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**American Association of Healthcare  
Administrative Management  
(AAHAM)**

**September 18, 2017**

# Agenda

- I. Federal Updates
- II. ACA Repeal and Replace Efforts
- III. Federal Deadlines - Fall 2017
- IV. Fall Hospital Priorities
- V. The 2017-2018 State Budget
- VI. Hospital Legislative Priorities
- VII. HealthChoices (PH)
- VIII. Community HealthChoices (MLTSS)
- IX. Questions and Answers



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## FEDERAL UPDATES

# ACA Repeal and Replace - 2017 Timeline

- January — Executive Order minimizing the economic burden of the ACA pending repeal
- March — U.S. House releases American Health Care Act; fails to move to a vote
- April — Negotiations between House conservatives
- May — AHCA passes 217-213, four PA Republicans vote NO
- June — U.S. Senate releases Better Care Reconciliation Act; fails to move to a vote
- July — Negotiations between Senate conservative and moderates; motion to proceed passes
  - Senate votes on: BCRA, repeal (with a two-year delay), "Skinny" Repeal fails
- August — Bipartisan efforts take shape
- September — Market stabilization hearings

# ACA Repeal and Replace

## Hospital Priorities

- Preserve coverage for more than 1.1 million Pennsylvanians who have benefited from coverage under the ACA
- Ensure all Pennsylvanians have access to and can secure comprehensive coverage
- Promote continuous coverage and continuity of the right care, at the right time, in the right place
- Ensure stable and sufficient funding for hospitals to support access to quality care
- Maintain momentum in delivery system transformation and innovation

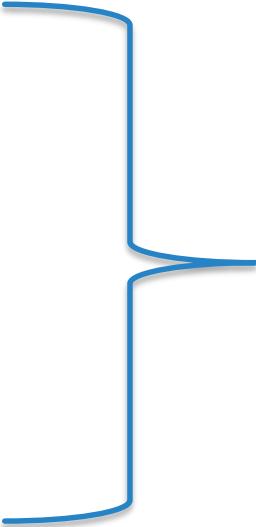


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# Key Policy Elements of AHCA and BCRA

- Repeal the individual and the employer mandates
- Weaken protections for individuals with pre-existing conditions
- Freeze enrollment and phase out Medicaid expansion
- Overhaul the existing Medicaid program shifting to a per-capita or block grant funding mechanism
- Alter the subsidy structure to support the purchase of insurance through insurance marketplaces
- Repeal or delay the imposition of various taxes
- Provide funding for opioid efforts
- Maintain significant hospital payment cuts

# What Is At Stake For Hospitals

- Medicaid contraction (expansion phase-out and new per capita financing mechanism)
  - Insufficient support through tax credits
  - Weakened protections for consumers
  - No replacement of ACA payment cuts
- 
- Increase in un- and under-insured patients
  - Increase in hospital uncompensated care (UCC)
  - Destabilization of hospitals' fiscal position
  - Poorer health outcomes for patients



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# ACA Repeal and Replace – What's Next?

Still strong pressure to pursue repeal BUT divide between conservatives and moderates remains

## Administrative Actions

- Discontinue funding for cost-sharing reduction
- Provide exemptions or avoid enforcement of mandates
- Relax regulation of consumer protections
- Stop supporting outreach and enrollment assistance
- State “flexibility” through waivers

# Bipartisan Efforts on Market Stabilization

U.S. Senate Health, Education, Labor and Pensions (HELP) Committee

- Stabilize and strengthen the individual health insurance markets
- September hearings: Governors, Insurance Commissioners (PA testifying), Industry Experts, Consumers

U.S. House Problem Solvers Caucus

- 40+ bipartisan group
    - (PA: Costello Dent, Fitzpatrick, Meehan, Smucker, Thompson)
- Stabilize health insurance markets and provide relief to individuals, families, and small businesses



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# U.S. House Problem Solvers

Stabilize health insurance markets and provide relief to individuals, families and small businesses

**Make CSR  
subsidy funding  
mandatory**

**Create a  
“stability fund”**

**Redefine the  
employer  
mandate**

**Repeal the  
medical device  
tax**

**Reform Section  
1332 and 1333  
waivers**



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# Fall Deadlines - Federal

- Annual Appropriations to keep the federal government funded
- Lift the debt ceiling
- Continue funding for the Children's Health Insurance Program (CHIP) and Community Health Centers
- Extend Medicare provisions – Including payment programs that support small and rural hospitals

## Congressional Priorities

- Hurricane relief (Harvey and Irma)
- Market stabilization – Cost-sharing reduction payments ???
- Tax reform ???
- Budget deal ???

**Concern for hospitals: Hospital payments used as an offset or “pay-for” for these items**



# Fall Hospital Priorities

## Extending rural payment programs

- Medicare Dependent Small Rural Hospital (MDH) program and Low-Volume Hospital Adjustment (LV) reimbursements must be extended by September 30
- MDH program supports small rural hospitals serving a large Medicare population
- LV hospital adjustment provides a payment adjustment to small rural hospitals that are unable to achieve economies of scale due to a limited number of discharges
  - 22 Pennsylvania hospitals receive, in aggregate, about \$24 million annually from these programs
  - Even with these payments, 13 of the 22 hospitals lost money on operations during 2015 and ten had negative total margins
  - Seeking a permanent extension



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# Fall Hospital Priorities

## Preserving coverage

Children's Health Insurance Program—Funding for CHIP will expire September 30

- In PA, more than 176,000 children rely on CHIP
- Children who have health insurance are:
  - More likely to avoid preventable illnesses
  - Benefit from early detection and prompt treatment
  - Receive the behavioral health care services

## Cost-sharing Reduction (CSR)

- Over half a million Pennsylvanians access insurance through the individual market
- 57 percent of Pennsylvania's insurance Marketplace enrollees benefit from CSRs
- CSR payments are crucial in:
  - Maintaining access to a robust
  - Competitive individual market
  - Protecting Pennsylvania consumers from steep premium increases



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# Fall Hospital Priorities

## Protecting the 340B drug pricing program

- Heightened Congressional scrutiny and threat to payments for 340B hospitals
- Congressional Action
  - Oversight hearings
  - Possible legislation that would limit the benefits of the program
- Payment Policy
  - CMS has proposed significant cuts in payment for separately payable drugs that are acquired under the 340B program



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# Fall Hospital Priorities

## **Addressing impending Medicaid disproportionate share (DSH) cuts**

- Medicaid disproportionate share hospital (DSH) program provides payments to safety net hospitals that serve a high proportion of Medicaid beneficiaries and uninsured patients
- The ACA reduced federal funding for Medicaid DSH under the assumption that the ACA insurance expansions would reduce hospital uncompensated care and therefore, the need for DSH funding
- Cuts are currently scheduled for Fiscal Years 2018–2025, beginning with a \$2 billion reduction and increasing by \$1 billion each year until they reach \$8 billion in FY 2024
- HAP is urging Congress to delay the Medicaid DSH cuts



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# Fall Hospital Priorities

## Regulatory Relief

The Administration and Congress are interested in pursuing “red tape relief” efforts

- Rolled back mandatory bundling programs
- Reinstated the moratorium on enforcement of “direct supervision” requirements for Critical Access Hospitals and small rural hospitals

U.S. House Ways & Means Committee “Provider Statutory & Regulatory Relief Initiative”

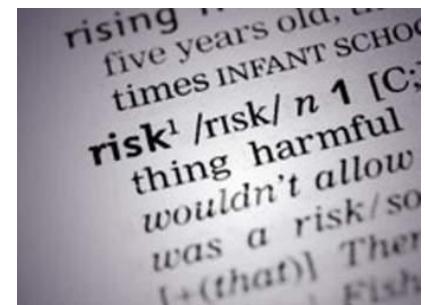
- **HAP Recommendations:**
  - Reform the Stark Law
  - Expand payment for telehealth services
  - Allow flexibility to provide services in ways that address gaps in patient access to care
  - Promote more reasonable program integrity reviews by federal contingency fee contractors
  - Adjust Medicare value-based purchasing programs

# HAP Federal Strategy

Remain vigilant and proactive in pressing hospital priorities

HAP continues to:

- Work in partnership with the American Hospital Association (AHA) and other stakeholders on targeted advocacy strategies
- Meet with key members of Congress to ensure that they understand Pennsylvania-specific impact of proposed changes
- Advocate to preserve coverage for the expansion population
- Fight to protect payments to Pennsylvania hospitals so they can continue to provide safety net coverage and quality care in the Commonwealth





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## STATE UPDATES

# The 2017-2018 State Budget

Elongated State Budget Process – June 30, 2017 constitutional deadline

Medicaid Supplemental Payments

- Obstetrics and Neonatal Services
- Burn Care
- Trauma
- Critical Access Hospitals

Tobacco Settlement Funds

Medicaid Managed Care

State False Claims

State Agency Consolidation



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# State Legislative Priorities

- Telemedicine
- Opioid Tracking and Policy Input
- “Surprise” Balance Billing
- Informed Consent
- Physician Credentialing Reform
- Protecting Health Care Practitioners
- Emergency Department Health Care Provider Reform
- Advanced Practice Nursing
- Nurse Staffing
- State False Claims Act



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# Telemedicine

## Telemedicine Legislation

- Legislative Goal
  - 1. Define the service
  - 2. Define who can offer the service
  - 3. Define how it should be reimbursed
- Next Steps:
  - 1. Continue to Gain Stakeholder Consensus
  - 2. Legislative Hearing(s)
  - 3. Senate and/or House Committee Vote



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# Opioid Crisis

- Detoxification Bed Registry (HB 825)
- Involuntary Commitment (HB 713 & SB 391)
- Electronic Prescribing of Opioids (HB 353)
- Integrating PDMP with Electronic Health Information Systems (HB 1679)
- Opioid Prescribing Advisory Council (SB 655)
- Limit prescription of an opioid to seven days (SB 472)

# **Surprise Balance Billing – What Is It?"**

Occurs when the patient's hospital is in-network, but some of the hospital-based clinicians providing care in the facility are not

This results in a "surprise" bill to the patient for the out-of-network care that they received in the hospital

Garnering national attention; PA also addressing

# **Surprise Balance Billing – PA Senate Bills**

- Patients and their families should be protected from the financial burdens of unexpected bills
- SB 678 and HB 1553 seek to protect patients from “surprise” out-of-network bills
- HAP is working with the General Assembly to determine the most balanced language, which does not create additional burdens for hospitals, while also protecting consumers

# ***Shinal v. Toms – Informed Consent***

On June 20, 2017, the Pennsylvania Supreme Court held that a physician may not delegate to others his or her obligation to provide sufficient information in order to obtain a patient's informed consent for a procedure

- This decision has created confusion within health care facilities

## Hospitals should:

1. Review: the PA Supreme Court's *Shinal v. Toms* decision, MCARE, your policies, procedures, and medical staff bylaws and privileges related to obtaining informed consent
2. Consult your legal counsel to evaluate compliance requirements and how current practices support the conditions and requirements outlined in the majority opinion
3. Alert HAP if DOH surveyors or accreditation organizations flag or cite "informed consent" issues during a licensure survey or complaint investigation
  - HAP is working closely with members to determine impact on hospitals and how facilities are operating after this decision as well as the best path forward



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**HEALTHCHOICES (PH)**

# HealthChoices Update

- ▶ July 21, 2016 - The HealthChoices Program RFP is reissued as a result of a successful legal challenge to the procurement process. Proposals were due to DHS on September 6, 2016.
- ▶ January 5, 2017 - DHS announced the statewide awards and moved the effective date for the new HealthChoices contracts from April 1, 2017 to June 1, 2017. Again, several protests were filed.
- ▶ March 3, 2017 - DHS announced that the new effective dates were being pushed back to January 2018, and implementation dates would be staggered by zones.
- ▶ May 11, 2017 – DHS Announced that the January 2018 start date was no longer possible. No new date was identified.

**HAP will continue to provide updates as information becomes available.**



# HealthChoices & Community HealthChoices (CHC)

| Zone             | HealthChoices Start Date<br><b>WAS</b> | CHC Start Date |
|------------------|--|----------------|
| <b>Southwest</b> | January 2018                           | <b>TBD</b>     |
| Northwest        | January 2018                           | <b>TBD</b>     |
| Northeast        | March 2018                             | <b>TBD</b>     |
| Southeast        | July 2018                              | <b>TBD</b>     |
| Lehigh/Capital   | January 2019                           | <b>TBD</b>     |





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## **COMMUNITY HEALTHCHOICES (CHC) (MLTSS)**

# **Community HealthChoices – Revised Start Dates (MLTSS)**

- August 30, 2016 - DHS announced 3 statewide winners from among 14 bidders (Amerihealth Caritas, Centene, and UPMC).
  - Multiple protests followed; litigation in Commonwealth Court
  - DHS revised start dates for the geographically phased-in implementation:
    - Southwest January 2018
    - Southeast July 2018
    - All other areas January 1, 2019
  - April 7, 2017 - Independent Enrollment Broker RFP issued

**HAP will continue to provide updates as information becomes available.**





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## QUESTIONS AND ANSWERS