



EXCERPTS OF RECENT MEDIA COVERAGE

HEALTHCARE PRACTICE

A SAMPLING OF BDO THOUGHT LEADERSHIP IN THE MEDIA FOR Q2 2014

► CRAIN'S NEW YORK BUSINESS

ASSESSING THE IMPACT OF MEDICAID REFORM

By Barbara Benson

One of the trickiest aspects of organizing the new Performing Provider Systems (PPS) forming under the Delivery System Reform Incentive Payment (DSRIP) program is the concept of attribution. Medicaid individuals in a ZIP code will be attributed to a PPS...

The problem is that not everyone in a geographic area uses services where they live. They can go to an academic medical center for serious conditions, or to a community hospital in their borough for routine care. Attribution is driving new relationships and networks...



Providers are looking at those discharges for "frequent flyers" who return to hospitals. DSRIP makes it very important to understand the nature of the discharges, said

Patrick Pilch, managing director at BDO Consulting...

The DSRIP program, with its emphasis on collaboration, has the potential to be transformative for how health care is

delivered in New York. But there could be some trouble spots... "It's like a marriage to take care of the population you are serving," said Mr. Pilch.

The lessons learned from DSRIP could be enormously important as costs are taken out of the state's health care system. Commercial payers also may see results that apply to their business, added Mr. Pilch. Insurers "may have frequent flyers, too."

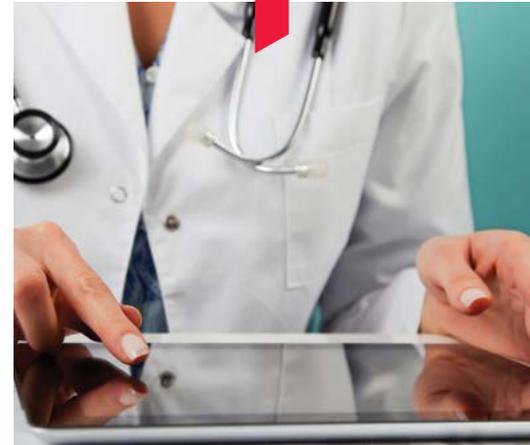
► BECKER'S HOSPITAL CFO

THE OUTPATIENT PAYMENT RATE DEBATE: WHAT LOWER REIMBURSEMENT WOULD MEAN FOR HOSPITALS

By Helen Adamopoulos

Hospitals: Higher payments than ASCs are justified

AHA policy director Roslyne Schulman says hospitals need the higher payments because all of them — even those not designated as safety-net hospitals — play a unique role in their communities, compared with ASCs...



BDO's national team of professionals offers the hands-on experience and technical skill to address the distinctive business needs of our healthcare clients. We supplement our technical approach by analyzing and advising our clients on the many elements of running a successful healthcare organization.



Based on his experience as a physician working in hospitals, **Bill Bithoney, MD — chief physician executive and managing director with BDO Consulting, where he co-leads**

clinical strategy for the firm's National Healthcare Advisory Practice within BDO's Center for Healthcare Excellence & Innovation — agrees with the AHA that hospitals wouldn't be able to play that essential role without higher outpatient payments. He says ASCs can be selective and choose to treat only patients with commercial insurance, while hospitals must provide emergency care to everyone.

"They can never turn away patients who are uninsured," he says of hospitals. "The ambulatory surgery centers play on a different field..."

CMS Administrator Marilyn Tavenner has disagreed with the OIG's recommendations, saying a change of that scope would require legislative approval...

Dr. Bithoney says dropping HOPD payment rates to ASC levels would be "quite challenging" in the short run. "It would be complicated, and it would be politically charged," he says.



► HEALTHLEADERS MEDIA

PAYERS DRIVING VALUE-BASED REFORMS

By Christopher Cheney

As economic winds of change howl through the US healthcare industry, payers are well-positioned to play a leading role in the reformation process...

With medications costing \$1,000 per pill and inpatient hospital bills often breaking the \$100,000 mark, healthcare payers from Medicare to insurance companies to private citizens are finding ever-increasing medical costs unbearable.



"There are finite resources. Economics is the study of finite resources," **David Friend**, who holds a medical degree from the University of Connecticut and an

MBA from The Wharton School at UPenn, told me recently. "Healthcare is part of the finite resources the country has. ... Everything else is going to get crowded out. Something has to give if you can't raise taxes and roads and bridges are falling apart. The answer is to become more efficient."

Friend, who was recently named leader of clinical strategy at **BDO's Center for Healthcare Excellence and Innovation** in New York, told me the growing influence of consumers is sealing the deal for a more cost-effective approach to the practice of medicine. "The population will demand more accountability," he said. "Most people are going to be paying out of their own pocket... That's going to force the discussion dramatically."

► HEALTHCARE FINANCE NEWS

KEEPING REVENUE HEALTHY WHILE TRANSITIONING TO OUTCOMES-BASED PAYMENTS

"HARD" AND "SOFT" APPROACHES ARE NEEDED

By Chuck Green

Keeping a hospital's revenue cycle healthy while transitioning to outcome-based quality payments requires both a "hard" and "soft" approach...

To marry the "hard" approach of maximizing data to the "soft" approach of building a culture around patients in order to support a healthy revenue cycle, hospital leadership must encourage a coordinated relationship between physicians and other clinicians and the hospital's financial professionals, said **Patrick Pilch, managing director of New York-based BDO Consulting and National Healthcare Advisory Leader of BDO's Center for Healthcare Excellence and Innovation.**

Coordination between these groups will put processes in place to ensure that the shift to outcomes-based payment doesn't negatively impact the revenue.

One such process, Pilch said, is tracking patients after discharge. For example, if a recently discharged patient who isn't tracked following release from the hospital is readmitted to a hospital within 30 days of discharge, the provider may incur a penalty, but, if a patient is tracked and a

care management plan is followed, the provision of care – including where, when and at what cost – can be determined, and the new process can pave the way for better measurable outcomes and have a positive impact on payment, he said.

▶ BECKER'S HOSPITAL REVIEW

AVOIDABLE READMISSIONS: 8 STEPS YOU CAN TAKE TO PREVENT THEM

By **Bill Bithoney, MD, FAAP, BDO Consulting**

Eight clinical strategies to reduce readmissions

Hospital profit margins are at risk. As the Hospital Readmission Reduction Program continues to expand under the Patient Protection and Affordable Care Act, hospital administrators face financial burdens and reorganizational hurdles as they work to reformat themselves to be in compliance with the program's policies. The program requires CMS to reduce payments to Inpatient Prospective Payment System hospitals with excess readmissions... In order to effectively manage and adopt this policy, hospital administrators are focusing inward and looking to reevaluate current

business models. Eight clinical strategies to reduce readmissions include:

1. Manage care transitions effectively
2. Employ IT effectively, including clinical decision support
3. Stratify readmission risk for each patient
4. Employ a transition coach or discharge advocate
5. Consider using telemedicine, especially for the sickest patients
6. Affiliate with a patient-centered medical home
7. Educate patients about readmission risk
8. Devise a formal plan to communicate a final checklist before discharge

CONTACT:

CHRIS ORELLA
Partner – Healthcare, National Leader
New York, N.Y.
212-885-8310 / corella@bdo.com

STEVEN SHILL
Partner – Healthcare, National Leader
Orange County, Calif.
714-668-7370 / sshill@bdo.com

ALFREDO CEPERO
Partner – Healthcare
Miami, Fla.
305-420-8006 / acepero@bdo.com

KAREN FITZSIMMONS
Partner – Healthcare
Bethesda, Md.
301-634-4969 / kfitzsimmons@bdo.com

PHIL FORRET
Partner – Healthcare
Dallas, Texas
214-665-0769 / pforret@bdo.com

MIKE MUSICK
Partner – Healthcare
Nashville, Tenn.
615-493-5610 / mmusick@bdo.com

PATRICK PILCH
Managing Director – Healthcare
Advisory Services
BDO Consulting
New York, N.Y.
212-885-8006 / ppilch@bdo.com

KAREN STONE
Partner – Healthcare
Nashville, Tenn.
615-493-5630 / kstone@bdo.com

To ensure compliance with Treasury Department regulations, we wish to inform you that any tax advice that may be contained in this article (including any links to outside sources) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or applicable state or local tax law provisions or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

Material discussed in this article is meant to provide general information and should not be acted on without professional advice tailored to your firm's individual needs.

ABOUT BDO

BDO is the brand name for BDO USA, LLP, a U.S. professional services firm providing assurance, tax, financial advisory and consulting services to a wide range of publicly traded and privately held companies. For more than 100 years, BDO has provided quality service through the active involvement of experienced and committed professionals. The firm serves clients through 49 offices and over 400 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multinational clients through a global network of 1,264 offices in 144 countries.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms. For more information, please visit www.bdo.com.