

## THE EFFECT OF THE ELECTION ON THE HEALTHCARE INDUSTRY

Max Reiboldt, CPA, President/CEO and Ellis "Mac" Knight, MD, SVP/CMO | Coker Group

Well, the results of the 2016 national election are in, and the people have spoken! The question now is what will Donald Trump's election as the 45<sup>th</sup> President of the U.S. mean to the healthcare industry. Coker Group doesn't claim to have any special inside information in this area, but we do believe the following statements may be of value to many of our clients as they face a somewhat indefinite future.

1. Trump and the Republican Congress likely will vote to repeal and replace the Affordable Care Act within the first 100 days of the Trump administration. Repealing the ACA will undoubtedly affect access to health insurance now being offered through the Obamacare Exchanges. Perhaps the repeal will remove some of the mandates under which insurers must now operate, e.g., offering insurance coverage that is portable, that covers pre-existing conditions and allows parental plans to cover children until age 26. Further, a replacement for the ACA will likely enhance the capability of health insurers to sell across state lines and increase the competition among commercial health plans. So, in the balance, while some changes will undoubtedly occur, for the healthcare providers, nothing that dramatic is apt to happen. For the general public, being more responsive to some of the consumer concerns will likely be a good thing all around. As we all know, the ACA was pushed through quickly without a lot of comprehensive thought as to its ramifications to the consumer nor to providers.
2. Many of the other significant changes in the healthcare industry, such as the move by payers to a more value-based reimbursement model, are apt to remain in place after the election. These changes have bipartisan support, as evidenced by the passage of MACRA in 2015, with only a few dissenting votes in the House of Representatives. The need to deliver care in a more coordinated and cost-efficient fashion and, as such, to consider reimbursement paradigms not entirely tied to "volume" remains a good thing and fits Republican philosophy quite well. Since the Republicans will now control both branches of government that legislate laws, we see little need to move away from the "value-based" programs and requirements.
3. Consumers, perhaps emboldened by the populist movement that has swept Trump into office, will continue to demand higher value, i.e., quality per unit of cost, from the healthcare industry. This advancement may play out as more direct to employer or even direct to individual contracting between healthcare providers and consumers and a pull-back of some of the less consumer-friendly, high-deductible, health plans now on the market. Further, empowering consumers to be a major player in the purchasing of their healthcare (as opposed to having a third party "pay" for it) will help assure more value-based and cost-efficient care, again, a positive thing.

In brief, Coker believes that while the Presidential election of 2016 may bring some dramatic changes to the industry, many of the changes already in place will continue apace. We also believe that all participants in the healthcare system--providers, payers, and patients--should arm themselves with as much information as they can as they face a possibly tumultuous period. Hopefully, this time the politicians will work in a bipartisan manner to address these issues and see the need to maintain a solid and viable provider delivery system that will also protect the rural/community hospitals and physicians, too.

We would love to get your feedback to these issues as we often experience our clients relating the most insightful things being “on the ground” every day. Please continue to consider us a resource for information and assistance as we all try to navigate through the maze of our ever-changing healthcare industry. In this time of great uncertainty, we look forward to providing advice and reliable counsel you can trust.

To learn more about how Coker can assist you and your organization, please contact Max Reiboldt, CPA, President/CEO at [mreiboldt@cokergroup.com](mailto:mreiboldt@cokergroup.com) or Ellis “Mac” Knight, MD, SVP/Chief Medical Officer at [mknight@cokergroup.com](mailto:mknight@cokergroup.com) or by calling 678-832-2021.