

SPECIAL REPORT

# Critical conversations in health care

Nov 4, 2016, 6:00am EDT

America's health care plight frequently snags headlines, but the industry is particularly top of mind as the open enrollment period approaches.



Meanwhile, employers are faced with decisions and uncertainties, as they navigate the system in attempts to promote and maintain health across their respective workplaces amid a divisive presidential race with polarizing ideas about what health care in America should look like.

South Florida business leaders gathered at the *Business Journal's* Miami office on Oct. 21 to discuss present-day challenges, triumphs and what may lie ahead as part of Critical Conversations in Health Care. Critical Conversations is the *Business Journal's* ongoing series examining key issues in business.

Senior reporter Brian Bandell moderated the discussion, among seven health care experts across various rungs of the business ladder, dishing out questions that yielded insights and informed audience members about the progression of nationwide health care regulation. Accounting, tax, audit and consulting services firm BDO sponsored the event.

Among the lessons learned was how the presidential race may impact the Affordable Care Act, how wellness programs take shape in South Florida companies and the role technology is set to play in health care.

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## **MODERATOR**

### **Brian Bandell**

Senior reporter, *South Florida Business Journal*

786-533-8215

[bbandell@bizjournals.com](mailto:bbandell@bizjournals.com)

## **MEET THE PANELISTS**

### **Connie Chiara**

President and CEO, Corporate Benefit Partners

2255 Glades Road, No. 324A, Boca Raton 33431

561-245-5215

[cchiara@corporatebenefitpartners.com](mailto:cchiara@corporatebenefitpartners.com)

### **Rich Ducharme**

Sales director, Sapoznik Insurance

1100 N.E. 163rd St., North Miami Beach 33162

305-948-8887

[richd@sapoznik.com](mailto:richd@sapoznik.com)

### **Jeffrey Kramer**

Partner, BDO

515 E. Las Olas Blvd., 5th floor, Fort Lauderdale 33301

954-626-2921

[jkramer@bdo.com](mailto:jkramer@bdo.com)

### **Jessica Lerner**

Executive VP and COO, Community Care Plan

1643 Harrison Parkway, H-200, Sunrise 33323

954-622-3222

[jlerner@ccpcares.org](mailto:jlerner@ccpcares.org)

## **Upendra Mody**

VP of Total Rewards, JM Family Enterprises  
120 Jim Moran Blvd., Deerfield Beach 33442  
954-949-2749  
upendra.mody@jmfamily.com

## **Dr. Robert Oller**

Chief medical advisor, Nova Southeastern University  
3200 S. University Drive, Davie 33328  
954-262-4399  
roller@nova.edu

## **Ana Alfonso Ribeiro**

VP of HR, CareCloud  
5200 Blue Lagoon Drive, Suite 900, Miami 33126  
305-265-4202  
aribeiro@carecloud.com

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## **Six years later, effects of Obamacare still palpable**

It is often said that the only constant in life is change, but the idiom deserves an update since the emergence of the Affordable Care Act.

Introduced in 2010 by the Obama administration, the massive overhaul of the country's health care system remains a hot topic that's front of mind for many employers and consumers. That's especially true amid the final days of the presidential campaign, where the fate of the system, known as Obamacare, is in question.

Republican presidential candidate Donald J. Trump fervently contests its efficacy, calling it "a disaster" on various occasions, and promises to do away

with it. His opposition to the plan urges employers across the country to imagine a world where Obamacare is repealed and a whole new system is created, hashed out and, ultimately, implemented. For some, that possibility is alarming.

“I’d be so overwhelmed, like ‘Are you kidding me?’ for it all to disappear,” said Connie Chiara, president and CEO of Corporate Benefit Partners, a Boca Raton-based employee benefits brokerage and consulting firm.

“I think of all the time and all the money and the energy and the effort of implementing health care reform on the consultancy side. The number of meetings, stage by stage,” she said. “We’ve finally gotten to a point where it’s settled down. There are some really good things about it, so I’d hate for the whole thing to be repealed.”

Understanding just what Obamacare is and does can be daunting to just about anyone because its complexity is widespread and its mechanisms multifaceted. For a consulting firm, it is likely a challenge of biblical proportions.

Corporate Benefit Partners was tasked with breaking down the massive system into digestible information to best advise clients.

The goal of Obamacare was to create competitiveness across the health care industry, a historically complicated and opaque sector. An online marketplace, also known as “the exchange,” was created, working to encourage participating insurance companies to be transparent about cost and offerings, similar to what Expedia does for travel companies, effectively lowering price and eliminating confusion.

On the business side of things, Obamacare required employers to provide health care, among other things.

Not all were as impacted as Corporate Benefit Partners. **Upendra Mody**, VP of Total Rewards for automotive company JM Family Enterprises, said Obamacare hasn't significantly impacted the company, a leading national car retailer.

For the most part, its effects materialized only through a certain subset of plans offered in the marketplace known as "Cadillac plans," Mody said. As the name suggests, these plans offer high-quality, comprehensive care. They come with high premiums, a term that refers to plans' monthly costs.

"There's a tax on health care plans that have certain premiums," he said. "And when you dissect them, they're not that premium."

Therein lies the challenge for companies looking to provide their employees the best possible care, said **Rich Ducharme**, director of sales for Sapoznik Insurance in North Miami Beach.

"If I'm paying more to give my employees great coverage, I'm going to be taxed on that," said Ducharme, whose duties include development and coaching of new benefit consultants.

At this juncture, the tax expert in the room chimed in. CPA Jeff Kramer, a partner with BDO, said one reason for the paradoxical mechanism is the government's desire to increase its tax revenue.

"If you have a Cadillac plan, you're more likely to use it more. You're more apt to use the system more," raising costs across the board, he said. "There's reasons why [the government is] trying to implement the Cadillac plan."

Kramer said that, with all the complexities and costs, he is surprised more of his clients did not approach him about alternative routes.

"The Affordable Care Act did put incentives in place for companies to eliminate coverage, but I haven't really seen companies go with that and run

with it,” he said, adding that the penalty for not providing coverage is about \$2,000. “I thought I’d have more employers come and say, ‘What’s the cost of penalty?’ And I haven’t had anyone do that.”

In fact, Kramer said, the number of employers providing coverage hasn’t changed much since 1996. Participation by individuals not covered by employers, on the other hand, has changed, with insurers seeing a 20 percent increase in members since the implementation of the Affordable Care Act.

The volume of uninsured Americans has also changed, according to Jessica Lerner, executive VP and COO of Community Care Plan, an organization that services Medicaid, Children’s Medicaid Services Network and other segments of the population.

The number of uninsured patients has dropped by two-thirds, she said, effectively reducing the tax burden of caring for the uninsured. There are, then, palpable positives to the system, despite the outcry over recent projections of rising premium costs. (In the interest of context, a senior editor and health columnist at *The Atlantic* reported this week that, in the decade prior, premium costs rose, on average, 9 percent a year. Meanwhile, the upcoming price hike applies to only about 2 percent of people.)

However, panelists said, there certainly is room for improvement. The cost of health care continues to rise, on pace to account for 20 percent of the U.S. gross domestic product – about twice that of many developed countries. Something’s got to give, Mody says.

“We’re a rich country. But health care costs are outpacing GDP growth,” he said. “There is clear need for more efficiency in the system.”

Another consensus also emerged from the conversation: Obamacare is most likely here to stay, in some form or another.

“There’s been so much money spent, and there’s money everywhere behind this,” Ducharme said. “The Affordable Care Act will always be there. And if it goes away, there will a bill in its place that maybe is not called the Affordable Care Act, but is similar to it.”

Lerner echoed his thoughts, recalling the early days of Medicare.

“Nobody wanted to be a part of [Medicare],” she said. “But it’s still there. It just keeps changing every year.”

She expects the same trajectory to unfold for the Affordable Care Act.

“I just can’t see them throwing the whole thing out.”

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## **Employers owe it to employees to muddle through the complexities of health care**

Employers know that, beyond a competitive salary, employees prioritize competitive health care benefits when choosing where to work.

“It’s important to be a competitive employer in the South Florida market, but also nationwide, and it’s important to have a pulse on what new employees and existing employees are looking for,” said Ana Alfonso Ribeiro, VP of human resources for CareCloud, a Miami-based health-care technology company that recruits some of its employees from outside the state.

The problem for businesses, however, is working through a variety of hurdles to actually provide quality coverage.

For one, the system itself is complicated.

“Health care is very, very complex,” said Dr. Robert Oller, chief medical advisor and a professor at Nova Southeastern University in Davie. “It gets

more complex every year because they keep changing the rules. And for an employee, it's hard to know what you need.”

It is a balancing act, he says, where employees must weigh current necessities, the unexpected and the cost for both. Add children or spouses to the equation and the confusion piles on.

**Upendra Mody**, VP of Total Rewards with JM Family Enterprises, pointed to cost as the No. 1 concern of employees at JM Family, a diversified car company that ranks 21st on *Forbes'* America's Largest Private Companies list.

“They look at the premiums and they look at the deductibles — ‘What is my deductible and what is my out-of-pocket?’” Mody said. “People think, ‘What happens if I have a catastrophic issue? How much money will I have to pay out of pocket?’”

Sorting through the financials of health is no easy task, even for experts. Jeffrey Kramer, a partner at the Fort Lauderdale office of accounting firm BDO, can attest to that.

“Look, I'm a CPA,” he said. “When I was offered coverage, I charted out everything, asking ‘What's the cost in a worst-case scenario?’ But for the average person, it's nearly impossible ... because of the complexity of health care.”

The role of an employer, then, is to demystify health care for its employees, Mody said.

“That's where tools like GuideSpark — [a tool for HR personnel to help educate employees on rewards packages] — come into the picture. You can watch it on your desktop or your phone. They're short videos, because that's the attention span of all adults these days,” he said, laughing.



But even with costs laid out, higher premiums don't always equate to higher quality care, Oller said. It puts the onus on businesses to demand information and transparency.

“When an organization is beginning to choose the carrier for their employees, they should ask for metrics, outcome figures — ‘I want to know how you’re doing with value-based services.’ That information is available,” he said.

But it doesn't always come easy, emphasizing the need for employer-provided insurance.

“[Employees] need advocacy,” said **Rich Ducharme**, sales director at North Miami Beach-based Sapoznik Insurance. “When I found out I wouldn't make the NBA and tore my Achilles, I knew where to go and what that would cost. But the typical person doesn't know that. And the last thing employers want is employees researching, because then they're not doing their work, and the stress just piles on.”

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## **Telemedicine: The new frontier for employee health care**

As innovation in the technology space further permeates business models, even the most forward-facing and human-interaction-based industries are getting a makeover. Health care is no different.

The advent of telemedicine — the remote diagnosis of patients by doctors via telecommunications technology — has made long wait times and reception-room agony a thing of the past, enabling benign ailments or infections and workday productivity to coexist, once and for all.

Sapoznik Insurance Sales Director **Rich Ducharme** can attest to the wonders of telemedicine. When he woke up one morning before work with a sty, telemedicine saved him hours.

“You go to the telemedicine kiosk for the allergies, the styes, the cold and coughs of the world; you get your prescription at lunch; and then you come back to work,” he said, adding that the alternative — waiting for a doctor, being diagnosed, picking up medicine — would have cost him more than half of a workday.

“That return on investment [of providing telemedicine services to employees] can’t be tracked yet, but it will be down the road,” he said.

The new resource solves what Ducharme calls a double-edged sword. Employers want their employees to be healthy, a state of being that requires maintenance, be it through routine checkups and the one-off visit for sudden ailments. But appointments rob workers of precious hours.

With telemedicine, the process is exponentially streamlined and sped up.

“It’s that absenteeism that you’re avoiding,” he said. “Telemedicine is extremely exciting right now.”

Employees appear to be equally excited, according to Jessica Lerner, executive VP and COO with Community Care Plan.

Telemedicine is available to employees of the Sunrise-based company, an organization that services Medicaid, Children’s Medicaid Services Network and the uninsured population of South Broward, among other things.

“It’s been about 4,000 visits so far,” she said. “And it’s reducing costs from an ER standpoint,” by providing an alternative means to the same end: immediate attention for a sudden condition.

Some employers have taken to providing quick care in other ways.

**Upendra Mody** serves as VP of Total Rewards for JM Family Enterprises, one of the nation’s largest private companies. In this position, Mody is responsible

for the human resources functions of compensation, health care and retirement benefits, workers' compensation, and HR systems and analytics. At JM Family, he said, employees have access to on-site care clinics.

"Instead of you guys going and wasting your time, we'll have doctors here so they can take good care of you and you can get back to work really fast," he said, describing the approach with which the clinics were presented to the company's team in Deerfield Beach.

But, despite the physical presence of doctors on the campus, Mody said he believes a more tech-based approach is the next step, calling telemedicine "the new frontier."

"It's in its infancy, like the ATM that nobody wanted to use when it first came out," he said. "We didn't trust it. But it's what's next."

**Debora Lima**

Reporter

*South Florida Business Journal*