

# The Future of Primary Care

Gary D. Stuck, DO FAAFP

Chief Medical Officer

**AdvocateAuroraHealth**



Advocate Health Care



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# The Future of primary care

- Introduction
- Health care trends
- The crystal ball

# Introduction

Historic perspective:

- 32 years aligned primary care practice
- Deep history with APP
- Practice model is legacy/traditional
  - follow own patients in hospital
  - take night and weekend call
  - strong life-long multi-generational patient relationships

# Healthcare Trends



# Telemedicine Headed for Boom with CHRONIC Care Act

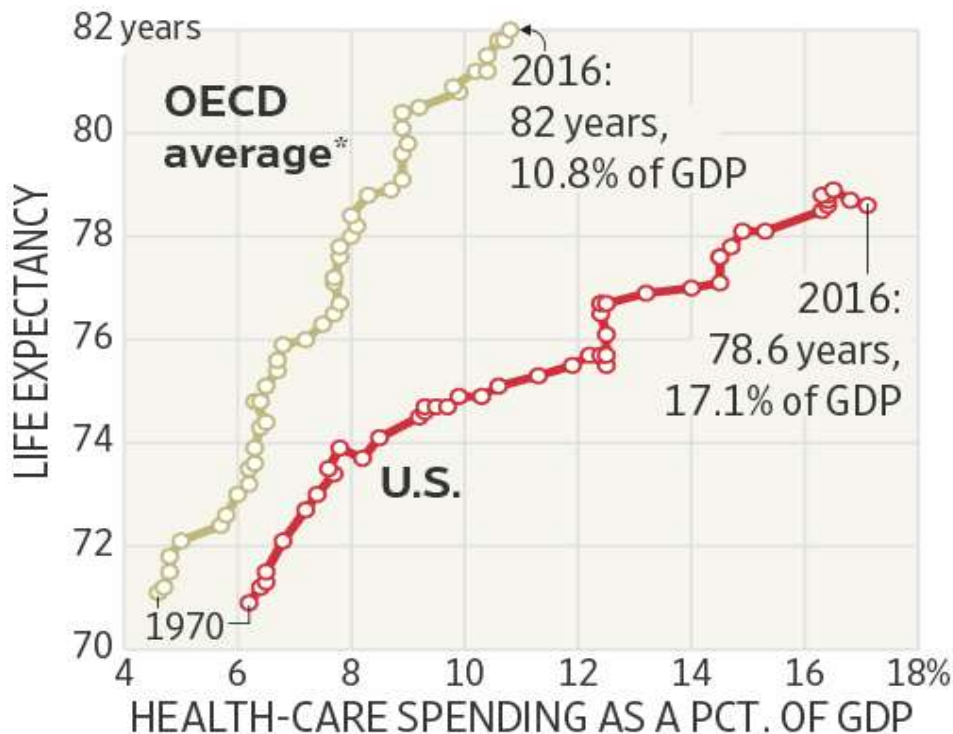
Health System Specialist

By Gale Scott | September 4, 2018

Medicare is about to loosen its purse strings on telemedicine. The agency has been slow to add coverage for virtual doctors' visits and consultations, mostly limiting its payments to treating patients who live in remote medically underserved areas.

But starting in 2020, Medicare will be allowed to pay providers for more telemedicine services for Medicare Advantage enrollees who have chronic medical conditions. About a third of Medicare beneficiaries, or 19 million people, are in these managed care plans.

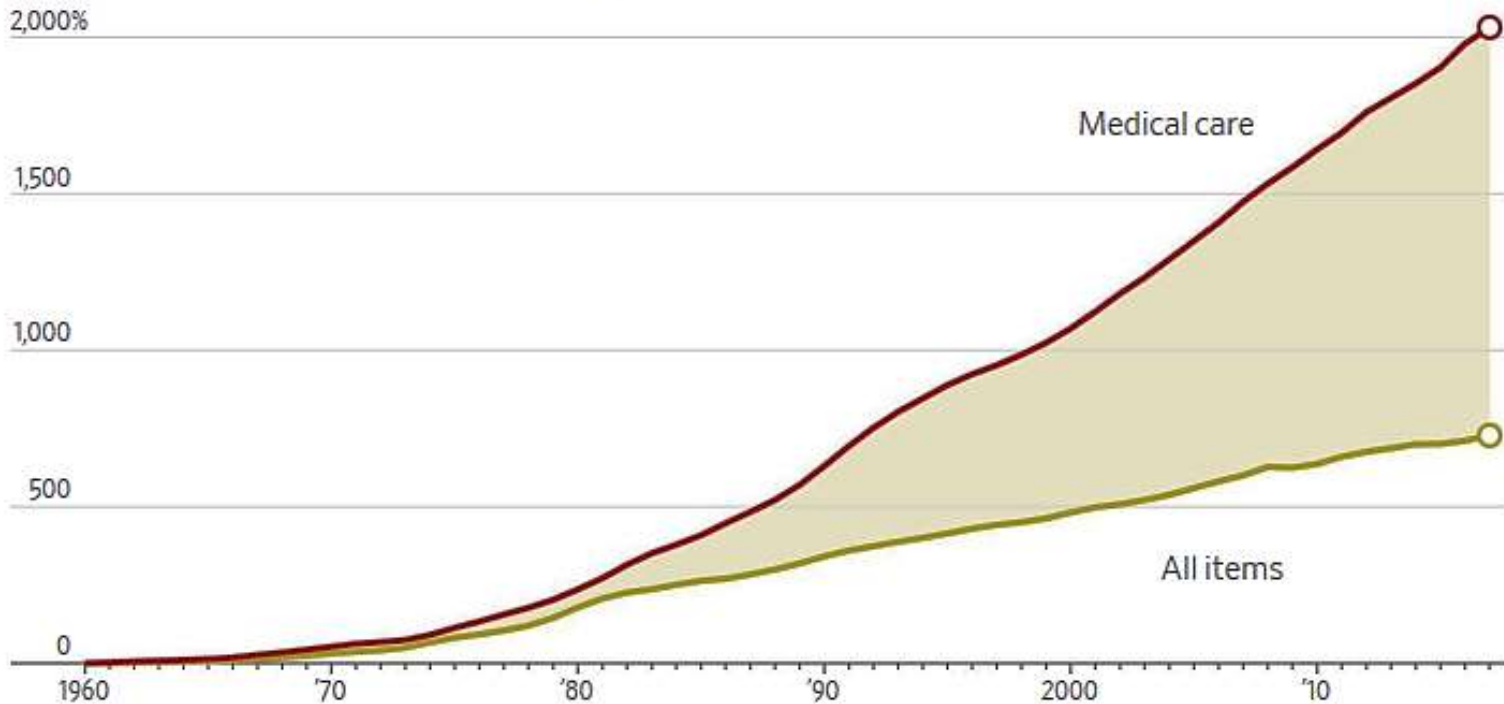
# Healthcare Spend is Unsustainable



\*Of 10 OECD nations with the largest per capita GDP for which data were available in all years  
Source: OECD

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## Consumer-price index, percentage change since 1960



Source: Labor Department

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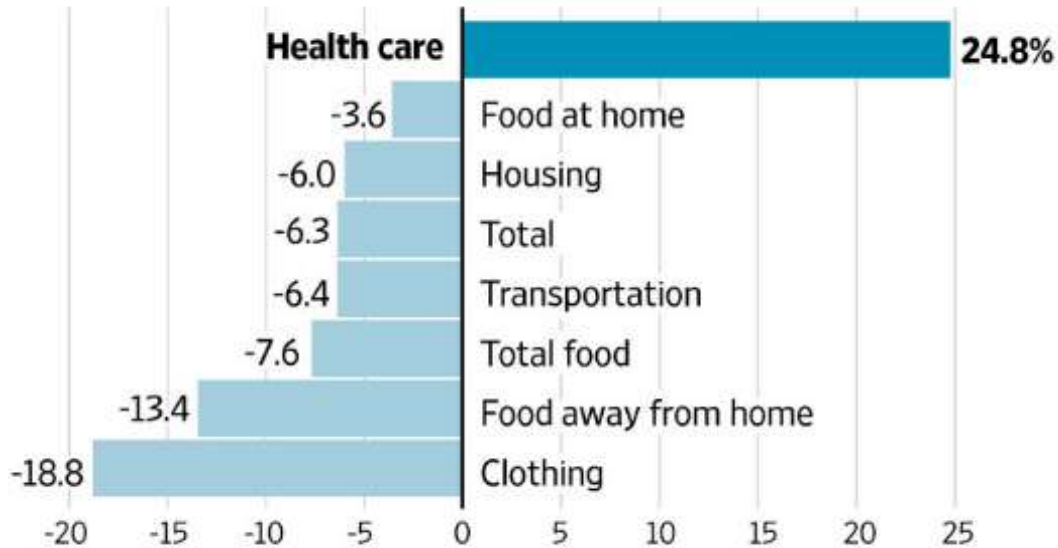
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## A Bigger Bite

Middle-class families' spending on health care has increased 25% since 2007. Other basic needs, such as clothing and food, have decreased.

### Percent change in middle-income households' spending on basic needs (2007 to 2014)



Source: Brookings Institution analysis of Consumer Expenditure Survey, Labor Department

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# U.S. Health Care Spending

- 18.2% of GDP as of June up from 13.3% in 2000
- Government share has increased
- Middle Class Incomes devote the largest share of their spending to Health Care
- Employers pay 80% of individual premium
- Plans getting “stingier”
- Patient cost sharing rose 77% from 2004-14

# Aging Population



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# Rise of Consumerism



# Market Disrupters

- Downward pressure on reimbursements will continue.
- Regulatory pressures will continue to increase.
- Fragmented care will continue to be a challenge.
- Consumers will continue to demand that health care be more convenient, accessible and affordable.
- Market disruptors will continue to threaten and test our agility.

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# Why Oscar Health wants a piece of the Medicare Advantage pie

By Shelby Livingston

EVERYBODY WANTS A SLICE of the fast-growing, money-making Medicare Advantage sector. The latest taker is Oscar Health, which has until now focused on snapping up individual commercial members that other health plans left behind when fleeing the Affordable Care Act exchanges.

Now the New York insurance startup, backed by a \$375 million investment from Google's parent company, Alphabet, hopes to stake a claim in the Advantage business where there is no shortage of experienced competitors.

It's not surprising that Oscar wants to give Medicare Advantage a try. Many health insurers are investing in the privatized version of traditional Medicare as well as the provider organizations that can improve the quality and lower the cost of seniors' care as the pool of eligible beneficiaries grows.

"There's a lot of opportunity there, but the challenge is going to be that Medicare Advantage markets tend to be quite concentrated in terms of the players already there," said Eric Berger, a partner at Bain & Co. "At a nationwide level, the top seven Medicare Advantage players constitute about 75% of the market."

UnitedHealthcare, Humana and Blue Cross and Blue Shield companies serve more than half of all Advantage members, according to the Kaiser Family Foundation.

Medicare Advantage enrollment has grown steadily over the past decade and shows no signs of slowing. About 21.4 million seniors are currently enrolled in Advantage plans, up 7.8% over last

## Total Medicare Advantage enrollment by year

Total enrollment (millions)



\* As of August  
Source: CMS data

year, according to the latest data from the CMS. That represents about one-third of all Medicare beneficiaries.

Driving that growth is the aging baby boomer generation. More importantly, seniors are choosing Medicare Advantage more often than traditional Medicare, in part because they are used to managed-care plans through their employers. Seniors also often get more benefits, including dental care, eyeglasses and gym memberships, when they choose Medicare Advantage over traditional Medicare.

The Advantage market also benefits from the Trump administration's support. After years of rate cuts imposed by the Affordable Care Act, Medicare Advantage rates are increasing again. For

2019, plans will receive a 3.4% pay increase, up from 2.95% in 2018. Some health plans, including Humana and UnitedHealthcare, have already indicated they will sweeten their benefit packages with the extra funding, which will help attract more enrollees.

On top of the pay raise, the Trump administration

has granted Advantage plans new flexibility to provide more supplemental benefits in 2019, such as transportation and in-home care. And early this month, the CMS also said it would allow Advantage plans to require members to try low-cost generic drugs before turning to more expensive medications. The ability to impose step therapy on Part B drugs gives plans more control of costs.

Medicare Advantage is "also an environment where insurers can count on getting the payments even if there is a downturn in the economy," as opposed to, say, the private insurance market where individuals may not pay up, said Gretchen Jacobson, an associate director at the Kaiser Family Foundation.

And while other markets, including Medicaid and the exchanges, were targets for reform when the new administration took office, Congress steered clear of proposing major changes to Medicare Advantage.

"That's a signal that as an insurance plan, (Medicare Advantage) is less volatile and less prone to policy changes," S&P Global analyst Deep Banerjee said.

Longtime Advantage incumbents UnitedHealth and Humana continue to invest heavily in the business. Humana recently acquired a stake in home health provider Kindred Healthcare and hospice operator Curo Health Services—two businesses that will help serve its senior population at a lower cost.

Humana grew its Medicare Advantage enrollment to 3.5 million as of June 30, an increase of 7.2% over the same time in 2017. UnitedHealthcare's Advantage membership grew 10.4% over the same period to 4.8 million.

Even those health insurers that traditionally focused on other markets are

# Rapid Growth In Medical Knowledge And Faster Adaptation

- Medical practice lags 17 years behind knowledge and research
- Artificial intelligence



# Increase in Employment of Physicians

- Private solo practice is on hospice



# Increase in Employment of Physicians





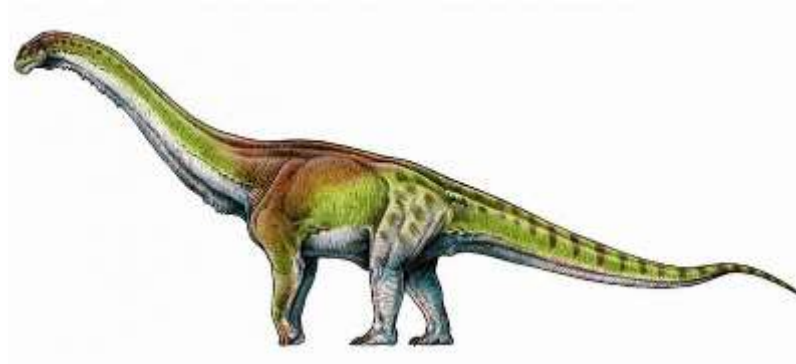
# The Crystal Ball



# Who will employ physicians?

- WHO are the employers?
  - Health systems
  - Physician owned groups
  - Private equity
  - Health plans such as Optum/United Health Care
  - Retail such as Walmart, Walgreens, Amazon, large employers

# Private Practice will be Pressured



- My former practice style will be a dinosaur.



# Friction-free Care will Increase

- Rise of consumerism
  - Televisits
  - Easy access
  - Lower cost / affordability
  - Transparency of pricing such as CT / MRI / Surgery

# Artificial Intelligence

- Assistance in diagnosis
- Assistance in management
- Safer care

- Primary care physicians will see fewer low acuity visit types and will lead teams that treat chronic disease.

# The disruptors will come!

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# The Future is Bright for Primary Care



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# The Future for Primary Care

- Improved lifestyle for physicians
- Lower risk of physician burn out
- EMR / Technology will serve patients and physicians instead of the other way around

# AdvocateAuroraHealth: Our Purpose

*We help people live well.*

# AdvocateAuroraHealth: Our Values

- **Excellence** – We are a top performer in all that we do.
- **Compassion** – We unselfishly care for others.
- **Respect** – We value the unique needs and preferences of all people.

At AAH part of helping people live well is helping out physicians live well.

# Quadruple Aim

