



## HIGHLIGHTS GOVERNING COUNCIL MEETING AHA Section for Small or Rural Hospitals February 21 – 22, 2008 ★ Salt Lake City, Utah

The governing council of the AHA Section for Small or Rural Hospitals met February 21-22, 2008 in Salt Lake City, Utah. Governing council members received updates on the political environment in Washington, DC and AHA's advocacy agenda and policy priorities. Members reviewed and discussed AHA's strategic plan and the Association's Health for Life framework for national health care reform. Members reviewed principles for value-based purchasing and recommendations on out-of-pocket medical costs of Medicare beneficiaries. They also discussed new approaches to financial assistance and patient debt. A roster of the Section's governing council is at [http://www.aha.org/aha/member-center/constituency-sections/Small or Rural/roster.html](http://www.aha.org/aha/member-center/constituency-sections/Small%20or%20Rural/roster.html).



**Washington Update:** Members were briefed on the current political environment in Washington and the annual federal budget process. They were apprised of AHA's strategy to address expiring Medicare provisions and potential Medicaid cuts and AHA's advocacy agenda for the remainder of the 110<sup>th</sup> Congress. Members also were briefed on the final rules for inpatient and outpatient services that were published late last year as well as interpretive guidelines for CAHs. Members were supportive of AHA's advocacy agenda for rural hospitals and the Association's leadership on federal budget issues. To learn more visit <http://www.aha.org/aha/content/2008/pdf/2008-advocacy-agenda.pdf>.



**AHA's Strategic Plan:** Ray Hino, CEO, Mendocino Coast District Hospital, Fort Bragg, California and the AHA's Board liaison to the governing council, updated members on the AHA Strategic Plan. The plan reflects a number of the important strategies to which the Association is committed on behalf of its members and the field as well as strategies to strengthen its own operational efficiency. Mr. Hino reviewed the strategic framework of the plan and the strategies to achieve its goal of advancing a health care delivery system that improves health and health care. He asked members for insights into local health care trends and questions about emerging national trends or issues.

Members identified emerging trends including competition from retail health care, physicians, and insurers for referrals. They identified a physician shortage as a major issue due to low supply, maldistribution, and changes in lifestyle and the need to address primary care capacity from other clinical fields such as nurse practitioners and physician assistants. Members identified growing emergency room utilization and physician/hospital relations as emerging challenges. They believe information technology will become increasingly important for quality and patient safety and fear the gap will grow wider between the haves and have-nots.



**Health for Life:** Mr. Hino updated members on the Board's action on AHA's framework for national health care reform and meetings with key stakeholder organizations. Members were asked for their reactions to ideas for public policy change and specific feedback on ideas needed to achieve the reform objective.

Members were supportive of the policy and approach. They look forward to the next step in the process and to work with their communities to build consensus on the framework for reform. Members prioritized the issues and identified areas in which more attention is deserved. For further information go to <http://www.aha.org/aha/issues/Health-for-life/index.html>.



**Value-Based Purchasing:** Members were briefed on principles for payment to reward performance and asked to suggest any conceptual changes to the principles they believe are necessary, identify the principles that are most important, and share their advice with AHA as Congress and other policymakers seek to move ahead on pay-for-performance. Members were very supportive of the principles and reiterated a long-standing concern regarding the lack of alignment between P4P and physician behavior.

They were concerned that P4P will be administratively burdensome and require IT infrastructure, which they lack thus putting them at a competitive disadvantage. Members also reiterated the need for outcome measures relevant to low-volume rural hospitals and that stabilization and referral is an appropriate outcome for some patients. For more information visit <http://www.aha.org/aha/about/Organization/board-actions.html>.



**Out-of-Pocket Costs to Medicare Beneficiaries:** Members heard a review of a report of the AHA Board's 2007 Long-Range Policy Committee on the out-of-pocket costs of Medicare. The committee learned that seniors are ill prepared for rising out-of-pocket health care costs. The report summarized the facts about personal income and wealth that could be used to pay for future health care services of Medicare beneficiaries and created a set of seven recommendations about Medicare beneficiaries and their out-of-pocket medical costs. Members were asked to help

determine which recommendations were most important and to provide any additional recommendations they believe are necessary. Members also were asked to discuss the hospital field's role in educating the public about the anticipated out-of-pocket costs that Medicare does not cover.

Members acknowledged that ultimately they would be responsible for educating Medicare beneficiaries about the rising out-of-pocket costs of health care in much the way they did when their patients and communities turned to them for education about the new Medicare prescription drug program. They recommended developing strategic partnerships and supported public educational programs to increase awareness for seniors and help them prepare for their health care costs after retirement. Members encourage national leaders to begin a dialogue on approaches to financing long-term care services, and encourage Medicare to explore cost-effective options for providing selected educational and health services to individuals not yet 65. They commented that educating beneficiaries on managing chronic conditions, end-of-life care, and other ethical issues was of major importance.



**Financial Assistance and Patient Debt:** The challenge to hospitals to help patients make financial ends meet continues and worsens. AHA has provided leadership by sharing guidelines for, and examples of, successful patient billing and collection policies and practices. Yet, despite these efforts significant financial challenges remain and alternative approaches to addressing patient debt are emerging. Members were asked to review their own policies regarding financial assistance and comment on

some of the increased interest in medical debt financing from banks, credit card companies and others. Also, members were asked to suggest principles to help guide the field in this area.

Hospitals have expanded the poverty threshold as well as efforts to counsel patients on finances while working individually with patients to discount charges and establish payment plans. Members said that collections are guided by their hospital's mission and values. Transparency and disclosure on terms of discounts and terms if turned over to collections is an important and necessary principle. For more information visit <http://www.aha.org/aha/about/Organization/board-actions.html>.

**For more information about the topics covered in these highlights or on the AHA Section for Small or Rural Hospitals, contact John T. Supplitt, senior director, at 312-422-3334 or [jsupplitt@aha.org](mailto:jsupplitt@aha.org).**