



Health Reform and Critical Access Hospitals

December 11, 2009

- **Where did we end up with the House bill?**
- **Where are we with the Senate bill?**
- **What will the end game look like?**



Key Issues at a Glance

Issue	President	House	Senate (Reid)
Coverage	95-97 percent of all Americans	96 percent of all Americans	94 percent of all Americans
Exchanges	Included	Included	Included
Insurance reforms	Included	Included	Included
Public program in exchange using Medicare rates	Not specific	Secretary negotiates rates within ranges; expands Medicaid to 150 percent of FPL	Public plan with state "opt-out." Secretary negotiates rates not tied to Medicare
Physician payment	10 year fix included in baseline	Dropped	One-year patch
Readmissions	Broad policy that penalizes hospitals (\$8.4 billion)	Broad policy that penalizes hospitals, including CAHs (\$9 billion)	Broad policy that penalizes hospitals, excluding CAHs (\$7 billion)
340B	No provisions	CAH, SCHs, MDHs, and RRCs included	All CAHs, high-DSH SCHs and RRCs; inpatient included

Key Issues at a Glance

Issue	President	House	Senate
Increased Medicare GME slots	No provisions	Includes redistribution of unused slots	Includes redistribution of unused slots
IMAC (Super MEDPAC)	Support	Dropped	Included with special treatment for hospitals
Physician self referral	Included	Included	Included
CMS Center for Innovation	No provisions	Test innovative payment and service delivery models	Test innovative payment and service delivery models
Bundling	Specific timetable for broad implementation	Develop plan to bundle (consider including CAHs) and expand current demonstration	Voluntary pilot projects, CAH consultation regarding participation
VBP	\$12.1 billion reduction	No provision	Budget neutral according to AHA principles; no CAH participation

Key Issues at a Glance

Issue	President	House	Senate
Variation	No specific proposals	IOM study on wage variation with two years of funding, then becomes budget neutral; IOM study on clinical variation with development of index and fast track implementation on a budget neutral basis	Efficiency measures to be included in VPB
Minimum standards for charity care for tax-exempt hospitals	Not included	Not included	Not included; new reporting requirements
Liability reform	Demonstration projects	Not included	Demonstration projects
Device manufacturer tax	No provision	2.5% excise tax on "first taxable sale"	Tax on device industry

Patient Protection and Affordable Health Care Act

The Patient Protection and Affordable Health Care Act contain one year CAH extenders that would:

- **Extend the Medicare Rural Hospital Flexibility Program.**
- **Extend direct billing for technical component of physician pathology services.**
- **Extend work GPCI floor for physician payment; and**
- **Extend rural ambulance add-on (3%).**

Patient Protection and Affordable Health Care Act

Beyond Extenders

- **Corrects CAH method 2 payment cut**
- **Expands 340b to all CAHs and SCHs and RRCs with certain DSH percentages and to inpatient drugs**
- **Reinstates rural home health add-on (3%)**
- **MedPAC study of adequacy of payments for health care providers serving rural areas**

Rural Provisions in the House bill

Over two years the House bill would:

- **Extend direct billing for technical component of physician pathology services**
- **Extend work GPCI floor for physician payment**
- **Extend rural ambulance add-on (3%)**
- **Expand 340b to CAHs, MDHs, SCHs, and RRCs, but NOT to inpatient drugs**
- **IOM study on the accuracy of the wage index and physician GPCI**

AHA Advocacy in Washington



ADVOCACY UPDATE *Action Alert!*

Tuesday, December 8, 2009

NEED ACTION FROM..... All hospital leaders
*ACTION Urge senators to reject Medicare and
Medicaid expansion*
WHEN..... Immediately
*HOW Call 202-224-3121 and ask to be connected
to your senators' offices*

Urgent! Urge your senators to reject expansion of Medicare and Medicaid as part of public option

As the Senate debates health reform, we have issued *Advocacy Alerts* urging opposition to attempts to expand the authority of an Independent Medicare Advisory Board to impose additional hospital payment cuts (Dec. 3), and on our three overriding concerns with the Senate bill (Nov. 23): its coverage numbers, readmissions policy, and public option.

As we have indicated, we expect problematic amendments to continue to be offered and we will need your continued help to defeat them.

Today's action: Key senators in behind-the-scenes negotiations are seriously considering adding millions of people to the rolls of Medicare and Medicaid as part of a public plan option in the health reform bill.

- **Medicare** pays hospitals just 91 cents for each dollar of care provided, yet the proposal being considered would allow people 55-65 to enroll in Medicare instead of the insurance exchange under the public option.
- **Medicaid** currently pays hospitals just 88 cents for each dollar of care provided, but additional people at certain low income levels would be enrolled in Medicaid instead of the insurance exchange.

Remember that we worked hard to successfully and significantly change the House bill so its public option was not entirely based on Medicare rates, but largely on negotiated rates, and in the Senate we worked to ensure that the Finance Committee bill has a non-profit, non-governmental public option based on negotiated rates and not tied to Medicare or Medicaid.

*(Call 1-877-242-2240 or e-mail AHAAadvocacy@aha.org
to let us know how your Hill contacts go ... thanks!)*

AHA's Message on House Bill

Three committee merged bill
passed by the House November 7.



● **Acknowledged positive changes:**

- Coverage
- 96 percent/+36 million
- Improvement of
public option



- **We could not support the House bill because key issues were not addressed:**
 - Readmissions
 - Accountable Care Organizations
 - 340B scaled back
 - Medical device tax

Patient Protection and Affordable Health Care Act

(Senator Reid's Proposal)

Key Issues:

- Coverage
- Readmissions
- Public Option
 - CO-OP
 - Medicare buy-in
 - OPM plan oversight
(Similar to FEHBP)



Types of Amendments

● **“Political” amendments**

- Strip Medicare reductions
- Ensure coverage for mammograms
- Limit deductibility for insurance company executive compensation



● **“Substantive” amendments**

- Limit attorney’s fees for liability cases
- Abortion
- Drug importation

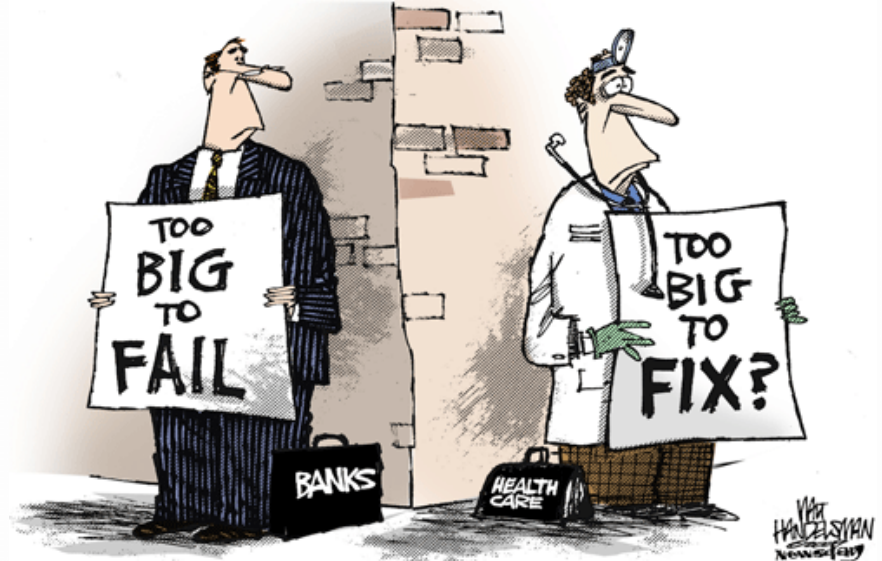
Our Strategy – Offense

- **Coverage expansions**
- **More reasonable
Readmissions Policy**



Our Strategy – Defense

- Including hospitals in Medicare Commission
- 340B
- Tax exempt status



- **Goal is to complete Senate action by Christmas break – December 23**
- **Ping-Pong bill with House**
- **House/Senate “conference” in January?**



Please tell your Senators

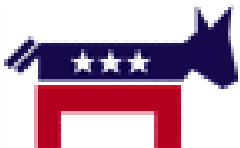
Priority Areas for Advocacy

- **340B**
- **Readmissions**
- **Increasing Coverage**



OUR **ADVOCACY** MESSAGE

Please tell your Senators



Support Key Provisions of Original Senate Finance Committee Bill



- Coverage needs to be expanded ... or hospital reductions need to be reduced.
- Hospital readmissions policy needs to be narrowed to address only truly *avoidable* readmissions.
- The Medicare buy-in -- under consideration in the Senate -- should be eliminated in favor of the non-governmental, non-profit co-op approach.

OUR **ADVOCACY** MESSAGE



Questions?

The background features a large, faded circular logo of the American Hospital Association. The logo contains an eagle with wings spread, perched atop a shield with a cross. The text "AMERICAN HOSPITAL ASSOCIATION" is arched across the top, and "FOUNDED 1898" is arched across the bottom. A motto scroll at the bottom of the shield reads "VERI DOMINUS FRUSTRA".

Contact
John Supplitt, Senior Director
312-422-3306
jsupplitt@aha.org