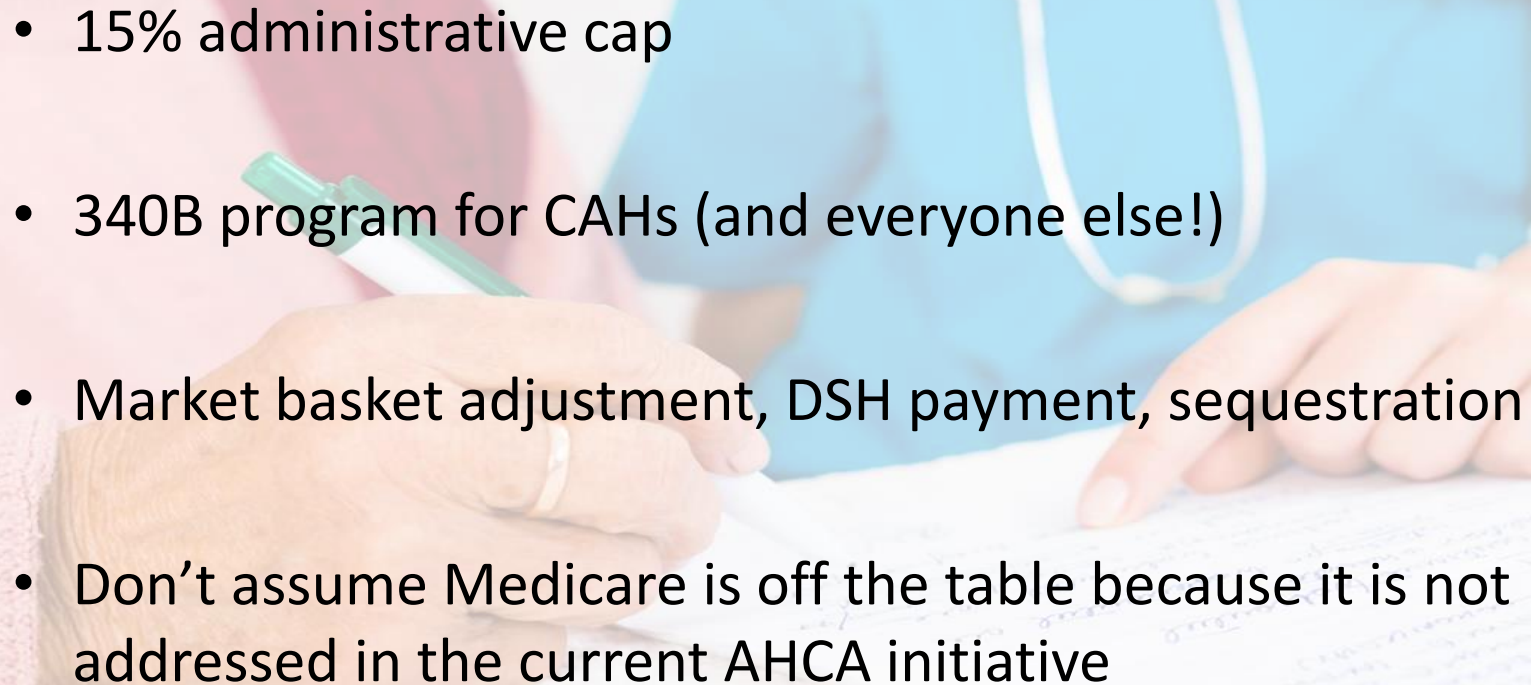
Continue to push for quality and safety. It will continue to reside at the confluence of value based payment, reputation, recruitment/retention, and mission.

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Triangulate again to re-calibrate your vector in a time when the only choice is instrument navigation vs. Visual Flight Rules.



# Finally- Keep an Eye on BIG Little details

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- 15% administrative cap
  - 340B program for CAHs (and everyone else!)
  - Market basket adjustment, DSH payment, sequestration
  - Don't assume Medicare is off the table because it is not addressed in the current AHCA initiative

# Thank you



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