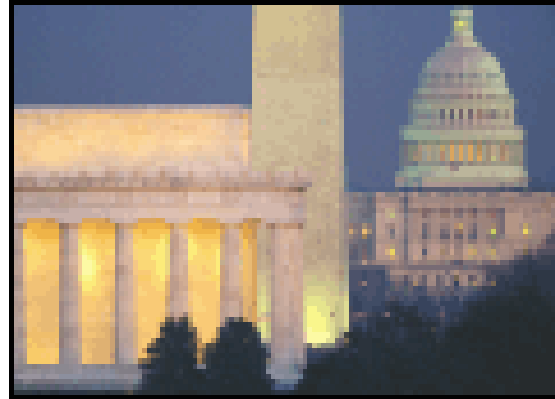
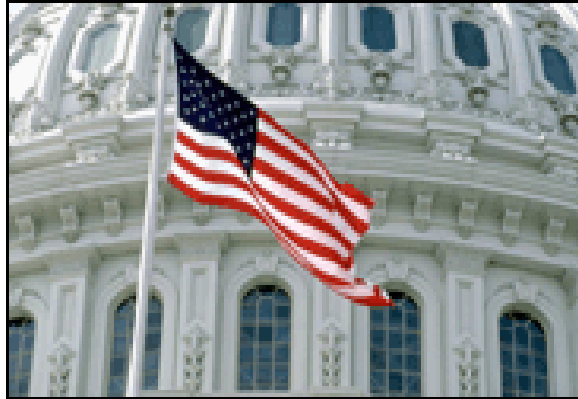


View from Washington



American Hospital Association Federal Update for Low-Volume Small or Rural Hospitals

Joanna Hiatt

Senior Associate Director, AHA Policy

Lisa Kidder

Vice President, AHA Legislative Affairs



Today's Agenda

Advocacy

- Health Reform – rural provisions
- AHA agenda for rural hospitals
- Extenders
- Other legislation
- Appropriations

Regulatory Policy

- FY 2010 IPPS final rule
- CY 2010 OPPIPS proposed rule
- HIT
- Other regulatory issues



American Hospital
Association

AHA Special *Bulletin!*

America's Healthy Future Act of 2009

Chairman's Mark

Rural Protections

- **Extend Medicare Rural Hospital Flexibility Program**
- **Extend Hospital Outpatient Department Hold Harmless for Small Rural Hospitals; Extend and Expand Hospital Outpatient Department Hold Harmless for Sole Community Hospitals**
- **Extend Reasonable Cost Reimbursement for Laboratory Services in Small Rural Hospitals**
- **Extend Rural Community Hospital Demonstration Program**
- **Extend Medicare Dependent Hospital Program**
- **Temporary Improvements to the Medicare Inpatient Hospital Payment Adjustment for Low-Volume Hospitals**
- **Revisions to the Demonstration Project on Community Health Integration Models in Certain Rural Counties**
- **MedPAC Study on Adequacy of Medicare Payments for Health Care Providers Serving Rural Areas**



**American Hospital
Association**

America's Healthy Future Act

Chairman's Mark

Other Rural Hospital Relevant Provisions

- **Primary Care/General Surgery Bonus – HPSA consideration**
- **Redistribution of Unused GME slots to Increase Access to Primary Care and Generalist Physicians – Rural < 250 beds exempt**
- **Proposal on Development of a National Workforce Strategy – Including Rural Populations**
- **Extension of Floor on Medicare Work Geographic Adjustment (GCPIs)**
- **Extension of Treatment of Certain Physician Pathology Services**
- **Extension of Increased Payments for Ambulance Services**
- **Reinstatement of Rural Home Health Payment Adjustment**



American Hospital
Association

America's Healthy Future Act

Chairman's Mark

Other Rural Hospital Relevant Provisions

- **Extend Section 508 Geographic Reclassifications**
- **Plan to Reform Medicare Hospital Wage Index**
- **National Pilot Program on Payment Bundling – Rural consultation**
- **Reducing Avoidable Hospital Readmissions – Rural consultation**
- **Medicare Commission**
- **Limitation on Medicare Exception to the Prohibition on Certain Physician Referrals for Hospitals**
- **Requirements for Section 501(c)(3) Hospitals exempt from state and local taxes**



American Hospital
Association

America's Healthy Future Act

Chairman's Mark

Rural Amendments Accepted

- CAH Method 2 101% outpatient fix
- Low volume adjustment “correction” 2000 down to 1500 Medicare Part A discharges
- Restore ratios to determine on geographic reclassifications until HHS study
- Bonus payments for “super rural hospitals extended until 2012



American Hospital
Association

AHA Rural Advocacy

Rural Hospital Advocacy Agenda

- **The Rural Hospital Assistance Act**
- **The 340B drug discount program**
- **CAH payments for CRNA services**
- **Reinstate necessary provider**
- **Extend and expand the RCH demonstration program**
- **Extend expiring MIPPA provisions**
- **CAH Flexibility Act**



**American Hospital
Association**

Tri-Committee Bill

Rural provisions

- **Extends Section 508**
- **Extends 3 percent rural ambulance add-on**
- **Extends grandfathers of TC component for pathology services**
- **Extends 340B program to inpatient drugs & allows CAHs, SCHs, and MDHs to participate**
- **IOM study on geographic adjusters w/ \$8 billion in new funding for two years (wage Index/GPCI)**
- **Value study w/ HHS fast track authority**
- **CAHs are included in readmissions policy**



American Hospital
Association

MIPPA - H.R.6331

“Extender’s Bill” – Expiration Dates

Sec. 121: Extends the FLEX program through 9/30/2010

Sec. 124: Extends 508 reclassifications thru 9/30/2009

Sec. 136: Extends direct billing for physician pathology services by independent labs thru 9/30/2009

Sec. 146: Reinstates the add-on payment for ground ambulance services and a hold harmless for air ambulance regions thru 9/30/2009

Sec. 147 Extends OPPS hold harmless for small rural hospitals and SCHs under 100 beds thru 12/31/2009

Small or Rural Hospital Regulatory Policy



American Hospital
Association

IPPS Payment Update

- Mandated market basket update of 2.1% (if submit data on 43 quality measures)
 - Otherwise, MB-2.0 or 0.1% update
- After all changes, CMS projects an average **increase** for hospitals of 1.6%
 - Up from projected average **decrease** of 0.5% in proposed rule.



IPPS Documentation and Coding Offset

- **The final rule does NOT implement the 1.9 percent cut for changes in documentation and coding initially proposed by CMS.**
- **This represents an increase of \$2.2 billion in payments to hospitals in FY 2010.**
 - CMS also did not adopt its proposed coding cuts to SCHs, MDHs, and Puerto Rico hospital rates.
 - Rather, CMS will take a “more prudent approach” by **DELAYING** implementation of the documentation and coding cut to allow for a complete analysis of FY 2009 claims, which will be available in FY 2011.



IPPS Market Basket

- **CMS rebased/revised the IPPS market basket**
 - **New base period is FY 2006**
 - **Changes certain categories and price proxies**
 - **Updates labor-related share: reduced from 69.7% to 68.8%**
 - **Hospitals with wage indices of less than 1.0 keep a labor share of 62%**



IPPS Quality Reporting

- For 2010, report 43 measures of quality of care
- For 2011, CMS finalized 4 new measures and “harmonizing” 2 existing measures
 - **But, only 2 of the 4 new measures have been endorsed by the NQF**
 - **None adopted by the HQA**
- For 2011, must report 46 measures total
- No new hospital-acquired conditions



IPPS Disproportionate Share

- **CMS finalized three changes to counting days for Medicare DSH payments:**
 - **Ancillary labor and delivery days**
 - **Reporting Medicaid days**
 - **Observation days**
- **CMS says impact will be negligible.**



IPPS - Rural Provisions

MDH Rebasing

- **Cumulative, retroactive application of budget neutrality adjustments from 1993-2002**
- **Applied to 2002-based hospital-specific rates, reduce by 1.7%**
- **Applied for discharges on or after Oct. 1, 2009**
- **Affects 50 MDHs, cuts \$5 million in FY 2010**



American Hospital
Association

Outpatient PPS

- **A market basket update of 2.1 percent for hospitals that reported data on outpatient care in 2009. Otherwise 0.1 percent.**
- **No new outpatient quality measures for 2011; hospitals would be required to continue reporting on the 11 measures for 2010.**
- **Proposed new methodology for separately payable drugs and biologicals, which results in a proposed payment rate of average sales price (ASP) plus 4 percent.**



American Hospital
Association

OPPS: Direct Supervision

- Proposed rule contains good and bad news.
- Bad news first....
 - **Does not resolve vulnerability for 2001 through 2009.** CMS continues to explicitly assert that:
 - The 2009 “restatement and clarification” made no change to long-standing supervision policies.
 - The AHA will continue to urge that CMS
 - rescind the 2009 policy change
 - instruct its contractors not to pursue enforcement actions.



American Hospital
Association

OPPS: Direct Supervision

Good (?) news

CY 2010 and beyond... CMS proposes:

- **Non-physician practitioners (NPPs) may provide direct supervision of hospital and CAH outpatient therapeutic services**
 - **PAs, NPs, CNSs, CNM may directly supervise if**
 - **services are within State's scope of practice and hospital-granted privileges**
 - **NPPs may supervise hospital and CAH services both **ON-CAMPUS** and **OFF-CAMPUS****



**American Hospital
Association**

OPPS: Direct Supervision

Loosening of standard for “direct supervision” when outpatient services provided on-campus

– For outpatient services furnished in a hospital or CAH, or in an on-campus PBDs of a hospital or CAH, **revises “direct supervision” definition**

- Supervisory physician or NPP ***must be present*** on the same campus, in the hospital or CAH or in on-campus PBDs of the hospital or CAH, ***and immediately available*** to furnish assistance and direction throughout the performance of procedure.



American Hospital
Association

Medicare HIT Incentives

- **\$17 Billion** for “meaningful use” through:
 - **Medicare**
 - PPS Hospitals
 - CAHs
 - Physicians
 - **Medicaid**
 - Physicians with 30 percent Medicaid volume
 - Children’s hospitals
 - Other acute care hospitals with 10 percent Medicaid volume
- **Otherwise, penalties start 2015 for any hospital not considered a “meaningful user”**



Medicare HIT Incentives

ARRA says **“meaningful use”** is:

- Demonstrating to the Secretary that certified technology is being used “in a meaningful manner;”
- Demonstrating that the technology is connected in a manner that provides for the exchange of health information; and
- Using the EHR to submit clinical quality measures selected by the Secretary



American Hospital
Association

Medicare HIT Incentives

- Definition was offered by the HIT Policy Committee's **Meaningful Use Workgroup** in July
 - Fully functioning EHR
 - Transitioned (2011, 2013, 2015)
 - “Adoption year” concept



Medicare HIT Incentives

“Adoption Year” Concept

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
“Adoption year” 2011	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th
“Adoption year” 2012		1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th
“Adoption year” 2013			1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th
“Adoption year” 2014				1 st	2 nd	3 rd	4 th	5 th	6 th	7 th
“Adoption year” 2015				???	1 st	2 nd	3 rd	4 th	5 th	6 th
“Adoption year” 2016				???		1 st	2 nd	3 rd	4 th	5 th
“Adoption year” 2017				???			1 st	2 nd	3 rd	4 th

Medicare HIT Incentives

ONC's Definition of Meaningful Use for 2011

System Functions

- CPOE – 10% of all orders
- Patient demographics
- Physician notes
- Nursing assessments
- Problem lists
- Medication lists
- Lab reports
- Clinical guidelines
- Clinical reminders
- Drug allergy alerts
- Drug-drug interaction alerts
- Drug-lab interaction alerts
- Drug dosing support
- Patient lists by specific conditions
- Report hospital quality measures
- Check insurance eligibility
- Submit claims electronically

Other Functions

- Provide patients electronic health info
- Provide electronic discharge instructions
- Provide patient education
- Capability to exchange info among providers
- Perform medication reconciliation
- Submit to immunization registries
- Report lab results to public health
- Provide syndromic surveillance for public health
- Compliance with HIPAA



American Hospital
Association

Other Reg Issues: RAC Rollouts

- ✓ Education and outreach complete in phase 1 states
- ✓ RACs must complete admin tasks before audits can begin
 - Complete JOA's with MACs (FI/Carriers)
 - Secure claims from CMS
 - Prepare issues for “new issue review” and approval by CMS – 16 in review process now
- ✓ Hospital outpatient, physician & DME audits began in August
 - Region C / Connolly: FL and SC
 - Region D / HDI: AZ, CA, HI, MT, ND, NV, OR, SD, UT, WA, WY
- No complex reviews until fall
- No medical necessity reviews until 2010



Contact Information

Joanna Hiatt

Senior Associate Director, Policy

E-mail: jhiatt@aha.org

Lisa Kidder

Vice President, AHA Legislative Affairs

E-mail: lkidder@aha.org

American Hospital Association

325 7th St., NW, Suite 700

Washington, DC 20004

Phone: 202-626-2340



**American Hospital
Association**