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Behind The Changing Healthcare Delivery Model

The Editor interviews Frank T. Cannone, Chair of the Gibbons Corporate Department, about the changing healthcare delivery model and how it is impacting everyone throughout the nation – from employers to payors to providers.

Mr. Cannone has extensive experience representing clients in connection with legal matters and issues involving middle market businesses, including corporate healthcare, capital raising, mergers and acquisitions, private equity investments, cross-border transactions and alternative energy finance. As part of the Gibbons Corporate Department's ongoing efforts to stay at the forefront of change, Mr. Cannone is leading a healthcare delivery conference on August 11, 2011 that will present cutting-edge thoughts on the changing healthcare delivery model and will feature healthcare experts and thought leaders.

Editor: What changes are taking place in the healthcare delivery model?

Cannone: The healthcare reform that is currently taking place nationwide (Affordable Care Act, or "ACA") is a catalyst for significant change, not a one-step solution. The new healthcare model will be a supply chain that integrates employers, providers, brokers and payors. This is a result not only of current federal legislation – because the health care and health insurance sectors, even prior to the passage of ACA, were already particularly tied to the legislative, regulatory and political environments – but also of economic and business conditions. The problem of continually rising healthcare costs and insurance premiums, combined with global competitive pressure on U.S. businesses to control their costs, is forcing change in



Frank T. Cannone

an industry that has been expanding enormously in both size and complexity for decades. Couple this with the federal laws that are being contemplated, and you add more pressure to an already steaming pot.

Editor: Why should employers take note?

Cannone: Most fundamentally, given the vast scope of current industry changes, ensuring full compliance with complex new federal regulations, related state requirements and other shifting concerns will be enormously challenging. Adding to the challenge is the fact that regulatory changes will continue to be implemented, and thus continue to impact employers, throughout the coming years.

In addition, with rising costs further driving dramatic changes in healthcare options, employers must understand changes in the marketplace that were

once considered to be "behind the scenes." It is no longer enough to provide a good insurance program to employees – savvy employers are learning more about the healthcare cost reduction strategies and alternatives to the current marketplace that can help them to cut expenses and still offer quality health programs to employees.

Editor: What are healthcare providers doing to stay ahead in this competitive market?

Cannone: Healthcare providers must learn to think about *co-opetition*, not *competition*, in today's constantly changing marketplace. The industry is implementing innovative initiatives that can drive efficiencies into the marketplace, for the betterment of all concerned.

Entrepreneurs are helping to change this marketplace by creating offerings that help to maintain lower costs and higher efficiency for healthcare providers, which in the end provides more value for employers. One such entrepreneur who will be speaking at the healthcare delivery conference is Jonathan Bush, co-founder and CEO of athenahealth, Inc., which was named "one of the top 50 most innovative companies in the world" by MIT's *Technology Review* in 2010. Mr. Bush co-founded athenahealth in 1997 in order to create a cloud-based business and clinical service program for physician practices. Today the company has revenues of \$250 million, 1,300 employees, \$6 billion of posted client collections and 28,000 medical providers live on athenaNet. The company offers proprietary web-native practice management, electronic health record software, a continuously updated payer knowledge-base

Please email the interviewee at fcannone@gibbonslaw.com with questions about this interview.

and integrated back-office service operations.

Editor: How is Gibbons working to help employers navigate the ins and outs of the healthcare model?

Cannone: We have found that a large number of our clients are turning to us to help them develop policies relating to healthcare, either from the employer side or as innovators and investors seeking to take advantage of new opportunities. Our approach is cross-disciplinary; our attorneys in the corporate transactional, finance and healthcare arenas team with the firm's other high-level lawyers in the employee benefits, executive compensation, employment law, tax and government affairs fields to comprehensively address ongoing concerns while also seizing opportunities unique to such a quickly evolving marketplace.

As a result, we are offering, along with Summit Medical Group, a leading healthcare provider in the New Jersey marketplace, an executive briefing on "The Rapidly Changing Healthcare Delivery Model and its Impact on Employers, Providers, Brokers, and Payors." This program will take place on August 11 from 7:30 to 11:30 a.m. at the Hilton at Woodbridge in Iselin, New Jersey.

Editor: What will this program provide to its attendees?

Cannone: This program will provide employers, providers, brokers and payors with a view of the current healthcare delivery marketplace and its future. It will open with an overview of the marketplace, presented by Simon J. Samaha, MD, President and Chief Executive Officer of Summit Medical Group, and me.

Two industry leaders will serve as keynote speakers – Congressman Leonard Lance, a member of the U.S. House of Representatives for New Jersey's 7th Congressional District, and Jonathan Bush, co-founder and CEO of athenahealth.

As a member of the House Subcom-

mittee on Health, Congressman Lance is directly involved in shaping federal healthcare policy and has been a strong advocate for employers throughout the reform debate. Prior to his tenure in Washington, Congressman Lance served as a member of both the New Jersey General Assembly and the State Senate. This distinguished public service career has given him a unique understanding of New Jersey's healthcare delivery system and the needs of providers across the continuum of care.

Jonathan Bush will provide an entrepreneur's viewpoint on the healthcare model – including how he was able to pinpoint a major concern for healthcare providers and turn it into a successful business venture that is changing the way provider offices function.

Editor: What are the new opportunities under healthcare reform?

Cannone: One example is the creation of new insurance markets for individuals and small employers. For different kinds of providers, opportunities include incentive payments for primary care and funding to expand physician and nursing capacity. But these are just a few of the potential positives arising from a turbulent healthcare landscape.

Leemore Dafny, a leading economist and an associate professor of Health Enterprise Management at Northwestern University's Kellogg School of Management, will moderate an entire panel at the August 11th program that will take a look at employer healthcare costs and the opportunities under reform. The members of this panel will discuss how their organizations are changing in the wake of reform and what underlies their strategies.

Richard Popiel, MD, president and chief operating officer of Horizon Healthcare Innovations, will summarize how reform affects insurers and provide insight into the three paths available to insurers – information services, regulated utility and provision of care. Christopher T. Olivia, MD, president and chief executive officer of West Penn Allegheny Health System, will describe how

alliances are helping healthcare institutions to provide better service at a lower cost. Joseph M. DiBella, managing director and executive vice president of Conner Strong & Buckelew, will discuss how healthcare reform is affecting his company's clients, which include a wide range of companies throughout the region. Hercules Angelatos, senior vice president of Business Administration/Finance for the Americas Region of Hapag-Lloyd (America) Inc., will give his thoughts on how employers are responding to the changing marketplace.

Editor: How will a "co-opetition" marketplace work?

Cannone: Sonia Marciano, PhD, a clinical associate professor of Management and Organizations at the New York University Stern School of Business, is a leading economist who has studied the economic cost implications of the healthcare model. Dr. Marciano will moderate a panel that will look at the new players and partnership alliances that are forming in this area.

Barry H. Ostrowsky, president and COO of Saint Barnabas Health Care System, will give a provider's side look at "co-opetition" and how it will change the marketplace. Charles Catalano, general manager of Cigna HealthCare, will discuss how insurance companies will fit into the partnerships in the future of healthcare delivery. Deborah McEwan, executive vice president of Brown and Brown, Inc., will provide a broker's viewpoint of the options provided by insurers and the effects of "co-opetition" on companies purchasing insurance products. Finally, Charles T. Wall, senior vice president of Human Resources and Communications for United Water, will provide his views as to how companies stand to benefit from this new trend.

Editor: How can I register for the program, and what is the cost?

Cannone: The program is complimentary. For more information or to register, contact (973) 596-4450 or rsvp@gibbonslaw.com.