

Responding to Varied ASC Payment Models: It Doesn't Have to Mean Making Less



October 19, 2018

Facilitators:

Max Reibolt, CPA

President/CEO

Coker Group Holdings LLC

Barry Tanner,

President/CEO

Physicians Endoscopy

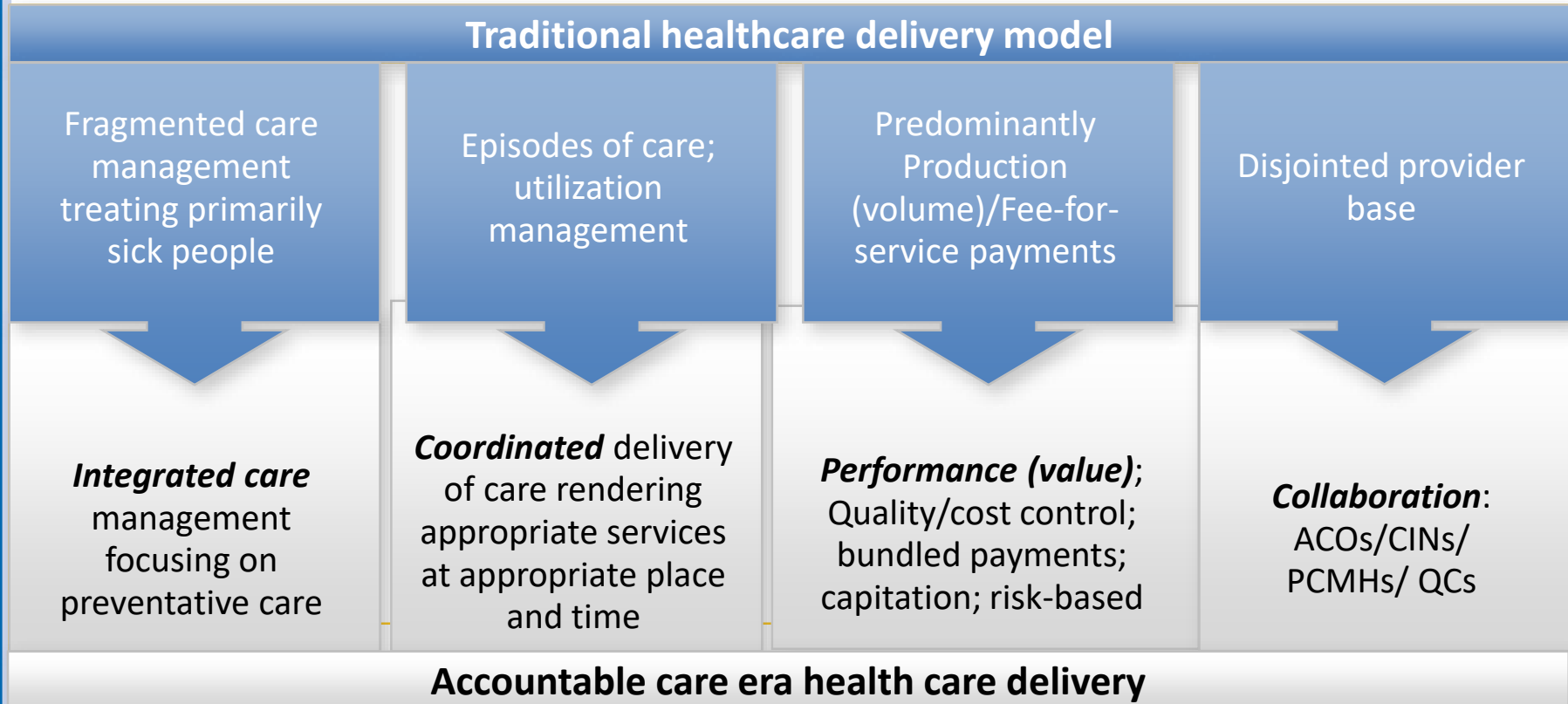
Agenda

- Introduction
- Industry Trends and Observations
 - Slow movement to value-based reimbursement (VBR)
 - Bundling, preventative care, and population health
- What to Expect in Reimbursement: 2019 and Beyond
 - Shifts to come from third-party payers
 - Carrot and stick approaches regarding choice for patients and providers
 - Barriers to Value-Based Care
 - Potential market disruption will likely be positive for the long-term (entry of Amazon, JP Morgan, etc.)
- Strategies for ASCs
- Questions

Industry Trends and Observations

- Continued push toward value-based care that will include incentives for more desirable outcomes at more acceptable cost
 - Progress will be slower than expected
 - Third-party insurers will lead the way, not necessarily government payers
 - Government will continue with some initiatives
- Preventative care and population health emphasis (e.g. increased screening)
- Episode of care bundles will remain more experimental than mainstream in short term
- Changes in mindset will continue (see following slide)

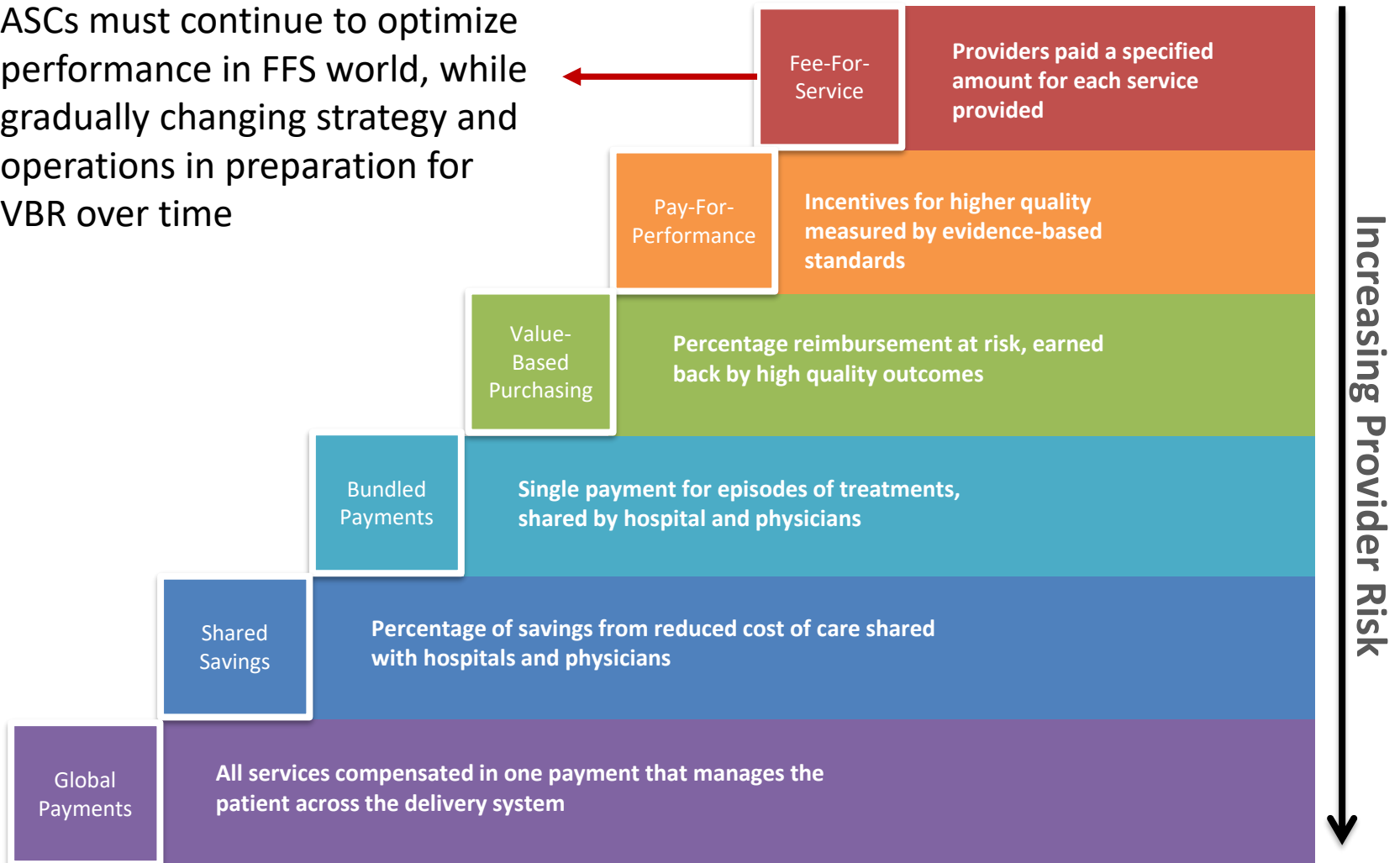
Industry Paradigm Shifts Affecting Physicians and Hospitals



- Industry shifts over the previous 10 – 15 years, from traditional delivery model to accountable care, have significantly affected approaches to care delivery, physician/hospital alignment strategies, and physician compensation design

What to Expect in Reimbursement: 2019 and Beyond

ASCs must continue to optimize performance in FFS world, while gradually changing strategy and operations in preparation for VBR over time



Shifts to Come from Third-Party Payers

- Third-party payers rolling out choice incentives
 - Carrot: Increased out-of-pocket costs for patients choosing HOPD vs. free-standing ASC
 - Stick: Decreased provider reimbursement when performing procedures in HOPD vs. ASC
- More volume may shift to free-standing ASCs, increasing emphasis on operational efficiencies, patient access, and service differentiators

Barriers to Value-Based Care

- Adjudication technology
 - Legacy claims processing not designed to handle structures beyond fee-for-service
 - Ability to process payments for bundling or outcomes incentives still not widely available
- Potential Market Disruption
 - Large companies entry into market
 - Lack of payer interest in VBR
 - Lack of clarity relative to ACA
 - Political uncertainty

Strategies for ASCs

- Reimbursement models will continue to evolve
 - Health maintenance and early detection vs. symptom treatment to be one of the biggest pushes
- Transactional considerations affecting ASCs
 - Privately owned ASCs
 - Physician/hospital JVs
 - Investor owned ASCs
 - Clinical protocols changing reimbursement

Max Reiboldt, CPA

President/CEO

Coker Group Holdings LLC

T: 678-832-2007 | M: 678-296-3932

mreiboldt@cokergroup.com

Barry Tanner

President/CEO

Physicians Endoscopy

T: 215-589-9005 | M: 215-301-8126

btanner@endocenters.com