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Q&A

Taming long-term care's looming crisis



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Q&A talks about the challenges facing the long-term care industry with Marcum LLP's Matthew S. Bivolack, principal and national healthcare practice group leader and Frank J. Miceli, partner and New England healthcare practice group leader.

Q: Marcum LLP recently held its first long-term care symposium at the Mohegan Sun in Uncasville, where speakers predicted a perfect economic storm for the industry. What is that storm and what factors are driving it?

A: The future of the long-term care industry faces many challenges, but first let's identify what the long-term care industry represents. It's a broad misconception to believe that long-term care is only represented by nursing homes and other institutionalized care providers.

The long-term care industry represents the care needs of the elderly and disabled in both institutionalized and homecare settings.

At the Marcum symposium, our chief economist Anirban Basu identified numerous challenges facing the industry including increased life expectancies, significant acceleration of Alzheimer's and other dementia diseases, dwindling and aging institutionalized infrastructure, and continued reduction in workforce size.

Coupled with diminishing governmental reimbursements, these factors represent a perfect storm that will challenge our healthcare system and force the industry to find new ways to continue delivering quality care.

Q: Is the trend of lower reimbursements from private and public payers to medical providers here to stay? If so, what does that mean for the industry? What do doctors, hospitals, nursing homes, etc. need to do to adjust their businesses?

A: Governmental reimbursement methodologies are continually changing. It is difficult to say what the picture might look like down the road. Currently, Connecticut is facing a significant potential change in Medicaid reimbursement for care provided in a nursing home setting.

The current discussion is about changing the payment methodology to a system that reimburses providers based on the complexity of a patient's care needs.

These changes will pose significant challenges to the provider community and in some cases will benefit certain providers that are able to adapt to this new era of reimbursement.

We've seen this happen in other states throughout the country. This system supports higher reimbursement for higher care needs and conversely, lower reimbursement for lower care needs.

These changes will require operational adjustments, which are often accompanied by the need to expand staffing and other resources. Normally these changes are intended to be budget neutral to the payer and do not result in any overall increase in reimbursement to the provider community as a whole.

Q: Speakers also said industry pressures will force providers to change the way they deliver care and force greater collaboration among different segments of the healthcare continuum. What changes should we expect? What are the challenges the industry faces in adjusting to those changes?

A: A promise of "more less" and the projected 2026 insolvency of the Medicare program were items Basu identified during his presentation. These, coupled with the patient-centered approach mentioned by John Poirier, CEO of the New Hampshire Health Care Association, will pose significant challenges for the long-term care industry.

Basically, providers are being asked to do more with and for less, at a time when the complexity of growing care needs continues to be front and center. Additionally, new payment models have been proposed, which will force providers across the continuum of care to share a single bundled payment for an episode of care. These new models are aimed at forcing additional collaboration to increase quality and squeeze excess cost out of the healthcare system.

Consequently, providers will be forced to diversify. We are already beginning to see this with the development of alternative care structures, transitional living arrangements and other patient care-focused concepts designed to better serve the elderly and disabled populations as their needs change.

Q: What impact will the problems facing the long-term care industry have on employers?

A: The financial stability of the healthcare industry is an important aspect of overall continued economic recovery, as healthcare providers are a significant source of employment in our economy.

Reduced reimbursement rates to providers from both government and private payers will continue to pressure operating and staffing budgets. Creative solutions including greater collaboration and innovative approaches across the continuum of care will reward providers who are able to adapt and innovate.