“SCOTUS Redux”

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Well, they certainly surprised me. On June 28, 2012, the Supreme Court Justices caught the entire policy community by surprise with their 5 to 4 decision to uphold the constitutionality of the Affordable Care Act (ACA). I would like to revisit some of the take-home messages from my May/June editorial1 in light of the Supreme Court decision, from the perspective of my service on 3 boards—the Board of Trustees for the Main Line Health System (MLHS), a very successful, high-quality, 4-hospital community-based system in suburban Philadelphia, PA; Humana Corporation, a major health insurance plan headquartered in Louisville, KY; and Endo Health Solutions, a publicly held company headquartered in Chadds Ford, PA. My board service provides me with a unique opportunity to evaluate the Supreme Court decision from different perspectives.

In my previous editorial, I likened the ACA to 2 laws in 1: one aspect deals with insurance reform, and the other deals with delivery reform. The Court upheld the insurance reform component of the law and, in so doing, sent a clear signal to the healthcare industry to move forward with the delivery system reforms that have been under way for the past 2 years. By confirming the constitutionality of the individual mandate, our industry can now breathe a collective sigh of relief. We can see the “handwriting on the wall.”

My position remains unchanged: We must improve the health of the population, enhance the experience of care, and decrease costs by reducing waste. We must embrace the triple aim of care, health, and cost, as articulated by Donald M. Berwick and colleagues several years ago.2 We must find a way to move from a volume-based financial model to one that compensates providers based on the value derived from the services we provide.

As the Chair of the Board’s Quality and Safety Committee for MLHS and a member of the Executive Committee, I am very pleased with the Supreme Court decision. It means that we can continue with the important work of measuring and improving the quality and safety of care delivered by all of the hardworking physicians, nurses, pharmacists, and other participants in our system. In an e-mail sent to all MLHS employees on June 29, 2012, President and Chief Executive Officer (CEO) John J. (Jack) Lynch, III, wrote, “To survive in this new era of healthcare, physicians, hospitals, and health systems will be held to the highest standards in delivering clinical excellence and a superior patient experience. For many years, we have worked together diligently to ensure we are providing the highest quality care to every patient who comes through our doors. Our efforts to create a culture of safety have garnered repeated recognition from independent organizations and our focus on creating efficiencies and reducing costs across the system is bearing fruit.” All I can add to Mr Lynch’s admonition is, “Amen.” The work of the Quality and Safety Committee will continue with a new sense of purpose and urgency.

Humana is a very different organization from MLHS. Humana is a Fortune 100 company with a long tradition of innovation in healthcare, and I am the only physician on the board. From my vantage point, I would view the confirmation of the ACA as a very positive development. It means that Humana can continue its strategy toward excellence in wellness and prevention.

This strategy is aimed at expanding the company’s ability to provide comprehensive and integrated services across the healthcare spectrum. For example, Humana purchased Concentra, Inc, which is based in Addison, TX. Concentra provides drug screening and care for workplace injuries, and it brought with it hundreds of physicians in markets where Humana is already active. In addition to Concentra, Humana purchased Senior Bridge, a New York–based chronic care provider, and Anvita, a San Diego–based healthcare data analytics company. Concentra, Senior Bridge, and Anvita will equip Humana with the resources it needs to better integrate all aspects of care.

I would argue that only the managed care industry has the economic incentives to promote prevention and wellness, a strategy clearly aligned with population health. In fact, USA Today prominently featured a front-page interview with Michael McCallister, the CEO of Humana, the day after the historic Supreme Court decision.3 Mr McCallister noted, “The good news is that more people will be covered. Affordability is a complicated question that we’ll have to work our way through.”

As an Endo Health Solutions board member, I believe that the constitutionality issue will be important for
Endo’s continued growth and development. Endo Health Solutions is composed of 4 principal segments: Endo Pharmaceuticals, the branded pharmaceutical segment of the enterprise; QualiTest, the generic pharmaceutical segment; AMS, the device segment; and HealthTronics, a leading provider of integrated urologic products, services, and solutions for urologists.

David P. Hollyck, the CEO of Endo, was not interviewed by the press specifically regarding the passage of the ACA, but he is an authoritative figure in the biotechnology and life sciences industry. In the most recent Endo annual report, Mr Hollyck noted that, “During the past 4 years we have diversified Endo Pharmaceutical Holdings, Inc. through a series of strategic acquisitions in order to broaden our therapeutic focus, increase revenues and earnings, and transform how we create and deliver value. This approach to generating sustainable, long-term growth is based upon our belief that the changes taking place in healthcare today require a newer understanding of our customers and an updated model for how we operate as a company. Our diversification into 4 business segments—branded pharmaceuticals, generics, devices, and services—reflects this philosophy.” Simply put, Endo has been preparing for healthcare reform for 4 years, and it recognizes that we must move to a world focused on value for the healthcare dollars spent.

I am very proud of my service on these boards. These leading organizations serve as a microcosm of where I believe our entire industry is headed. The passage and reconfirmation of the ACA are very positive developments for our country as well as for these 3 organizations.

Challenges remain, however, and of course the “elephant in the room” moving forward is indeed affordability. States will be struggling with other aspects of the ACA, including the expansion of Medicaid and its related activities. Although I certainly applaud the creation of multiple demonstration projects focused on new reimbursement paradigms to pay hospitals and physicians, it remains clear that without dramatic delivery system reform, we will continue to suffer inexorable cost increases.

Where do we go from here? Speaking as the editor-in-chief, American Health & Drug Benefits will continue to constructively debate the question of how to achieve value for the money spent. I am confident that as we publish new research articles and commentaries and participate in the process, this journal will help to elucidate the road going forward. I hope you will join us in this critically important journey. We look forward to your direct participation.

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References
3. Lynch J. “What the supreme court decision means for MLH.” E-mail communication, June 29, 2012.