American Hospital Association

HIGHLIGHTS
GOVERNING COUNCIL MEETING
AHA Section for Small or Rural Hospitals
September 8-9, 2008 ★ Washington, DC

The governing council of the AHA Section for Small or Rural Hospitals met September 8-9, 2008 in Washington, DC. Governing council members received updates on AHA's recent Board meeting and discussed *Health for Life: Coverage for All, Paid for by All*; the political environment in Washington, DC; and AHA policy options for reducing hospital readmissions. Members were briefed on complying with IRS Form 990 and Schedule H and the Section's outreach efforts to educate members on gathering and reporting data on community benefit. Members also were briefed on the Recovery Audit Contractor (RAC) program that is being phased in across the United States and how small or rural hospitals can prepare for a recovery audit. Governing council members also visited with their members of Congress while attending this meeting. A roster of the Section's governing council is at http://www.aha.org/aha/member-center/constituency-sections/Small or Rural/roster.html.

AHA Board Liaison Report: Raymond Hino, president and CEO, Mendocino Coast District Hospital, Fort Bragg, CA and the AHA's Board liaison to the governing council, reviewed with members the highlights from the July 23-24, 2008 meeting of the AHA Board of Trustees. Board members received reports on AHA legislative, regulatory, and policy initiatives as well as reports from standing and ad hoc committees. The Board received feedback from each of the governing council and regional policy board liaisons on the discussions of the Health for Life business model and coverage strategy as well as comments on hospital billing and collections. Mr. Hino reported that Chandler Ralph, CEO, Adirondack Medical Center, Saranac Lake, NY who was nominated by the governing council of the AHA Section for Small or Rural Hospitals was also elected to serve as an at-large member to the AHA Board of Trustees. Mr. Hino also reported on the success of the Health for Life town hall meetings and encouraged members to attend the next event in Kansas City, Missouri. For more about the AHA Board visit http://www.aha.org/aha/about/Organization/index.html.

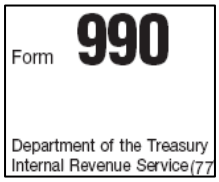
Health for Life
Better Health. Better Health Care.

Health for Life, Coverage for All: Steve Ahnen, AHA senior vice president reviewed several areas upon which AHA and its partners are trying to build the foundation for health reform. He reviewed AHA's involvement at the recent political conventions and AHA's efforts to draw attention to the need for reform through its Harry and Louise advertising campaign. He explained how AHA continues to talk with stakeholders and has established member task forces to advise on care coordination and insurance simplification. Mr. Ahnen asked members to comment on a potential standard benefit package, the components of a multiple mandate health insurance option, and preferences on these options. Members reviewed and commented on the standard FEHBP benefit package and shared opinions regarding the coordination of multiple mandates and the role of government benefits and payment as the ultimate safety-net. For more on AHA's health reform efforts visit http://www.aha.org/aha/issues/Health-for-life/index.html.

Washington Update: Members were briefed on the current political environment, current advocacy issues and strategy, and the rural hospital legislative agenda. They reviewed H.R. 6331, the Medicare Improvements for Patients and Providers Act (MIPPAA) known for its physician payment fix, but which also included several provisions important to rural hospitals. Members discussed the health reform proposals of the presidential candidates and AHA's advocacy themes to avoid cuts and improve quality, accountability, and funding. AHA is distributing an Affordability Advocacy Kit designed to help hospital leaders explain, in plain language, why health care is expensive and what your organization is doing to address the issue. Members were oriented to the priority advocacy issues for rural hospitals which may be found at http://www.aha.org/aha/content/2008/pdf/2008-advocacy-agenda.pdf in advance of their visits to their members of Congress.

Members were briefed on current federal regulatory and policy priorities, specifically the inpatient PPS FY 2009 final rule, the 2009 outpatient PPS proposed rule, and a proposed rule on rural health clinics. Members learned that the inpatient PPS rule is effective October 1, and includes key changes for payment update, severity and cost-based weights for diagnostic related groups (DRGs), the wage index, quality reporting, and some rural hospital provisions. The key issues in the outpatient PPS proposed rule include payment, quality reporting, imaging, emergency department services, drugs, and partial hospitalization. The CMS's proposal for changing the conditions of participation and payment provisions for rural health clinics and federally qualified health clinics includes shortage area review, exception criteria, payment methodology, and a payment limit exception. AHA's comments to CMS may be found at http://www.aha.org/aha_app/letter/most-recent.jsp.

Reducing Hospital Readmissions: Members were informed of the increasing pressure on policymakers to reduce health care costs while improving quality of care and how hospital readmissions are under growing scrutiny since they account for a significant amount of health care spending. Proposals by both MedPAC and CMS that attempt to reduce payments to hospitals with high readmission rates and publicly report hospital readmission rates were reviewed. While programs to reduce readmissions have been developed and implemented at some hospitals, increasing pressure to address health care spending may result in a mandated approach by Congress. Members shared their insights into the causes of hospital readmissions, the need to align incentives between hospitals and physicians, and the importance of individual accountability and patient compliance to avoid readmissions.



IRS Requirements and RACs: Staff shared information on the recently published final instructions on IRS Form 990 as well as the revised Schedule H worksheets. Private not-for-profit and proprietary hospitals will be required to file the new form and schedule. The AHA has developed several resources to assist small or rural hospitals in this activity. Although government owned hospitals are not required to submit IRS Form 990, they may be asked by local leaders to demonstrate community benefit in a manner consistent with the requirements of Schedule H. Therefore, it is in the best interest of government hospitals to gather data in anticipation of reporting community benefit locally. For more information and resources visit http://www.aha.org/aha/issues/Rural-Health-Care/educationf990.html.

Members were briefed on the CMS Recovery Audit Contractor (RAC) demonstration report published in June 2008. According to the report, over 90 percent of RAC collections were from hospitals and 75 percent of denials were due to errors in coding or defining medical necessity. Staff shared with members the improvements that have been made to the program as a result of AHA's advocacy, but cautioned that concerns still exist as the program is implemented nationwide. Members were given a schedule set by CMS to phase in RACs and the tools available to hospitals through the AHA that can assist them in preparing for a recovery audit. For more information visit http://www.aha.org/aha/issues/RAC/educational.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.